

22nd MEETING - NATIONAL ECONOMIC FORUM: 1 MAY 2019

DISCUSSION REPORT: Making the most of Scotland's international footprint and networks

Host: Fiona Hyslop MSP, Cabinet Secretary for Culture, Tourism & External Affairs

Speaker / facilitator: Kevin Quinlan, Director, Directorate for International Trade & Investment

Scribe: Suzanne Henderson, Directorate for International Trade & Investment

Summary

Overall a positive discussion with discussion coalescing around some key themes reflected below. Some points of challenge around the business support environment and the extent to which it meets the needs of small businesses in particular.

Introduction and Background

The Cabinet Secretary welcomed participants to the discussion group highlighting the SG network of external offices, their collaboration with SDI and the development of Brand Scotland and Scotland is Now. She invited participants to share their views of the ambition and challenges around how we use our networks and their initial reflections on plan.

Kevin Quinlan highlighted the creation of the new Directorate for International Trade & Investment as part of effort to increase government capacity and capability in this area. Part of the Directorate's role is to champion the interrelationship between trade, investment and cultural diplomacy. The export growth plan reflects a need to be smart about placement of resources to identify what will drive greatest return on investment. It is also important that there is a collective effort in terms of sharing knowledge and resources between the public and private sectors to achieve export growth.

Topics discussed:

Export Growth Plan

- Welcome this impressive and useful plan and particularly the robust analysis that underpins it, particularly in identifying opportunities and priority markets.
- The detail of how it will be implemented will be crucial.
- Welcome commitment to evaluate effectiveness to allow adjustment of investment but acknowledge this will be challenging.
- Need to bring together all parts of the business support system to work effectively.
- Growing export value and the number of exporters should not be a binary choice.

Business support ecosystem

- Concerns raised around support for businesses at the early stages of growth and the ability of smaller businesses – and some sectors - to meet the criteria for securing account management or accessing growth support from the enterprise agencies.
- Important to acknowledge that export support is just one part of the overall business support system.
- Reflection that business support organisations need to develop a more bespoke approach in the offer to businesses, particularly SMEs. Needs to be flexibility in the products offered, including grants and funding. SE is currently considering these challenges.
- Concern around speed of funding application processes and decisions not matching the pace of the business environment and the need to react quickly to opportunities. Businesses have turned to crowdfunding as alternative to public funding.

Making the right connections

- Support to make the right connections and build the right relationships, i.e. with potential customers and supply chain partners, in international markets is vital for small businesses. Can often be more important than financial support.
- Making connections is often a numbers game. Tens of initial contacts can be needed to land one or two concrete leads. Anything that can be done to make establishing in-market connections and as easy as possible and to maximise the number of contacts would be of huge value. Sector or theme specific connections can be useful.
- SG's external hub offices have been enormously helpful in supporting the identification of these in-market connections.
- Not necessarily government's role to make connections – other organisations, such as the Chambers, can take the lead. Government does have a role to play in supporting understanding of tariffs and regulations, for example. Having someone in country who has relevant knowledge and relationships is important. In-market specialists are therefore key alongside ministerial influence. Ministerial-led trade delegations can be very helpful so it's useful for business and sector organisation to know when those are happening.
- Welcome commitment to more in-market specialists. Important to ensure that opportunities identified in-market are matched with capacity and capability in Scotland. Identifying future as well as current opportunities in specific markets is also crucial.

Talent retention

- Vital that Scotland is able to attract and retain international talent and there are significant concerns about Scotland's ability to do that, particularly in the case of EU citizens.
- FSB Scotland is about to publish a report on the contribution of migrant entrepreneurs to the economy, which is often less recognised.
- Visa system is fundamental. International students are very entrepreneurial but starting a business in Scotland is not an option if you can't stay. A 'regional' visa system that could reflect the differing needs of Scotland would be hugely beneficial, particularly to supporting business creation and growth in rural areas.
- Some concern that Scotland is Now is not sufficiently reflecting these aspects. Commitment to develop a business focused pillar is welcome.

Closing Comments

The Cabinet Secretary made the following points in reflection of the discussion.

- Acknowledge the need to have better join-up between constituent parts of the overall business support system.
- Different businesses will require different approaches for specific markets. Important that we're able to tap into our networks and harness the expertise of our partners and their networks. We need to develop a leadership approach to that.
- Want business to help us to 'democratise' our international networks and to develop the right ask of them.
- Retention of talent is a priority for government. Scotland is Now has an important role to play, particularly in reflecting the stories of our businesses and the people who have made Scotland their home as part of our overall export narrative.
- Agree wholeheartedly with the need for a visa system that reflects Scotland's needs and circumstances. The Scottish Government will continue to raise this with the UK government.

Scottish Government
May 2019