EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

INQUIRY INTO THE SCOTTISH GOVERNMENT’S COUNTRY PLAN FOR CHINA AND INTERNATIONAL FRAMEWORK

Supplementary written evidence from Scottish Development International

INTRODUCTION

We are pleased to provide this supplementary submission to answer a specific request from the Committee Clerk:

It covers the five questions asked:

1. A list of the companies currently engaging, to some degree, with the Chinese market, and any specific success stories of Scottish firms’ trade to China that SDI has been involved in.

2. A list of the reputable agents and representatives in China that would be of use to companies starting out in the engagement process; if such a record is available.

3. Is the approach of recommending that a company first engage with the European market, before approaching trade in China, a policy decision by Scottish Enterprise or SDI?

4. Further information on the approach to Life Sciences and any case studies.

5. An explanation of the type of on-going support offered to companies by SDI, further to the initial funding etc., as firms continue to build their trade relations.
Question 1: A list of the companies currently engaging, to some degree, with the Chinese market and any specific success stories of Scottish firms’ trade to China that SDI has been involved in.

Detailed below is a selection of companies supported to access China in 2011-12.

Please note:
- The company may not be actively exporting to China but has shown a specific interest in the Chinese market and has been supported by SDI in exploring this.
- The list for companies assisted for the period 2012-13 is still being compiled.

<table>
<thead>
<tr>
<th>Aberdeen Asset Management</th>
<th>Aberdeen Asset Management</th>
<th>Abertay University</th>
<th>Adgen Biotechnology</th>
<th>Albenga</th>
<th>Arch Consulting</th>
<th>Advocate Ltd (IP)</th>
<th>AvantiCell</th>
<th>Ambicare</th>
<th>Ardaich</th>
<th>Baillie Gifford</th>
<th>Barr &amp; Wray (IP)</th>
<th>BRE (IBO)</th>
<th>Breo</th>
<th>Bridge of Weir/Scottish Leather G</th>
<th>Bute Fabrics</th>
<th>Biopt</th>
<th>Burdica Biomed(IP)</th>
<th>Biofilm</th>
<th>BD Print</th>
<th>CAD Unlimited</th>
<th>Chap Choc</th>
<th>Clydebank College</th>
<th>Clydeblowers</th>
<th>Cygnet PB Ltd</th>
<th>Clintec</th>
</tr>
</thead>
<tbody>
<tr>
<td>DPI Print Dynamo (IP) Dawnfresh Seafoods</td>
<td>J &amp; D Wilkie (IP) Lemon Crush Loch Fyne Oysters Lumaglass</td>
<td>Pongo for Pets Peterkins QQI</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The graphic below highlights the location of Scottish Companies who have a presence in China
Please Note:
• this list is based on our best information (it will keep changing as some companies may open and some may close without our notice).

- Aberdeen Asset Management
- Angus Dundee
- Aggreko
- Cochrane
- Shanghai Clyde Bergemann
- The Edrington Group (Asia Pacific)
- Frank Sammeroff
- Kinloch Anderson
- Marine Harvest
- Martin Currie
- Michael Bradley Architecture
- William Grant & Sons
- Wolfson Microelectronics
- Peak Scientific
- Power Jacks
- RBS
- Weir Group Shanghai

- Bridge of Weir
- David Ritchie Implements
- Fresh Catch
- Glasgow Caledonian University
- Howden Hua Engineering Co. Ltd
- Incline Global Technology Service
- Rosti Technical Plastics
- Safehouse Habitats
- Worldmark
- Aberdeen Asset Management
- Angus Dundee
- Aggreko
- Cochrane
- Shanghai Clyde Bergemann
- The Edrington Group (Asia Pacific)
- Frank Sammeroff
- Fountain Bridge
- JD Wilkie
- Kinloch Anderson
- Marine Harvest
- Martin Currie
- Michael Bradley Architecture
- William Grant & Sons
- Wolfson Microelectronics
- Peak Scientific
- Power Jacks
- RBS
- Weir Group Shanghai

- Aggreko
- Atkins
- Azimuth
- Clyde Blowers (various operations)
- Dundee University
- Edinburgh University
- Glasgow School of Art
- Glasgow University
- Hengan Standard Life Beijing
- Heriot Watt University
- KAL
- Logitech
- Napier University
- Neogen Europe
- NCR (Beijing) Financial Equipment System
- RBS
- RMJM
- Scottish Salmon Company
- SgurrEnergy
- SQA
- Standard Life Investments
- Weir Group
- Wood Mackenzie
SUCCESS STORIES:
- Please see below a summary of some recent announcements to showcase success for Scottish companies and organisations in China.
- We have primarily used press release material to show the nature of the investment/opportunity.

CHINA ANNOUNCEMENT – FOOD AND DRINK - Nov 2012
Supermarket sweep for Scottish food & drink

Scottish food and drink exports are set to receive a huge boost thanks to two separate international promotions running in premium supermarket chains in China and the Middle East this week.

The promotions, which have been brokered by Scottish Development International, will see Scottish food and drink promoted in the Ole supermarket in China and the Alosra supermarket chain in Bahrain.

The Ole promotion will run across the chain’s 30 supermarkets and will include a ceremonial ‘fish opening’ show and whisky masterclass, plus shortbread tasting. Products being promoted include Macallan and Johnnie Walker whisky, salmon from the Scottish Salmon Company, shortbread from Walkers Shortbread, Campbells Shortbread and Reids of Caithness; plus a variety of produce from Baxters, Mackays and Mrs Bridges.

Cabinet Secretary for Food and Drink Richard Lochhead officially launched the Ole promotion in China as part of his trip to the Far East to promote the Scottish food and drink industry.

Commenting, Mr Lochhead said: "Both of these promotions offer a fantastic international platform for Scotland’s finest produce to be showcased.

"Wherever they are in the world, when people sample our delicious premium products such as salmon or shortbread or whisky, they are always hugely impressed.

"These events will hopefully further increase the demand for our top quality goods from both consumers and retailers in China and the Middle East."

Meanwhile in Bahrain, fifteen leading Scottish food and drink companies will be showcasing their wares in Alosra and looking to take advantage of the strong local appetite for Scottish produce, which saw food & drink exports to Bahrain increase by over 20% last year.

Anne MacColl, chief executive of Scottish Development International, said: “Both Ole and Alosra are very high-end retail supermarkets which list a strong range of imported premium products, so competition to achieve listings is extremely tough.

“Fortunately, the quality of Scottish food and drink sets our produce apart from the rest, in terms of taste, flavour and provenance, and this is helping us to drive sales globally, both to consumers purchasing Scottish goods in supermarkets and to the hospitality industry buying it wholesale.

These promotions reflect the growing importance of China and the Middle East market to the Scottish food and drink industry, with trade valued at £92.4m and £10.1m respectively in 2011.
Last year, Scottish food and drink export figures to China increased by 44% on 2010, while exports to Bahrain grew by over 20% in the same period, making it one of the strongest performing export markets in the Middle East.

Ms MacColl continued: “We often talk about the importance of getting Scottish companies exporting, but this is a good example of how we are also working with international retailers and investors to make events like this happen.

“We know that in-store promotions in emerging markets are critical to help increase consumer awareness and education, so our field teams have played a significant role in building strong relationships with these stores, which have borne out the current promotions.”

CHINA ANNOUNCEMENT – FOOD AND DRINK - Nov 2012

Optimism over future China dairy deal

For the first time ever Scottish dairy produce could soon be found on Chinese shop shelves.

Following a meeting in Shanghai this morning between one of China's largest importers, Scottish dairy representatives visiting China, Scotland's Rural Affairs Secretary Richard Lochhead and Anne MacColl, Scottish Development International Chief Executive, work will now be taken forward to capitalise on what would be a huge opportunity to grow the sector.

Good quality dairy produce such as UHT milk, cheese and butter are in extremely high demand in China. There is also a huge market for imported baby milk formula, which is another area Scottish companies are keen to explore further.

Commenting after the meeting Mr Lochhead said:

"As this trade mission has shown, the Chinese market offers a massive and very exciting opportunity for Scotland's dairy sector. High quality cheese, butter and UHT milk is in high demand across the country and Scotland's strategy to focus on added value products means we are well placed to deliver.

"While it won't happen overnight, I hope that in the relatively near future these initial talks will lead to Scottish dairy produce appearing on shop shelves in China for the very first time. This is a very timely opportunity that will hopefully give a new lease of life to our dairy sector."

Graham's Dairies Managing Director Robert Graham said:

"The demand in China for value-added milk products is simply enormous and the company we met today are very keen for Scottish producers to enter the market.

"Graham's are a family business and we have a reputation in the home market for producing high quality dairy goods, but until now we have never entered the export market. The meeting in China today was very positive and we are keen to explore the opportunities further."
EMEC forge relationship with China
Sino-Scots partnership to harness wave power: European Marine Energy Centre to work with China's Ocean University

Experts from Scotland's world-leading wave and tidal testing hub the European Marine Energy Centre (EMEC) are to collaborate with their marine energy counterparts from the Ocean University of China (OUC) in Shandong Province under a new partnership announced by the First Minister Alex Salmond.

The OUC, based in the eastern coastal city of Qingdao, has agreed a contract with EMEC which will see staff from the Orkney-based facility assist the university to develop a wave test centre in Shandong. A Memorandum of Understanding has also been signed to foster closer working relationships between EMEC, the University and Qingdao Municipal Science and Technology Commission.

The First Minister announced the new partnership while visiting the Shandong Province, and visited also Himin Solar Valley to discuss the potential for research and investment in renewable and low carbon technologies. Mr Salmond also renewed an Memorandum of Understanding between Scotland and Shandong Province, signed by the First Minister and Governor Jiang.

Mr Salmond said:

“Nature has provided powerful resources that, combined with great human endeavour and ingenuity, can be harnessed to create plentiful clean renewable energy. This is an ambition shared between China and Scotland – two nations with a strong industrial heritage and reputation for innovation. Both nations also have extensive coastlines and considerable marine resources. Scotland has around a quarter of Europe’s tidal resource and around a tenth of the continent’s wave power potential. Building on our natural endowment of oil and gas reserves, we already have an internationally-renowned offshore engineering base that is diversifying into marine and, of course, wind power.

“Wave and tidal energy developers from around the world are bringing their pioneering technologies to Scotland’s world-leading European Marine Energy Centre in Orkney – creating a critical mass of expertise in this exciting sector. This new partnership between EMEC and the Ocean University of China can help accelerate the development of marine energy technologies that will play an increasing role in powering the major economies of China, Europe and elsewhere, while reducing harmful emissions to tackle climate change.”

Established in 2003, EMEC is the world’s only accredited wave and tidal test centre for marine renewable energy, suitable for testing 14 devices simultaneously in some of the harshest sea conditions while exporting electricity to the grid. All but one of these full-scale berths have been leased. Among the devices at EMEC is ScottishPower Renewables’ P2 Pelamis Wave Power device that China’s Vice Premier Li Keqiang saw during its construction at the Edinburgh-based developer’s Leith facility, when he visited Scotland in January.
“EMEC is delighted to be working with the Ocean University of China. Our knowledge and understanding of how to design, set up and operate a test centre, backed up by robust methodologies and processes, gives us the unique capability to provide consultancy support to other countries wishing to set up their own marine energy test sites. EMEC’s staff have a wealth of expertise and day-to-day understanding of all issues relevant to the testing of devices in the marine environment, and the confidence to deal with all eventualities arising during the vitally important stages of the test process. “There are significant wave and tidal resources across the globe and at EMEC we are very pleased to be exporting our knowledge and expertise to further the development of the global marine energy industry – in this case strengthening ties between Scotland and China. This strategic collaboration further reinforces EMEC’s world-leading position at the forefront of the renewable energy industry.”

Professor Hongda Shi, Dean, College of Engineering, OUC, said:

“Ocean University China and Qingdao Municipal Science and Technology Commission are pleased to have signed a Memorandum of Understanding with EMEC. We look forward to sharing ideas that will further the marine renewable industry in China utilising the expertise already built up in Scotland. We envisage a long and fruitful relationship between the three organisations.”

Scottish Development International chief executive Anne MacColl added:

“Renewable energy, particularly wind and wave power, is an area where Scotland’s significant capabilities make us highly competitive on the global stage. Some of our biggest economic opportunities lie in the growth of this sector, and today’s announcement is a real testament to that. The skills and expertise coming out of EMEC are truly world-leading and Scottish Development International will continue to explore the real long-term opportunities partnerships such as these will bring both to Scotland and China.”

CHINA ANNOUNCEMENT – TEXTILES – March 2013
Scottish designers show CHIC in China

Hoping to tap into the £11billion luxury fashion market, 16 Scottish companies are showcasing their designs at the 21st China International Clothing and Accessories fair (CHIC) in Beijing.

Running over four days between 26 and 29 March, the showcase of Scottish products and designers has been pulled together in the Scottish Pavilion by Scottish Development International.

Cathy Black, head of Scottish Enterprise’s textiles team is hoping to see an increase in sales for the designers as a result of this consolidated effort exhibit Scotland's expertise in this area.

She said, “China's luxury market is seeing year-on-year growth of 35 percent and its fashion industry is set to become the world's second largest by 2020. There is a massive opportunity for Scottish companies producing high end, design-led and luxury products that will appeal to the aspirational and style-conscious Chinese consumer.”
"From this event alone, we're hoping to generate at least £1 million of new additional sales for the participating companies and given the size of the market, we think this could be the start of something very exciting for the industry."
Scotland is becoming a player in China’s games industry. Hugely popular titles, such as Grand Theft Auto and Minecraft for Xbox 360, have helped establish Scotland’s global reputation for excellence in computer games design. As well as producing some of the industry’s most iconic PC and console games, Scotland has demonstrated it can achieve great success in growing online and mobile games markets, which have an estimated audience of 140 million players in China alone.

With hubs in Dundee, Edinburgh and Glasgow, Scotland’s games studios have seen exceptional growth and are looking to new markets, such as China, for opportunities to innovate and collaborate with their peers. By investing in Scotland’s games industry, Chinese companies profit from access to a wide range of home-grown and international games titles, not to mention the world-leading technology and supportive infrastructure which has been built up here.

Part of Scotland’s success is down to the talent base which has been developed by world class academic institutions, such as the Institute of Arts, Media and Computer Games at the University of Abertay. As well as nurturing a new generation of skilled graduates, Scotland’s universities are actively encouraging new ideas and products with initiatives, such as Dare to be Digital and the Prototype fund, which support new talent and help develop commercial applications in the global marketplace.

Company profile – Blazing Griffin
More and more Scottish companies see China as a key area for business growth and a newly evolving region to find partners. One such company is Blazing Griffin, an independent game studio based in Edinburgh. The company took part in a Scottish Gaming Mission to attend the ChinaJoy trade show in July last year and has been attracted to the international development opportunities in the Chinese market.

Managing Director Peter van der Watt explains “A large number of our competitors are looking towards western markets with a focus on the US. As a small games studio, we decided to undertake our first visit to China to do some initial research and see if there were any gaps we could fill. Due to the size of the market and our ability to stand out, we found our games could achieve greater success in China with the same amount of effort usually afforded to non-English speaking European countries. In the space of a week we had identified a potential Chinese partner and are well on our way to setting up a publishing agreement”.

The deal will see Blazing Griffin become one of the first Scottish companies to introduce Chinese titles into the European market, as well as opening up a window to take their own mobile and PC games to Chinese consumers. The company also has plans to licence games from other independent Scottish studios and in the process, gain a foothold for Scottish companies in China’s gaming industry, which last year generated sales revenue of 60.28 billion RMB (around £620 million).

If the number of visitors to the trade show are any indication, the scale of the opportunity in China is huge. There were over 1 million visitors to ChinaJoy, exceeding the numbers Peter is used to seeing at games trade shows in the US. The Chinese user base is predicted to grow even further, with the increased number of mobile device users causing an explosive growth in demand for mobile games.
Peter says “If our company is going to sell globally then we have to sell everywhere. There is no excuse not to sell to China”. It is a view shared by a number of international games developers and has resulted in a rise in the number of cross-border co-operations with China. China’s state-owned enterprises are now actively seeking access to the foreign games market through partnerships.

Blazing Griffin are well on their way to seeking the considerable benefits of these partnerships. Peter believes the key to their success has been visiting the market on the mission and meeting with potential partners in person. “The most difficult thing initially is communication” he explains, “However I have now seen first-hand the value of forging meaningful relationships with Chinese businesses while in their own market. Our partnership has developed much quicker as a result”.

Peter is optimistic about the future opportunities that the Chinese market has to offer. He is beginning to take lessons in Mandarin this month and ultimately has ambitions to open an office in Hong Kong, further cementing the arrival of Scotland’s games industry in the region.

Blazing Griffin attended the Scottish Development International (SDI) Gaming Mission to ChinaJoy in July 2012.
About the company
Capitalising on Scotland’s engineering excellence and experience in renewables, Glasgow-headquartered SgurrEnergy is a leading independent engineering consultancy specialising in renewable energy projects.

Offering expertise across the full range of renewable technologies (wind, bioenergy, hydro, solar and wave and tidal energy), the company provides technical advisory services covering the entire project life cycle – from feasibility, resource assessment, project design, sizing and technology specification to construction management, operations and maintenance support.

Since its formation in 2002, the company’s turnover has grown year on year and today it has over 100 permanent employees working out of offices in six countries on three continents.

International scope
Judging by the pace of this growth, SgurrEnergy is well on its way to realising its ambition to become the world’s largest renewable energy consultancy.

From humble beginnings in a Glasgow attic, the company has grown and grown. It opened its first international office in Beijing (China) in 2006. A year later, SgurrEnergy established an office in Pune (India), while 2008 brought expansion into Vancouver (Canada), Wexford (Ireland) and Paris (France). Global expansion continued apace in 2009 with a US office in Portland, Maine, paving the way for further exposure to the important American market.

Main challenges
International expansion of this scale makes access to skilled international graduates a critical success factor. As Ian Irvine, the company’s Technical Director and co-founder, explains: “For an international company like SgurrEnergy, conducting project work across the world, the language skills and cultural knowledge brought to the table by our non-UK staff when operating on overseas projects are of huge benefit. We are currently working on a number of projects in China and having Chinese staff based in Beijing and here in our Glasgow office is of real value as they understand the market and, of course, the language.”

Competitive locations
Plot SgurrEnergy’s various offices on a map and you will see that they are located in some of the world’s fastest-growing renewable energy markets. Beijing is a typical example. Boasting an average annual growth rate of 47% over the last six years, China has one of the most dynamic wind energy markets on the planet.

Closer to home, the company remains firmly committed to its Glasgow HQ. SgurrEnergy’s founders are both from Glasgow and they are staunchly Scottish in their attitude to hard work and their drive and determination to succeed. Scotland and Glasgow in particular has a strong reputation for engineering excellence and SgurrEnergy has very strong links with the city’s universities. Its Head Office is located in the vibrant city centre, providing excellent access not only to local and regional transport links but also to the rest of the world via Glasgow airport.

How SDI helped
SgurrEnergy has, from its early beginnings, had a vision to build a global consultancy and in recent years, SDI and Scottish Enterprise have provided the support to help realise this. Over the
years, they have supported the company through trade missions and grant aid for some of its international marketing programme. This support has allowed the growing consultancy to have a physical presence in new markets and created opportunities for its international vision.
Question 2. A list of the reputable agents and representatives in China that would be of use to companies starting out in engagement process, if such a record is available.

There is no one list, as it is dependent on where each company sits in terms of:
- their plan and strategy for the market
- any current engagement/links, and
- on the specific skills of the agents in field.

When companies are starting the engagement process we help them in a range of ways, including:
- market researches, advices on market entry business model/strategy,
- identifying partners including agents, distributors and even potential clients,
- help with the setup of sales office and partnership or even joint venture and wholly owned subsidiaries
- organising trade missions as a learning journey or for exhibitions,
- 1 to 1 assistance, follow-ups, etc.

We do work with businesses to support them in finding a reputable agent or representative. This is a major way for Scottish companies, especially SMEs, to start to export into the Chinese market. This support may include:
- Using our own in-country staff to develop connections such as to identify the agents and distributors according to the enquiry of the Scottish companies and the nature of their products/services and provide advices accordingly.
- Attending trade shows where connections can be made
- Using peers and Globscots to give advice.
- Using the UKTI OMIS service which as part of the service looks at channels to markets.
- Do a high level due diligence check on potential agents e.g. to check the companies are not black listed.

Question 3. Is the approach of recommending that a company first engage with the European market, before approaching trade in China, a policy decision by Scottish Enterprise or SDI?

There is absolutely no policy to recommend a company to engage in Europe before approaching trade in China.

In our experience, for new exporters, near shore markets (e.g. Europe) are likely to be their first step into exporting as they are generally easier to access, need less investment and can offer a quicker return. This allows the company to build up its international experience, skills and capabilities.

However we provide support to each company separately based on the company’s own needs to help them find the best markets for them wherever they may be across the world. In some cases exporting to further away markets could be the right course of action. When this is the case, we would fully support these efforts.
Question 4. Some more information on the approach to Life Sciences and any case studies

OPPORTUNITIES IN CHINA

- In China’s 12th Five Year Plan, life sciences have been given top priority as one of the seven core national industries from 2011 to 2015. The focus includes biotechnology, drug and vaccine development, advanced medical equipment, biomedical research and development.

- In April 2009, the Chinese government committed CNY850 billion (US$124 billion) to develop the country’s healthcare system over a three-year period. Although the three-year healthcare reform initiative was completed and all the targets were met, the government’s commitment to invest heavily in healthcare will remain in place during the 12th Five-year plan and beyond. The major goals of reform including:
  - i) expanding basic medical insurance coverage,
  - ii) establishing a national essential drug list (EDL) system,
  - iii) improving grassroots medical infrastructure,
  - iv) providing more equitable access to basic healthcare services, and
  - v) carrying out public hospital pilot reforms,

Overall as these progress over the next five years, there will be more opportunities for Scottish companies in medical technology areas etc.

- Medical Devices - Promoted by the 12th Five Year Plan, a National Key New Drug Development Program is launched to progress innovative drug research and development, over 12 billion RMB investment planned as initial investment – opportunities of research collaboration

- Rapid growing contract research operations (CRO) sector – opportunity of technology partnering, animal model/ cell model transferring.

- Pharma companies’ weak pipeline and lack of international business experience – opportunity of IP licensing and equity investment.

CHALLENGES

Life Sciences is a priority for both Scotland and China. However the Chinese market remains a challenging market to enter, some of the main challenges are:

- Lack of match between Scotland’s capabilities and China’s current situation: e.g. Scotland’s research capabilities especially upstream against Chinese pharmaceutical companies’ current reluctance to invest in new drug discovery and even research & development. However, this situation is beginning to change.

- Scottish companies' concern of China's Intellectual Property Rights protection

- China market entry's regulatory restriction – it can be a high cost market to enter.

- Scottish companies' lack of awareness of China market opportunities, esp. in medical devices and drugs. This is an area of focus for SDI.
DELCIVERY TO DATE
Companies supported in 2011/12 included: Clintec, Biopta, Scottish Biomedical, Advocate Ltd., MODE Diagnostics, AvantiCell, Albagai, Burdica Biomed, Biofilm, Peak Scientific Instruments, EPP Solutions, Emblation Ltd, Verdex, Cameron Finlay, GRAM

Other key events included: UNIDO BioLake Workshop, China Bio industry Convention 2012, Focus on Zhangjiang--Zhangjiang Pharm Valley Development Forum.

In the past years, SDI has also organised several learning journeys and missions to China such as to China Medical Equipment Fair and ChinaBio in order to facilitate Scottish companies to enter this market.

APPROACH

SDI will focus our sales and marketing activities on the Life Sciences sub-sectors of Stem Cell, Drug Discovery and Medical Devices. In doing so, we will;

- position Scotland as Europe’s leading centre for Life Science related knowledge, innovation, research and development;
- develop deeper relationships with our existing investors and key potential investors – including Freda Pharma, and Starch Medical.
- scope new opportunities in emerging technologies and markets; in order to identify and secure high value FDI and trade opportunities for Scottish firms.

Furthermore, we will work closely with partners & stakeholders, including Government agencies, high end science parks, universities, research institutes and LS/ Chemical industry representative bodies to identify collaborative research opportunities and leverage funding to facilitate the delivery of such projects

COMPANY EXAMPLES

Adgen and Sinovet

"Adgen China has maintained steady growth of Neogen Europe products over the last 3 years in the sales of diagnostics for crop health and food safety. We mainly sell direct, to government labs and commercial operations. Adgen has more than 150 active direct customers and 12 staff in Beijing to service this business.

On the hospital side, Adgen has expanded the distribution network, and is focussed on expanding and supporting the distribution network. Currently we can cover most of China at some level, and are still increasing our coverage as a priority. Adgen is interested in adding more relevant products into this distribution network.

We have also started another company, which has an interest in animal health in China. SinoVet has had some early success in technology licensing and diagnostics, and we are always interested in further opportunities. SinoVet is also the China distributor for BCF technology in Livingston, an animal ultrasound machine manufacturer."

Assistance: Neogen Europe has been active in China through its subsidiary/partner. SDI has provided assistance to them to enter the China market, including the involvement of senior visits.

Touch Bionics:
"Touch Bionics is a provider of upper limb prosthetic solutions, namely powered mechanical hands and partial hands. SDI has been assisting it since 2009 in the China market. Touch Bionics has been establishing its position in China well and is looking forward to strong sales from this market."

**Assistance:** SDI has been assisting it since 2009 including involving senior ministerial support.

**Omega Diagnostics** have identified a potential Chinese JV partner who visited Omega in Scotland from 3-5 April. We await the outcomes of these discussions.
Question 5. An explanation of the type of on-going support offered to companies by SDI, further to the initial funding etc., as firms continue to build their trade relations.

SDI is committed to supporting and working with any Scottish business that wants to trade internationally. SDI, along with partners, offers a range of services to support them along the export journey from

- awareness & ambition,
- capacity & capability,
- market entry & expansion

In doing so, we, with partners, provides a range of products and services that can be accessed by businesses at all stages of growth, development and international ambitions. This is shown in the diagram below:

![Diagram showing SDI International Business Growth Model](image)

Companies at an early stage of development, who are yet to be in a position to engage in international markets, can access a comprehensive catalogue of services and information via Business Gateway, including online self help tools, practical guides to exporting, and industry overviews and regulations. Depending on the needs of the company, SDI can work with them on a project-by-project basis, e.g. supported attendance at an international trade show, or it can work with the business to develop a co-ordinated suite of activities to support market expansion. SDI have worked in partnership to develop Smart Exporter with support...
from the European Social Fund. The Initiative encourages and supports more businesses to consider exporting and provides them with the skills to enter new markets.

The breakdown of support available along the export journey is detailed in the following pages.
**Awareness & Ambition**

- **Market Awareness Events**
  
  | Short sessions covering a specific market place with guest speakers from local SDI representative, UKTI, GlobalScots, local buyers etc. Opportunity for companies attending to book a one to one meeting with a speaker after the main event. Some events are sector specific, other are cross-sectors. |

- **GlobalScot**
  
  | GlobalScot is an international network of senior business leaders committed to growing Scotland’s economy. Made up of Scots and people with an affinity for Scotland, the network offers free support to help Scotland’s companies and organisations succeed. |

- **Professional Advisers Network**
  
  | SDI operate an International Professional Advisors Network, which includes advisors involved in International, including Banks; Lawyers; Accountants; . This network is used to assist SDI reach a wider range of Scottish companies and provide expert advice. |

- **Online Trade Guides**
  
  | Range of International Trade guides are available from the SDI website covering a range of topics important to International trade. These guides are available to download. |
Building Capability

- Export Training Centre – Export from Scotland
  This is an on-line resource available from SDI website and covers a range of on-line support including:
  Export Assessment Service; Preparing to Export – Online Modules; Digital Marketing and Social Media Tutorials; & Trade Guides

- Export Assessment Service
  On-Line Export assessment tool to assist companies to assess their export capability and be directed to relevant services.

- Digital Marketing and Social Media Tutorials
  Inbound Marketing University’s training programme prepares participants for the Inbound Marketing Certification Exam. The programme includes 18 classes, including reading assignments and optional homework assignments to walk through each step of inbound marketing.

- Trade Guides
  International Trade guides on key themes of internationalisation available to download from SDI website.

- Preparing to Export – Online Modules
  The preparing to export online course offers 6 modules:
  - Market Research
  - International Pricing and finance
  - Distribution channels
  - Trading and contractual terms
  - Internet marketing & social media
  - Marketing and promotion.
  Participants can access the course following an online registration procedure, and can take the course at a pace to suit them. Participants are offered an online formative test, following which they have the option to take a summative test.

- Preparing to Export: Introductory
  SCQF credit rated course which assists companies new to exporting to prepare for the first stages of internationalisation. The course takes them through a series of 3 workshops over a maximum of 2 months covering the following topics:
  - market analysis,
  - international finance
  - support mechanisms for market entry.

- Preparing to Export: Intermediate
SCQF credit rated course which assists SMEs taking the first steps in implementing international business and takes them through a series of 12 modules over a period of time, covering all of the key aspects of international business. Topics covered are:
- Developing an international culture
- Market Research
- Market Identification
- Support Agencies
- Production Issues
- Finance and Pricing Issues
- Advertising/Promotion Issues
- Distribution Channels and method of market entry
- E-Business Aspects of International Trade
- Trading and Contractual Terms
- Sales Negotiation Skills
- Producing and presenting an International Action Plan

Preparing for International Growth: Advanced
SCQF credit rated course which assists SMEs who may already be trading internationally to prepare for enhancement and augmentation of their international business and takes them through a series of in-depth modules. Topics covered are:
- Finance & International value pricing
- Distribution channels & contracts
- E-Business
- International Sales Skills
- International Communication/Marketing skills
- Getting the best out of exhibitions and missions
- Licensing/ Franchising deals
- Strategic Alliances/ Joint Ventures
- Acquisitions
- Managing Overseas Operations
- Presenting an International Market Development Plan

International Strategy Forum
International Strategy Forums consists of breakfast or afternoon sessions for around 8-15 customers (average of 10) lasting about 2 hours. On occasion the events may be sector or geography based. The international strategy forum will consist of:
- An Introduction and presentation of SDI services and support by an SDI representative
- Motivational speaker advocating the importance of strategy and breadth of SDI’s existing international strategy services.
- A case study (who has recently received support from SDI)

International Strategy Development Support
To accelerate the international growth of companies, this product supports the development of a robust international strategy and builds the management teams capability within the company which will enable the successful implementation of the agreed strategy. Companies emerge with an action plan which outlines the route to implementing the strategic objectives.

Through SE provisions, a financial contribution of up to a maximum of 50% eligible costs to a facilitated evaluation and planning process delivered on a one-to-one face to face basis to an. Delivery of the product is facilitated by:

- a consultant working with relevant members of the management team
- the appointment of temporary specialist ‘technical’ expertise or
- the appointment of temporary Non-Executive Directors either on a consultative basis or temporary contracts (nb use of the Business Mentoring product must be considered before using this type of support)

It is designed to assist companies to:

- develop their capability to produce high quality functional strategic plans
- assess and evaluate business opportunities,
- produce associated business cases and action plans to inform major business decisions prior to implementation in all major operational areas of the company.

- International Strategy Workshop

A workshop session facilitated by a consultant and delivered to the senior management team of an eligible company, on a one-to-one basis. Designed to assist companies to develop a coherent international strategy and associated action plan for implementation. Aims to leave the management of each client company with a clear and shared understanding of the direction they are taking the business, plus a mechanism to re-visit their strategy in the future.

The product consists of 3 phases:

- A pre-workshop meeting with the senior company management to agree the key issues and objectives
- The workshop itself (usually lasting one day) where the key issues are explored, strategic options identified and evaluated, strategy formulated and action plan developed
- Post-workshop meeting with the company and SDI adviser to detail and convert the action plan into an implementation plan for continuity of support by Scottish Enterprise.

- International Specialist Engagement

International Trade advisors providing customized advice on a 1-2-1 basis to any Scottish company with export potential
• Company In-House Training

| Specialist International consultancy support to Scottish companies on topics such as:  
| - setting up Joint Ventures  
| - developing Overseas Operations  
| - International IP Management / Product Development |

• GlobalScot

| GlobalScot is an international network of senior business leaders committed to growing Scotland’s economy. Made up of Scots and people with an affinity for Scotland, the network offers free support to help Scotland’s companies and organisations succeed. |

• International Manager for Hire

| Grant support to assist funding of an experienced International Manager for up to 12 months to develop International Business plan. Typically these managers become full time employees after the initial 12 months. |

• Marketing Expert Support – International

| This resource provides practical one-to-one external marketing support reviewing current or intended marketing activities/processes including digital marketing of companies. The advice and guidance provided to the company will result in a Marketing Action Plan with key activities; including most appropriate digital channels attached and timescales for the business to go forward and implement. |

• Export Communications Review (ECR)

| The ECR provides companies with access to experienced, impartial and objective advice and support on how to adapt their communications for international markets. It covers communications in the broadest sense including written, verbal, personal and online communications as well as cultural issues. The overall aim is to help businesses to improve their competitiveness in existing and future export markets. |
### Action Planning

- **Overseas Market Support**
  
  SDI Field offices provide customised research, support and assist companies looking to trade in a set geographical area.

- **Market Selection Service Review (MSSR)**
  
  A UKTI service which uses research and information to assist companies reach decisions on issues such as whether or not to export or invest in a new market and how best to market products or services in that country.

- **Overseas Market Introduction Service (OMIS)**
  
  A flexible business tool enabling direct communication between a company & UKTI commercial teams. OMIS provides practical support, advice, key market information & guides companies through the process of breaking into a new overseas market.

- **Export Market Research Scheme (EMRS)**
  
  A UKTI product which enables companies to research specific overseas markets for their own products or engage consultancy for this purpose. 50% funding available.

- **Enterprise Europe Network Scotland - Research**
  
  Enquiry service that provides tailor-made research and responses to any EU market information requests.
Market Expansion

- **TAP / SOLO EMLJ (TAP / SOLO/Cross-Sector Missions)**

  The International Exhibitions, Missions and Learning Journeys product encompasses:
  - all overseas exhibitions, missions and learning journeys organised by Scottish-based international trade support organisations
  - **Funding**
    - Tradeshow Access Programme (TAP) support. All TAP applications have to be recorded on CRM using the above code.
    - SOLO Support. All SOLO applications have to be recorded on CRM using the above code.
    - Other Funding including cross sector missions.

- **SDI Funding**

  Funding support for eligible companies to undertake research, market entry and new market targeting activities.

- **UKTI Sales Leads**

  An online database of global business tender opportunities available from the UKTI website. Companies can subscribe to the service and receive emails when an opportunity which matches the companies selected criteria becomes available.

- **UKTI High Value Opportunities**

  A UKTI services to help UK companies of all sizes win more business in and around key large scale projects with a face value in excess of £500 million around the world

- **Enterprise Europe Network Scotland**

  A service which assists Scottish companies to increase competitiveness in Europe through engaging with European partners

- **SDI International Business Opportunities**

  Where SDI staff becomes aware of a potential business opportunity, the opportunity is communicated to relevant Scottish companies.

- **International Sports Opportunities**

  An SDI product which supports and increases awareness of the opportunities available from large global sport events
### Market Presence

#### SDI Rapid Entry Programme

| Touchdown and serviced office space available to Scottish companies within the USA (Houston, San Jose and Boston). The service is subsidised and includes assistance and support from on the ground SDI staff based in those offices. |

#### REGUS Offices

| Discounted rates on 3rd party incubator offices, virtual offices and meeting/training rooms around the globe for all Scottish companies via SDI |
Smart Exporter

• Online Resources

This is an online resource available from SDI website and covers a range of online support including:
- Export Assessment Service;
- Preparing to Export – Online Modules;
- Digital Marketing and Social Media Tutorials;
- & Trade Guides

• Market Awareness Events

Short sessions covering a specific market place with guest speakers from local SDI representative, UKTI, GlobalScots, local buyers etc. Opportunity for companies attending to book a one to one meeting with a speaker after the main event. Some events are sector specific, other are cross-sectors.

• Preparing to Export Programmes

Preparing to Export On-line
The preparing to export online course offers 6 modules:
- Market Research
- International Pricing and finance
- Distribution channels
- Trading and contractual terms
- Internet marketing & social media
- Marketing and promotion.
Participants can access the course following an online registration procedure, and can take the course at a pace to suit them. Participants are offered an online formative test, following which they have the option to take a summative test.

Preparing to Export Introductory
SCQF credit rated course which assists companies new to exporting to prepare for the first stages of internationalisation. The course takes them through a series of 3 workshops over a maximum of 2 months covering the following topics:
- market analysis,
- international finance
- support mechanisms for market entry.

Preparing to Export Intermediate
SCQF credit rated course which assists SMEs taking the first steps in implementing international business and takes them through a series of 12 modules over a period of time, covering all of the key aspects of international business. Topics covered are:
- Developing an international culture
- Market Research
- Market Identification
- Support Agencies
- Production Issues
- Finance and Pricing Issues
- Advertising/Promotion Issues
- Distribution Channels and method of market entry
- E-Business Aspects of International Trade
- Trading and Contractual Terms
- Sales Negotiation Skills

Preparing for International Growth Advanced
SCQF credit rated course which assists SMEs who may already be trading internationally to prepare for enhancement and augmentation of their international business and takes them through a series of in-depth modules. Topics covered are:
- Finance & International value pricing
- Distribution channels & contracts
- E-Business
- International Sales Skills
- International Communication/ Marketing skills
- Getting the best out of exhibitions and missions
- Licensing/ Franchising deals
- Strategic Alliances/ Joint Ventures
- Acquisitions
- Managing Overseas Operations
- Presenting an International Market Development Plan

- Technical support
International export specialist's provides assistance with technical export queries on any topic to assist Scottish companies requiring urgent assistance. This support can be provided by phone/e-mail or for more complex cases a company visit.

- Introductory E-commerce modules

Developing your Website to Boost International Business
This workshop is a half day session and is designed to help companies to:
- Develop an appropriate web strategy to grow international business
- Develop a website so it is more focused on international customers
- Improve international profiles through websites
- Discover how to improve website’s ranking in international search engines
- Address language considerations and learn how to localise a website
- Consider practical implications such as handling international enquiries and providing customer service to overseas customers

International eCommerce Trading
This workshop is a half day session and is designed to help companies to:
- Understand the costs of international ecommerce trading
- Develop a clear pricing strategy taking into account currencies
- Understand the basics of VAT and tariffs in international ecommerce sales
- Consider legal requirements and develop international terms and conditions
- Recognise and address the risks of international ecommerce trading
- Consider and address issues critical to international ecommerce success such as delivery, managing returns and customer service

### Introductory Technical Modules

These half day workshops are targeted at individuals within companies who are or will be dealing with the more technical aspects of exporting, including delivery of goods, payment and the legal aspects of exporting.

The workshops provide both a comprehensive introduction to the subject area, and also provide refresher training for individuals involved in each of the workshop areas. Each workshop is run over a half day, and is designed to be interactive, using a range of case studies, scenario exercises, and practical tips and hints for companies, and encouraging discussion and the practical application of each subject area to the issues faced by the individual companies.