



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 25 February 2015

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**Wednesday 25 February 2015**

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**ECONOMY, ENERGY AND TOURISM COMMITTEE**

**6<sup>th</sup> Meeting 2015, Session 4**

**CONVENER**

\*Murdo Fraser (Mid Scotland and Fife) (Con)

**DEPUTY CONVENER**

\*Dennis Robertson (Aberdeenshire West) (SNP)

**COMMITTEE MEMBERS**

\*Chic Brodie (South Scotland) (SNP)

\*Patrick Harvie (Glasgow) (Green)

\*Johann Lamont (Glasgow Pollok) (Lab)

\*Richard Lyle (Central Scotland) (SNP)

Gordon MacDonald (Edinburgh Pentlands) (SNP)

\*Lewis Macdonald (North East Scotland) (Lab)

\*Joan McAlpine (South Scotland) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Garry Clark (Scottish Chambers of Commerce)

Professor Jim Love (Enterprise Research Centre)

**CLERK TO THE COMMITTEE**

Douglas Wands

**LOCATION**

The James Clerk Maxwell Room (CR4)



**Scottish Parliament**  
**Economy, Energy and Tourism**  
**Committee**

*Wednesday 25 February 2015*

*[The Convener opened the meeting at 10:00]*

**Decisions on Taking Business in**  
**Private**

**The Convener (Murdo Fraser):** Good morning, ladies and gentlemen, and welcome to the sixth meeting in 2015 of the Economy, Energy and Tourism Committee. I welcome all members and our witnesses and remind everyone to turn off or at least turn to silent all mobile phones and other electronic devices.

We have apologies from Gordon MacDonald and I welcome Bruce Crawford, who joins us as substitute.

Are members content that we take items 5 and 6 in private?

**Members** *indicated agreement.*

**The Convener:** Under item 2, are members content that views on evidence heard and consideration of draft reports for our inquiry into internationalising Scottish business should be taken in private at future meetings. Are we agreed?

**Members** *indicated agreement.*

**Internationalising Scottish**  
**Business (Witness Expenses)**

10:01

**The Convener:** Under item 3, is the committee content that responsibility is delegated to the convener for arranging for the Scottish Parliamentary Corporate Body to pay, under rule 12.4.3, any expenses to witnesses to the inquiry?

**Members** *indicated agreement.*

## Internationalising Scottish Business

10:02

**The Convener:** We now move to our evidence session on internationalising Scottish business. I welcome Professor Jim Love, professor of international business and innovation at the Enterprise Research Centre, and Garry Clark, head of policy and research at Scottish Chambers of Commerce. I welcome you both and thank you for coming.

We have about 90 minutes for this session. I hope that that will give us enough time to get through a range of topics. We have seen your written submissions so I will not ask you to make opening statements. We will try to tease out in questioning some of the topics that you cover in the papers that you have given us.

I ask members to ask questions that are short and to the point, and responses that are short and to the point would also be helpful. Although it would be useful if members could direct their questions at one member of the panel, if either witness wants to respond to a question that has been directed at the other, they should catch my eye and I will bring them in as time allows.

I will start with Garry Clark and pick up on a couple of points in the Scottish Chambers of Commerce written submission. You say that SCC has calculated that the value of Scottish exports rose more slowly than inflation between 2006 and 2011. In other words, it declined in real terms. Of course, that was during the economic downturn, which might have been partly responsible. You go on to talk about how businesses in Scotland are “under-performing” in exporting. Why do you think that is? What is the major reason why Scottish businesses are not performing as well as they should?

**Garry Clark (Scottish Chambers of Commerce):** That is a very interesting question. The evidence that we have examined during the past year or so on international trade predominantly among small and medium-sized enterprises, suggests that only about 5 per cent of exporters of goods in the United Kingdom are businesses based in Scotland. That is clearly below where we would expect to be from a UK standpoint. I have been looking at the report from N-56 this week, which has a lot of good evidence comparing Scotland’s performance as a small region or nation with that of other small European nations and regions. Scotland’s performance certainly does not compare favourably. We would expect a small nation and region such as Scotland

to export and internationalise more than it is doing currently.

There are various reasons for that. We sit within a large free-trade area in the United Kingdom and about two thirds of goods and services that are exported from Scotland go to that UK market, with the remainder going to overseas markets, half of those being in the European Union.

There are opportunities internationally. We must, at the cultural level, think more internationally. We are finding that, although not many businesses export, a significant number of businesses want to do so. How we support businesses to get them exporting is important. We need to get the culture right, and that goes right back to the education system. Curriculum for excellence has been positive for foreign languages. Teaching foreign languages develops not only language skills but cultural awareness of countries around the world. We want to see more done along those lines.

We need a holistic package to get this right. We need to support businesses that want to export; equally, we need to get the culture right.

**The Convener:** I will bring in Professor Love on the same question. What is your sense of how Scotland performs compared with other parts of the United Kingdom—both the other nations, such as Wales and Northern Ireland, and the regions of England? Are we doing better or worse?

**Professor Jim Love (Enterprise Research Centre):** It is difficult to tell exactly how Scotland compares with other UK regions because it is difficult to get trade data on the other regions. By and large, Scotland is perceived as being relatively international in its scope. It is usually perceived by the rest of the UK as being outward looking and international. However, we do not have any particular evidence on that. Work has been done on trade between Northern Ireland and the rest of the UK and between Northern Ireland and the Republic of Ireland. However, the data is so uncertain that it is difficult to come to any clear conclusion. Therefore, it is impossible to say whether Scotland is more or less export orientated than the other countries.

There is evidence that the proportion of firms, especially small and medium-sized enterprises, that export in Scotland is a bit lower than the proportion in the UK as a whole. It is not entirely clear why, but it is a bit surprising given Scotland’s outward-orientated past. I do not know the reasons for that, but it seems to be a persistent tendency.

**The Convener:** Could it simply be distance from markets? Businesses in the south of England are closer to continental Europe and that access makes trade easier.

**Professor Love:** That is probably part of it, given that continental Europe is such an important part of exporting. However, we should not just think about internationalisation in terms of exports. Exporting is a key way by which small firms usually become international in scope, but there are other ways to do that, such as through outsourcing and being part of the global value chains of large multinational firms, for example.

Although Scotland's physical location might be an issue if a firm is transporting particularly weighty goods, for example, I doubt that that can be the explanation why fewer firms in Scotland export than do in, say, Wales or Northern Ireland. I do not believe that the firms in Northern Ireland have any more of a problem in that regard than firms in Scotland do.

**The Convener:** I am sure that we will tease out more detail on those issues as we go through the morning.

I want to go back to Garry Clark with a slightly different question. Last week, we took evidence from the Scottish Council for Development and Industry. We talked about how it used to run trade missions. It ceased that programme when the funding came to an end 18 months ago. We now see trade missions run by Scottish Development International. From your members' perspective, what is the view on that development? Was the SCDI valued as a trade mission organiser? Is the fact that it has ceased that activity seen as a positive or negative move?

**Garry Clark:** What is important for a lot of businesses is that there is a mix of public and private sector support to encourage them towards greater levels of exporting and internationalisation. I have spoken to a number of our members. They certainly feel that SDI has a strong role to play, particularly in creating initial connections, but that business-to-business support is essential in developing longer-term connections.

That is why trade missions run by the SCDI—or by chambers of commerce, for that matter—were very much valued by business, because it is about that private sector business-to-business support, rather than the public sector. The public sector is very good at making initial connections, but anecdotal feedback suggests that the structure of the trade missions is not as useful sometimes, because it is not focused on business-to-business connections. It is also important to ensure that the private sector understands that it is not just about making a single connection but about sustaining connectivity over a long period of time. That is where the SCDI and the chambers had a particular strength in trade missions that SDI has not so far been able to replicate, judging by the anecdotal evidence of some of our members.

**The Convener:** Are chambers of commerce actively running trade missions at the moment? Do you have a programme?

**Garry Clark:** Most of the trade missions that are undertaken by chambers are done by the local chambers of commerce. For example, Aberdeen & Grampian Chamber of Commerce has had a number of trade missions going to Africa this year. Glasgow Chamber of Commerce has always had good connections with the US and with Germany and has run trade missions there recently. Scottish Chambers of Commerce has run some trade missions. We went to Mongolia last year, and this year we are going to Turkey.

**The Convener:** Do the trade missions that are run by the chambers get public sector support from SDI?

**Garry Clark:** No—certainly not the ones that we have operated at Scottish Chambers of Commerce level. Some of the local projects may get some support, but I do not have information on that. The trade missions that we have operated nationally have not received support from either SDI or UK Trade & Investment.

**The Convener:** Do you use the SDI network? When you go into a particular country, are the SDI people on the ground there involved in setting up a programme of meetings?

**Garry Clark:** We would certainly try to use them where available, but we would also focus strongly on the chamber of commerce in that country, because chambers of commerce across the globe have a wide brand and are present in pretty much every economy, so we would use that as our first port of call.

**Lewis Macdonald (North East Scotland) (Lab):** I am familiar with some of what happens on chamber-led trade missions. Can you describe what the geography of that is in Scotland? You have mentioned Aberdeen and Glasgow as two particularly active chambers. Are there other chambers that have an international perspective in the same way, and what do they focus on?

**Garry Clark:** That is increasingly the case. Edinburgh Chamber of Commerce has been quiet for a number of years in terms of its international trade focus, but it is now developing an international trade club and is looking at trade missions, both inward and outward, as a part of that. As well as the outward trade missions, it is important to focus on inward trade missions, because we certainly feel at SCC level that we often get approached late in the day with invitations to participate in inward trade missions. Such missions are largely organised through SDI, but sometimes SDI is bypassed and we end up dealing directly with the governmental agencies

from the nations involved. There is certainly scope for that to be more structured.

Across the chamber of commerce network there is an increasing focus on trade missions across many of our areas. Inverness Chamber of Commerce, for example, had a trade mission to Amsterdam, to take advantage of the air links between the cities, and such activity is replicated across the network to a greater or lesser degree.

**Lewis Macdonald:** A number of us were recently with a trade mission organised by UKTI and SDI in Saudi Arabia. One of the things that we heard about was an arrangement between the Asharqia chamber, the eastern chamber in Saudi Arabia, and Aberdeen chamber. You talked about business-to-business connections being important. Are there other chamber-to-chamber connections that operate on an international basis?

**Garry Clark:** Absolutely. Of the chambers that have undertaken activity most recently, Aberdeen, with its oil and gas industry, is an obvious example of a chamber that has always had a strong international focus. There is a west Africa business group, which Aberdeen facilitates, linking in with the oil-producing states in west Africa, from Nigeria right down to Angola. This year, it will be looking increasingly at taking east Africa on board and exploring the potential that exists there. Links with eastern Europe and with North and South America are also being developed strongly.

Glasgow chamber recently developed some very strong connections with the chamber of commerce across in Chicago, and Edinburgh chamber has good connectivity with some of the chambers in Germany and Switzerland, so a wide variety of things are going on in the network. One of our challenges as a network is to ensure that we bring that together as a coherent offering to provide positive and excellent local services and ensure that they are widely available and widely publicised across Scotland.

10:15

**Lewis Macdonald:** I am keen to understand how your network responds and identifies gaps in the market, and therefore how the Government agencies involved, such as SDI, help to identify and address those gaps. Do you have thoughts about that? Are there areas that chambers cannot reach or jobs that chambers cannot do that SDI needs to address?

**Garry Clark:** There is absolutely a role for Government in increasing internationalisation and reach around the globe. We would like to think that anyone here looking to trade in any country in the world would always find someone in our network in Scotland who has been there and done that. We are looking at how we ensure that such knowledge

and experience is transferred. For example, we have looked at the variety of mentoring services that we offer to try to share some of that knowledge more widely so that someone looking at a particular market or someone with a product that they want to attach to a market will have someone with experience they can go to.

The Government has a role to play in that, both directly in facilitating contacts overseas and in supporting, whether financially or otherwise, Scottish businesses to get out into the overseas markets and overseas businesses to come into the Scottish market. The Government definitely has a role to play in that, but there must also be a prominent role in it for the private sector.

**Lewis Macdonald:** I have a question for Jim Love. Are there good examples from elsewhere in the UK of Government and private sector partners working together to promote export and trade?

**Professor Love:** Yes, there are. The principal route is through the work of UKTI throughout the UK. Both at the UK level and at the Scottish level attempts to engage in internationalisation and exporting will be much more effective if it is appreciated that whether firms export is down to whether they are innovative—that is the key point. A huge, positive link runs from innovation to exporting. That is an issue at the UK level because, hitherto, export promotion and support for innovation have been carried out by separate agencies: UKTI for exporting and Innovate UK—formerly the Technology Strategy Board—for innovation. It is now being recognised that those agencies have to work much more closely together. Because of the clear link between innovation and exporting, the devolved Administrations have the possibility of integrating support much more actively than has been done at the Westminster level.

**Lewis Macdonald:** That is helpful.

**The Convener:** A few members want to come in. Chic Brodie is first.

**Chic Brodie (South Scotland) (SNP):** Although we are interested in what UKTI and Innovate UK are doing at the UK level, we are clearly focusing on what we can do here. However, I am confused about who does what between SDI, the SCDI, and SCC in terms of not just promotion, which is very important, but organisation, products and services.

I do not know how big Garry Clark's survey was—perhaps he can share that information with us—but it indicates that 55 per cent of respondents do not currently export and that the influential factors are funding and finding customers, agents and distributors. Who among the agencies is doing what? How are your promotion plans co-ordinated with SDI and the SCDI? How do we highlight the problems that are



preventing people from exporting? I take the point about innovation, because it is very important to have new products and services. However, who is driving things? How many times do you all get together to come up with some sort of cohesive strategy for who will do what so that there is no overlap?

**Garry Clark:** The plan is not to overlap. Nobody should—

**Chic Brodie:** That may be the plan but, in fact, it happens.

**Garry Clark:** Well, it should not happen. There should not be any overlap in the provision of service. As you say, there should be a coherent service and we should not be replicating services. Chambers have run trade missions when they have felt that, for example, the SCDI was not offering what their members would value. Those chambers were convinced that they could offer a far more productive service to their members, and that is what they did. At that stage, the public sector should step back and say, "If the private sector is delivering something, let us see how we can help it to do so more effectively." There really should not be any replication. The public sector should step in where there is a market failure.

**Chic Brodie:** We have heard issues before about who is responsible for what. We recently dealt with another scenario involving two public sector organisations with issues about who is responsible for what. When did you last meet with the SCDI and SDI to agree a strategy to avoid overlap in how we push and thrust Scottish exports?

**Garry Clark:** I do not think that all three organisations have met together, but we have certainly met SDI, and we continue to meet it regularly to discuss its offering and how it can best fit with the offering of chambers. We also meet the SCDI regularly, through the group of six and other mechanisms, both one to one and otherwise. At the end of the day, we want the best possible service for business. South of the border, the Government has taken the view that we should embrace the worldwide brand that is chambers of commerce and consider accrediting more chambers overseas to provide that long-term stable connectivity between the UK and other countries.

**Chic Brodie:** We have SDI and global Scots and we are now talking about more engagement with chambers of commerce. Those are all worthy things. However—maybe this is frustration on my part—I see three horses running on the course when we really need only one shared focus.

**Garry Clark:** I absolutely agree that there has to be a role for all those organisations in the development and internationalisation of Scottish

businesses, because they all have connectivity that we need to exploit. It is not just a monopoly of SDI or of the private sector; it is about developing the right kind of balanced partnership between the public and private sectors to ensure that that takes place effectively.

**Chic Brodie:** But it is not happening.

**Garry Clark:** It is not happening at the moment.

**Professor Love:** Chic Brodie highlights an important aspect. In all the surveys that I have seen of small businesses that are trying to break into the export market, one of the issues that they raise is that they do not know who to ask or where to go for support in the first instance. That is not a unique issue in Scotland, as it applies throughout the UK. Businesses are confused and they do not know where to start. They are worried about the risks and costs that are involved and they desperately need advice. Once they get into the right framework—either SDI in Scotland or the UKTI in the UK—they often get good advice, but the trouble is that they do not know where to go. They are crying out for a one-stop shop. At UK level, that has been talked about for at least 20 years, but it has not really happened yet.

**Chic Brodie:** I am more interested in what we can do more effectively up here, but thank you for that, because it confirms what some of us who have been involved in business believe.

**The Convener:** Bruce Crawford has a supplementary.

**Bruce Crawford (Stirling) (SNP):** My question is on the concept of working together more effectively. What are the witnesses' views on how effectively SDI and UKTI work together? I have certainly heard evidence at other committees that the approach could be strengthened and that there could be better co-operation. It would be useful to get some of that stuff on record.

**Garry Clark:** Our experience is that the relationship exists but is disjointed. SDI certainly provides in Scotland a number of UKTI products to businesses that are looking for that; it provides important support in terms of direct support to individual businesses, where those businesses fit with SDI's criteria. However, there are also occasions on which a business will approach SDI about something and be told that there is no funding for it, but will then, on approaching UKTI, be told that there is such funding. If I walk in one door to a place that provides SDI and UKTI services, why do I not get consistent answers? Why do I have to go to two places? There is definitely scope for the relationship to be far more smooth and streamlined.

From talking to Scottish Chambers of Commerce members, it seems that the UKTI

brand is pretty much invisible to most of them and that they recognise SDI as being the body that provides governmental support for businesses. However, UKTI provides some useful products. Some are provided through SDI, but in order to access others, you have somehow to know magically that you should approach UKTI directly—that is, if you know that it exists and operates in Scotland.

**Professor Love:** From my experience of working with people at UKTI, I can say that they typically regard trade support as having been devolved to the Scottish Government to administer through SDI, and that is pretty much it.

**Bruce Crawford:** So, although UKTI is responsible for the whole UK in that respect, it is effectively saying to SDI, “Over to you, Scotland.”

**Professor Love:** To a large extent, yes it is. UKTI is ultimately responsible for Government trade support, and it has set aside a block grant for that activity and expects most of it to be dealt with by SDI.

UKTI's submission says that it has a strong working relationship with SDI. I am sure that that is true, but I do not know what that means practically, on the ground.

**Bruce Crawford:** How can we make things better, other than by getting representatives of UKTI here to talk to them?

**Garry Clark:** Clearly, UKTI and SDI need to talk to each other more and greater understanding between them is needed. I gave evidence to a House of Lords committee while I was sitting in SDI's offices in Glasgow. That committee did not seem to have much of a clue about UKTI's role in Scotland, and it comprised some pretty senior individuals in the House of Lords.

**The Convener:** I should say that we are going to get representatives of UKTI and SDI—probably together—in front of the committee to give evidence, so we can tease these issues out with them.

**Johann Lamont (Glasgow Pollok) (Lab):** I am interested in how the bodies hope to co-operate and whether an unintended consequence of devolution might be that we end up having a fight about who is responsible for what rather than having a coherent approach. Could you comment on the relationship between the Scottish Government and the Scotland Office in particular? The Scotland Office should facilitate support for business as opposed to being a barrier to it. Is there anything that needs to be done there?

I confess that my instinct is that state intervention is a good thing, but I wonder whether we should, in relation to business and innovation when people are doing things for themselves,

simply find a way of facilitating that and leave them to their own devices. As was said earlier, innovative companies will export; the state cannot do that for them. Are there things that can be done that would encourage companies to be innovative and therefore to be more likely to export? I think that you touched on some issues around education earlier. A sceptical colleague of mine—not on this committee—whom I would have thought would have said that there is a role for Government has said that good strong companies will find their own way to exporting products or services.

So my questions are: first, do you have a view on whether unintended barriers are put in place because of the nature of Government in Scotland; and secondly, how do we facilitate and support without creating hindrance for people?

**Garry Clark:** Our surveys have shown that there are a lot of businesses that would like to be exporting. What is stopping them? The principal reason that we are picking up is that the companies do not believe that they have the right products or services to export and do not know where there would be a demand for their products or services.

It is important to get to the right businesses at the right time so that we can maximise the opportunity for those businesses to export. That is why private sector organisations such as chambers of commerce have an important role to play. We deal daily, face to face, with businesses in 20-odd offices throughout Scotland and we are connected to businesses of various scales, in different sectors and with different outlooks. That is a good place to connect but, clearly, we do not connect with all of the broad spectrum of businesses that exists.

10:30

Equally, the public sector—largely through Scottish Enterprise and SDI—connects with a number of businesses. However, the businesses with which those organisations connect are largely the ones that fit their sector and growth criteria. Those businesses might be open to exporting; many other businesses are not touched by the public sector, but will be touched by the local chambers of commerce and connected to other businesses in their area and could equally be encouraged and emboldened to take that step.

I do not know whether we can teach businesses innovation, but it is probably possible to take them a bit further down that line. Mentoring is one way of doing that; we provide that service throughout Scotland. However, we need to get the right mix of connectivity to the businesses where and when it matters and public sector support in order to allow

our businesses to take that step. The problem is in how that partnership works; it is not working as well as it could.

To go back to what was said about SDI, UKTI, the Scottish Government and the Scotland Office, businesses do not particularly care about what Governments want to say to each other—they just want them to get matters sorted. The Scotland Office did a great piece of work through the Wilson report last year, but due to the timing of its publication, you had to read through two or three pages about why Scotland should remain in the UK before you got to the meat of the report. Businesses do not have the time or energy for that.

We need to make a functional relationship between the UK Government, the Scotland Office and the Scottish Government work in the best interests of business, and use the best that those governmental agencies can offer to develop Scotland's international connectivity.

**Professor Love:** My view on the matter comes from what the academic research tells us about the link between firms' productivity and growth, exporting and innovation. They are clearly linked. It is, indeed, the case that if we have lots of highly productive good firms, they will naturally tend to self-select into export markets. However, I do not believe for a minute that that means that there is no room for Government support.

The trick is to identify firms that have all the characteristics of a firm that could do well in export markets but do not currently export—they are innovative and have other attributes—and find a way of targeting them and giving them appropriate support. They often lack information about export markets and do not know how to get into exports. Government support can be useful where there is market failure. That is exactly why organisations such as SDI or UKTI exist.

Does that mean that there might be a problem with doing that through devolved Administrations? Possibly, in the sense that there can be a lack of links between support at UK level and at devolved Administration level. However, it also provides an opportunity for joined-up policy making, which perhaps does not happen at UK level, such as joint support for firms that are innovative but do not yet export. There is a bunch of market-ready firms that are not yet exporting but could do if they had more information.

That kind of measure could perhaps more easily be taken in Scotland than at UK level in order to join up Government support.

**Johann Lamont:** Do you envisage Government agencies not so much being available to give advice or support but instead surveying business, identifying possible candidates, perhaps through

the chambers of commerce, and asking them whether they have thought about exporting? Otherwise, there would be a hiatus.

**Professor Love:** Yes—exactly that. If we can identify the firms that have characteristics that mean that they are more likely to become exporters—which we can now do from the available data because we have worked on surveys—firms that export occasionally but not continuously and firms that look like they are doing it but do not yet do it, we can target support at them. Those firms are target ready and we can ask them whether we can help them rather than taking a scattergun approach to all firms in Scotland—most of which will never export, and nor should they.

It is a question of using limited resources in a targeted way. To an extent, we now have the data to allow us to identify the characteristics of firms that can be supported effectively.

**The Convener:** This has ended up becoming a very elongated thread, but I will allow one last supplementary.

**Richard Lyle (Central Scotland) (SNP):** I have just a small question. You have said that there is a problem. Chic Brodie said that there are three horses running on the same course. I am not a betting man, but do you agree that we need a national exporting board or something like that—a single agency that would control everything, which people could feed into?

The Scottish brand is well known and well respected throughout the world, whether we are talking about salmon or, from my region, Tunnock's teacakes, Tunnock's caramel wafers or Tunnock's caramel logs. That was a plug for Tunnock's. Do we need something to manage this whole area and to get everyone involved in promoting the Scottish brand?

**Garry Clark:** Yes—I think that there needs to be a coherent exporting strategy, which needs to encompass all the different areas.

Regardless of whether we are talking about Scottish Chambers of Commerce, the SCDI, Scottish Development International or whatever, competing against one another in a horse race is not the most productive use of those horses. They should be pulling together, whether to pull a carriage—

**Richard Lyle:** Chariots of fire.

**Chic Brodie:** Chariots on fire.

**Garry Clark:** That is how it should work. All those agencies have a role to play.

When it comes to direct connectivity with businesses, the private sector has a role to play. A business that is looking to export would probably

much rather speak to another business that has been there and done that than to a civil servant who has been sent round to speak to it about exporting. There is a role to play for all those organisations and more, but it must be covered by a coherent strategy.

**Richard Lyle:** A number of years ago, the UK Government used to have the Board of Trade—sadly, I can remember that.

The convener wants me to hurry up, so perhaps you could give me a quick yes or no. Should we have a national exporting board or agency that has the expertise to pull all the work in this area together?

**Garry Clark:** First and foremost, we need a coherent strategy. The structures that follow that are probably less important. Once we have a coherent strategy that everyone has bought into, we can look at the structures around that.

**The Convener:** We need to move on, so I will bring in Dennis Robertson.

**Dennis Robertson (Aberdeenshire West) (SNP):** Good morning, gentlemen.

I will start with Garry Clark. You mentioned the Wilson review. I sincerely hope that you found the time and the will to get through that review, given what it said in the first three pages. Do you have any particular comments to make about the Wilson review?

**Garry Clark:** The Wilson review highlighted a number of the areas that we have talked about. For example, it considered the relationship between the public sector and the private sector when it comes to delivery of internationalisation support to businesses. It also raised the fact that the connection between UKTI and SDI seems to be broken, or at least disjointed.

As well as touching on those areas, the Wilson review addressed the need for coherent support to be provided to business. It pointed to solutions, but we are not quite there yet. The report has a hugely important part to play in the discussion. All the Scottish and UK Government ministers to whom I have spoken over the year or so since the report's publication have spoken very highly of it. It should inform what we should be doing, but I do not know whether I would go as far as to say that it is a solution in itself. However, it certainly talks about a lot of the right areas and gives us guidance on the areas that we need to address. Those areas are common to this discussion.

**Dennis Robertson:** Does it basically give you a platform for dialogue?

**Garry Clark:** The report has a very high value, particularly in respect of the relationship between Governments. That has come out of the Scotland

Office. It is clear that the Scotland Office wants to be part of the agenda and the solution. Governments north and south of the border need to work together. A lot of positive stuff goes on between the Governments, and the Smith commission has proposed a lot more close working between the Scottish Government and the UK Government. There are definitely potential solutions on how the Governments can work together. Wilson is particularly strong in that regard.

**Dennis Robertson:** Maybe we can move to Professor Love on the suggestions from the Wilson review. One of its suggestions was the creation of a single portal. Professor Love mentioned earlier in an answer to Bruce Crawford, I think, that many small businesses especially have no idea where to go. There is a plethora of information in agencies. Would the creation of a single portal for signposting help small and medium-sized businesses especially?

**Professor Love:** It might, if it were done effectively. The difficulty has been that the idea of having a single portal to help SMEs in internationalising and innovation has been talked about at UK and Scotland levels for many years but it has never quite materialised.

**Dennis Robertson:** I think that you mentioned 20 years.

**Professor Love:** Yes. I know it because I have heard civil servants talking about it for at least 20 years, and it has never quite materialised. That is partly because of the diffuse nature of the knowledge about those things among chambers of commerce and the Federation of Small Businesses, for example.

Having a portal through which businesses could get the basic information that they need to find out where to go would be very useful, but you would have to let them know that that single portal exists. That seems to be terribly difficult for some reason. If that could be done, I think that it would be very effective.

**Dennis Robertson:** If all the agencies had the words "Go to" in the top line of any of their web pages, would that be useful?

**Professor Love:** Absolutely.

**Dennis Robertson:** Does Garry Clark have an opinion on that?

**Garry Clark:** Yes. A single point of contact is absolutely essential. As we have already discussed, there may be different places to go to once people get past that point, but there need to be many routes to that single portal. It then needs to point people towards where they need to go. It is a case of having many routes in and, potentially,

many routes out, but a portal in the middle would certainly be of value.

**Dennis Robertson:** If Governments have been slow to move in developing a portal, should the private sector look at the matter, create a portal and manage it?

**Garry Clark:** The private sector could do that.

**Dennis Robertson:** I am glad to hear it.

**Garry Clark:** Given the wide nature of the issue and the fact that it is not all about the private sector or the public sector, I hope that some kind of partnership would be involved. We would certainly be up for that discussion.

**Dennis Robertson:** Would that enable mentoring? I think that both of you have mentioned mentoring a few times. Scottish Chambers of Commerce, SDI and SE provide mentoring, but would not it be better if someone who was looking for mentoring could go to one specific place and find out the best area, agency or direct business to provide it? At the moment, things are a mess.

**Garry Clark:** There is a lot of mentoring around. We would certainly argue that our mentoring scheme is very strong and that it has delivered strong results for SE and our other partners in mentoring. It has certainly delivered strong results for the businesses concerned.

**Dennis Robertson:** I come back to access to that, where people go and how they know that it exists, especially for the SME sector.

**Garry Clark:** The Scottish Chambers of Commerce network promotes the scheme very strongly. We offer the service not just to chamber members, but to any business in Scotland. There are various arms of that service—for example, we run programmes in conjunction with Scottish Enterprise and Highlands and Islands Enterprise.

10:45

**Dennis Robertson:** So you are already collaborating in one area, which is mentoring.

**Garry Clark:** At present, yes.

**Dennis Robertson:** Could that collaboration be extended into the other areas? If there is already collaboration and partnership in mentoring, why cannot that be embraced in looking at broader aspects, including exporting, that we are discussing today?

**Garry Clark:** We would certainly be up for discussing how we can collaborate more widely. We are already providing support to get businesses that are trading internationally, and we are having some success in that respect.

**Joan McAlpine (South Scotland) (SNP):** I want to ask about your mentoring scheme. When we speak to businesses for which mentoring works, we hear that it seems to work very well, and you refer to it a lot in your submission. How much is your partnership with Scottish Enterprise worth with regard to the mentoring scheme?

**Garry Clark:** The contribution from SE is somewhere in the region of £200,000 to £250,000 per year.

**Joan McAlpine:** What is your input?

**Garry Clark:** There is European match funding, and our input is to provide mentors for the scheme. We have more than 1,000 businesspeople who mentor other businesses throughout Scotland.

**Joan McAlpine:** What is the overall value?

**Garry Clark:** We have done some analysis of that. I do not have all the figures to hand, but I know that last year we engaged with more than 800 businesses throughout Scotland and provided one-to-one mentoring matches for them.

I do not have figures for last year, but the additional gross value added from our interventions in 2013 was somewhere in the region of £50 million.

**Joan McAlpine:** How do you monitor the scheme? It is delivered by chambers of commerce that operate independently across the country, so how do you know where it is working well and where it is not?

**Garry Clark:** We have a central connections database that administers business mentoring through the Scottish Enterprise and Highlands and Islands Enterprise schemes throughout Scotland. We have targets for each of the individual chambers and for partners that participate in the scheme, and we ensure that the chambers meet the targets consistently across the country.

**Joan McAlpine:** I ask because during one of our round-table sessions with businesses, a senior businessman said that he had come forward as a mentor—from looking at his CV, he seems to have a lot to offer—but the chamber of commerce that he contacted did not get back to him for a year. Would that be because it was making a match, or because he had just fallen through the net, so to speak?

**Garry Clark:** I cannot comment on individual circumstances, but the process of matching a mentor to a business is something that we do as part of the service. Getting the right mentor for the right business is about achieving a very delicate balance if we are to ensure that the match is productive in the longer term.

I do not know the circumstances of the individual case that you mention, but if you send me the details I can look into it and get back to you.

**Joan McAlpine:** Sure—okay.

What proportion of your mentors have a lot of export experience? One of the most interesting statistics that came out of the review was that so many of Scotland's exports are delivered by a very small number of firms. Does that give you a challenge in your mentoring, because, according to our statistics, there cannot be that many people—entrepreneurs or those involved in medium-sized businesses—who export?

**Garry Clark:** The mentoring services that we offer are not targeted specifically at exporting. They can address exporting, and we have a bank of mentors with international experience from which we can draw to match them with any company that has plans for international expansion.

**Joan McAlpine:** Your mentoring scheme is probably your biggest collaboration with a Government agency in terms of value—is that right?

**Garry Clark:** At present it probably is, yes.

**Joan McAlpine:** But you say that you do not ring fence a specific aspect of that mentoring scheme to encourage exports.

**Garry Clark:** Not currently. The terms of the scheme are that we deliver it in collaboration with Scottish Enterprise, which has its own targets that it wants to meet through the scheme. Those are in addition to our targets. There is no specific target within the scheme for international—

**Joan McAlpine:** You have referred to the mentoring scheme in several answers as your greatest success story, and it is your biggest collaboration with Government. If we want to grow exports and improve our export performance we should perhaps consider things that are working and how we can improve them so as to boost exports. Ring fencing or having a more specialised stream might be a way to go.

**Garry Clark:** We have other mentoring schemes that are more specialised. The schemes that we operate with Scottish Enterprise and Highlands and Islands Enterprise are two of our mentoring schemes, and they are very much focused on the objectives of SE and HIE. We have other schemes for mentoring in the private sector that we operate with the British Bankers Association. We have further schemes with the Institute of Chartered Accountants of Scotland for specific accountancy-related mentoring, and with sportscotland, which is very much based on

delivering increased knowledge and experience among sports clubs.

**Joan McAlpine:** But you do not have a scheme for exports.

**Garry Clark:** Not at the moment. We would be delighted to offer that kind of service across Scotland, with the right partner.

**Chic Brodie:** Joan McAlpine pre-empted a question that I wanted to ask about mentoring for exports.

I want to extend my question back to the Scottish Enterprise and Highlands and Islands Enterprise account management system. Do you have a view on the export expertise that is available in the account management regime in the enterprise agencies?

**Garry Clark:** The feedback that we have from members within the SE and HIE account-managed scheme has been fairly positive. However, that system engages with a limited number of businesses. Overall, we have had reasonably positive feedback on the account management process.

**Chic Brodie:** The number is limited.

**Garry Clark:** The system engages with a limited number of our members, yes.

**Lewis Macdonald:** I return to Jim Love's earlier point about linking exports and innovation. In your experience, is that work delivered by the enterprise companies? Does it impact on the ability of account-managed members to take forward innovation into international markets?

**Garry Clark:** The account-managed system seems to work reasonably well for those businesses that are in the system. From our point of view, the problem is that there are a huge number of businesses with potential that are currently not in that system. For example, in particular areas of the lowlands—they are largely the more rural areas—people often complain that they feel as if Scottish Enterprise is not engaging very much in their region. Businesses can feel a bit left out, because they might not be in the account-managed system and they might not be in the right sector, although they might be a strong, growing business. For example, SE does not engage with retail businesses, because that is not a key sector for it. However, we regularly engage with retail businesses and a lot of retail businesses have high exporting potential.

**The Convener:** I wish to pick up on a couple of points that we have not covered so far.

Professor Love, we talked briefly about benchmarking Scotland against other parts of the UK. Did you find examples in your research of successful export growth in other parts of the UK,

where people were doing things that we could perhaps learn from?

**Professor Love:** It is more a question of things that we would not want to learn from.

**The Convener:** That is useful, too.

**Professor Love:** I was talking to Johann Lamont about the fact that there has not been greatly joined-up policy on the link between innovation and exporting. I have said this several times and I will say it again because it is so important and because the evidence is so overwhelming: if you were devising a set of policy options to support firms that are innovative in exporting, you would not set up the system that currently exists at the Westminster level, where different organisations handle different aspects of policy. If there was some way of avoiding that, that is the way that I would go.

I do not have specific examples from other parts of the UK, because we compared the UK as a whole with other European countries and other parts of the world as opposed to looking at the regions of the UK.

**The Convener:** I have a question for Garry Clark on a different subject. You mentioned the smart exporter initiative, which was originally delivered by the SCC but is now delivered entirely in house by Scottish Enterprise. Has that been a helpful change? Has it made the scheme better or worse?

**Garry Clark:** There is a lot of good stuff in the smart exporter initiative. We looked at it closely and we were involved in it for some time. It is positive and it has the potential to reach more businesses, but I do not think that it has been 100 per cent successful, in terms of reaching the broad scale of businesses that we need to reach. Perhaps more targeting along the lines that Professor Love mentioned would deliver more consistent results.

**The Convener:** Was the initiative more successful when Scottish Chambers of Commerce was a partner in it?

**Garry Clark:** There were various reasons for our involvement in and disengagement from the scheme, which were not directly related to the success or otherwise of the scheme.

**The Convener:** That is a very diplomatic response, which intrigues me. I want to know what actually happened.

**Garry Clark:** In essence, there was a structural issue with the way that we had set up an arm of the business to engage with smart exporter, which was not particularly sustainable from our point of view. Our disengagement was not a commentary on the objective of smart exporter. We continued

to be involved in smart exporter delivery in the Highlands and Islands area thereafter.

**Dennis Robertson:** On that point, is there an evidence base that shows whether the smart exporter initiative has been a success? Is the initiative monitored and measured, and do we have that evidence?

**Garry Clark:** I think that I would like to see more clear evidence of that.

**Dennis Robertson:** You are not sure.

**Garry Clark:** The anecdotal feedback has been fairly positive. There was a good amount of good will initially in relation to the areas that the initiative was looking to engage in and the types of businesses that it was looking to engage with. However, as with a number of Government schemes, it would be good to have more regular updates on progress against the target.

**Dennis Robertson:** So you are happy for us to try to seek that evidence and get a baseline for that?

**Garry Clark:** Absolutely. That should be standard across the board, no matter what. I mentioned our mentoring scheme. We provide analysis and feedback on that to our partners in Scottish Enterprise and Highlands and Islands Enterprise every year. There is a measurable outcome and return for that, and targets are either met or not—thankfully, they always have been met; in fact, in most cases they have been exceeded. With any scheme that the Government operates, particularly when it is targeted at a national objective, we need to see the progress along the way.

**Chic Brodie:** I have two quick questions. The first is for Garry Clark. Inward investment is of course a step to turning things round on exporting goods. What involvement have you had with the BRIC countries of Brazil, Russia, India and China?

Secondly, I ask Jim Love to comment on the situation that, because we are not a member state of the European Union, a lot of the information does not flow directly to Scotland. In fact, we have evidence of economic circumstances in which we have not enjoyed the benefits that flow through Westminster and the information was dilatory in coming.

I ask the witnesses to address those international issues of inward investment and the lack of information from Europe.

11:00

**Garry Clark:** As far as inward investment is concerned, we have met a number of delegations that have come to the country, but that has had mixed results. As I have said, I feel that a lot of

that engagement and the interest that is shown in the country are not particularly well handled once the people concerned get here. For example, we end up getting a phone call two days before a meeting from someone asking us to pull together a couple of businesses to meet a delegation. We will do that, but we could do things far more effectively and in a more structured way if we had a lot more warning and if we saw a particular role for us in dealings with officials and businesses that come to our country.

That sort of thing is not particularly well handled at a central level, and I think that Government, too, has a role in co-ordinating and engaging with all the organisations that need to be engaged with to ensure that a delegation has the best possible spread of connectivity across the country. In some cases, the process works very well but, in others, it just does not work at all, and we need a far more consistent approach to engaging with businesses and Governments that want to find out more about our country and the opportunities that exist here.

With regard to specific engagement with nations overseas, we have a reasonable degree of engagement with China and India, but less so with Brazil. Our chief executive is due to meet the Russian consul in the coming weeks, but obviously there is a very specific situation happening there at the moment.

**Professor Love:** There is much evidence that inward investment is hugely beneficial for the UK and Scotland with regard to technology, employment and other spillover effects. Anything that prohibits Scotland from being involved in that process or getting the information that it needs will be hugely detrimental, but I cannot comment on what the process is. There is, of course, a link between inward investment and exports, in that many of the biggest exporters are foreign-owned firms that operate in Scotland.

**Lewis Macdonald:** We have talked quite a lot about structures, programmes and so on, but in addition to those that we have discussed, are there any cultural inhibitors to engaging with exporting that we should think about when we prepare our report for the inquiry? Do you have any wider concerns or considerations in that respect?

**Garry Clark:** I can briefly highlight a number of potential cultural issues. There are two strands I should mention, the first of which is the question whether a business believes that it has the right product or service for export, whether the assumption that it does not is accurate and whether it needs to do more thinking on the matter. That brings us back to Professor Love's point about innovation.

As for our international outlook, we certainly believe that that issue ought to run much more through the education system and that people should be encouraged to think more internationally. That could be about teaching languages in primary school, which the curriculum seeks to do and which we very much welcome, or introducing businesses more into the curriculum, perhaps before secondary education—the Wood commission has had a lot to say about that issue that we agree with. It could also be about looking at what happens in universities. In that respect, we are keen to ensure that as many students at Scottish universities as possible have the opportunity to go abroad and partake in international experiences as part of their degree course; indeed, we want that to be pretty much compulsory, where that is possible.

We also want the UK Government to have a far more open-doors policy in respect of foreign students coming to our universities and, as far as post-study visas are concerned, to allow those students to remain in country for a period of time after they complete their studies so that they can be far more engaged in working and developing connections in Scotland with a view to either staying here—one would hope—or going back into the world with a knowledge of and connectivity with Scotland.

There are all sorts of cultural issues, which are largely manifested in the education system, that need to be worked through more fully. We are also very attracted to the idea highlighted by Professor Love of getting businesses to think more innovatively.

**Lewis Macdonald:** That is very helpful. I put the same question to Jim Love. In particular, I wonder about the capacity of digital when we talk about innovation. Is there a correlation between businesses trading and thinking online at home and those that are up for export abroad? Is that a cultural issue that can be addressed?

**Professor Love:** I can say that there is no direct connection between the two because we have done some work on exactly that issue using survey data. Firms with a clear online presence in their activities are certainly much more likely to export than firms that do not, but the question is, which comes first? It may be that firms that want to export did that in the first place. However, firms that have a very clear online presence are much more likely to get orders from abroad for that reason and they may find themselves suddenly becoming accidental exporters. Firms that have a clear online strategy are much more likely to be persistent exporters than firms that do not.

I can comment on your previous point about the cultural issue. For years, I have seen evidence on attitudes towards enterprise and entrepreneurship



in Scotland that seems to suggest that people of all ages in this country are slightly less well inclined towards entrepreneurs and enterprise than people in other parts of the UK and Europe. I am constantly surprised by that and have never known why that is the case. In the 15 years for which I worked at the University of Strathclyde, a long time ago, a huge number of foreign students came to the university—I occasionally had to accommodate them—but we had tremendous problems in encouraging our students to go and spend a year abroad. The situation may have changed—I left Scotland a long time ago—but it was a constant source of irritation that we could never get our students to go to other countries even for six months or a year, whereas we had streams of European kids coming to our university.

**The Convener:** I have a follow-up question on the point that Garry Clark made about the teaching of foreign languages in schools. It is a constant source of frustration to me that the only foreign language that is available in my children's primary school is French. Nobody in the world speaks French—well, apart from the French, obviously. In terms of international trade, French is a very minor language. We should surely be teaching Spanish, Arabic, Mandarin or even German. Those languages have a far wider international reach than French does.

**Garry Clark:** I think that Spanish is becoming, if not the norm, far more common these days and is on offer at a far wider range of schools, including primary schools.

There are two perspectives. It is useful to develop a knowledge of a language that will be of use in business, and if you are going to do business in France or any of the French islands throughout the world, you will find French useful. However, Spanish, Portuguese, Russian, Mandarin and so on will be far more directly useful and there is a case for saying that it would be useful to focus on those languages.

That said, whatever language is spoken, alongside the learning of any foreign language is the development of an understanding of cultures that are different from our own. That is possibly as important as the language skills themselves, particularly in developing business relations across the world. As I mentioned earlier, we have met a number of Chinese delegations, and it is as useful to know where to sit in the room, what to have on the table and that a business card should be handed over with both hands as it is to have the language skills themselves. There are wider issues than whatever language happens to be required.

**Patrick Harvie (Glasgow) (Green):** I am tempted to suggest that we invite the French consul to a future evidence session before we

finish the inquiry. I am glad that the last answer covered a bit about the cultural aspects of other countries, because the original question elicited some comments about our own culture and our attitudes to entrepreneurship. The culture of other countries is obviously the other side of the equation—the other side of that relationship.

Some of our earlier sessions have touched on the ethical context of internationalising business and the issues that may arise in countries with a very poor record on equalities and human rights, for example. What issues arise for women running businesses when they try to engage with certain countries? What issues are there in relation to countries that have problems with racism, with corruption and bribery, or with poor human rights and labour standards in the supply chain?

Can you comment on the issues that are thrown up and which businesses in Scotland may encounter? Will they encounter those issues as barriers, or are there ways of engaging with those issues constructively as part of the development of an international relationship between businesses here and overseas?

**Garry Clark:** That is a hugely interesting question and it opens up a whole series of possibilities in relation to how businesses look at what they are doing internationally and the role that they have to play in relation to those issues.

Clearly, in many cases, there is a role for business. First, there is a responsibility on business to understand the situations that you have just described, how they might impact on doing business in another country and what the ethical concerns might be in relation to a Scottish business doing business in that country.

On the flip side is how a Scottish business doing business in that country could perhaps assist to develop the situation positively within that country. That would be very difficult for an individual small business to do but there are wider questions in relation to that internationally. It is an area where businesses tend to look for guidance from Governments—certainly businesses within Scotland and the UK.

**Patrick Harvie:** How have your two organisations engaged with that set of issues?

**Garry Clark:** I am struggling to think of any direct connectivity that we have had in that regard recently. I mentioned an upcoming meeting that our chief executive is having with the consul-general of Russia. Clearly, a lot of issues will be covered at that meeting in terms of the specifics and the generality of how the Russian Government currently conducts its business.

**Professor Love:** The purpose of the Enterprise Research Centre is to engage in academic

research and policy development research into the growth of SMEs in the UK. We have a strand of activity that looks at the role of women directors in business and the role of black and other ethnic minority owned businesses in the UK.

We have not addressed the issue of the ethics of exporting or internationalising, but I agree that it is terribly important. The key point is how much any individual SME—suddenly finding itself with an order from abroad—would know about the ethics of engaging with that country. It is a really interesting issue and businesses need help with it. The one-stop shop that we have been talking about might be one way of handling that. It is unlikely that any individual small firm would instantly know what the ethical issues were in a particular country.

**Patrick Harvie:** They would not necessarily know what all the ethical issues are, but individuals make choices as consumers and many choose to be informed about fair trade issues, about labour standards or about environmental performance when they make choices about how they will spend their money. It seems reasonable that even a relatively small business might have some consideration of those issues.

**Professor Love:** That is absolutely right. The businesses also need to know where to go to get information on those issues. That is a key point.

**Chic Brodie:** On that last point, there is a great book called “Mind Your Manners” that explains cultural differences—it is worth a read if one is exporting to a whole range of countries. I will also mention that I have recently been privileged to be involved with Chinese businesspeople from Dandong, who have opened up an international business and language school at Glaisnock house near New Cumnock.

My question is on air passenger duty. Can you assess the impact that APD has had on Scottish exports? What would you like to happen as regards APD?

11:15

**Garry Clark:** A number of studies have been done, in particular two studies by York Aviation, which I think took place in 2011 and 2012. They detailed the damage that was being done to the Scottish economy through the imposition of one of the highest aviation taxes in the world on Scotland and, indeed, the whole of the United Kingdom. Last year a PricewaterhouseCoopers report went into further detail on that on a UK basis.

From my point of view, APD is purely and simply a tax on connectivity, internationalisation and exporting. The sooner that it is devolved and abolished, the better.

**The Convener:** Jim, do you have any views on that?

**Professor Love:** I have no particular views on that.

**Dennis Robertson:** On connectivity in Scotland, with regard to road, rail and air, which we have just touched on, is the difficulty of getting goods to the appropriate port, air or rail links a barrier to some companies exporting?

**Garry Clark:** It can be. Scotland’s geography has already been mentioned, and with regard to air links we are seeing a wider range of direct air services than we had a few years ago.

**Dennis Robertson:** A lot of the exports go down to London—

**Garry Clark:** Most of our exports, particularly goods, are put into containers and stuck on to either the backs of lorries or a boat. However, increasingly we are looking at the aviation sector for exporting. I was at a conference of colleagues at the British Chambers of Commerce a couple of weeks ago, and they were talking about—or, to be more specific, the chief executive of Heathrow made a very particular pitch about—the delights of exporting langoustines from Inverness to China. Pretty much the only way that that can be done is—

**Chic Brodie:** Through Prestwick.

**Garry Clark:** It was by air, certainly. He had a very specific solution to that particular problem, as you might expect.

That is one example from one of our major industries: food and drink makes up 18 per cent of our export trade. It is an example of how we need to think far more dynamically about how we get goods to market in a condition that is acceptable to the seller, the consumer and, in the case of the langoustines, the product itself.

**Dennis Robertson:** Are the chambers encouraging some of the small and medium-sized firms to share containers for shipping, for instance? Exporting is a huge expense and sometimes the size of the product means that there is no way that it could fill a container.

**Garry Clark:** I am not aware that the chambers are doing anything specifically on that, although I know that there are some examples of that in the food and drink industry.

**Dennis Robertson:** In Arran, for example.

**Garry Clark:** That is a very good point. A lot of good products come out of Arran, such as soap, beer and whisky. Getting those products across Scotland, the UK and the world certainly relies on that—

**Dennis Robertson:** Would the chambers look at assisting that kind of thing?

**Garry Clark:** We would certainly be happy to look at it. I am not aware of us being involved in anything specifically on that in Scotland at the moment.

**Bruce Crawford:** We have been talking about barriers, challenges and areas where things can be done better. Can I flip that round the other way? What are we doing well, what is our unique selling point and how can we make that even better?

**Garry Clark:** We have mentioned food and drink, which makes up 18 per cent of our exports. We have iconic brands: not just the Scottish brand but the individual brand identities within that, such as those in the whisky industry, salmon and shortbread. There are examples of that right the way across Scotland. We do that branding exceptionally well.

Perhaps we need to develop the national brand further and develop what it means. One of the highlights of the N-56 report was how it suggested we successfully build even further on Scotland's brand. That is something that we would agree with in the chambers, and we have been talking about that for a long time. There are huge opportunities.

Professor Love mentioned those businesses that export by accident. In our survey last year, we found that around 25 per cent of businesses will specifically design a product or service for the international market and about 75 per cent of businesses just respond to demand and become exporters by accident. Within a defined brand that sees Scotland as an outward-looking, exporting, trading nation, which is entrepreneurial and supportive of businesses large and small, across all sectors, getting that buy-in will help create the mindset that will deliver the sort of innovative thinking that we need if we are going to get the 75 per cent who export by accident up to 75 per cent who export as a deliberate business strategy.

**Professor Love:** Speaking as someone who lived in Uddingston and did his PhD in Scotch whisky, I am not going to disagree with the argument that food and drink is terribly important. However, the other angle, which sometimes we miss, is the importance of Scotland's knowledge economy and Scottish universities, which are such important global players. Our universities punch massively above their weight internationally, and we sometimes forget how important they are in exporting Scottish-based knowledge through the huge number of foreign students who come to Scotland, study here, and then go back to their own countries, and through the research that Scottish universities do, which is hugely influential

worldwide. Sometimes we forget just how important the universities are.

**Bruce Crawford:** It makes me wonder. If food and drink and universities are our two strengths, do they have a synergy? Do they work together? Given that they are the big things that we do, and we are very good at them, it would be useful if we could get them closer together, to feed off each other and drive off that base.

**Professor Love:** Indeed. Certainly there are links, and I am sure that it would be a good idea if they could be made better. I cannot believe that the universities of Scotland would not be keen on doing that. They are, to my sure and certain knowledge, a pretty entrepreneurial bunch.

**Bruce Crawford:** Thank you; that is helpful.

**The Convener:** That probably covers everything for our session. On behalf of the committee I thank Professor Love and Garry Clark for coming along. It has been very useful to the committee, and we will bear all the evidence in mind when we come to write our report.

11:22

*Meeting continued in private until 11:49.*



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