

Scotland Food & Drink

Consultation Response

Exporting for Growth - DBT Services in the Nations

Response emailed to: exportsupportnations@businessandtrade.gov.uk

Introduction

Scotland Food & Drink is a membership and leadership organisation responsible for leading delivery of Scotland's food and drink industry strategy, [Sustaining Scotland, Supplying the World](#).

Our shared vision is that:

“We want Scotland to be the best place in the world to own, operate, and work for a food and drink business. To be renowned as a world leader in sustainable production and responsible growth, where resilient businesses across the entire supply chain can flourish and prosper.”

Our Consultation Response:

Where are you based? Scotland Wales Northern Ireland

Question 1 - Scotland only: *Thinking specifically about how International Trade Advisors (ITAs) should be deployed in Scotland, please specify your preferred approach:* Aligning with City Region and Growth Deals; Mapping to Highlands and Islands Enterprise, South of Scotland Enterprise and Scottish Enterprise areas; Mapping to Regional Economic Partnerships. Other

Follow-up:

We welcome the prospect of additional support for exporting food and drink from Scotland. This should ideally complement existing sources of business support and wider work by ourselves and partners in this area. We believe a tailored approach that flexibly adapts to the individual requirements of each business/group of businesses is likely to be most conducive to effective export support. While there could well be instances where ITA support coincides with that of enterprise agencies etc., enabling joint efforts, it is important to consider that some eligible businesses may not have familiarity with/to agencies or a geographic location, and may therefore be better served by having a separate contact point to seek the necessary support to start/expand international trade.

Question 2

It is possible to create a group or cohort of businesses, for example within related sectors or at a similar stage of growth. This group could have common objectives in targeting particular overseas markets. Grouping these businesses into a cohort and working through a programme of support would allow focused support and the opportunity for the businesses to learn from each other.

To what degree do you think using a grouping approach would be beneficial to target overseas markets?

[X] Very beneficial

Follow up:

We know from developing and delivering our own market access support programmes that grouping businesses into cohorts can offer advantages in terms of peer-to-peer learning and resource efficiency both from a support delivery perspective (the capacity requirements of one-to-many vs one-to-one support) as well as from the perspective of businesses who can share services and logistics.

It seems likely that multiple food and drink businesses who have the potential and desire to export but do not currently do it could be identified and supported as a group to trade internationally. We believe there are likely to be many businesses poised to export which haven't yet ventured into it and a collective approach could significantly enhance their international trade prospects.

That said, there may be occasions where one-to-one support is needed, so we would not advocate for an exclusively group-based approach. The needs and benefits would ideally become clear from the initial outreach and planning phase, including work with existing support organisations, including Scotland Food & Drink – we have a direct relationship with several hundred producers and can reach many more.

Question 3

International Trade Advisors in England are deployed regionally in a variety of ways: some hold a specific geographic remit for a local area, others are focused on working with a business sector(s) and some perform a hybrid role with both a geographic and sectoral focus.

Which Model do you believe, is best placed to ensure there is full sectoral and geographical spread?

Sectoral Approach - ITAs are sector specialists,

Regional Approach - ITAs are based and support specific geographical areas working across all sectors

Hybrid Approach - Provides a combination of a sectoral and regional approach depending on strengths of local region.

Other

Follow-up:

We believe a hybrid approach is likely to offer the best outcome for a number of reasons, as set out below:

1. **Combining Sectoral and Regional Expertise:** The Hybrid Approach will allow ITAs to leverage both sector-specific knowledge and regional understanding. This dual focus is particularly useful in the food and drink industry, where the challenges and opportunities of international trade are often influenced by the nature of the products as well as the geographical context.
2. **Flexibility and Responsiveness:** This approach offers the flexibility to adapt to the varied requirements of businesses. For instance, while the location of a food and drink business may be less relevant in some international trading scenarios (i.e. similarly sized businesses making similar products), it becomes crucial in others, especially when considering logistical and market access issues from some regions (Highlands & Islands). A hybrid approach would enable ITAs to provide targeted support that addresses both these aspects.
3. **Addressing a Diverse Range of Export Challenges:** Exporting food and drink products involves navigating complex challenges, such as

managing perishable goods through cold chain logistics and understanding specific trade barriers, including tariff and non-tariff measures. An advisor with both sectoral knowledge and regional insights can offer more comprehensive and practical guidance to businesses.

4. **Enhancing Market Access and Development:** Through this approach, ITAs can potentially better identify and leverage the strengths of local regions while also addressing sector-specific challenges. This can lead to more effective market access strategies and business development opportunities for Scottish food and drink producers.

In conclusion, the Hybrid Approach, with its blend of sectoral and regional focus, is likely to be the best way to provide nuanced and effective support, addressing the unique challenges faced by businesses in the food and drink sector, both at a regional and international level, and working with partners to deliver the best outcomes. Scotland Food & Drink essentially operates a Hybrid Approach, as we have regionally located Business Development Managers, but all with a focus on food and drink.

Question 4

ITAs can offer one-to-one support to small/medium sized enterprises with high potential to export to begin exporting for the first time, grow exports or expand to new markets. In your opinion, how long should one to one support last for?

Our response:

We believe at least a year of support should be provided to enable businesses to make the changes needed to begin/expand exports. The lead time for production can be long where new equipment, processes and/or packaging is needed. As an example, we know from our experience working with the Scottish Government on the Deposit Return Scheme that 12 months was considered an appropriate time frame for making the necessary compliance changes within drink producing businesses.

Whilst the overall journey could be more than 1 year, it may be that the support intensity can vary depending on the specific activity being undertaken. There will likely be “pinch points” where more support is needed, such as at the outset, when advising what needs to be in place, and again at the point of agreeing contracts or deliveries, and again afterwards, to assess success and reflect on the processes.

Follow-up: What should be the criteria for ending support?

Our response:

There are likely to be several relevant criteria including:

1. Non-response from a business after a certain number (3+?) attempts to contact.
2. Failure to submit information needed to provide the support within a reasonable time frame (28 days?)
3. Business indicates lack of interest/ability to export.
 - a. This might be explicit or based on experience of ITA to determine.

Question 5

In your opinion, what are the key barriers to exporting that International Trade Advisors should focus on in Scotland, Wales and Northern Ireland?

Cost; Capability; Knowledge; Contacts; Risk; Connectivity;
 Other

Follow up: Please explain why you answered the previous question as you did?

We know that food and drink businesses across and even within sectors/sub-sectors can be quite different and their levels of knowledge and understanding, equipment, processes, supply chains etc. are not easy to identify or map. We expect their needs will span across all the barriers identified above, as well as others which will emerge as the support commences. This is why it is reassuring to note that DBT have been liaising/working with others, including SDI, to develop the support as this will help identify the needs at an early stage. We would encourage continued partnership working, including with representative organisations that work with businesses, but not necessarily on exports.

In addition, it is vital that where a barrier is identified, we work together to remove it. So, for example if cost is the biggest barrier, it may be possible for us to collectively work to overcome this by understanding the level of the barrier and exploring funding options for businesses facing this barrier. We know that the margins in food and drink businesses can be extremely thin, and there can be a lack of investment headroom. If this support identifies products with a strong opportunity for export success which require strategic/government support to unlock, this is something we could also support.

We also know that exporting to the EU became much more complex post-Brexit and (in some cases) this was down to individual haulage companies deciding not to transport goods from multiple smaller producers to avoid having to produce multiple compliance documents and have these checked at the border. This barrier is hard to define and resolve but was very real for those businesses struggling to find a haulage provider.

Question 6

How are you responding to this call for evidence?

[X] Business association – In an official capacity representing the views of a business organisation.