

# Speech: Starting local, going global

Let me start by recognising the fantastic '10 Thousand Small Business Programme', run by our hosts Goldman Sachs. The programme is unlocking the huge growth potential of the UK's small businesses, providing practical education and creating invaluable peer to peer networks.

And it seems appropriate that the great global corporation of Goldman Sachs is at the helm of this support – for it too was once a small business. Today, that seems a hard thing to picture; but you have to go back to 1869. Founder Marcus Goldman, from his one room office on Pine Street in New York, helped small businesses access capital by connecting them to investors. I think it's safe to say he made a success of it.

The importance of small businesses to our economy is as true now as it was back then. Over 99% of private businesses in the UK are SMEs; you employ over 15 million people and generate nearly 50% of all private sector turnover.

Quite simply, you are a vital and productive component of the engine that is the UK economy. We all receive a dividend from your success – be that in the jobs you create, the communities you sustain, or lives you enrich with your products.

You create wealth and generate income for all the public services we value in our society. That is why this event today is so important. You've heard from inspiring and successful business leaders about how you can take your business to the next level.

In fact, the panel just before spoke about the incredible level of opportunity around the world. The great news is that trading overseas is no longer the sole preserve of multi-national giants. Exporting is also no longer a pipe-dream for SMEs; rather it should be one of the first points on the business plan. The last session was titled 'Starting Local, Going Global' – but let me take that one step further and say that 'global is the new local'.

It may be a cliché, but the thing about clichés is that they're often true. Having visited some of our key overseas markets, I am reminded how highly British products and services are regarded around the world.

We are renowned for our quality, heritage and innovation.

Whether that's more martinis in the USA being made with British Gin; the Brompton Bikes seen on the streets of Shanghai and Tokyo; or the British expertise creating smart cities in India.

I want you all to leave with one simple message: as a small business, there has never been a better, easier and more important time to export.

## UK exporting landscape

A survey of the 10,000 Small Business Programme community reveals 50% of you are planning to increase your current overseas trading, or begin exporting for the first time. It is wonderful to see so much ambition and internationalist spirit under one roof. Research shows that companies which export are more profitable, resilient and productive.

Yet still only around 11% of overall British companies sell anything beyond our shores. And it is the same story amongst small businesses, as only one in 10 SMEs were exporters of goods and services in 2015. I may be largely preaching to the converted inside this room, but these figures show that the case for exporting needs to be made outside, in the wider business arena.

When I see that 20% of the UK's small businesses either used to export and have stopped, or are considering exporting but for several reasons haven't yet made the jump – I see a great deal of unfulfilled potential. Not just in the form of additional profits and productivity that those businesses are forgoing, but also in our national economy – the strength of which relies on our ability to trade overseas.

I speak to UK businesses every day: either as the local MP, not far from here, in Wyre Forest, as the Minister for International Trade, or even as a consumer of their products. I understand the real barriers SMEs are facing.

Too often, they're put off exporting by lack of access to finance; they're wary of language and cultural differences; they think their products won't sell overseas; or they lack enough overseas contacts. And sometimes it can just be because there aren't enough hours in the day. I ran a small business and I know it can often feel like you're playing every position on the pitch, not to mention managing the team!

But there are 3 reasons I want to give which show how government is helping.

### **great.gov.uk**

Firstly is around the unprecedented levels of export support we are providing, with a focus on digital. If you haven't already, I would urge you to visit our world leading digital platform: [great.gov.uk](https://great.gov.uk). There is quite simply nothing like it anywhere on the globe.

Where else can you find, all in one place, thousands of overseas business leads for which you can apply today, access 100 country guides, giving invaluable market insight whilst demystifying the exporting process, or register to have global buyers contact you direct to supply what they need?

And thanks to our partnerships with online giants such as Amazon and eBay, we are making it easier and cheaper for you to sell to over two billion online customers around the world – at the click of a mouse. The time spent laboriously looking for contacts abroad, exploring markets, or seeking buyers amidst mountains of paperwork is over.

If you do one thing today, go on [great.gov.uk](https://www.great.gov.uk) and see for yourself how easy and simple it now is to seize a world opportunity. But it would be wrong of me to say that it is just government that owns the silver bullet to improve our national exporting performance.

We cannot achieve the culture shift we want, and need, on our own. We want to create a national movement where government and industry work in tandem to help UK companies at every stage of their export journey.

That is why I am delighted that the 'Goldman Sachs 10,000 Small Business Programme' has identified, at its core, international trade as a pathway for growth. Arguably one of the most valuable features of the programme is the networks you create and the associated peer to peer learning.

For it's all well and good hearing the benefits of exporting from politicians like me, but I'll be the first to admit that the best spokespeople are the exporters themselves. They have the experience, the contacts, the shortcuts, they know what it's like. So, I urge those alumni here today who are exporting to share their experiences with the rest of your cohort.

## **Department for International Trade**

The second way government is helping is getting our own house in order following last year's referendum result. Trade is more important than ever and now the UK political landscape reflects this. For the first time since 1983, the UK has a dedicated department for international trade. The Prime Minister has given us the sole purpose of being the most passionate advocate for free trade in the world.

What does that mean for you? It means that we want to create an environment where it is easier for businesses to identify and seize global opportunities, whilst attracting the investment needed to grow our economy.

For the first time in years, trade promotion, policy and finance all fall under the remit of one department. This means we can be more co-ordinated than ever before. I mentioned earlier lack of finance being a barrier to export.

UK Export Finance, the government's export credit arm, now sits within my department. It ensures that no viable export deal will fail due to lack of finance or insurance. With UKEF's risk appetite recently doubled to £5 billion, and support now offered in 40 foreign currencies – from the Australian Dollar to the Zambian Kwacha – this sort of financial guarantee has so far ensured 300 UK companies shake hands on a deal rather than walk away.

And last week, we announced a deal with 5 of Britain's biggest high street banks to deliver government-backed financial support to exporters more quickly and efficiently. The deal also extends to supply chain companies of UK exporters, which will boost lending to typically smaller companies that might need finance to buy equipment or increase the number of employees to meet the demands of large contracts.

With UKEF taking on most of the risk, banks will be able to provide working capital loans and bonds required by overseas buyers, supporting their SME customers directly. We are dismantling a common barrier to exporting that has persisted for too long.

As a department, we are listening and responding to business concerns, and ensuring trade remains at the heart of all government policy making.

One of these concerns has naturally been the uncertainty around Brexit, which brings me onto my final point.

## **Brexit**

Almost one third of small firms trade with or within the EU, so let me reassure you that for the moment, nothing changes.

Our trading relationship with the EU is unchanged until we formally leave. The Prime Minister has made clear that we want the greatest possible barrier and tariff-free access to the European Market, whilst offering European businesses the same access to the UK market. This works both ways.

It is in our mutual interest: as it puts businesses, jobs and economic security front and centre. Above all we feel this is achievable, given that we're beginning from a position where we have zero tariffs already, not to mention 100% regulatory and legal equivalence.

The mantra for negotiations should be prosperity first, politics second. No-one wants to see a dislocation in trade. Nor do they want to see a bitter divorce.

Rather the UK wants a deep and special relationship with our European friends and neighbours, with whom we will continue to work across many areas including defence, security and academia. Brexit is not a rejection of our shared values, nor our European identity.

A referendum cannot change that. But whilst we will continue to trade with Europe, we've always been a globally minded nation. The EU Commission itself admits that 90% of future global growth is set to occur beyond the borders of Europe.

The UK, with an independent trade policy, will be able to strike trading arrangements with these dynamic growing markets. We are already making progress, laying the groundwork for our trading future and seeking greater opportunities with the wider world.

We have already established 10 trade working groups with 15 key markets around the world, including China, India, the Gulf nations and latterly our single largest trading partner, the United States. I am delighted to see that small businesses are already alive to the global opportunities beyond Europe. According to the FSB, 1 in 5 exporting small businesses trade with emerging markets such as China and the UAE.

This reinforces my long held belief that small businesses are always thinking big. In fact this very region, the Midlands, shows us how it's done. Over 27,000 businesses in these surrounding areas export nearly £40 billion worth of products to over 100 countries.

## **Conclusion**

So I am confident that we can see Brexit as the opportunity that it is, and thrive. The UK has some of the most innovative and ambitious small businesses in the world – ably demonstrated by those present today. You've heard about the incredible opportunity that exists overseas. You've heard about the unprecedented level of support available. And you've heard that exporting, though once complex, is now increasingly simple. So to coin a phrase from the last session, I truly believe that there has never been a better time to 'Go Global'.

Thank you.