



Chapter 7 Global links

Summary

Globalisation is changing and widening the basis of competition. UK companies are having to adapt to this by producing goods and services that are superior to those provided by their competitors, who are not standing still. Successful companies have a global perspective and are prepared to use it not just for international export purposes, but for understanding and accessing technologies from other countries that can add to their competitiveness.

95% of the world's science and technology is based outside the UK. Successful firms will tap into the global knowledge base, often networks with foreign businesses and research organisations, to gain competitive advantage. The GlobalWatch service communicates technological advances to thousands of businesses/researchers across the country, runs technology missions and international secondments. This action is complemented by a network of specialist science and technology staff in British embassies across the world.

To increase international Science and Technological collaboration we will:

- **increase the number of International Technology Promoters by a third and double the number of outward secondments;**
- **realign the delivery of our services to meet customer needs; and**
- **increase participation of UK businesses in EU and pan-European programmes such as EU Framework and Eureka, starting with a new service to help access to the EU's sixth Framework Programme.**

The UK is the second most popular destination in the world for inward investors and number one in Europe. In addition to bringing revenue and prosperity to the country, inward investment is also an important means of improving knowledge transfer and increasing value-added operations into the UK. UK Trade &

Investment enable potential inward investors to identify technologically advanced UK firms with which they may wish to build strategic collaboration.

- **Our international innovation agenda should be driven by the contribution it can make to wealth creation in the UK. International trade and investment, which are UK Trade & Investment's prime responsibility, are major drivers for stimulating innovation. UK Trade & Investment will take responsibility for the international innovation agenda by ensuring Government coordinates its actions in this area.**

Companies that engage in international business tend also to be more innovative and competitive or engaged in high levels of Research and Development (R&D). Exporters have a better chance of survival than non-exporters, and they tend to preserve jobs during economic downturns.

For UK firms who want to expand into overseas markets, UK Trade & Investment provides support for companies across the range of international business activities including overseas market contacts for exporters, overseas investment, standards, joint venture partnerships, international sourcing of science and technology, participation in international collaborative programmes.

UK Trade & Investment is currently evaluating all its products and services to re-deploy resources where it adds the most value.

- **To strengthen our effectiveness, UK Trade & Investment will produce a more customer focussed and coherent group of products and services as a result of this process.**

Global Links

7.1. The global economy is changing. Trade barriers are eroding, new markets are opening up, bringing opportunities to UK firms as well as threats from potential competitors. Competitive pressures are increasing. Reductions in transport and communication costs mean that customers face a wider range of potential suppliers. Firms also have a greater choice in where to invest. Many multi-national companies now conduct research in several bases located across the globe. UK firms are having to adapt to this environment by producing products that are superior to those provided by their international

competitors – who are not standing still. Successful companies are formulating their strategies in the context of the world market, world science and technology and world competition. The Government can help by:

- promoting international collaboration in science and technology;
- encouraging inward investment of high value added activities; and
- assisting internationally competitive companies.

7.2. Governments around the world are engaging in policies to promote innovation. (see examples in Box 7.1)

Box 7.1

Recent initiatives overseas to move innovation up the policy agenda

Canada:

The Canadian Federal Government published an innovation and skills agenda and strategy in 2002. This sets out initiatives designed to achieve targets to improve Canada's economic growth and social development by 2010. Targets include raising Canada's rate of R&D and developing ten internationally recognised technology and community-based clusters. Actions include more support for university research and its commercial exploitation at national and local levels, the development of specific technologies using public-private partnerships, and a regulatory environment more conducive for business innovation.

Netherlands:

The Dutch Prime Minister recently launched an "Innovation Platform", a debate about how to strengthen innovation as the future driver of economic growth. The Platform aims to produce its first concrete action programme within six months. In addition, the Dutch Cabinet has submitted a paper to Parliament and the platform, "In Action for Innovation". Specific policy suggestions include greater

tax incentives for private sector R&D in Small and Medium-sized Enterprises (SMEs), increasing the flow of foreign knowledge workers and entrepreneurs, and stimulation of more collaborative research and development.

Germany:

The Action Plan on innovation in SMEs has been developed to combat the decline – from a high base – of the SMEs share of business R&D. It combines current and new initiatives; an example is the refocusing of R&D grants available in the eastern Länder towards growing firms.

South Korea:

In 2001 the Science and Technology Framework Law was enacted and brought about several important changes in science, technology and innovation policy in Korea. The law places emphasis on the co-ordination of national science and technology and R&D policies and investments, regardless of sponsoring ministry. The Government has also initiated new programmes to promote technology transfer, diffusion and commercialisation of new technologies.

7.3. World trade has grown enormously in recent decades. The value (current prices) of world exports of merchandise goods & services rose from \$2.4 trillion in 1980 to \$8 trillion in 2002. Investment flows and economic activity increasingly crosses borders. The UN World Investment Report (2003) estimated that the world stock of (inward) Foreign Direct Investment (FDI) was equivalent to 22% of Gross Domestic product (GDP) in 2002, compared to under 7% in 1980. Over that period, the UK stock of (inward) FDI increased from \$63 billion to \$639 billion.

7.4. A global outlook is a characteristic of successful firms. All can benefit from small businesses producing specialised equipment and services to large bulk suppliers. For innovative companies, trading internationally can be very important. Markets and leading edge customers for a particular product or service may be overseas. Commercial dealings with them provide invaluable market intelligence and sources of technical knowledge. Those high technology SMEs producing novel products that take a risk and internationalise early may reap the rewards later of becoming a global market leader. Establishing an international presence, however, poses difficult commercial challenges for SMEs, and assistance for smaller businesses can help bring them to this global marketplace.

7.5. The UK does 5% of the world's science, which means that 95% of the world's science and technology is based outside the UK. Successful firms will seize opportunities to build international networks to exploit knowledge, involving both foreign businesses and research organisations. Overseas firms see the UK as an attractive location for investment. Inward investors can bring new technologies or practices to the UK which have knock-on benefits to the local, and ultimately regional economy.

7.6. The reduction of trade barriers within the EU Single Market has also acted as a stimulus to growth, allowing innovative UK firms to sell their goods or services into a larger market. Membership of the European Monetary Union could also bring the UK significant economic benefits. The HM Treasury assessment of the five economic tests concluded that, were sustainable and durable convergence to be achieved between the UK and euro area, UK national income could rise between 5 and 9% over a 30-year period¹. Sustainable and durable convergence between the UK and EU economies is essential to realise the benefits from increased trade, investment, competition and productivity.

7.7. The UK's role as a leading member of European Union brings opportunities to participate in, and benefit from, the wide range of business and research support available. As well as the Framework R&D programme, which is worth some £350m per year to the UK, the Structural Funds, which are offered at regional level, bring some £100m to the task of stimulating innovation on a substantially larger scale than domestic schemes. Firms and other organisations need to be alert to the potential of these EU offerings. In Scotland, the Scottish Proposal Assistance Fund (SPAF) helps SMEs to access the expertise needed to write high-quality proposals for FP6 funding, whilst the recently announced Proposal Assistance for Co-ordination of European Research fund (PACER) will help universities with the up-front costs of bidding to become a coordinator of Framework integrated projects.

7.8. Government helps UK-based businesses to access the global knowledge base by reducing the costs and risks of access and exploiting economies of scope and scale.

¹ HM Treasury "UK Membership of the Single Currency, an Assessment of the Five Economic Tests (2003)", <http://assessment.treasury.gov.uk/>

International Collaboration in Science and Technology

7.9. For UK-based firms which wish to acquire knowledge of technological developments, advanced skills and scientific advances in other countries, develop their businesses by acquiring the GlobalWatch service (formerly known as the International Technology Service (ITS)) offers a range of practical help. This includes a website² which carries out over 80,000 technology related searches each month and the GlobalWatch magazine with a circulation of 23,000.

7.10. The GlobalWatch service also runs about 30 technology focussed missions and 50 international secondments each year (see boxes 7.2 and 7.3 for examples of secondments and missions we have supported), as well as facilitated technology-partnering with several thousand firms through the International Technology Promoters (ITPs). The ITPs are business people with experience of developing technology partnerships between UK business and overseas organisations. They support technology partnering of various styles, often acting as the precursors to more formal licensing or other commercial deal making. The GlobalWatch service also supports bilateral science and technology activities with Russia, Japan, South Korea, and China through high technology industry forums and manages the BRITECH bilateral support programme for R&D with Israel.

7.11. The Foreign and Commonwealth Office (FCO) has established a new network of science and technology attachés in key countries around the world. Working closely with the DTI, UK Trade & Investment, British Council and others, the network helps inform policy making on science and innovation, helps companies access overseas innovation and technology, facilitates high-tech trade and investment and uses science and technology as a vehicle to maximise the UK's impact abroad.

² www.globalwatchonline.com

Box 7.2

Secondments offer new skills on joining

TME (Total Maintenance Engineering) – an SME based in Gateshead – sent Martin Goodfellow on a three month secondment to France with financial support from the GlobalWatch service. This came about when TME realised that French apprentice-trained engineers had a greater breadth of knowledge and were the preferred option in their sector for work in the UK.

After his secondment to Les Compagnons du Devoir, Martin Goodfellow had gained specific knowledge and best practice of the training regimes that could be applied in the UK. This resulted in an increase in staffing and in apprenticeship staff and profits by a factor of five. Since the secondment, TME has worked with the Prince's Trust to secure 20 places every year for firms in the UK to send apprentices to France for two years of their apprenticeship training, acquiring advanced skills and techniques appropriate to precision welding and gaining knowledge about management techniques for developing an international business.

Later, Emmanuel Constans from Les Compagnons du Devoir spent 6 months at TME's premises. The inward secondment brought French skills and expertise in welding fine steel, aluminium and titanium to the UK. The direct result of this secondment was the recruitment of 12 apprentices in this work. This encouraged a multi-national food manufacturer to stay in Gosforth, Newcastle. Previously the company had been considering shedding jobs and moving from its base due to the lack of locally available welding skills.

7.12. There are also a number of bilateral links which enable researchers and business people to share knowledge between the UK and overseas. One such is the UK-Texas Bioscience Initiative, which aims to promote collaborative R&D in biosciences and related topics between researchers in the UK and the region around Houston, Texas. In Scotland, the Edinburgh-Stanford Link was established as a programme of research and training linking the Human Communication Research Centre (HCRC) at the University of Edinburgh with the Centre for the Study of Language and Information (CSL) at Stanford. The focus is on speech and language technology, an area in which the participating centres both have internationally recognised reputations for excellence. The Link is fully funded by Scottish Enterprise (SE), with £5.3m for commercially focussed, early stage research over five years and a further £700,000 for commercialisation activities relating to the research.

7.13. These services have undergone considerable change and expansion over the past few years. For example, we have already taken some steps towards integrating international knowledge transfer with the UK domestic programme. We now use a common team of external consultants, to arrange the domestic Knowledge Transfer Partnership (formerly Teaching Company scheme (TCS)) projects and the outward secondments that are offered through the GlobalWatch service.

7.14. In terms of our future offering of individual elements of support for international collaboration science and technology we will:

- **expand the ITP network by a further six people to cover the Nordic countries, southern Europe, the Eastern European countries, India, Australia and South America; and**
- **seek to double the number of outward secondments to at least 120 by 2005/06.**

Box 7.3

Technology mission: Getting to grips with Alzheimer's

Over 600,000 people in the UK suffer from Alzheimer's or Parkinson's disease, and a further 100,000 a year suffer a stroke. Some of the latest therapeutic approaches are being developed in the US, so the GlobalWatch service, working with the British Embassy science team in Washington and Boston, arranged for representatives of 7 UK bioscience firms and a senior academic from King's College London to visit leading research institutions and businesses in Maryland and Massachusetts.

Whilst respecting the Intellectual Property of both parties, the visit enabled UK researchers to gain an insight and transfer back to the UK knowledge of the latest thinking of how UK teams are focusing on the development of therapies and treatments. Also there were opportunities to learn about how the drugs companies are working in collaboration with the universities and national institutes in the field.

7.15. Our recent review of the organisation of cross-Government support in this area recommended that service provision should be aligned to meet customer needs rather than reflect organisational convenience. More specifically, UK and international knowledge transfer programmes should feed off each other and be promoted and delivered through the same channels and international activities should be targeted and delivered against a clear strategy and business plan. **We will work to realign the delivery of our services to implement these recommendations.**

7.16. The Technology Strategy³ will also be used to realign our overseas activities with the overall direction of strategic innovation and at the same time offer new perspectives in other fields. We will align our overseas technical missions programme to the priorities of the Technology Strategy as well as to any opportunities emerging from the activities of the various networks or projects contributing to the strategy. We expect to achieve these objectives within the present envelope of running 30-40 high quality technical missions per year.

7.17. Maximising European opportunities: Nowadays, UK-based businesses routinely enter into a wide range of joint ventures and collaborative R&D programmes with firms in many other countries to develop and exploit new products and services. With our partner nations in Europe there is an opportunity to create a research trading bloc on a par with that in the US.

7.18. The European Union is now encouraging the nations of Europe to co-ordinate their research efforts through the concept of the European Research Area (ERA). The UK welcomes the ERA concept. We believe that it can help to relieve some of the rigidities that have slowed down European industrial performance, by encouraging greater mobility for researchers, integrated and efficient use of resources as well as a more coherent approach to research planning and policy making.

7.19. Since 1984, the EU has sought to promote industrial innovation through the Framework series of collaborative R&D programmes. Framework enables UK businesses and research organisations to enter project-based partnerships with organisations throughout the EU and beyond. Through Framework, European researchers can collaborate on pre-competitive as well as basic R&D to attain a degree of critical mass that can offset some of the natural disadvantages of

operating in a highly fragmented marketplace. The current programme, Framework 6, allocates some €17.5 billion (£12 billion) to research over the period 2002-2006. Framework gives priority to the following fields: life sciences, genomics and biotechnology for health; information society technologies; nanotechnologies and nanosciences; knowledge-based multifunctional materials and new production processes and devices; aeronautics and space; food quality and safety; sustainable development, global change and ecosystems; and citizens and governance in a knowledge-based society. (see example in Box 7.4).

Box 7.4
Retail is data-mining through Framework

A team led by Maurice Mulvenna, from the University of Ulster, participated in an EU-supported collaborative research project which helped prove the viability of data mining in on-line retail applications. The success of their involvement led to the establishment of a spin-off company – MINEit Software – which was selected as the Software Industry Federation's New Company of the Year in 2001. One of MINEit's products won the European IST Grand Prize in the same year. The research was used to enhance commercial software, which is now used by more than 500 organisations worldwide.

7.20. The UK has always been an active participant in European research and contributes considerably to its development. UK participants receive about €510m (£350m) per year according to official data, a proportion that compares well with the UK's share of European GDP. In 2001, participation from universities was the highest in Europe; participation by businesses was second only to Germany.

³ Please refer to chapter 3

7.21. Framework represents a major opportunity for UK business to benefit from the available support and create international alliances. It is therefore a cause for concern that UK business investment in Framework seems to be declining. The reasons for this are:

- the complexity of the application process incurs significant costs;
- delays inherent to bidding with Framework inhibit success in some leading edge technologies;
- Framework tends to support research suitable to large public research centres and larger firms; and
- the lack of a clear and distinctive national research structure works against UK industrial involvement.

7.22. Recognising the vital importance of the Framework Programmes to the UK economy the Government has long provided a wide range of expert help and support to UK organisations seeking funding from this programme through its network of National Contact Points. We continue to develop stronger networks for promoting Framework to the organisations that are most suited to this type of engagement (e.g. those involved in UK technology programmes, regional clusters and networks created through the Technology Strategy).

We have:

- made it easier for UK organisations to become aware of the opportunities offered by the current (sixth) EU Framework Programme by enabling them to access the wide range of National Contact Point experts by setting up a single, centralised information and promotion service⁴; and
- rationalised the system of National Contact Points for specific Framework thematic fields, to reduce the number of separate contacts and provide a more holistic service to users.

We will:

- **press the European Commission to simplify the application process for Framework Projects to reduce the cost and time needed by business to prepare early stage bids; and**
- **seek to integrate more closely the EU's Innovation Relay Centres in the UK with other national efforts that inform and involve business in opportunities to work with European partners and to benefit from research results.**

7.23. We will aim to ensure that future Framework programmes and the processes involved complement UK priorities, as developed through the Technology Strategy) and focus on those areas where European collaboration delivers greatest added value to the UK. As the EU grows, it will become more difficult to predict the outcome of Framework bid calls but we will aim to ensure that UK-led bids involve high quality work and partners. We believe this to be the surest way of maintaining the success in Framework that we have enjoyed up to now.

⁴ www.fp6uk.ost.gov.uk

7.24 In addition, the EU will publish an Environmental Technology Action Plan. This is intended to stimulate innovation in environmental technologies by identifying barriers. We keenly support this process and are encouraging the European Commission to carry out a number of measures including:

- ensuring that the Framework Programmes are designed and administered in a way that stimulates innovation in environmental technologies; and
- exploring ways of establishing a fast track route for environmental technology outputs from the Framework Programmes to be taken through to the LIFE Environment Demonstration Programme, to encourage market penetration for innovative technologies.

7.24. The UK is also a leading member of the Eureka initiative. Eureka is a pan-European network to stimulate civil collaborative R&D with clear market relevance. Eureka projects have generated prototypes of advanced products, processes and services. Well known examples include digital radio, the “Galileo” airline booking system, the animation software for “Walking with Dinosaurs” and beer can “widgets”. Eureka complements Framework but covers a wider geographical area with 34 members, including the European Commission. Any public support for projects comes from individual governments.

7.25. The UK budget for Eureka has fallen compared to that of other leading countries. Since 1994 we have channelled funds to helping SMEs. Other Eureka partners contribute significantly more. Firms that obtain DTI domestic R&D support have been encouraged to consider forming or joining collaborative Eureka projects, but inevitably such firms will be a very small proportion of the population. The new Technology Strategy should offer opportunities for bids into Eureka to be considered on their merits.

7.26. We will work with business to increase participation in Eureka in line with the priorities identified by the Technology Strategy and operating within our new business support products for collaborative R&D and knowledge transfer networks.

Inward Investment

7.27. Currently we are doing well. The UK is the second most popular place in the world to do business and number one in Europe⁵. We are focussing on sustaining this position, which is underpinned by a stable economy, flexible labour markets and relatively low tax rates.

7.28. For overseas firms, UK Trade & Investment, the Regional Development Agencies (RDAs) and the DAs provide tailored help for inward investment into the UK. Foreign-owned companies undertake one-third of UK business enterprise R&D and some long-standing UK subsidiaries of foreign multinationals have worldwide leadership in particular product lines. Foreign-owned companies thus make a substantial contribution to the UK’s overall innovation effort and facilitate the spread of technological and business best practice. They also provide UK-based businesses with access to leading-edge materials, components and services as well as sophisticated customers on their own doorstep.

⁵ UNCTAD (United Nations Conference on Trade and Development) World Investment report 2003.

Box 7.5

Knowledge transfer through cross-border clusters

A number of countries have developed cross-border clusters for mutual benefit, the rationale being to stimulate greater cross-fertilisation of innovation and thereby contribute to enhanced Foreign Direct Investment. Examples are; Denmark/Sweden (resund); the Switzerland-France (near Basel) cluster stimulating innovation in biotechnology; and the Sweden/Finland/Baltic's cluster.

7.29. UK Trade & Investment's Global Partnerships Service strengthens business-to-business partnerships. This service enables potential inward investors to identify technologically advanced UK firms with which they may wish to build strategic collaboration. The AGES (Attracting Global Entrepreneurs Scheme) initiative targets expatriates and foreign nationals who have innovative business proposals or have management experience as entrepreneurs to relocate to establish start-ups or join emerging start-ups.

7.30. Like every other developed country we understand that we cannot compete on the same terms as the low wage, newly emerging economies such as India or China, and we have to look at increasing the value added to promote the UK as a great place to do business. Our strengths include being the world's fourth largest economy, with a world-class Science, Engineering and Technology (SET) base and an international language.

7.31. Over the last five years, UK Trade & Investment has successfully refocused its resources on encouraging high-tech companies into the UK and, more recently, since 2002, has taken responsibility for the development of the White Paper⁶ commitment to attract global entrepreneurs. In today's climate the key

is the quality of the companies we want to encourage into the UK. Science and technology, creativity and innovation and adding value represent the future new investment in this country.

7.32. We recognise that this is an ongoing process. Supported by Government policies that have invested more in R&D, science and technology and education, UK Trade & Investment will spend £6.3m on lead generation and £4.5m on promoting the UK to potential inward investors in 2003.

7.33. Our international innovation agenda should be driven by the contribution it can make to wealth creation in the UK. International trade and investment, which are UK Trade and Investment's prime responsibility, are major drivers for stimulating innovation. UK Trade and Investment will take responsibility for the international innovation agenda by ensuring that government coordinates its action in this area.

Areas of activity likely to be included:

■ **The Global Partnerships Service**

After 15 months of operation, the Global Partnerships Service has had a number of successes leading to the transfer of novel technologies to UK partners. Subject to a review in September 2004 we plan to roll out the service to the entire UK Trade & Investment network;

■ **The AGES (Attracting Global Entrepreneurs)**

Since its launch in January 2003 the initiative has scored a number of wins. We will evaluate the success of this pilot initiative when it comes to an end in March 2004; and

⁶ DTI White Paper "Opportunity for all in a World of Change: Enterprise, Skills and Innovation, Feb 2001." <http://www.dti.gov.uk/opportunityforall/>

■ **UK Trade & Investment research and technology website and signposting**

We will develop UK Trade & Investment's research and technology website so that it effectively signposts investors to relevant science and technology development in the UK; and establish a network of experts who can similarly signpost investors.

7.34. The recent House of Lords Select Committee on Science and Technology Report on Science and the RDAs⁷ highlighted the importance of exploiting science, technology and engineering for economic gain, and in particular the need for the true integration of national and regional perspectives.

7.35. In terms of regional action on international innovation, we will:

- **ensure that as regional Science and Industry Councils are established, they incorporate an international element to their activities in order that all regions are able to collaborate on equal terms with the best in the UK and internationally. This will build on the work already being undertaken with the RDAs and DA to provide up to date information about regional science and technology strengths to potential inward investors as well as indigenous businesses; and**
- **redefine the criteria for financial assistance, with greater emphasis on creating sustainable, high value added projects and jobs in the new Investment Grant for the Regions (See chapter 6).**

Developing internationally competitive companies

7.36. Companies that engage in international business tend also to be more innovative and competitive or engaged in high levels of R&D⁸. Research also indicates that for the service sector outward investment is key to establishing a presence in foreign markets. Exporters have a better chance of survival than non-exporters, and they tend to preserve jobs during economic downturns. UK Trade & Investment is dedicated to helping companies become internationally competitive and preparing them for a global market place.

7.37. For UK firms who want to expand into overseas markets, UK Trade & Investment provides support for companies across the range of international business activities including overseas market contacts for exporters, overseas investment, standards, joint venture partnerships, international sourcing of science and technology and participation in international collaborative programmes. Other countries provide such services in different ways (see example in box 7.6).

7 House of Lords Select Committee on Science & Technology 5th Report, Session 2002-03: *Science & the RDAs: SETting the regional Agenda*
<http://www.publications.parliament.uk/pa/ld200203/ldselect/ldscitech/140/14003.htm>

8 University of Nottingham – Exporting and Business Performance 2001.

Box 7.6

Finpro (www.finpro.fi)

Finpro is an association owned by Finnish companies which aim to guarantee that Finnish companies, especially SMEs, have access to high quality, comprehensive internationalisation services in different parts of the world. It operates in Finland and in 51 Finland Trade Centres around the world.

Finpro supports Finnish companies by helping them find effective operational models and solutions for internationalisation. Services range from target market analyses and creation of market entry strategies for companies to full-scale planning and execution of an internationalisation project for a company.

2002 saw a number of changes and developments for Finpro. In response to the ever-changing situation in global markets, three new Trade Centres were opened in countries with growing business potential for Finnish companies; Chile (Santiago), Russia (St Petersburg) and Norway (Hammerfest). To strengthen the local service supply in Finland and, in co-operation with other operators in the Finnish innovation environment, a new e-service portal, Business Finland, www.yrity-suomi.fi was founded. The first concrete actions were taken towards the creation of a “One Stop Internationalisation Service”, a database, pulling together information from a number of service providers.

7.38. UK Trade & Investment

commissioned a comprehensive review of the needs of their existing and potential customers. From over 6,000 observations, the Review concluded that their customers primarily wanted sector-specific information relating to target markets and contacts there and in the UK. The report also showed that UK Trade & investment needed to strengthen its support for high-growth priority sectors, particularly those in technology-driven industries.

7.39. UK Trade & Investment is currently evaluating all its products and services to redeploy resources where it adds the most value. To strengthen our effectiveness, UK Trade & Investment will produce a more customer-focussed and coherent group of products and services as a result of this process.

7.40. A recent evaluation of the UK Trade & Investment Passport Scheme, which provides potential new exporters with a comprehensive range of help and advice to make them internationally competitive, shows that user businesses have improved their innovative capability. Some 47% of customers had improved their use of international networks, with 35% having boosted their capability for technological innovation and 28% investing in improving their software capability.

7.41. While exporting is important, a company may consider entering an overseas market simply to have greater contact with new ideas and technology. Also many entrepreneurs set up high technology companies with global markets in mind because they sell to highly specialised customers, few of which exist in any one country. Such start-ups have highly specific developmental needs as a result.

7.42. To support this trend UK Trade & Investment has refocused its organisation to create new teams to provide support to companies in 10 high value sectors. These include: biotechnology and pharmaceuticals; chemicals; communications; creative and media; education and training; electronics and IT hardware; healthcare and medical; and software and computer services. We also encourage innovation in other sectors where a value-added product can transform an industry, such as smart textiles. The sector teams are designed to focus our support on high value added areas and to help innovative companies to grow their business.

7.43. UK Trade & Investment has employed sector specialists in the US, for example with specialist ICT and biotech expertise, (see Box 7.7) to provide additional support for UK companies in these highly innovative sectors to win business overseas. We are investigating extending this to other key markets.

Box 7.7

Working in a Global Marketplace

UK Trade & Investment have developed a successful initiative to link US venture capital with the dynamic UK biotechnology sector. It was recognised that UK firms faced difficulties finding capital investment at the post start-up stage. UK Trade and Investment's biotechnology specialist in San Francisco put together two visits by US venture capitalists interested in funding high quality research and innovation in UK biotechnology. We have just completed the second Bio TransAtlantic event, and have put 25 US venture capitalists and major bio/pharma companies directly in touch with over 40 selected UK biotech firms. We have involved British venture capitalists to act as intermediaries for their US counterparts and large US Pharmaceutical companies. UK Trade & Investment also organised training workshops to help the small UK biotech companies make effective presentations to demanding US venture capitalists.