Chambers of Commerce are recognised across the UK and around the world as leading supporters of international trade. Chambers deliver trade support and advice, as well as a range of specialist services, to businesses of all sizes in Britain’s exporting community.

Given the continued need to rebalance the UK economy towards exports to secure the economic recovery and long-term prosperity, the British Chambers of Commerce (BCC) commission a major international trade business survey every year. The latest survey undertaken in Q1 2013, received responses from 4,678 businesses.

The share of responding businesses actively exporting goods and services from the UK rose from just under a third (32%) in 2012 to nearly two-fifths in 2013 (39%).

The survey also shows that a number of challenges remain. The BCC and the accredited Chamber Network will continue to work closely with companies and with government to overcome these obstacles and to unlock the potential of Britain’s existing and future exporters.

Gaps in commercial knowledge continue to hold back businesses wishing to export. This survey shows that knowledge of the commercial aspects of the process and difficulties sourcing market information hold back manufacturers, micro and smaller firms from exporting more than other types of business.

Perception can act as a barrier to exporting for the first time or expanding export volumes. Every market is different, and companies need to be sensitive to local ways of doing business - respecting differences even across different regions of the same country. Lack of awareness of local cultural norms can impede the development of a business relationship. Being able to speak the language of potential customers is very important - particularly outside the largest cities - and can help to establish mutual confidence. Language was cited as a barrier to trade: across non-exporters, 18% indicated language barriers influence if, when and where to enter international markets.

The extent of the language deficit in the UK is sobering: up to 70% of respondents had no foreign language ability for the markets they served. Conducting business in the buyer’s language enables businesses to gain ground, especially when entering the fastest-growing markets of emerging economies. Only 0.5% of respondents claimed to speak Russian or Chinese well enough to conduct business deals in their buyers’ tongue. Addressing the gaps in commercial exporting skills, including language skills, must be a priority for supporting growth in Britain’s export sector.
Gaps in commercial knowledge hold back many smaller businesses from trading internationally

- Micro and small businesses indicated that they have limited knowledge of exporting when compared to larger businesses.
- 58% of non-exporters reported that they do not have a suitable product or service to export: though well down on the 76% recorded in 2012, this could signal that there is still a lack of knowledge of the opportunities that the global market can offer to business.
- 6% of non-exporting respondents cited difficulty finding overseas customers, agents and/or distributors as their key reason for not exporting, marginally above the 5% recorded in 2012: scaled up this represents nearly 89,000 businesses in the UK.

Manufacturing, IT and media firms cited the largest export skills shortages

- 17% of non-exporting manufacturers claimed not to export because of limited knowledge of the commercial aspects of the process and 16% cited difficulty sourcing market information.
- 13% of responding firms within the IT and media sectors identified limited knowledge of the commercial aspects of exporting as the main reason for not selling their goods and services overseas.

What are your principal reasons for not having exported goods and/or services?
The largest language barriers remain for the fastest-growing markets

- Over 95% of business owners surveyed claimed not to speak Russian or Chinese well enough to conduct business deals in those languages – down slightly on the 99% share recorded in 2012.
- 57% of business owners surveyed speak no German, 64% speak no Spanish and 76% speak no Italian – largely unchanged from last year’s survey.
- French remains the most commonly spoken of the six languages listed and the most commonly understood, but only 5% are able to converse fluently, unchanged from last year.

How well do you speak the following languages, if at all?

![Language proficiency chart]

Language barriers influence if, when and where businesses enter international markets

- The perceived influence of language barriers on trading internationally varied with the propensity to export: 62% of non-exporters ‘likely to consider’ exporting in the future saw language as a barrier to doing so – largely unchanged from 2012.
- Across all ‘potential’ exporters (including previous exporters and ‘active considerers’) 18% viewed language barriers as highly influential in any decision to enter global markets.

How influential are language barriers in deciding if, when and where to export?

![Influence of language barriers chart]

Base: 667 (‘potential exporters’)
Incentivise take-up of trade training

For business managers and employees working in companies today, and no longer in the formal education system, export-related training offered in both the private sector and via government programmes will be crucial and take-up must be encouraged. The Chamber Network is playing a leading role here, by offering a consistent and accredited trade training scheme across the country. The government could consider financial incentives for non-exporting businesses that train up their existing staff to export, such as a guarantee of support for a first trade mission or a reduced rate of tax on early exporting profits.

Put commercial export skills at the core of business education

In crucial sectors with export potential such as manufacturing and IT, gaps in understanding the commercial aspects of exporting are holding back firms from trading the world. These skills must be nurtured and embedded in higher and further education courses. Business degrees and further education qualifications focused on commercial subjects must include compulsory modules on international trade and exports so that incoming commercial staff are export-ready as they enter the workforce over the next 2-5 years.

Re-establish foreign languages as core subjects within the UK national curriculum and in workplace training

The BCC re-iterates its call for a fundamental reappraisal of the importance of language learning to Britain’s future competitive position. Although there has been some positive movement in the results since 2012, the extent of the foreign language skills deficit among businesses in 2013 is sobering: the vast majority do not speak a foreign language well enough to conduct business in the buyer’s tongue. The problem is most acute for the fastest-growing markets and is a barrier to potential exporters taking their first leap internationally.

The National Curriculum must be revised so that studying a foreign language is compulsory until AS level. It is important to ensure that the next generation of business owners are ‘born global’ with language skills. Businesses must also invest in language skills for their existing staff. Additional financial incentives, such as tax credits for small and medium-sized businesses that make a significant investment in language training, could support both take-up and ensuring a tailored business language offer.

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