Members present

Lord Howell of Guildford (Chairman)
Baroness Armstrong of Hill Top
Lord Forsyth of Drumlean
Lord Foulkes of Cumnock
Lord Hodgson of Astley Abbotts
Lord Janvrin
Baroness Nicholson of Winterbourne
Baroness Prosser
Lord Ramsbotham

Witness

Nick Baird, Chief Executive Officer, UK Trade and Investment (UKTI)

Q116 The Chairman: Thank you very much indeed for being with us for this short session on a hot afternoon. We much appreciate your coming this afternoon. This Committee has been quite teed up, I have to confess to you, by the previous session. There were a number of observations made about your work and that of your organisation—

Nick Baird: I hope positive.

The Chairman: —some of it critical, some of it full of praise, including one that will please you particularly—it may not, actually—which was that there should be double the number of people working in your organisation—

Nick Baird: Ah, yes.

The Chairman: Having said all that, let us go straight into the meat of our interest, which is obviously competing in what is called the global race or in the struggle for competitiveness in a super-competitive world and the work you do. How do you feel that your work relates to the deployment of soft power in the form in which it is now being talked about? Can we start there?

Nick Baird: I think British soft power does help British business in quite concrete ways. I would look at four particular areas, which I will just touch on briefly to begin with.

The first is around systematic campaigns to present British excellence. We did this, of course, during the Olympics with our 18 sector summits—the Olympics opening ceremony of itself was an extremely powerful presentation of British excellence—and the related GREAT campaign. On the Olympics, we were able to announce on Friday, as you probably saw, that we measure the economic benefit one year on from the Olympics at £9.9 billion, and I can go into that in more detail if you like, Mr Chairman. The GREAT campaign is, of course, simply the wrapping around more focused and directly commercial events in this country and overseas. Increasingly, we are measuring business outcomes from that campaign in quite a concrete way, and I can talk about that.
The second area is around education, culture, the English language. It is difficult to quantify the benefits to British business from those areas but they are undeniably there. For example, a Chinese student who studied in a UK university who returns to his home in China and takes on a significant business role there might well prioritise his activity through knowledge and affection for the UK.

On the culture side of things, it is absolutely the case that British culture is a major draw into this country of people, including business people. These days on major prime ministerial trade missions we will tend to take our big British cultural icons as well: the British Museum, the British Library, Tate Modern and so on. The English language as well, I think, is a clear comparative advantage for us, both in attracting inward investment and very directly in the way we can sell English language training overseas. Increasingly, people everywhere around the world see English language not just as a language but as an economic tool, and the thirst for it and the desire for it is undoubtedly there.

Thirdly, I would say that British values are also influential and applicable to business outcomes in a number of ways, although they are difficult to quantify. For example, there are clear economic possibilities where historically British legal systems or other forms of systems are embedded in the countries in question. That is particularly the case, of course, in the Commonwealth. Secondly, although the picture is mixed, I think that the net benefit of the Bribery Act—I cannot do this in firm, evidence-based, analytical terms but I can do it in anecdotal terms—is there. Although it causes British companies problems in certain countries, it also means that where we engage with Governments and companies—large contractors on major projects, for example, absolutely want to be sure that their partners are not going to engage in any corrupt activity—they will look more favourably towards us on the back of that.

I think it is also true that we benefit in certain parts of the world from being perceived to be a highly tolerant and multicultural society. For example, when I was ambassador in Turkey we ran a number of programmes involving British Muslims and Turkish Muslims in some of the more socially conservative cities in Turkey, which are now the engine room of that country’s economic development. Those sorts of links undoubtedly help develop those links in quite interesting but specific ways. For example, women can wear headscarves at universities here. They could not in Turkey, and when their fathers wanted to ensure that they got decent education they looked to us rather than a number of other countries because it was seen as an open, fair, tolerant society for their daughters and they would be comfortable with their daughters going overseas. That will certainly feed into economic advantage as well.

Then, more broadly, I think we benefit in the UK in inward investment—we will announce last year’s inward investment figures on Wednesday—from being a very open society and being perceived as very open and very tolerant. All those ways, which are difficult to quantify, are I think highly relevant to business outcomes.

**The Chairman:** That is a very comprehensive answer. Thank you very much. Would anyone on the Committee like to follow that? Otherwise I shall ask Lord Forsyth to ask the next question. Baroness Nicholson would like to follow up.

Q117 Baroness Nicholson of Winterbourne: Thank you very much. A number of the witnesses who have kindly given their thoughts to the Committee so far have raised the question of language, English, as being one of the highest reasons for countries turning to us to invest. How does UKTI perceive that? Obviously, you will see it as a benefit. What about
greater linkages or more support for something like the British Council, or are there other ways in which you foresee you could do something?

The second question is perhaps a follow-up of that. It has been suggested to us that we do not have sufficient follow-up as a country on the ground from the excellent delegations that UKTI leads so regularly. Is that a priority for you too, and, if so, how will you be going to address it?

**Nick Baird:** On the English language issue, I definitely do think that it is a major comparative advantage. We of course work very closely with our inward investors when we land particular investment projects, and when we are not successful in projects, in talking to them about what was decisive in their decisions about where they come to invest. The English language is a very significant and regular element of that, so I think it is a big element in the pull of inward investment.

Going out in the opposite direction, we work extremely closely with the British Council in a whole range of ways. The direct opportunities that are presented to both the council and private sector English language providers are huge across the world and growing exponentially. It is not just about the direct provision of English language; it is also about training trainers to provide English language right across the education systems of large countries. It is also about working with them, sometimes in university partnerships, sometimes in e-education, to ensure that wherever possible university courses are in English. All these things have significant knock-on effects for business, although difficult to quantify.

I think follow-up is a really important point and one that I would say we have not always been consistently strong at in the past. I would attribute our Olympics performance to very strong systematic follow-up. Every single businessperson who came through the 18 summits in Lancaster House last summer had an account holder who followed up with them and continued working with them until, in the cases where it happened, an investment was landed, and will continue to do so as we look to grow that investment. Everyone in UKTI under our leadership has now been told to regard themselves as account managers, not simply to have individual interactions with companies and then to forget about it but to build the relationship with that company. It is obviously easier to get further service deliveries, as we describe them, and further contract outcomes from your existing customers than it is to get new customers, although they are important to us as well. It is absolutely clear to us when we look at our quality metrics and our customer satisfaction metrics that we are strongest where we have intensive services that involve regular contact with a customer as opposed to one-off contact. It is absolutely critical.

**Baroness Nicholson of Winterbourne:** A quick follow-up question on the British Council. During your time in Turkey the British Council blossomed, yet there is not that consistency across the globe. Is it a lack of funding? Is it Britain not understanding how important the work of the British Council is, which you developed yourself under your deputy, I saw, in Turkey? Where is the gap and can you address it, or should we be saying something about that?

**Nick Baird:** I think you could. My perception of this is that because the actual systems are not strong enough, it depends on the individuals in the countries concerned. Where you have individuals on both sides, the Foreign Office side and the British Council side, who are interested in co-operating together and are of that mindset, you can have fantastic outcomes. Where it is not the case you do not, because there is no really powerful system in place of integrated co-operative activity.

Baroness Nicholson of Winterbourne: What should we suggest?
Nick Baird: I think there should be an area of activity that is jointly governed, jointly targeted and properly overseen in monitoring performance against those targets. We should have joint UKTI targets—not just UKTI targets but broader FCO and British Council targets—in quite concrete terms in particular countries, and people should be held accountable to them. If they are joint, that will incentivise closer working. I see huge opportunities from doing that.

The Chairman: What you are saying is extremely interesting, because it raises the whole question of the positioning of UKTI in the matrix. Perhaps we could pursue that, but, Lord Forsyth, I think you wanted to come in.

Lord Forsyth of Drumlean: Yes. Before asking the question, I just wonder what a target might be. Can you give me an example?

Nick Baird: It could be, for example, the contract value of e-education that was achieved in the country in question. It could be the number of university partnerships that are developed. It could be the scale of English language training contracts that were achieved. It could be any of those. It could go into broader cultural activity as well. For example, in Hong Kong some of what we describe in UKTI as high-value opportunity programmes, which are essentially major global projects where we believe there is significant accessible value for British companies, are about major cultural developments.

Q118 Lord Forsyth of Drumlean: That brings me on to my question, which is about the two extremes. I am very much encouraged by the idea that you are treating companies as a client relationship that you develop and try to understand and so on. At the two extremes, if I am a very small to medium-sized business that is innovative—I am not declaring an interest here—how do I get to be one of your account people who you support?

At the other end, how does that work for large businesses that do not need somebody to introduce them to India because they already have established relationships with India but clearly need help to develop their business there? How do you work with larger companies that are not looking to establish a new bilateral relationship but perhaps want to develop their business?

Nick Baird: The sort of support that we would give to the largest businesses and the innovative SMEs are qualitatively absolutely different. Generally speaking, we find that larger businesses want us to lobby Governments on regulatory and market access issues, and indeed, where an overseas Government is the procurer of a major project, they want Government-to-Government lobbying. It is often about helping them with the political context in the country and providing advice in that area.

Lord Forsyth of Drumlean: Sorry to interrupt you. What happens if more than one British company is involved in that kind of activity?

Nick Baird: Competing for the same project?

Lord Forsyth of Drumlean: Yes.

Nick Baird: Then we will support them absolutely equally. What we are seeking to do as well, which bridges the gap between large and small, is to work with large companies to help SMEs access overseas markets. Our high-value opportunities programme is very much built around large companies, going for large global projects and bringing British supply chain with them, such as when we were in Kazakhstan with the Prime Minister at the beginning of July looking particularly at the oil and gas sector. BG and Shell are the big companies there, and we have a lot of Aberdeen-based supply chain companies, too. We also look to work with
big inward investors in this country to help some of the small businesses that supply to them here to get into third markets.

For the innovative SMEs, how we manage the volume issue and the value of the contact issue is a real issue for us. We essentially help 30,000 companies a year, and we are seeking to drive up that volume without losing our quality. The core of this to me is driving a different business model, which we are part-way through. It is not about trying to do everything ourselves as UKTI; it is about increasingly outsourcing our SME advisory services to partner organisations that have private-sector disciplines and can drive productivity better and have real experience of excellent account management. We have already done that in the UK. We deliver our services to SMEs in the UK through partners, and we will increasingly look to do that overseas and create a single end-to-end process for SMEs for advisory services.

In my view, the Government do not have particular expertise in providing advisory services to SMEs. We have got into that space because what is currently in the private sector is, generally speaking, not affordable for SMEs. The Government certainly need to continue to subsidise it but not to provide it directly. That business model is helping us to multiply the number of companies that we can help and support.

**Lord Forsyth of Drumlean:** Sorry to interrupt you. How many account executives are there for the 30,000 businesses that you are supporting?

**Nick Baird:** If you look at crudely the number of staff that UKTI employs and apply that to the number of companies there are—that is crude because they are in different countries and all the rest of it—we have 2,300 staff and 30,000 companies. You could apply only a proportion of that 2,300 to the companies.

**Lord Forsyth of Drumlean:** You have this model that is like a client relationship. An account executive is responsible for this company, Widgets and Co or whatever, and follows it and keeps in touch with it. I am trying to find how many companies are looked after by how many people. What is the number?

**Nick Baird:** It is very difficult to give you a precise answer because companies—

**Lord Forsyth of Drumlean:** If people are allocated particular companies, why is it difficult to give an answer?

**Nick Baird:** Because companies access us at different points in the journey, as it were.

**Lord Forsyth of Drumlean:** I am sorry to interrupt you again, but you described what I thought was a very interesting model and said that you are moving towards a position where people take responsibility for particular companies. They do not deal with them on a one-off basis; they work with them, see their development and take it forward. I want to know how you do that.

**Nick Baird:** That is correct. We have in this country 400 what we call international trade advisers, which we employ through chambers of commerce or companies set up by chambers of commerce, generally speaking, in nine regions of the UK. Those international trade advisers are essentially the key account managers of the 30,000 or so companies that we help. For the vast majority, that is the model. However, some companies never go through one of our regional teams. Some companies engage directly with a team overseas and never go through the UK part of the journey.

**Lord Forsyth of Drumlean:** On my arithmetic, there would be 75 companies per person.
Nick Baird: That is correct, so you cannot manage this in house, which is exactly the volume versus value issue. It is even more challenging for us to do so if, as people here said earlier, we double the number of companies that we support.

Baroness Nicholson of Winterbourne: Just a thought: are you in a position to bring in due diligence on the SME list? I know how difficult it is when you are supporting so many SMEs, but I just believe it might be a helpful thing.

Nick Baird: The kind of due diligence that we can do is essentially related to their capacity to export successfully. The classic customer journey for our SMEs is that they will get what we call a passport-to-export service, which is essentially a new-to-export company’s introduction to exporting and how you do it. As part of that process, we will certainly assess whether that company is ready to export. We can certainly do that form of due diligence. Broader due diligence is extremely difficult, given the numbers that we deal with.

Baroness Nicholson of Winterbourne: Yes, it might sift out your list a little bit.

Nick Baird: Yes.

Q119 Lord Foulkes of Cumnock: Just following up what Michael said, why do you think our witness from the Asian Business Association said that the UKTI is not fit for purpose and does not do anything to help SMEs not based in London?

Nick Baird: We would obviously need a much more detailed account of what he saw the problems as being. We have teams right across the English regions, and we have partner organisations in Scotland, Northern Ireland and Wales. Generally speaking, the services that are provided by those teams get extremely strong customer satisfaction scores. However, for a number of the reasons that we have discussed already, the scale of the demand for our services as against our capacity to provide those services is obviously an issue.

Lord Foulkes of Cumnock: It is your lack of resources rather than your people not being any good at the job.

Nick Baird: We are certainly not perfect across the board, and we certainly have unevenness of performance, particularly in our overseas network, less so in the UK. As I say, our customer satisfaction scores for the services that we provide through our international trade advisers here—all of whom, by the way, are people with international business experience; they are not civil servants, and that is the basis on which we employ them—are very strong. Overseas, we are much more uneven. We have extremely good teams overseas, and we have less good teams overseas.

Q120 Lord Janvrin: You have covered quite a lot of the question I was going to ask about, but it leads me to ask another question closely related to what we have been discussing. One or two of our previous panel were saying that the Germans were doing it so much better. They had better links into their SMEs and so on. I will not say what was said about the French, but the Americans were also held up as being extremely good at using soft power resources and at the kind of things that you were talking about. There is a conundrum here, because everyone says we have fantastic soft power resources, language, the Commonwealth, the BBC, you name it. Are we making enough use of it? Can we learn from other countries? Can we learn from the trends that the Chinese are beginning to exploit in looking forward to how we gear the activities of the UKTI in the future?

Nick Baird: We look very closely at the comparison with how other countries do this. I would say the Germans are an extremely good and interesting model to look at, particularly for supporting SMEs, because theirs is a much more integrated one-stop-shop service. If you
are an SME in Germany and you wish to export, you know exactly what you do. You go to your local chamber, and it provides a complete one-stop-shop service to an SME, whether it be the trade finance, insurance, how you get your IP, or how you find an appropriate distributor. It is all done in one place and is very much linked into a global network. If you are an SME and you want to export in the UK, you think, “Where do I go?” Some of them may know UKTI, but we do not provide a complete one-stop-shop service. We do not do documentation for exporting, for example, which is done in the chambers. More probably, you press your button on Google and you find a whole range of different suppliers that will provide it.

I think that is a significant comparative disadvantage for UK SMEs, and that is precisely why we are seeking to outsource our SME advisory services across the globe to the chamber movement. This is difficult, because the chambers in this country are at this moment uneven in their quality, so this has to be a medium-term programme whereby we strengthen the quality of our platform first and pass it over when the platform has been strengthened. As I have described, at the UK end we are quite well advanced with this. Overseas we are less well advanced, although in some countries we are. It is not always a chamber as such, but in China the China-British Business Council delivers for us a huge range of our SME advisory services. The chamber in Singapore will do so soon, because it is already a strong chamber, and we will do that more broadly. I think the comparison with Germany is very strong.

The Americans run a very different model. Their export support organisation is much smaller. It concentrates on the biggest and most major opportunities and companies and brings a lot of the political support in behind that. I think that is a perfectly powerful model, and indeed, as we move towards outsourcing our SME advisory activity, we will be able to concentrate our own in-house resource more on that activity. I would hazard a guess that an American SME would not say that it gets huge amounts of support in exporting to different countries.

Q121 Lord Forsyth of Drumlean: You described it as outsourcing. Is it not just passing the buck?

Nick Baird: It is not passing the buck, because we will continue to do two things. We will continue to subsidise, because if we do not, the services will not be affordable, in our judgment, and we will continue to quality assure. It is not passing the buck. It is essentially multiplying our effect. There is also a pragmatic reason why I do this. I can get extra money out of the Treasury for delivering my activity through outsourced partners. I cannot get extra money for increasing the number of staff I have. That is not the main driver, but it is a contributory driver to why we are doing that in this way.

I also think it is better to outsource to chambers, because what SMEs need in third countries is not boffin analysis but quite concrete, non-rocket science-type stuff. It is, “I need to get a work permit for somebody. Who is the best person in the Ministry of Labour to deal with?”. It is another SME who is likely to be able to tell you that, and that is what chambers are overseas. They are, generally speaking, a group of small businesses that have been active in that country, British small businesses, who know the ropes. If you strengthen that—

The Chairman: This is the voice of impatience, but why do you think all this has been so slow coming when some people, including me, were writing about this 30 years ago? There are books and volumes telling us we have to emulate the German Mittelstand and use its vigour at their provincial level—we have Lord Heseltine saying that now—and yet somehow it seems to be still talking. Why is it so slow?
*Nick Baird*: I am not sure I have sufficient historical perspective to comment on that authoritatively, but what I would say is I think there is a burning platform now, which there may not have been in the past. Our overwhelming impression in dealing with SMEs—and I am out and about the country all the time talking to audiences of SMEs about exporting—is that because they are struggling to get the growth they need out of their domestic markets they are more enthusiastic or more willing to think about exporting than they have been in the past. Last year we helped 25% more companies than we did the year before, and that is not just because we have been good at generating new leads ourselves. They are coming to us because they need to think about exports. I think because there is a burning platform we are having to react to the greater demand for our services by looking at more sensible business models to deliver what we need to do with the budget we have.

**Q122 Baroness Nicholson of Winterbourne:** Just a quick point of information. When you were discussing the US model, were you referring to the rather small section of the State Department, which is the commercial side, or were you, in fact, referring to the very dominant and very significant US chambers of commerce?

*Nick Baird*: I was referring to the first. That is exactly right. What you have in the US is much closer to what the Germans have. I would argue that it is not as strong as the German. Nonetheless, there is a strong chamber movement in the United States and a very small government effort. That is precisely the model that we are seeking to move towards ourselves: to retain a significant in-house activity, principally in support of major campaigns. That does not necessarily mean just large companies. It means, as I described before, high-value campaigns where you have large contractors, their supply chains, inward investment, bringing investment here, and outsourcing our SME advisory activity.

**The Chairman:** I want to bring in Lord Ramsbotham, because we are getting towards the end, but you mentioned earlier the IOC’s: Shell and BP for instance. That, of course, must mean that in trying to bring companies and supply chains together you are having to deal with a lot of non-British companies as well. This is a triangular or quadrilateral operation half the time. How does that work out, and do you feel you are equipped to do that?

*Nick Baird*: Yes, I do, although, of course, we could obviously be resourced to do even more of it. For example, on big construction projects there are, alas, not many big British contractors that build stuff overseas any more. If it was a big construction project, you are almost by definition looking at a foreign prime and introducing supply chain to those primes. The big French construction company VINCI is now obviously active in the UK, having taken over Taylor Woodrow, and we run systematic programmes to enable British supply chain companies to pitch into VINCI in France. That is one example of how it works in third-country terms, but it also can work with a contractor in the country concerned.

Another very interesting and related area that I should just touch on is working increasingly with Chinese contractors in Africa. I was recently at quite an interesting conference in Macau, which was essentially a Chinese conference with their developing country clients. The UK was the only developed country invited to that conference, and we kind of wondered why. There was a video clip right at the beginning of the conference that had the Chancellor of the Exchequer, a British Airways plane and Canary Wharf on it. It became very clear what our role was there, which was essentially to validate Chinese construction to their developing country clients so that they would accept that the quality of the construction would be good. They partner the UK, they partner UK project managers, design engineers, architects, and because of that partnership the quality is there. We have a huge potential to leverage that part.
The Chairman: That pleases me a lot. I have often thought we could be consultants to the Chinese on how to operate better in Africa than they do, and that is a good example of it. Excellent.

Lord Ramsbotham: I have to declare an interest, and it is because my eldest son is the chief executive of the North East Chamber of Commerce.

Nick Baird: I had not drawn the link, but we work extremely closely together.

Q123 Lord Ramsbotham: I am interested in this business of encouraging the chambers of commerce to function as well. As you know, they have developed a very interesting connection with north-east China, which came from a mutual involvement in coalmining, steel and shipbuilding. There have been six visits each way now, and that contrasted starkly with the attempt by the North East Chamber of Commerce to get involved in Iraq after the invasion in 2003, developing the sort of skills for opening up Basra and so on, which was not aided. A previous witness here mentioned the importance of having what in the army we would call lessons learnt and post-strike analysis: that after you have had some influence you get together and follow it up. You mentioned follow-up, but in the same way in which the chambers are hugely important in getting together and working, something seems to be missing somewhere in this whole movement. There is vibrancy there. Are they being given enough encouragement and space to develop the contacts that they have, and are they being helped to do that?

Nick Baird: I think that the challenge for chambers of commerce in this country has been that they have not been properly resourced. Of course, the comparison with Germany is that every company is obliged to be a paying member of a chamber of commerce, so it automatically becomes extremely well resourced. We thought about whether we could do that in the UK and concluded that companies would not accept it and would regard it as a tax on exports. We need to find other ways of resourcing up the chamber movement so that they have the capacity to deliver the services that we want and to be massively powerful in the way that German and US chambers are.

Part of the answer to this is some of the work that Lord Heseltine has been doing and the devolving of some of the spending from central government to local government, using local enterprise partnerships as the strategy partner and chambers, in some cases at least, as the delivery party. That is absolutely how we view it for UKTI activity. Part of the extra money that I received from the Chancellor in the Autumn Statement is going to strengthen British chambers overseas so they become a strong enough platform to deliver some of our services overseas and to make sure that we have a proper link between British chambers and the international networks, so that if a company comes to a chamber in the UK for export support it has proper links into where the support is provided all around the world. I agree with you that this is good in parts. The North East Chamber of Commerce, for example, is clearly one of the UK’s best chambers, and some of the things it has done have been really effective. Other parts of the UK are not as well served at this moment. It is not going to happen quickly, but I am convinced—and Lord Green, who has been very passionately committed to this programme, is convinced—that although it will take time it is absolutely crucial for the UK, particularly for exporting small businesses.

Lord Forsyth of Drumlean: I do not want to sound negative—perhaps Lord Foulkes is more up to date than I am—but when I was Secretary of State for Scotland we set up local enterprise companies on precisely this model, and they were given very substantial resources. I think that has since been wound up and was regarded as not working. The problem was that in engaging with the small businesses, much as we have heard earlier,
because people are frustrated that they cannot get what they want they say the organisation is useless and full of expensive bureaucrats who all just hold conferences and produce expensive glossy brochures; they do not actually do anything. I read Michael Heseltine’s report from cover to cover—it took me all of a weekend to do it—and I had this feeling of déjà vu, a bit like the Chairman. We have been around this track before. In Scotland we had the SDA. Then we broke up the SDA and set up these local enterprise companies. The idea was that you would have local businesses and so on. We went round the track of having a levy on business, which was resisted for the reasons you have accounted for.

Are you not a bit concerned that the lessons of the past are that the remedy may not lie in setting up new structures and just parking money in places? It absolutely depends on leadership and commitment, and that is locally on the part of the business community. I think that is the hardest thing to achieve, because many of the characteristics that make small and medium-sized entrepreneurs so successful are not the characteristics that enable this kind of thing to work. I come back to the question of whether it is because the Germans are more used to having a structure. Do you think you can solve these problems?

**Nick Baird:** Those are really good points. I think it is partly cultural. I think the Germans do operate on a more collaborative basis than we do, although my perception—again, this is only anecdotal—is that there is a generational issue here as well. Younger businesses in the UK are much more collaborative and much more inclined to work collectively overseas. In some of the Tech City co-working spaces, for example, some of the small businesses that are being set up there by young people are instinctively collaborative. I think that may help us.

**Q124 Lord Forsyth of Drumlean:** That brings me on to the next point that I was going to make. Back in the 1980s, when we were trying to create these structures by having meetings and committees and so on, we did not have the internet or the instant communication that youngsters who are setting up businesses now have. Is there a way in which you could almost use the new technology to create virtual organisations, which I think are much more likely to succeed?

**Nick Baird:** Yes, I strongly agree, although I think the two things need to go together. One very important part of the work we will need to do with the chambers is to help them modernise. When we have trialled our model with younger businesses around the country, to put it fairly bluntly, most younger businesses think that the chamber is where their grandad would go to, not where they would go themselves. They have to get very strong in the digital space as well—some are, some are less so—as do we. I absolutely agree that a key element of the future model needs to be very strong virtual linkages and very strong digital offers by chambers.

The potential of e-exporting is absolutely vast for companies that have the kind of products that can be exported online. We are not bad in the UK, but the additional potential is huge. One of the things that we are doing this autumn in UKTI is working with the Chinese eBay, Alibaba, and we will take it around the country and get it to present to groups of SMEs all around the country about how it can use this platform in China as its shop window. We will back that up with a whole one-stop-shop service provided with a number of partners to help companies that wish to do that with all the other things that they would need to do to realise an export. It is a huge set of opportunities.

**The Chairman:** Baroness Nicholson will have the last question, because then we are out of time.
Baroness Nicholson of Winterbourne: Thank you very much. I have two questions. The first one is on UKTI. All of us want to see UKTI being more successful than any other trade and industry department on the globe. There does, however, seem to be a slight hesitancy in confidence in UKTI, particularly among a lot of businesses. I wondered whether you would address the problem of transparency that you have inherited from predecessors. It may not be quite as clear as it could be. I am thinking particularly of the rather shadowy tables which the department has attracted. Nobody seems to know who they are, and I have had a lot of comments from businesses, such as, “Who are these people? Are they merely failed businessmen who have time to attend conferences in UKTI?” Transparency as to who these people are who are advising Ministers would, I think, be a very good idea.

A second point, very quickly, is that I am surprised to see that the companies that are exporting from the UK seem to be the classic pioneering companies. Whether we call them big or large really is irrelevant. Where is the hunger among those who are not doing what they should be doing in the business community? Why are they so well fed without making the effort to go abroad?

The Chairman: Two easy questions to end with.

Nick Baird: Yes. Driving up UKTI performance and reputation with the business community is obviously a huge focus for us. We believe that we are making progress, and we believe that our satisfaction scores show that, but we are a long way from being perfect. Our performance with big companies is definitely very significantly improving. Our performance with smaller companies is still difficult. It is difficult to push up the scores, but they are going up. We have talked about some of the challenges, and I think that a lot of them are about the capacity to support intensively. We want to bring in more effective account management. We have the sorts of challenges that emerged from Lord Forsyth’s question.

I do think transparency is very important as well. I absolutely agree with that. A key part of the activity of the trade envoys that we have brought on board to support us is to be out in front of businesses in this country, as well as making engagements and visits to other countries. We are encouraging them to be very outward-facing. Sorry, I have forgotten the second question.

Baroness Nicholson of Winterbourne: What about those advisory tables in the ministry, which are not transparent?

Nick Baird: We are bringing our sector advisory groups together. We are reforming them around the new industrial strategy, so in each of the sectors of the new industrial strategy we are bringing together advisory groups that exist in those sectors between BIS and us into single groups. It is absolutely critical that they are and are seen as the voices of the companies in their particular sectors.

The Chairman: Mr Baird, we have kept you longer than we said we would, so that is very patient of you. You have raised a number of issues that I think we will want to think about very hard, particularly about the positioning of you and your strategy in the overall government firmament. Thank you very warmly indeed for coming here and for, as I say, giving us a lot of food for thought. Thank you very much indeed.