

Taking a global view of business

From the Silk Road to the Industrial Revolution, the search for new marketplaces has been a constant throughout history.

Trade is an innate part of our lives and the importance of business taking a world view is only growing.

As well as giving the opportunity to discover new technologies and expertise, it gives access to cheaper materials or a wider customer base.

It also spreads risk – you benefit from putting your eggs in more than one basket. A fall in demand in one region can be balanced with an uplift in another. If materials become scarce in one location, you can pick up the slack elsewhere.

Exports accounted for 14% of global GDP on the eve of World War I and since then, there has been a 38-fold increase in the volume of world trade.

And the last four decades have seen significant expansion. In 1979, trade represented 36% of global GDP and by 2019 the figure had grown to 60%.

Patterns of trade

What does this mean to us here?

Over the last 50 years, the UK as a whole has seen a significant increase in the value of trade. But the pattern of trade has evolved over time.

As services, such as financial services and business services, have become a bigger part of the UK economy, they have similarly become an increasing element of the UK's trade.

In 2009, in value added terms, about 58% of the UK's exports reflected services (against an Organisation for Economic Co-operation and Development (OECD) average of 48%), reflecting how trade in goods has become increasingly about service-related activities.

The most recent data showed Scotland's international exports (excluding oil and gas) increasing by over £1 billion to £33.8 billion.

But when we look at these figures in more detail, the importance of more baskets for our eggs appears clear.

Brexit effect

Although the US is Scotland's top international export destination country, nearly £1 in every £2 worth of international exports from Scotland pre-Brexit were destined for the EU.

Eight of Scotland's top 10 international export destinations were members of the EU, with the top five export markets (US, France, Netherlands, Germany and Belgium) accounting for nearly half (45%) of international exports from Scotland in 2018.

Following our departure from the EU, the German Federal Statistics Office says it expects the UK to drop out of the list of Germany's top 10 trading partners by the end of this year.

Germans spent £13.8billion, or nearly 11%, less on British goods in the first six months of 2021. And the UK has been in Germany's top 10 trading partners since 1950.

But perhaps we can learn lessons from other nations.

The gradual but steady climb of Mexico to become the 11th largest exporter of the world in the last 40 years, has been propelled by - among other things - the North American Free Trade Agreement (NAFTA)

And in this same period, Vietnam increased its exports by more than 50 times to become the 20th largest exporter of the world.

Doldrums

Like the economies of most developed countries around the world, the UK economy has been significantly damaged by the coronavirus pandemic.

According to the Office for National Statistics (ONS), the economy is "in the doldrums", having contracted by 24.5% since February 2020.

But it does seem that global trade has once again become a prominent priority on the Government's agenda.

In early July, a source from 10 Downing Street said that the UK would soon be pushing ahead with an ambitious, far-reaching trade strategy, including the country's first independent trade policy since 1973 – due to come into force in January – which would involve lobbying for low tariffs and greater powers for the World Trade Organisation (WTO).

How do we recover?

Speculating on political alliances is all well and good but we can play a proactive part in our own destiny.

Resilience and flexibility are what will lead our businesses out of the economic doldrums, and onto the path to recovery.

We need to develop an awareness and understanding of how emerging trends around the world are going to map out the future shape of the world. And the future shape of our business.

We need to explore how new developments can shape trade in the future, in particular how digital technology can enable trade. Although digital trade, including e-commerce, also presents new challenges - in particular the management and ownership of personal data.

This makes the world a much smaller place, although relationships still play a defining part.

The world is constantly changing, pushed and pulled by a myriad of different factors. But by getting out and discovering new things, we can develop and thrive.

Business support

It's not just about finding new markets, it's about finding the right new markets for your business.

No one knows Scottish business like the Scottish Chambers of Commerce.

They provide the data and intelligence to inform your decisions and with their expansive network of international Chambers, they have the a world of valuable connections at their fingertips.

The World Expo currently being held in Dubai is a six-month extravaganza welcoming millions of visitors and 192 participating countries.

From this hub, you can explore technologies and expertise from different corners of the world.

It is the place to rekindle business connections, and open new markets and revenue streams. You can make connections with suppliers who can offer new opportunities. And you can be introduced to partners and agents that will give you access to a wider customer base.

Discover what makes Expo 2020 Dubai unique and how it is aiming to “connect minds and create the future” by joining one of the Scottish Chambers’ delegations taking Scotland to the world in the coming months.

For more information or to register an interest in attending, find out more on www.exporthubscotland.com at www.bit.ly/TakingScotlandToTheWorld01