
Royal Institute of British Architects response to International Trade Committee inquiry: Department for International Trade's support for exports

The Royal Institute of British Architects (RIBA) is a global professional membership body that serves its members and society in order to deliver better buildings and places, stronger communities and a sustainable environment. We provide the standards, training, support and recognition that put our members – in the UK and overseas – at the peak of their profession. With government and our partners, we work to improve the design quality of public buildings, new homes and new communities.

Executive summary

1. The RIBA welcomes this inquiry. The UK is a global hub for architectural excellence; British architecture employs over 80,000 people and contributes over £4.8bn a year to the UK economy, including over £500 million from exports. From housing to office buildings, sports stadia to infrastructure, British-designed buildings have set the gold standard for creativity and innovation in the built environment across the world.
2. British architects earn more from international work than any other European country, and unlike other service sector exporters the majority of the sector's international revenue comes from outside the European Union. In 2018, the sector's biggest markets were:
 - Asia (27% of international revenue)
 - The EU (23%)
 - Middle East (20%)
 - North America (14%)
3. 1 in 5 RIBA members tell us that they want to export more overseas; the sector is ready to increase its exports but needs the right conditions to do so. Now is the time to address the challenges and barriers that can prevent practices from expanding internationally and opening new markets through trade agreements.
4. In December 2017, the RIBA published [Global Talent, Global Reach](#), a major economic analysis of how architecture contributes to the UK economy through exports, and estimate the impact on the sector of Brexit.
5. In June 2018, the RIBA published [Boosting Britain's architectural exports](#), a policy note with 10 recommendations to Government, drawing on feedback from RIBA members across the country, that would create the

right circumstances for small to medium sized practices to seek international opportunities.

6. The biggest challenges facing architectural practices seeking to start working internationally are getting the right information about potential markets, finding local partners to work with, securing the financial backing they need and a lack of on-the-ground support. Too often, architects report a low level of awareness of the support on offer, that it is difficult to access, and that products and services are insufficiently tailored to their needs.
7. With the wider service sector making up 80% of the UK economy but fewer than half of its exports, the Department for International Trade must do more to understand the distinct needs of service sector exporters, as opposed to exporters of goods, and design products and services with them in mind.
8. Market intelligence on the non-tariff and legal barriers affecting services trade, an export finance offer that understands the needs of services businesses, and in-country support with regulatory challenges and dispute resolution would all help many more businesses in the architecture sector, especially SMEs, unlock their export potential.
9. The RIBA recommends that the Department for International Trade:
 - I. Focus on improving its knowledge of local commercial and regulatory environments for the service sector to drive higher quality and more useful export support and market intelligence services for service sector businesses.
 - II. Prioritise providing a consistent level of knowledge, skills and support for businesses with dispute resolution and local trade barriers through its presence in 108 countries through the UK embassy and consulate network.
 - III. Ensures its review of UK Export Finance's statutory powers and range of products leads to products and export finance being made available which are tailored to the needs of service sector exporters like architectural practices.
 - IV. Makes the necessary legislative changes to allow the Architects Registration Board to negotiate and implement new mutual recognition of qualifications agreements.
 - V. Ensures it is engaging with stakeholders on a regular basis to assist them in identifying further market access issues and barriers to trade that exporters and other businesses are experiencing in practice.
 - VI. Raises business awareness of its export support services and activities among small businesses who are not already exporting.
 - VII. More effectively promotes British architectural and design expertise to developers, urban leaders and national governments in priority markets.

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- VIII. Ensures that export support funding, priority markets and awareness raising are well-coordinated between industry and Government through the Creative Industries Trade & Investment Board.
 - IX. Commits to improving the share of UK exports accounted for by services trade as a key measure of the success of the DIT Export Strategy.

Are the Department for International Trade’s export services fit for purpose and sufficiently resourced?

- 10. The Department for International Trade’s (DIT) programme and trade support and promotion aims to help businesses to export, promote UK exports overseas and source export leads and opportunities for UK businesses. However, the approach of the DIT – and, historically, UK Trade & Investment (UKTI) – has traditionally been transactional and focused largely on goods exports. Neither the DIT’s single departmental plan, or the Export Strategy published in August 2018, have a specific strategy or approach for services trade.
- 11. DIT’s export support services are welcomed by RIBA members – however, often our members feel these services are not designed with them in mind, and they could be improved to better suit service sector exporters like architectural practices and especially smaller businesses in the sector, who have different needs than businesses exporting goods.
- 12. 40% of architects want to see improved export advice and guidance from the DIT. In our [Global by Design 2018](#), RIBA members told us that improved market intelligence, support finding local partners, and in-country support would all improve their ability to work internationally. While our members value trade missions and delegations sponsored by the DIT as an important first step towards getting established in new markets, having access to longer-term support to would significantly improve their ability to establish an international presence. As a regulated profession, different markets have distinct commercial and regulatory environments that can complicate an architectural practice’s bids for work – such as heavy local hiring, public procurement or registration requirements.
- 13. While Individual Trade Advisors, the Overseas Market Introduction Service (OMIS) and reports from DIT’s Market Selection Service (MSS) can provide valuable intelligence on new markets and help businesses identify market opportunities, they are often insufficiently detailed and too broadly-focused for the cost – which can exceed £1,000 – to be of sufficient benefit. Too often practices report that these services are difficult to access or insufficiently tailored to their needs.

14. The RIBA's report [Boosting the UK's architectural exports](#) recommends that the DIT focus on improving its knowledge of local commercial and regulatory environments for the service sector to drive higher quality and more useful export support and market intelligence services – including OMIS and MSS reports – for service sector businesses.
15. It is also vital that DIT's trade support offer extends to in-country support for UK businesses dealing with local trade barriers, which can be a significant issue in many markets with otherwise significant potential for growth in architectural exports. Local contract requirements – such as performance bonds or onerous insurance requirements – in addition to late and non-payment of invoices can be a double strain on cashflow for exporting practices and act as a disincentive for businesses to practice overseas.
16. The DIT is well-placed to provide support with these challenges – it has a significant global presence in 108 countries through the UK embassy and consulate network – although our members report that the availability and quality of on-the-ground support from embassies or local DIT staff is variable in practice. Providing a consistent level of knowledge, skills and support for businesses with dispute resolution and local trade barriers through this network should be a priority for the DIT – this will in particular help support smaller, less well-resourced businesses.

How effectively does UK Export Finance support companies seeking to export?

17. 40% of architects representing small and medium-sized practices told the RIBA in our Global by Design 2018 survey that improving financial support for practices seeking to export is essential to help them grow internationally. However, in practice RIBA members tell us that the level of financial support available from UK Export Finance (UKEF) is variable and can be challenging to access.
18. While the support UKEF provides, from export working capital to insurance and other products, can be vital to practices looking to working internationally, as with the DIT's other export support services our members often report that it is inaccessible and frequently not designed with them in mind. We welcome the commitment in the DIT's Export Strategy to raise awareness of UKEF through the GREAT campaign and believe this should help improve understanding of the financial support on offer, but it is important that appropriate products are made available.

19. In particular, it is vital that UK Export Finance is encouraged to provide export finance on more attractive terms to service sector businesses, as commercial lenders are often more risk-averse than when dealing with firms trading in goods. UKEF can play a vital role in filling this gap by providing working capital and insurance directly to especially smaller service sector exporters. It is welcome that the DIT's Export Strategy commits to reviewing UKEF's statutory powers and considering enhancing its range of products – ensuring that this review leads to products and export finance being made available which are tailored to the needs of service sector exporters like architectural practices should be a priority.

Is the Government effectively identifying and resolving market access barriers faced by UK exporters?

20. For professional business services like architecture, the principal market access barriers faced by businesses relate to restrictions on the movement of people and behind-the-border issues such as regulatory divergence or defensive barriers to foreign competition. The most significant challenge for architectural services exports is the lack of recognition of architectural qualifications outside the EU; the UK currently has no agreement for the mutual recognition of professional qualifications (MRPQ) outside the EU.
21. The RIBA has engaged extensively and productively with the Government on this issue with a view to ensuring the UK is able to enter into new MRPQ agreements with priority markets – including the USA, Australia, Canada and New Zealand – after leaving the EU. The RIBA has recommended that the Government make the necessary legislative changes to allow the Architects Registration Board to negotiate and implement new agreements, without delay, and instruct them to begin talks with priority markets.
22. The Government should also ensure it is engaging with stakeholders on a regular basis to assist them in identifying further market access issues and barriers to trade that exporters and other businesses are experiencing in practice. This will support efforts to address both access barriers and 'behind the border' issues through both trade negotiations and in-country interventions.

Are the objectives outlined in the Government's new export strategy, and the ways proposed for achieving them, the right ones? Is the strategy sufficiently tailored to markets with particular potential in the post-Brexit trading environment, and to resolving challenges exporters could face due to the UK's new relationship with the EU?

23. The DIT's Export Strategy, published in August 2018, is centred around an ambitious objective to boost exports as a share of UK GDP from 30% to 35%. The RIBA supports the objective of boosting and extending UK exports and growing the share of businesses in our sector, as well as revenue earned by the sector, from international work. 1 in 5 architects have told the RIBA that they plan to respond to Brexit in part by doing more work internationally – the sector is ready and willing to increase its exports but needs the right conditions to do so.
24. The strategy contains multiple welcome measures to boost trade which align with the RIBA's own priorities for growing the export footprint of the architecture sector. In particular, the markets and regions identified as priorities for growing exports by the DIT – including the Middle East, Asia and south America – align closely with markets where the RIBA sees significant potential for growth for our members.
25. Practically, the strategy makes welcome commitments to boosting exports from SMEs – which make up over 90% of the businesses in the architecture sector – through improving the information, advice and support on offer and targeting this at small businesses, as well as improving information signposting to relevant export support including UK Export Finance's offer. This approach should help address the often low level of awareness reported by RIBA members as to what export support is available to them and how to access assistance from the DIT, as well as the desire from 40% of architects for improved advice and guidance.
26. However, the Export Strategy does not include a tailored approach for services trade. As outlined above, the barriers facing services exporters like architectural practices are different and the challenges they face in working internationally are distinct from challenges facing goods exporters. The UK's strength in the services sector relative to international competitors means the potential for boosting services exports – which have historically lagged behind exports of goods relative to their share of the UK economy – is a significant opportunity; to be met, however, it is vital that the specific barriers to trade in services and the support businesses need to overcome them are understood and prioritised by Government.
27. Ensuring that this support is appropriately tailored to the needs of specific sectors and compliments the work being done by industry to boost exports is vital. The RIBA is represented on the new Creative Industries Trade & Investment Board, established as part of the Creative Industries Sector Deal. The board is developing an export strategy for the creative

industries, that will ensure resources and support are targeted at markets with the greatest opportunity, and that Government and industry priorities are aligned. This approach is welcome and should help ensure that the specific needs of the creative industries, including architectural services, are acted upon.

How effectively is the Government working with devolved administrations and local governments to support UK exports?

28. Much of the DIT's local and regional activity is delivered through partnerships with local business channels – such as local Chambers of Commerce, CBI chapters or Local Enterprise Partnerships. The level of activity in different regions is variable and, as with the DIT's national approach, export support activity locally is frequently targeted predominantly at goods exporters with events and services not tailored towards the service sector.
29. Where architectural practices are not active members of local business networks through which available support is communicated, their awareness of the support available is frequently low. The RIBA works to make our members aware of local international opportunities, including relevant local events and activity from the DIT and others, via our website and member-facing channels, both at the national and regional level.
30. The DIT's Export Strategy commits to do more to raise awareness of international opportunities among businesses who are not already exporting; it should ensure that this extends to raising awareness of the services and activities of its local teams to businesses locally who are not already engaged with those local teams or their existing partner organisations.

How effectively is the Department promoting UK exports overseas, for example through the GREAT campaign?

31. The DIT, and formerly UKTI, has undertaken significant effort to promote UK exports internationally. The RIBA has worked with DIT to deliver trade visits to key markets in the Middle East, including Dubai and Saudi Arabia, to help practices develop business opportunities and promote the value of British architecture locally. In addition, the GREAT campaign has reported significant return on investment – the DIT reports that for every pound spent, £20 is returned to the UK economy, with over £3.4bn in returns to date.
32. As the UK embarks upon a new trading relationship with the rest of the world, there are opportunities for the DIT to go further in promoting

Britain's strengths in the services sector and especially in creative services like architecture internationally. As the world continues to urbanise, with especially rapid growth in key emerging markets in Asia and the Middle East, the skills and services British architecture has to offer will be increasingly in demand over the coming decades. With public authorities and private developers increasingly aware of larger social and environmental challenges associated with the built environment, the UK architecture sector's expertise and experience in delivering quality and sustainable design internationally presents a golden opportunity.

33. Building global appreciation for these skills is vital if the sector is to fully exploit this opportunity. In addition to individual trade missions, more effectively marketing British architectural and design expertise in these markets to developers, urban leaders and national governments will support the sector to build its capacity to meet this developing demand and help build an international appreciation and appetite for British design expertise. The UK embassy and consulate network is a valuable resource here; the DIT's presence in 108 countries around the world is a significant advantage for promoting the value of British exports and it is important this is effectively exploited.

Is the UK's "Exporting is GREAT" programme effectively raising awareness of export opportunities for UK companies? Will it need adapting in a post-Brexit environment, and if so, how?

34. As outlined above, RIBA members often report low levels of awareness of international opportunities and the support available for businesses from the DIT. While the sector is keen to expand internationally, at present exports are predominantly the preserve of larger, London-based practices – for the largest practices with the greatest revenue, over 70% of practice revenue comes from international projects; for smaller and medium-sized practices this falls to under 10%.
35. Supporting the sector to boost its exports after Brexit requires more effectively promoting and raising awareness of export opportunities for smaller practices who are not already engaged with international work. The DIT's Export Strategy contains welcome commitments to do more to raise awareness of international opportunities among businesses who are not already exporting, as well as to improve collaboration with trade associations – trade associations like the RIBA are well-situated to support efforts to raise awareness of export opportunities to our members and collaboration with Government will be critical in ensuring that more businesses can take the first steps to international expansion through being informed of potential opportunities.

36. We welcome the establishment of the Creative Industries Trade & Investment Board, as part of the Creative Industries Sector Deal. The RIBA is represented on the board and is inputting into its export strategy for the creative industries, which will help ensure that export support funding, priority markets and awareness raising are well-coordinated between industry and Government.

How should the performance of the Department and UK Export Finance (UKEF) be measured in terms of how effectively they support exporters?

37. The overarching objective of the DIT Export Strategy is to grow exports as a share of UK GDP from 30% to 35%. The RIBA supports this objective, which aligns with the desire of our own membership to increase its international work – RIBA’s international strategy aims to grow the number of exporting practices in the sector by 25% more than those currently exporting over the next five years.
38. The effectiveness of the DIT’s efforts to support exporters should also be based on how far they are able to boost the service sector’s share of UK exports. The service sector represents around 80% of the UK economy but currently accounts for only around 35% of overall exports – addressing this imbalance and unlocking the full export potential of the service sector should be a priority for Government. Improving the share of UK exports accounted for by services trade should be a key measure of the success of the DIT’s Export Strategy, while increasing the overall value of the export support it provides to service sector businesses should similarly be a measure of the success of UK Export Finance’s performance.

Are there export promotion services in other countries that the UK could learn from?

39. The German Chamber of Commerce network is widely cited as a model for supporting businesses to expand their activities overseas. While the German model is substantially different to the UK – membership of local chambers is compulsory in Germany and so consequently their funding is much stronger – the UK can nevertheless learn from the range and effectiveness of the services it provides and the broad range of expertise and business knowledge it offers member businesses in a range of sectors.