



what works centre for
local economic growth

Toolkit Business Advice Export Promotion Agencies

What are they and what do they aim to do?

Export promotion agencies (EPAs) provide services that aim to help firms sell their products overseas. EPA services fall into four broad categories. EPAs may provide **market information** regarding export markets; undertake **image promotion** of the country or region, usually through advertising campaigns, promotional events, and advocacy; provide **consultancy services** to firms such as employee training and technical assistance; or provide **marketing services** such as exposure in trade fairs and missions.

EPAs can be based domestically or abroad. Overseas EPAs typically help firms from a specific region export to the host country. EPA support tends to cover all sectors, but take-up is greater in exporting industries.

In the UK, the Department for International Trade, or DIT (Formerly UK Trade & Investment, or UKTI) provides EPA services for exporting firms. DIT also provides support for foreign firms investing in the UK, as covered in our toolkit on [investment promotion agencies \(IPAs\)](#).

Key findings

- **Do EPAs increase exports?** The evidence suggests that EPAs can increase exports, although the proportion of studies reporting positive effects is slightly lower than for relatively cheaper ECA support ([see our ECA toolkit](#)).
- **Should regions establish EPAs overseas?** Regional overseas EPAs are sometimes effective at promoting exports, although there is no evidence that schemes are more or less effective than national support.
- **Do increased exports crowd out domestic sales?** The evidence offers some reassurance that that exports do not fully crowd out domestic sales: supported firms see increased overall turnover.
- **Can EPAs improve other aspects of firm performance?** The broader evidence base suggests that firms can ‘learn by exporting’. However, while some schemes may improve firm performance, most don’t. This suggests that other forms of direct business support might be better at delivering general improvements in firm performance ([see our business support toolkits](#)).
- **Which types of EPA support are most effective?** The evidence suggests that limited resources may be most productively spent educating and informing businesses about exporting: (Lighter touch) market information appears to be more effective than (more intensive and expensive) market service provision. Evidence on the relative effectiveness of other types of EPA support is not available. We need to do more to understand cost-effectiveness of different types of support.
Which firms benefit most from EPA support? There is some evidence that certain types of intervention may be more beneficial to firms that are already exporting. Other than that, we don’t know which firms benefit most, which suggests that targeting on firm size, sector or product characteristics would need to be based on theoretical considerations (such as barriers to entry) and will not necessarily improve scheme performance.
- **Are UK policies effective?** Despite criticism of UKTI, there is some evidence that UK support arrangements are at least as effective as support in other countries.

How effective are they?

Five of eleven studies find a positive relationship between EPA support and exports, four studies find mixed effects (positive only for some sectors, types of support, or type of firm) and two find no effect. Three of these studies look specifically at overseas-based EPAs, one reporting a positive effect, one mixed effects and one no effect.

The evidence suggests that EPA support may sometimes improve other aspects of firm performance, but the majority of schemes do not. Two studies find that EPA support increases firm turnover (suggesting that increased exporting does not simply reflect a switch from domestic markets). There is less evidence of increased firm employment (one study positive, three no effect), improved productivity (one study positive, two no effect) or higher wages, value added, or investment (no effect in the one study that considers all three outcomes). Finally, one finds positive effects for firm assets and survival, and another finds improvement on certain measures of firm innovation.

There is some evidence that market information may be more effective than market services. Three studies examine market information in isolation with two finding positive effects, and one finding mixed impacts. Two studies examine market services in isolation with one study finding mixed impacts and another no effect. The only study with a positive employment effect is for a market information programme (the UK’s Overseas Market Introduction Service, OMIS). No studies consider the impact of consultancy or image promotion in isolation.

The majority of the evidence on whether specific types of firms or industries benefit is limited and findings mixed. One study finds small firms benefit more, a second finds the opposite. One study finds that effects are positive only for firms producing differentiated goods and greater for those firms selling higher value added goods. One study finds that EPAs are effective for service firms, but not manufacturing firms. However, one study suggests that firms already exporting may benefit more from an information intervention than non-exporters.

EPA support in the UK appears to be at least as effective at increasing exports as in other countries. Three of four UK studies – one looking at overall support, one at the Overseas Market Introduction Service (OMIS), and one at an information intervention – find positive effects. This compares to only three of seven foreign schemes. The fourth study reports positive effects of Passport to Export for services, but not manufacturing and no effect on other aspects of firm performance. Two studies look at the effect of overall UKTI support on other aspects of firm performance finding mixed effects. This mixed pattern for other aspects of firm performance is in line with studies from other countries.

Are EPAs cost effective?

Only one study reports cost effectiveness information, finding that a £1.3 million investment yielded £10.6 million in exports in Belgium. This implies that every pound spent on EPAs increases exports by £8.

Annex: Export promotion agencies

How secure is the evidence?

This toolkit summarises the available ex-post evaluations of the effect of export promotion agencies (EPAs) (i.e. quantitative studies that test the impact of the programme). This toolkit does not consider process evaluations, or evidence based on qualitative or case study methods. Instead, we focus on impact evaluations that identify effects that can be attributed, with some degree of certainty, to the support provided.

We looked for evidence on the effect of EPA support on firm, region or country level exports as well as on other economic outcomes such as employment.

We focused on evidence from the OECD, in English. We considered any study that provided before-and-after or cross-sectional evidence controlling for differences between supported or unsupported countries or firms. We also included more robust studies that compared changes to supported areas or firms with a control group or that used a source of randomness in provision of support to estimate a causal effect.¹ Throughout the toolkit, we've placed greater emphasis on studies with stronger methods.

Using these criteria, we found 14 evaluations that met our minimum evidence standards: five for the UK, two each for Spain, the US and Chile and one each for Australia, Belgium and Canada. One of these studies conducts a randomised controlled trial. Eleven studies undertake firm-level analysis, while three use regional analysis (one does both). Seven studies examine before-and-after changes in outcomes for supported firms/areas against a control group (SMS 3) while six examine cross-sectional differences in outcomes for supported firms/areas against a control group (SMS 2).

¹ See the Maryland Scientific Methods Scale (SMS) <http://www.whatworksgrowth.org/resources/the-scientific-maryland-scale/>.

The evidence

Five of eleven studies find a positive relationship between EPA support and exports, four studies find mixed effects and two find no effect.

Study 1531 (SMS 3 – firm) evaluates the impact on exports of the UK Overseas Market Introduction Service (OMIS) programme, that provides firms with marketing information. The study uses a dataset of firms that used OMIS services at least once between 2006 and 2008, and a matched control group of similar firms that did not receive support in the same period. It examines changes in outcomes over the period for supported firms compared with unsupported firms. It finds that the programme increased the likelihood of reporting positive export growth and the likelihood of becoming an exporter.²

Study 1414 (SMS 2 – firm) evaluates the impact of UKTI support (all forms) on exports using a dataset of firms from 2008 to 2010. It compares firms that received support to firms that did not. It finds that UKTI supported firms exported 8.44 per cent more than non-UKTI firms, exported to 5.78 per cent more countries, exported 1.14 per cent more products per country, and had 1.52 per cent more exports per product per country.

Study 1033 (SMS 3 – firm) evaluates the impact on exports of the Canadian Trade Commissioner Service which provides mostly market information, but also some consultancy services through 140 offices around the world, and 12 regional offices in Canada. It uses a dataset of supported and unsupported firms from 1999 to 2006 allowing it to use fixed effects to account for all firm characteristics that do not change over time. Support increases export value by 17.9 per cent, increases the number of countries exported to by 35.7 per cent, and the number of products exported by 15.5 per cent.

Study 1015 (SMS 3 – firm) evaluates the impact on exports of the Flanders Investment and Trade scheme (FIT) that provided various EPA services to firms located in Flanders or Brussels – accounting for 80% of Belgian goods trade. It uses a dataset of supported and unsupported firms from 2006 to 2010 and uses fixed effects to control for all firm characteristics that do not change over time. FIT support increases the likelihood of exporting to outside the EU by 10.3 percentage points.³

Study 1023 (SMS 2 – regional) evaluates the impact of overseas-based regional EPA offices (offering all forms of support) on Spanish regional exports from 1995 to 2010. More specifically, it considers whether having a regional overseas EPA office in a country leads to additional exports to that country from the home region compared to regions that had no office. Effects are positive for the value of exports, the number of products exported, and the value per exported product.⁴ The study also finds that EPA offices in non-EU countries are associated with higher exports than offices in EU countries.

Study 371 (SMS 3 – firm) evaluates the impact on exports of the UK Passport to Export scheme, a 12-month export promotion programme that provides firms with consultancy, information, and marketing services. The study uses a dataset of firms supported from 2003 to 2005, and a matched control group of similar firms that did not receive support in the same period. It examines changes in outcomes over the period for supported firms compared with unsupported firms. The study finds that the programme increased export intensity (exports as a share of total sales) by 14.4 percentage points for service firms, but not for manufacturing firms.

Study 1140 (SMS 2 – firm) evaluates the impact of ‘ProChile’ EPA support on exports in Chile using a dataset of firms from 1996 to 1999. It finds no overall effect on exports. The study also analyses whether specific

2 The study also reports that the scheme had a large, but insignificant effect on export intensity (exports as a share of total turnover). Despite this, we classify the overall effect of this scheme as positive. It has a positive effect on export entry based on a sample of initially non-exporting firms not examined in the intensity regression; and there is a quite large effect on total turnover. Therefore it is quite possible that the lack of export intensity effects is due to growth in both exports and domestic sales.

3 This study also presents some additional evidence on the type of support, but the specifications and results are hard to interpret and so we only use the overall finding.

4 The finding on probability of exporting is consistent with findings from an SMS3 method reported in an earlier study by the same authors (study 1045).

instruments were effective. Using specific marketing services (trade shows and trade missions) has no effect on the probability of exporting. Belonging to a trade committee (which offers all four types of support) is associated with a 14 percent higher probability of exporting.

Study 1047 (SMS 2 – firm) evaluates the impact of overseas-based regional EPA offices (offering all forms of support) on Spanish regional exports from 1995 to 2005 (i.e. the same support as in Study 1023). In particular, it compares the effectiveness of marketing services and information programmes using a dataset of firms from 2005. Marketing services are associated with positive effects on export profitability, number of export areas, and percentage of exports outside the EU, but have no effect on export intensity. Market information programmes have a negative impact on export intensity, a positive impact on the number of export areas and percentage of exports outside the EU, but no effect export profitability.

Study 1171 (SMS 3 – regional) evaluates the impact of EPAs on exports in California using a dataset of countries to which California exports, from 2000 to 2007. It evaluates the impact of budget cuts that led the Californian government to shut down all 12 of its overseas EPAs. The study compares exports to countries that had an EPA office to countries that did not, before and after the offices shut down. The study finds that shutting down an overseas EPA office in a country had no effect on Californian exports to that country, compared to countries without shutdowns. An optimistic assessment of this finding would be that positive effects of support persist post closure. More realistically, it suggests that ongoing expenditure was ineffective in raising exports.

Study 1098 (SMS 2 – firm) evaluates the impact of EPA support on exports in Australia using a dataset of firms from 1993 to 1997. Two different policies are evaluated: Austrade services and Export Access. Both policies provide consultancy and market information, however, Austrade is targeted at existing exporters and Export Access at small business yet to enter export markets. Neither programme has an effect on exports as a proportion of total sales.

Study 1532 (SMS 5) evaluates the impact of an information intervention by the EPA in the UK. The intervention was implemented as a randomised controlled trial and involved providing treated firms with a brochure about the benefits of exporting, the barriers to exporting, and how UKTI services can help firms with exporting. The major focus of the study is on the effects of the information on export perceptions (rather than actual exports). However, the study also includes an analysis of exporting likelihood. The study finds different effects for firms already exporting versus firms that are not exporting. For exporting firms the intervention resulted in a positive and significant cumulative effect on export value up to about 8 months after the information intervention. For non-exporting firms, the intervention is associated with lower export values, although the difference is small and insignificant. These export results are consistent with the effects on perceptions, which suggest that the information intervention reinforces existing views. For exporters this strengthens beliefs that exporting is beneficial, whereas for non-exporters it reinforces beliefs that exporting is not beneficial.

Three of these studies look specifically at overseas-based EPAs.

See studies 1023, 1047 and 1171 discussed above.

The evidence suggests that EPA support may sometimes improve other aspects of firm performance, but the majority of schemes have no effect.

Study 1416 (SMS 3 – firm) evaluates the impact of UKTI support (all forms; see also Study 1414 above) on other aspects of firm performance using a dataset of firms from 2005 to 2012. It compares firms that received support to firms that did not, before and after they received support. UKTI support increased turnover by 1.45 percent; had no effect on employment; and increased labour productivity by 1.85 per cent. The positive effect for labour productivity decreases when the largest 5 per cent of firms (by assets) are excluded from the sample, which implies that the positive effects on labour productivity are larger for larger firms.

Study 1531 (SMS 3 – firm), discussed above, also evaluates the impact of OMIS on other aspects of firm

performance. The programme increases turnover growth by 6.1 percentage points; number of employees by 3.7 percentage points; has no effect on productivity; increases assets growth by 9 percentage points; and the likelihood of survival by 2.7 percentage points.

Study 371 (SMS 3 – firm), discussed above, also evaluates the impact of UK Passport to Export on other aspects of firm performance. It finds no effect on employment, labour productivity, wages, or value-added, for both service and manufacturing sectors. It also finds no effect on investment in the manufacturing sector, but negative effects in the service sector.

Study 1262 (SMS 3 – regional) evaluates the impact of overall per-capita state export promotion expenditure on changes in employment from 1977 to 1987 using a dataset of US states. Funds spent on export promotion have no effect on overall employment, no effect on employment related to goods and services consumed domestically and a negative effect on employment related to exports.

Study 1028 (SMS 2 – firm) evaluates the impact of ProChile export promotion (see study 1140, above) on technological improvements, introduction of new products, innovation of productive processes, and innovation of organisation management. It analyses the relative impacts of export committees and trade fairs (defined above) using a dataset of firms from 1992 to 1996. It compares firms that received support to firms that did not. The study finds that both export committees and trade fairs led to technological improvements, new products, and innovation of organisational management, but had no effect on innovation of production processes.

There is some evidence that market information may be more effective than market services.

See studies 1033, 1047, 1140 and 1531 discussed above.

The majority of the evidence on whether specific types of firms or industries benefit is limited and findings mixed. However, one study suggests that firms already exporting may benefit more from an information intervention than non-exporters.

Study 1015 (SMS 3 – firm), discussed above, finds that EPAs are more effective for firms with fewer employees, as well as firms that pay lower wages. Effectiveness does not appear to vary with firm capital intensity.

Study 1033 (SMS 3 – firm), discussed above, finds that EPA services have a positive effect for firms that already export to a larger number of markets and firms with more employees. In contrast, effects are negative for firms with a large number of products and export experience. Finally effectiveness does not appear to vary with firm age or level of productivity.

Study 1023 (SMS 2 – regional), discussed above, finds that EPAs have a positive effect for firms producing more differentiated goods. Larger positive effects are found for electronic products and smaller positive effects for leather/shoes and agriculture/fishing.

Study 371 (SMS 3 – firm), discussed above, finds that the Passport to Export programme increased exports by 13.5 percentage points for service firms, but not for manufacturing firms.

Study 1532 (SMS 5 – firm) discussed above, finds that an information intervention increases export values only for firms that are already exporting.

EPA support in the UK appears to be at least as effective at increasing exports as in other countries.

See studies 371, 1414, 1416, 1531, and 1532 discussed above.

Annex: Evidence Reviewed

Ref Number	Reference
371	Girma, S., Görg, H., and Pisu, M. (2005). Quantitative analysis and linked micro-data study of UKTI services - Final report. London, UKTI.
1015	Schminke, A., & Van Biesebroeck, J. (2016). The impact of export promotion on export market entry (No. 316).
1023	Gil-Pareja, S., Llorca-Vivero, R., Martínez-Serrano, J. A., & Requena-Silvente, F. (2015). Regional export promotion offices and trade margins. <i>Review of World Economics</i> , 151(1), 145-167.
1028	Crespi, G., & Alvarez, R. (2016). Exporter performance and promotion instruments: Chilean empirical evidence. <i>Estudios de economía</i> , 27(2), pp-225.
1033	Van Biesebroeck, J., Yu, E., & Chen, S. (2015). The impact of trade promotion services on Canadian exporter performance. <i>Canadian Journal of Economics/Revue canadienne d'économique</i> , 48(4), 1481-1512.
1045	Gil, S., Llorca, R., & Serrano, J. A. M. (2008). Measuring the impact of regional export promotion: The Spanish case. <i>Papers in Regional Science</i> , 87(1), 139-146.
1047	Freixanet, J. (2012). Export promotion programs: Their impact on companies' internationalization performance and competitiveness. <i>International Business Review</i> , 21(6), 1065-1086.
1074	Richards, T. J., & Patterson, P. M. (2002). Minimum effective scale in export promotion. <i>Agribusiness</i> , 18(4), 523-541.
1098	Revesz, J., & Lattimore, R. (2001). <i>Statistical Analysis of the Use and Impact of Government Business Programs</i> .
1140	Alvarez, R. (2004). Sources of export success in small-and medium-sized enterprises: the impact of public programs. <i>International Business Review</i> , 13(3), 383-400.
1171	Cassey, A. J. (2012). California's exports and the 2004 overseas office closures. <i>Economic Inquiry</i> , 50(3), 641-651.
1262	Hack, F., & Vaidya, A. (1996). State economic growth and international export orientation. <i>Applied Economics Letters</i> , 3(2), 131-134.
1414	Mion, G., & Muûls, M. (2015). The impact of UKTI trade services on value of goods exported by supported firms.

1416	Rincón-Aznar, A., Riley, R., & Rosso, A. (2015). Evaluating the impact of UKTI trade services on the performance of supported firms. Report to the UKTI, the National Institute for Economic and Social Research.
1531	Breinlich, H., Mion, G., Nolen, P., and Novy, D. (2012) Intellectual Property, Overseas Sales, and the Impact of UKTI Assistance in Entering New Overseas Markets (UKTI). London, UKTI.
1532	Breinlich, H., Donaldson, D., Nolen, P. J., & Wright, G. C. (2017). Information, perceptions and exporting-evidence from a randomized controlled trial. Working paper.

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