

HEY LEP Business Support Board

7 July 2022

Paper C – Export Delivery Plan Update Report

Report by Andrew Finch, Export Partnerships Manager

1. Summary

1.1. This Paper provides an update on the Export Delivery Plan and sets out how HEY LEP can look to fund and deliver on its exporting ambitions through a series of targeted export interventions, whilst strategically aligning and combining business support offers with key export delivery partners and complementing regional and national-level export strategies, wherever possible.

2. Recommendations

2.1. That the Board notes the Export Delivery Plan update report

2.2. That the Board considers the proposed export intervention proposals

3. Export Interventions

3.1 As a strategic convener for export, HEY LEP will look to leverage funds from a variety of sources, including the UK Shared Prosperity Fund (UKSPF), Devolution Bid funds, Business Rates Uplift (Enterprise Zones) and others, to support and commission a range of export intervention projects, which can be delivered either in-house through HEY LEP / Growth Hub or commissioned by HEY LEP for outsourced delivery.

Recommendations made by the KADA Research project undertaken in 2021, enabled HEY LEP to identify gaps in export support service provision and have since fed into the export intervention proposals below.

3.2 UK Shared Prosperity Fund (UKSPF)

Export clearly aligns with the vision and objectives of UKSPF, with investment in local business being one of three investment priorities, within which SMEs will be encouraged to start or grow their exports.

By engaging with and influencing the region's investment plans, HEY LEP can look to the UKSPF as a key enabler for export support interventions.

As part of HEY LEP's overall expression of interest (EOI) submission to the investment plans of both Local Authorities, four export intervention project ideas totalling approx. £1.5M have been put forward for consideration, which include:

▪ Regional Trade Mission Programme (Europe-focused)

This project would facilitate trade visits to target European export markets principally, focusing on exploring trade opportunities for SMEs across a range of key regional sectors in both goods and services. Mission aims would be to strengthen existing trade links & develop new opportunities across target markets, and allow for meetings with buyers, agents, ministries & other public/private sector organisations; site visits & attendance at any networking receptions, utilising any links with international Chambers of Commerce & in conjunction with international trade support bodies including DIT Trade Hubs & Embassy officials. Each trade mission would be led by a sector specialist & timed to coincide with related trade fairs/conferences. All participating SMEs would be fully prepped and briefed prior to the trade mission taking place, utilising available DIT export support services and training. UK-based international trade missions could also feature as part of the programme, thus enabling SME participation at international trade fairs held across the UK. Note: this export intervention project could be delivered in tandem with the Regional Export & Import Engagement Project.

Post-EU exit, the EU remains a key export & relatively important import market for the Hull, East Yorkshire & wider pan-Humber region, with many businesses looking to start trading or re-establish trade links with the EU. Whilst the Government recognises Europe as being a strong export market, the National Export Strategy looks to focus on Free Trade Agreement markets, with a focus tilt towards the Indo-Pacific region & emerging markets. An EU-focused Regional Trade Mission programme could help SMEs access and navigate the new UK/EU trading environment.

The Regional Trade Mission Programme would look to complement any existing DIT/NPH-led activity, making use of market information support provided through the Export Support Service (ESS) & liaising with DIT in-country Trade Hubs and any Export Champion actively doing business in the target market. Participating SMEs would also be required to complete appropriate modules on the Export Academy programme as a prerequisite for joining a regional trade mission.

Newer businesses across the SME spectrum that are looking to export goods/services at an earlier stage of their development would be targeted, including all SMEs operating in priority sectors as outlined in the devolution and HEY LEP economic strategies. Each trade mission should aim to feature one large and experienced SME exporter in order to share knowledge with newer exporters. Each Trade Mission could be delivered in collaboration with other neighbouring LEP areas, if need be, although grants would only apply to those SMEs located in HEY LEP region.

▪ International Trade Digitalisation Fund

This project would enable businesses to embrace the digitalisation of international trade on three fronts:

- Developing an improved digital presence in order to commence with or grow international trade, together with developing an ecommerce capability where applicable
- Digital upskilling and training in all trade-related information flows

Match-funded grants could enable businesses to work with digital consultants to develop successful online digital marketing strategies, with enhanced SEO and an optimised website for international markets. The development of online marketing collateral, including videos could also feature in addition to strategic digital advertising costs. Grants would also enable businesses to access trade-related digital training courses covering regulations, customs facilitation, systems know-how, digital skills, codes of practice, cybersecurity, data privacy, with training in the correct usage of trade data software also being an eligible activity.

- Digital Trade Data Awareness programme

This would focus on raising business awareness of & engagement in digital trade data via a series of co-ordinated information sessions, with speakers from the Institute of Export, International Chamber of Commerce, international trade software providers and others involved in piloting & delivering digital trade pilot programmes.

Digitalisation is becoming more prominent in UK Trade Policy, with reference to digital trade provision in many of the Free Trade Agreements that are being reached by the UK Govt. The National Export Strategy also focuses on digital trade, with a Trade in Services Council having been established to promote the export of (digital) services. Both service and product-based UK businesses are being encouraged to internationalise digitally. The digitalisation of international trade flow data is also of importance, as evidenced by the Institute of Export's recent Trade Data and Digitalisation report.

This intervention would complement other funding initiatives such as the ICT for Growth programme. SMEs would be required to complete appropriate Export Academy modules as a prerequisite for receiving a

digitalisation grant. International Trade Adviser (ITA) network can help promote and generate grant applications. Those SMEs interested in developing an ecommerce capability would also be signposted to appropriate DIT ecommerce support and training.

All businesses across the SME spectrum (including logistics and freight-forwarding companies) that are looking to adopt international trade digitalisation procedures and/or develop an enhanced ecommerce capability would be targeted. SMEs across all sectors with a propensity to export via ecommerce will be targeted to apply for a grant as will those looking to develop an enhanced digital presence.

- **Regional Export and Import Engagement Project (EU-focused)**

This project would focus on delivering a Hull & East Yorkshire-focused export and import tailored advice, support & signposting service for those businesses across the SME spectrum that are looking to start trading or have recently re-established trade with the EU within the confines of the EU-UK Trade & Co-operation Agreement (TCA). Any export & import engagement project would reflect any levelling-up agenda priorities & could also look to target both rural & coastal-based companies across the region.

Whilst the EU remains a key export market for the HEY region there will be many businesses looking to start trading initially with the EU (& beyond) who will still need tailored support, training & guidance, especially as new (often delayed) regulations come into force. Although there was an initial flood of advice regarding EU Exit & the new relationship, much of this has since been withdrawn. The SME Brexit Support Fund previously provided grants for companies trading solely with the EU, which had to adapt to new trading regs post-EU exit. The Growth Hub also offered EU transition support which has since ceased. Whilst the national Export Service Support (ESS) now provides a central source of advice for UK companies selling goods or services to Europe, a regional-focused advisory service could offer targeted support on the ground locally. Businesses operating in key sectors such as Agri-Food&Drink & Pharma, in particular, would benefit as new trade regulations continue to be implemented. This project could also give businesses wider access to the services of export consultants, market and country specialists.

All businesses across the SME spectrum would be targeted, with a focus on earlier stage SMEs who are new to exporting.

- **Export Awareness Project**

An export awareness project would enable HEY LEP to continue to roll out its export communications strategy, developing targeted campaigns, case studies and events to raise awareness of exporting opportunities for both goods and services, in addition to highlighting best practice amongst successful exporters across the region.

This project is key to building & maintaining a positive image of the regional exporting environment & trade opportunities, whilst enabling HEY LEP & the Growth Hub to actively reach out to those companies who might export if signposted to the appropriate support.

A continuation of the export communications strategy would also give a louder voice within the NPH for the HEY sub & wider pan-Humber region.

KADA research highlighted the need for exporting advice for new exporters to be made more prominent across HEY LEP's communication channels, guiding companies towards appropriate support and funding through effective signposting by export propensity, sector and market. A more unified approach to the promotion and coordination of international trade is also needed, in addition to small and micro businesses being encouraged to sign-up to programmes such as the Export Academy. Interest in export amongst the wider SME spectrum needs to be stimulated, with HEY LEP identifying and targeting companies with a potential interest to become more active in Free Trade Agreement markets.

It is hoped for that one or more of the above export interventions will be funded and HEY LEP will continue to engage with both Local Authorities as such proposals are assessed. The Export Partnerships Manager will report back to the Business Support Board, once any export intervention project(s) has been

confirmed with the likelihood that such project(s) would commence in the autumn period of 2022.

3.3 Import / Export Skills Bootcamps

The EU-UK Trade Cooperation Agreement presents companies with additional processes and documentation that they need to understand and get correct if they are to continue importing and exporting goods to and from the EU.

With funding no longer available via the SME Brexit Support Fund - and in spite of there being a significant increase in the requirement for training in import and export procedures since the UK's departure from the EU - there has been a downturn in the number of people booking onto courses that they or their employer would have to pay for.

Through cross-collaboration with HEY LEP's Employment and Skills Team, funds of £50K have been secured to deliver an import/export skills bootcamp project, funding around 20 places initially and delivered over a 16-week period over the summer by an external training provider, which will be procured shortly.

The import/export skills bootcamp will be aimed primarily at those already employed in an international trade role that have not had any formal training and would like to update and develop their skills. Companies wanting to upskill their existing staff and ensure they are importing and exporting compliantly and efficiently will also benefit from this Bootcamp.

Modules covered would include import, export and customs procedures, documentation, and compliance, proceeding to the more focused and specialised aspects of Incoterms, origin, identifying commodity codes, import taxes, customs declarations (if required) and methods of payment.

3.4 Future export intervention projects

Following successful implementation of any of the above-mentioned export interventions, the Export Partnerships Manager will also look at other future projects which could be supported through other funding sources. Such projects might include, for example:

- Import/Export Supply Chain Project
- Export Embedment in Growth and Innovation Programmes
- Export / Import-focused Projects around Humber Freeport / Enterprise Zones
- Cross-border export projects with neighbouring LEPs

4. **Alignment and Focus**

4.1 **HEY LEP Economic Growth and Workforce Wellbeing Strategy**

Export (international trade) is embedded in the HEY LEP's Economic Growth and Workforce Wellbeing strategy, aligning with Priority 1: Productive and Innovative Economy. Export also aligns with identified key sectors such as

Food production, Agri-tech, Digital, Healthcare Technologies and Pharmaceuticals and is recognised as being able to drive innovation and business growth.

Embedding export into the Growth Hub's support service provision for pre-start, micro and the wider SME sector can help create a future pipeline for DIT and other export partners

4.2 **DIT / National Export Strategy**

All HEY LEP export-led projects, including all export intervention projects, will look to align with all strands of the national export strategy

4.3 **Priority Sectors and Markets**

Key sector growth plans, as detailed within HEY LEP's Economic Growth and Workforce Wellbeing strategy, align with many of those sectors highlighted in regional (NPH) and national (DIT) export strategies as having the potential to grow through export. All export interventions will be targeted at SMEs operating in these sectors.

Key regional export partners, sector specialists, NP in-country reps and stakeholders will be consulted which will allow the LEP to identify key markets and new exporting opportunities for SMEs across the HEY LEP region.

Whilst Europe has traditionally been the main market for Humber exports, the UK Government is keen for business to engage further in export with those countries where Free Trade Agreements (FTAs) are being established. This could represent good opportunities for SMEs across the HEY LEP region. Emerging markets with export growth potential will, therefore, be of particular interest, especially in certain growth sectors. It may also be the case that new exporters might be more open to trading with new emerging markets than those companies who have worked in traditional European export markets for many years.

Europe will, of course, remain a key market for exporters across the region and engagement with European exports will be encouraged and supported through the proposed export intervention project: Regional Trade Mission programme, but the HEY LEP will also look to actively promote new exporting opportunities in emerging global markets.

Whilst the UK is a strongly service-led economy, the Humber region largely exports (manufactured) goods but there is potential to grow service exports, including digital, hence the delivery plan will also look to engage with target areas for export growth such as digital tech and prof. services. HEY LEP will also look to the newly appointed Trade in Services Council for insights surrounding service exports.