

Hull and East Yorkshire LEP

Paper G – Export Report

Report to the Business Support Board, January 2022

Report by Andrew Finch, Export Partnerships Manager

1. Summary

Further to the LEP Board having approved the evolving export plan at its September 2021 meeting, this paper provides an overview of the work undertaken through 2021 in the development of the HEY LEP export plan, together with an update on the recently launched DIT national export strategy (see appendix 1).

This paper also looks at how HEY LEP can align its exporting ambitions with the national-level strategy and examines potential future scenarios for export support across Hull and East Yorkshire.

2. Recommendations

- 2.1 That the Board reflects on the work undertaken by the Export Partnerships Manager through 2021
- 2.2 That the Board considers the national export strategy and the potential for alignment with HEY LEP's export plan.
- 2.3 That the Board considers the implications of the national export strategy in terms of the future export support role that LEPs and Growth Hubs might have.

3. HEY LEP Export Plan – a summary of activity undertaken in 2021

3.1 Export Partnerships Manager Role (appointment of)

Seconded from Enterprise Growth Solutions Limited (EGSL) - DIT delivery partner for Yorkshire and the Humber - and in place since January 2021, the Export Partnerships Manager role has been tasked with developing an export plan for the HEY LEP region. The Export Plan looks to build an overview of the pan-Humber exporting environment and encourage engagement amongst key partners in order to increase international trade through export, with a strong focus on supporting earlier stage businesses and SMEs to plan for international growth. The Export Plan is key to achieving maximization of export service provision and uptake across the new LEP region, helping to foster a spirit of engagement across all key export stakeholders and contributing to the national ambition of lifting exports to £1 trillion each year¹

¹ As set out in the DIT Export Strategy 2021, which aims to increase exports to £1 trillion a year by the mid-2030s, if not sooner.

The Export Plan ultimately seeks to position HEY LEP as an independent advocate and strategic convener for international trade through export, in alliance with key partners and business support organizations.

3.2 Export Research

In February 2021, EGSL, on behalf of the then Humber LEP, commissioned KADA Research Limited to deliver a post EU exit business engagement research project² to assess the impact of EU exit on the international trade activities of SME businesses across the Humber LEP region.

Project outcomes included the creation of an interactive dashboard of trade statistics, plus the following written reports:

Trade Statistics Report (+infographic summary)
Business Trade Survey Results (+infographic summary)
Contextual Report Trade Challenges and Potential
Stakeholder Findings and Recommended Further Action

All above reports and the dashboard can be accessed via <https://kadaresearch.co.uk/humber-levelling-up/>

Building on all four above reports, the study concluded with a comprehensive set of recommendations, many of which have been integrated into the rolling export communications strategy and will feed into the overall Export Plan as it continues to evolve.

3.3 Economic Growth and Workforce Wellbeing Strategy – Export alignment

Export has been embedded in the HEY LEP's Economic Growth and Workforce Wellbeing strategy, thus aligning international trade with HEY LEP key priority sectors.

The evolving export plan will continue to look to align and embed itself within the LEP's wider strategic objectives. The Economic Growth and Workforce Wellbeing Strategy appears to offer many areas where this can be achieved, namely:

- Alignment of export with identified key sectors such as Food production, Agritech Digital and Renewables.
- Alignment with HEY Business Emerging Strategic Themes – supporting key sectors to grow through innovation (export)
- Supporting pre-start, micro, SME sector – embedding export into support service provision for these business-types.

² The March 2020 budget saw DIT secure budget under the Levelling Up agenda to increase capacity to support exporters across the NP11, including the Humber. The research project was funded through this means.

- HEY Collaborators – building global networks which can enhance exporting opportunities.
- Humber Freeport / Enterprise Zones

The Export Plan will seek to explore opportunities for engagement with the Humber Freeport and Enterprise Zones (EZ), supporting existing and future export activity. In the HEY LEP area, this would suggest exporting activity aligned with the Low Carbon sector (and supply chain) and also activity preparing for the Rail Manufacturing sector and its future supply chain in the area. Goole Freeport site is predicated upon developing this Rail Manufacturing supply chain on the back of the Siemens Mobility investment and an innovation centre/ small business centre is already under construction which will be linked to the University of Birmingham and UKKRIN (UK centre for rail research). Supporting SMEs operating/innovating in this space would seem reasonable. Strongly representing the businesses operating across Freeport/ EZ may also provide future funding opportunities for the sustainability of export activity in the area.

- Inward Investment and International Trade through Export

There is a strong correlation between investment, international trade and economic growth, hence the inclusion and embedment of export in the LEP's Economic Growth and Workforce Wellbeing strategy will enable collaboration and information-sharing with colleagues engaged in Foreign Direct Investment (FDI) activities. Synergies and opportunities for joint promotional activity between inward investment and global export across the HEY LEP and wider pan-Humber region will also be explored.

3.4 Export Communications Strategy

A key component of the overall Export Plan is an export communications strategy which addresses all three identified key strands of the export plan - Awareness, Embedment and Engagement

Marketing output in 2021 included:

- Portfolio of export case study videos (8 case studies + 1 mega-mix). A further tranche of export case study videos will be produced in 2022.
- Export webpages refresh
- Export graphics
- Export awareness-raising digital campaign (which ran through July and August 2021)
- HEY Export! quarterly e-newsletter launched in September
- Business Works –3 month digital export content

- Increased output of export-related content across social media platforms

4. Export Plan Development

4.1 Awareness

Increased awareness of exporting opportunities is key to changing attitudes and perceptions, with the HEY LEP having a key role to play in informing SMEs, partners and stakeholders about exporting opportunities and helping to clarify what it means to export, dispelling any myths and misconceptions surrounding the issue.

4.2 Embedment and Engagement

SMEs will be encouraged to take a pro-active rather than reactive approach to export, thinking globally as a core part of their business model and plans. A focus on start-ups is particularly important as a means of embedding exporting as early as possible in the psyche of entrepreneurs and first-time business owners. There is a limited window in which small businesses are most receptive to the idea of exporting. There is a strong argument, therefore, that start-ups and potential first-time exporters will benefit the most from export support and are likely to provide the highest conversion rate to becoming exporters. In view of this, export has recently been embedded in the HEY Start-Up Support Service.

4.3 Sectoral development

The Export Plan needs to be developed on a sectoral basis and should look to generally align with DIT's national and regional export strategies, working with key export partners, such as the Hull and Humber Chamber of Commerce, in order to focus on any key sector or global niche export opportunity which may offer specific benefits to the HEY LEP region. The export plan will also look to identify synergies with the Northern Powerhouse (NP)11 export strategy.

Adopting this approach should allow us to identify key sectors and markets where we can achieve export gains in the short, medium and long-term. The Export Plan will also attempt to better understand the wider global supply chain network and the opportunities and threats it presents to SMEs in key sectors across the HEY LEP region.

Both KADA and LEP-evidenced research will feed into the sector plans and further sector intelligence and data analysis will enable the LEP to gain a better understanding of key growth sector and sub-sector opportunities, which will allow the Export Plan to leverage sector strengths and niche opportunities for export.

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, resulting in a provisional export plan for the following sectors:

Digital | Off-shore Energy | Agri-Food & Drink

KADA and LEP-evidenced research point to the above areas as being key priority sectors for the region. In addition, the sectors align with the government's export agenda, with new Free Trade Agreements looking to offer export growth opportunities across all three sectors. It, therefore, makes sense to explore export opportunities within each of these sectors, thus aligning the export plan further with the LEP's strategic priorities, as detailed in the Economic Growth and Workforce Wellbeing strategy.

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, but the HEY LEP will also look to actively promote new exporting opportunities in emerging global markets.

Primary sectors for the Humber region are identified as being: Advanced Engineering, Advanced Manufacturing, Agri-tech, Chemicals + refinery, Energy and Clean growth, Food and drink / Food production (Seafood), Health and Innovation, Off-shore wind, Ports and Logistics (Road/Sea), Renewable energy and bio economy.

Growth sectors include: Advanced Engineering and Manufacturing – specialist fabrication, Digital³ and Creative, Energy – renewables and battery, Off-shore energy, Services (Professional, Legal, Management, Consultancy), Specialist fabrication.

Note, the Tech sector and its many sub-sectors are embedded within all of the above primary and growth sectors.

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 plan will also look to engage with target areas for export growth such as digital tech and prof. services.

5 DIT National Export Strategy

Launched during international trade week in November 2021, the Govt's new export strategy sets out an ambitious plan to raise exports to £1 trillion a year by the mid-2030s, if not before, through the implementation of a 12 point plan

³ According to Tech Nation reports, USA was the biggest importer of global digital tech services (2019) followed by Germany and China. India, Japan, Brazil saw the largest growth (2018-19) in the level of tech services imported, with Brazil and Singapore showing the fastest rising global opportunities for the UK. Small firms considering exporting now are more likely to sell digital products. DIT is already promoting e-exporting.

Export Support Service (ESS)

Digital transformation of DIT's export support services – including a helpline and digital support services. Will provide guidance and signposting. Cross-government policy hub will analyse business intelligence and trade data, upskill DIT business-facing teams and communicate information with industry

Supporting exporters across the UK

New DIT offices across the UK (levelling-up)
Launch of a new Trade in Services Council (TISC)

Financial support for exporters

Internationalisation Fund – supporting SMEs to internationalise

UK Export Finance

Expansion of UK Export Finance (UKEF) – export credit agency

Government-to-Government Partnerships

Allowing businesses to access government business in critical markets worldwide

UK Export Academy

Training programmes and digital tools to help SMEs navigate the technicalities of exporting and find opportunities overseas

UK exporting networks

Export Champion network

Export campaign – Made in the UK, Sold to the World

Championing of the govt's priority sectors

UK Tradeshow Programme pilot

Making export easier

Regulatory reforms

Our global reach

Expansion of UK govt's international teams in over 180 markets

Opening markets worldwide

New trade deal opportunities

6 Implications of the national export strategy for HEY LEP

The government's national export strategy gives mention to both LEPs and Growth Hubs, which suggests that both will have a role to play in implementing the national export strategy:

The strategy will align with the wider business support offer, including growth hubs, as part of the wider Enterprise Strategy, to be launched in 2022

Our dedicated nation teams, alongside the Local Enterprise Partners (LEPs) will articulate and amplify our offer in each home nation, providing better access to our global network.

Page 21 / 02. Supporting exporters across all parts of the UK

6.1 Priority sector alignment

Key sector growth plans, as detailed within HEY LEP's Economic Growth and Workforce Wellbeing strategy, align with many of those sectors highlighted in the national export strategy as having the potential to grow through export:

- Aerospace
- Agri-food and drink
- Automotive
- Clean growth
- Consumer and luxury goods
- Creative industries
- Defence and security
- Digital ecommerce and ecommerce
- Education
- Financial, professional and business services
- Infrastructure
- Life sciences, healthcare and chemicals
- Maritime and shipbuilding
- Space
- Technology
- Tourism

6.2 Export Academy

The Export Academy – initially piloted across several regions including Yorkshire and Humber – will now go UK-wide, remaining a key component of the new national export strategy.

The free programme is targeted at small and micro businesses, giving first-time exporters the know-how to sell successfully to customers around the world. Nine core modules are delivered by international trade experts via online webinars, roundtables and mentoring sessions, with companies graduating from the programme with a completed export action plan.

DIT recently proposed a HEY LEP joint-messaging and promotional approach, which will allow HEY LEP to promote the Export Academy as its own, thus embedding the exporting message further across the LEP's regional client-base and giving HEY LEP a key tool to employ in its efforts to drive export engagement across Hull and East Yorkshire. There is no charge or resource implication for HEY LEP in signing-up to this joint initiative. The first HEY LEP Export Academy Round-table event is scheduled to take place in March 2022.

6.3 Global Reach

A network of agri food and drink attaches will operate across key global markets, including China, USA, India, Canada, Mexico, the Gulf, South America, Asia-Pacific, Europe. This network will be very helpful to agri food and drink exporters from across HEY LEP region.

6.4 International Trade Advisers (ITAs)

From June 2022 onwards, ITAs (of which there are currently two working directly across HEY LEP region) will transfer into the Civil Service under the direction of DIT.

6.5 Internationalisation Fund

An update on internationalisation fund uptake across Hull and East Yorkshire is currently pending from DIT

6.6 Opening Markets Worldwide – new trade deal opportunities

Many of the free trade agreements will offer opportunities for many of the region's key sectors, including digital and agri-food & drink.

Most, if not all, of the export support services detailed in the national export strategy focus on engagement with markets where free trade deals have been put in place, hence it's to be expected that companies exporting across HEY LEP region, will also be encouraged to engage in exporting opportunities which arise from free trade deals.

7 Financial and resource implications

7.1 Initially funded through levelling-up funds, the Export Partnerships Manager role is currently funded until 31st March 2022, with a possible further extension to 30th June 2022. Thereafter, it currently remains unclear as to how any export support role will be funded and how such a role might be placed and operate.

Scenario 1:

DIT-funded Export Partnerships Manager role or similar operating across a region which encompasses Hull and East Yorkshire

Dependent on the existing role being transferred over to the civil service under DIT and to whether regional export support roles are to feature in DIT's export support service structure.

Scenario 2:

Export Partnerships Manager role or similar based within HEY LEP and funded through international trade (export) funding streams

Dependent on the LEP review and the envisaged role of LEPs and Growth Hubs in helping to promote the export offer from Govt. Also dependent on there being suitable funding streams for the HEY LEP to support such a role.

Scenario 3:

No Export Partnerships Manager role with HEY LEP / Growth Hub utilising all central local export support services provided through DIT and other business support sector organisations (Chamber of Commerce, FSB, Trade organisations etc)

This scenario would occur if HEY LEP was not in a position to fund an Export role itself, thus relying on DIT and other export support services listed above.

- 7.2 A levelling up marketing budget of approx. £20K was secured to support the work of the Export Partnerships Manager. A future marketing budget is essential if the LEP is to fully realize its exporting ambitions.