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Report to: Business Innovation and Growth Panel

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Subject: International Trade

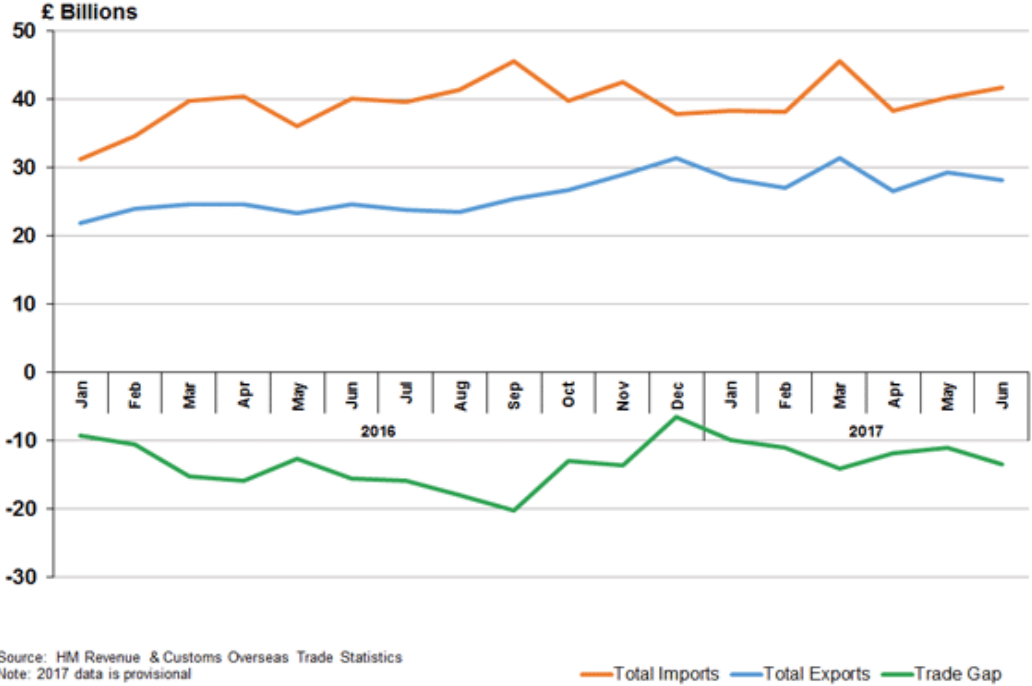
1 Purpose

- 1.1 To provide BIG Panel members with an update on key activities within the International Trade Plan and an overview of the current trade performance figures.

2 Trade Performance and Outlook

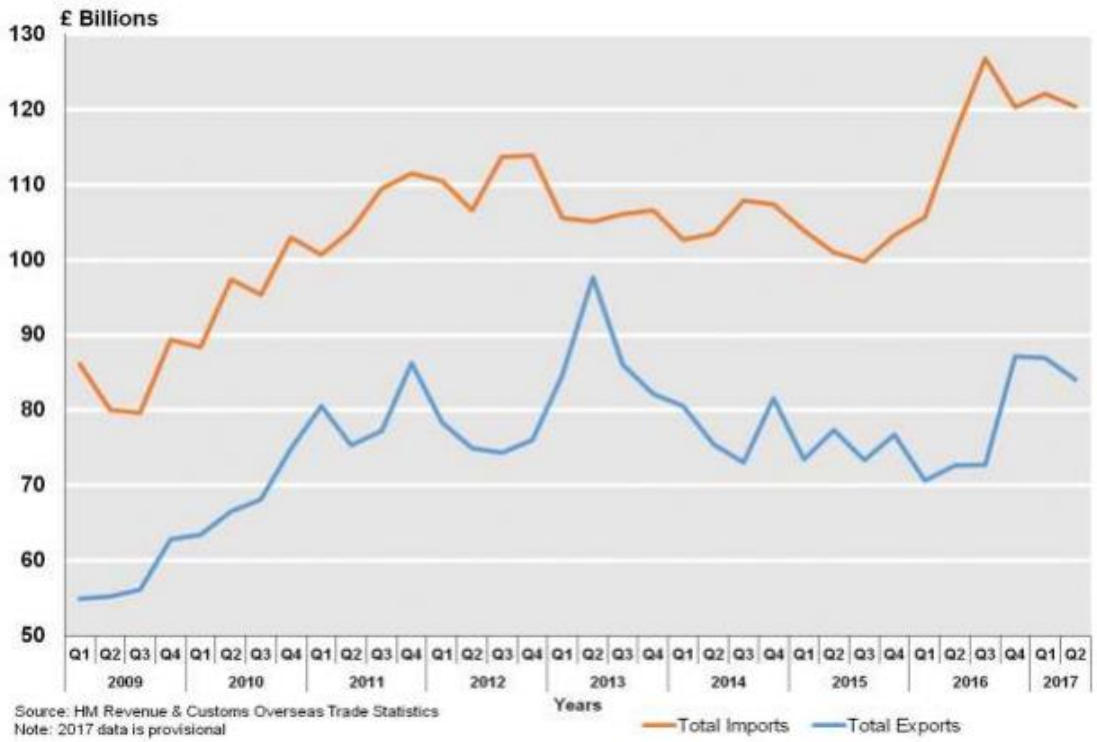
- 2.1 The most recent Regional Trade Statistics for the first quarter of 2017 released by HMRC show that in the year to March 2017, the UK export value went up 11% on last year. All English regions saw an increase, including an increase of 7.6% in Yorkshire and the Humber.
- 2.2 The total number of UK businesses exporting increased by 6.6%, between Q1 (quarter 1) 2016 and Q1 2017. During the same period, Yorkshire & the Humber saw an increase of 5.6%, with around 7,404 exporters in the region.
- 2.3 The British Chambers of Commerce (BCC) Quarterly Economic Survey for Q1 2017 reports that 26% of manufacturers and 10% of service businesses reported improved export sales in quarter 1 2017, up from 16% and 8% respectively in Q4 2016.
- 2.4 The positive message is reinforced in the EEF/BDO Manufacturing Outlook 2017 Q2, which finds that exports continue to be boosted by healthy global demand, especially from markets in Asia, North America and Europe, and weak Sterling.
- 2.5 The survey shows that mechanical and electrical equipment and electronics are reporting a growing strength in export sales. Food and drink sales overseas, however, appear to be dropping, perhaps in response to consumers feeling the effect of rising inflation in other advanced economies.
- 2.6 At a national level the most recent data from HMRC shows that total trade exports for June 2017 were £28.3 billion, a decrease of £1.0 billion (3.5%) compared with the previous month, but an increase of £3.6 billion (15%) compared with June 2016 (Figure 1).

Figure 1: Total UK monthly trade (Jan 2016 – June 2017)



2.7 The UK total export trade for Q2 of 2017 was £84.1 billion, an increase of 16% compared with £72.7 billion for Q2 of 2016. There was a trade deficit of £36.3 billion for Q2 of 2017, a decrease of 18% compared with Q2 of 2016. These values were strongly influenced by trade in non-monetary gold (Figure 2).

Figure 2: Quarterly UK trade (2009 – 2017)



2.8 The next regional and national trade data will be published in September and will provide a clearer indication of how closely the Yorkshire and Humber region is following the national picture.

3 Trade Plan - Progress

3.1 It is recognised, however, that there is a significant and persistent gap between trade performance in the region and the national average. More needs to be done to close this gap and it has been acknowledged that a review of current trade support is needed to help understand the underlying causes and potential solutions. Work is under way to gather, assess and share with partners the latest evidence and research as part of the industrial strategy (see item 7), with a view to presenting findings by the end of the year.

3.2 In terms of progress on the current Trade Plan, the Trade & Investment team has recently concluded the latest call for Expressions of Interest (EOIs) for Kaola.com, the Chinese online shopping site. 45 initial EOIs were received, with 39 suppliers subsequently listed in the final catalogue for Kaola.com.

3.3 This current call for expressions of interest was supported by a number of partners helping to disseminate the information, including the members of the trade working group (DIT, Chambers, Enterprise Europe Network, Yorkshire Universities, Yorkshire Asian Business Association & private sector) and other organisations such as the China Britain Business Club (CBBC), Manufacturing Yorkshire and Deliciously Yorkshire.

3.4 The Trade & Investment team is working with DIT to build additional activity around the Gulf Tour to the UK 2017, which will visit Leeds on 18th September as part of a national tour. <https://www.events.trade.gov.uk/gulf-tour-to-the-uk-2017/> .

- A campaign will be run leading up to this event to highlight the opportunities in the Gulf States for business in the city region.
- On the 18th September, a breakfast roundtable will take place for businesses in the healthcare sector followed by two company visits to healthcare businesses during the afternoon.

3.5 Partners in delivering these activities are DIT, Export Exchange, Medilink and the British Centre for Business in Dubai. Further activity on the Gulf States will continue after the visit in September.

3.6 Working with DIT and the Honorary Consul for South Africa, the Trade & Investment team is organising a visit from the South African High Commission to the city region in October. This will focus in particular on key sectors to highlight where the potential business opportunities may be for businesses in the city region.

3.7 MDS Transmodal has now completed the final version of the trade analysis commissioned to examine trade in the Leeds City Region. The key messages from the report will be disseminated in the autumn.

4 Delivery Partners Update

Department for International Trade

- 4.1 Following the General Election, it has now been confirmed that The Rt Hon Dr Liam Fox MP remains as Secretary of State for International Trade and President of the Board of Trade. Also continuing are The Rt Hon Greg Hands MP as Minister of State for Trade and Investment, Lord Price CVO as Minister of State for Trade Policy and Mark Garnier MP as Parliamentary Under Secretary of State.
- 4.2 DIT (Department for International Trade) has appointed Crawford Falconer as the Chief Trade Negotiation Adviser and Second Permanent Secretary. This position is in addition to the existing Permanent Secretary Antonia Romeo.
- 4.3 The Northern Powerhouse trade missions have now been published and a full list is included at **Appendix 1**. The Trade & Investment team is therefore currently looking at where opportunities for joint working may exist and welcomes suggestions from Panel members.

Exporting for Growth (EfG)

- 4.4 The take up of the European funded EfG export grant programme in the city region currently stands at 72 grant offer letters issued to the end of July 2017 making offers of a total of £247,581 in grant funding.
- 4.5 The new Export Exchange peer to peer network for the city region launched on 30th June and introduced the first 50 'Patrons' <https://www.exporthexchange.co.uk/patrons.php>. The Patrons, all experienced exporters and business leaders, will share their expertise on every aspect of exporting and growth with fledgling SME exporters.

5 New Developments

- 5.1 The International Trade Working Group is evolving to form a new wider and more inclusive partnership group to enable closer working with a wider range of public and private sector partners and organisations in the city region who have an interest and role in supporting businesses to trade internationally. This will support the Trade Plan ambition to create 'closer and stronger collaboration between partners across the City Region resulting in more businesses exporting from Leeds City Region and the value of our exports increasing'.
- 5.2 The Trade & Investment team is looking at ways to develop its web presence to provide a better platform to communicate and disseminate information on trade activities.

6 Recommendations

6.1 That the update on International Trade activity be noted and feedback provided.