
Report to: Business, Innovation and Growth Panel

Date: 25 February 2021

Subject: **Trade and investment**

Director(s): Brian Archer, Director of Economic Services

Author(s): David Shepherd, Head of Trade and Investment

1. Purpose of this report

- 1.1 To provide an update on Trade and Inward Investment activity since the last Panel meeting.

2. Information

Trade & Investment Activities and Performance

- 2.1 Since October there have been 15 new project successes (from 'new to' and 'existing' city region businesses). These include the attraction of medical companies operating in the fields of surgical 3D printing, diabetes therapeutics and regenerative tissue, expansions of significant manufacturers and new investment by companies operating in artificial intelligence and the automotive sector. These have created c.650 new jobs and safeguarded 146 roles.
- 2.2 During October to January, the team received 30 new enquiries. Despite the current economic uncertainty, the enquiry pipeline is strong with several large-scale inward investment enquiries being handled across the team.
- 2.3 The team is extremely busy working on these enquiries actively participating in several bid processes and the enquiries represent a significant opportunity to support the UK and regions economic recovery.
- 2.4 Recent enquiries have identified trends relating to investment decisions.

- Large scale office-based enquiries from businesses, particularly in professional and financial services sector are beginning to pick up, but still lower in volume than in previous years.
- Increased demand from companies considering automation as part of their investment strategy.
- Businesses are continuing to reassess their real estate footprint with many companies reporting changes in their footprint requirement in a post COVID-19 environment.

2.5 The enquiries collectively represent in excess of 2000 potential new jobs through the attraction and retention of high-value economic activity in sectors such as: medical technology, electric-vehicle manufacture, quantum technologies, financial services, chemicals and food and drink.

2.6 The inward investment team continue to target tech operations looking at potential expansion or 'north shoring' of activity. This is through a combined approach of prospecting key contacts and engaging with client advisory intermediaries. This tech sector has proven the most resilient in the rapid transition to WFH and as such business-as-usual services have mostly been maintained.

2.7 Industry feedback and analysis from the tech sector shows that a review of business operating models (including the physical workspace, office location, access to talent and staff welfare) is actively being discussed and highlighted as a medium-term area of focus. The team continue to stay deeply connected with this sector, so the region is well positioned to capitalise on the anticipated enquiries.

2.8 An initiative is underway to position the region as a viable alternative to the 'Golden Triangle' to Israeli med-tech companies and VC funds. The team is working with the British Embassy in Israel to facilitate a competition where med-tech firms explore the region as an alternative to London and the South-East.

3. Investor Development

3.1 The team continues to successfully engage with over 100 businesses, understand their future investment plans and continues to gather critical business insight to help shape local and national policy. This FY the team have supported 7 expansions in the city region with a further 5 in the pipeline expected to convert by March 2021.

3.2 Understanding the new trade deal and the schedule for future Free Trade Agreements (FTA) continues to be a key priority with businesses looking for clarification of the impact on tariffs, border issues, and immigration. The team have supported businesses with regular invites to government webinars and articulating the messages on how businesses can navigate the new trading relationship with Europe.

- 3.3 In December 2020, the team hosted a webinar with the Bank of England to look at the future economy. A variety of KAM companies attended with questions posed on regional bounce back post-COVID-19, levelling up, and how Brexit could impact productivity. A second webinar is being developed with a regional economic focus, alongside an event with the Automotive Sector.
- 3.4 Looking ahead a pilot programme with The University of Huddersfield Supply Chain programme is working with Apprenticeship Levy payers to encourage them to use surplus levy to support suppliers or communities.

4. Creative Catalyst

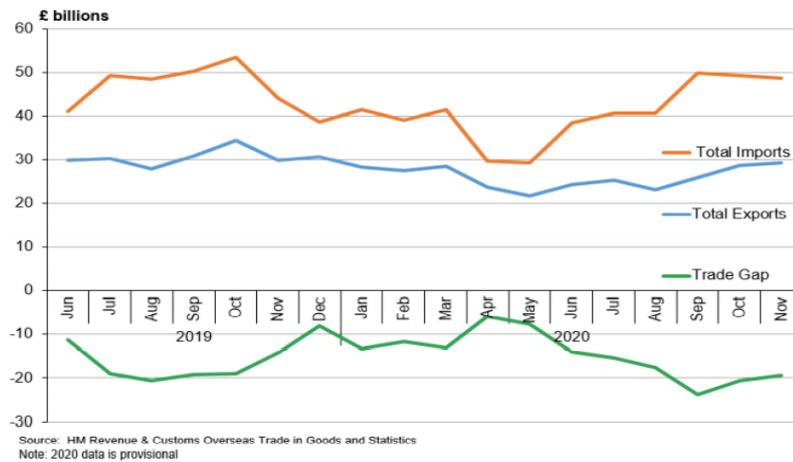
- 4.1 The team is currently working with procurement to launch the tender for the Creative Accelerator. This will support 20-30 businesses in the screen industries to boost their activities across 2 years.
- 4.2 Work is almost complete on the baseline report for the Channel 4 Economic Impact Report. This examines the state of the creative sector economy across Leeds City Region at the point Channel 4 made their decision in October 2018. There will be annual reports looking at the impact of their move for a subsequent five years, alongside yearly qualitative business barometers interviewing relevant businesses and stakeholders across the region's creative industries.

5. International Trade and EU Exit

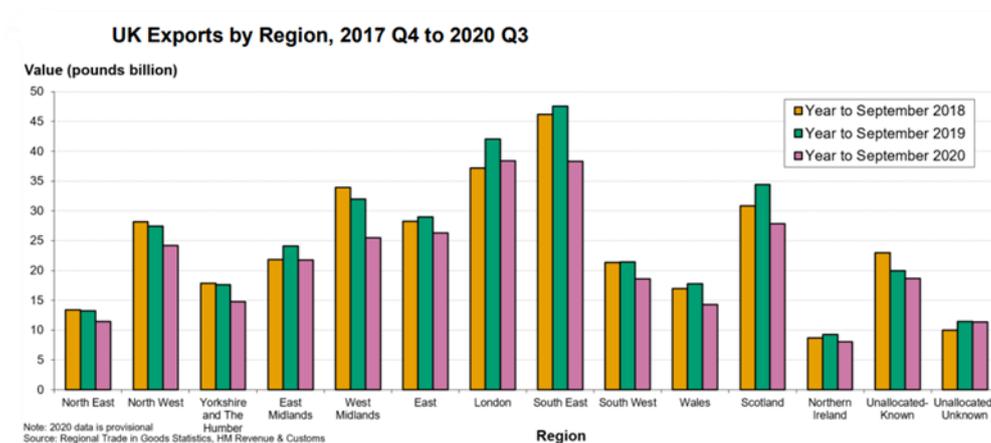
- 5.1 In partnership with DIT, EGS and York & North Yorkshire LEP, we have commissioned KADA Research to undertake an EU Exit business engagement study to assess the impact of EU Exit on the ability of businesses in the region to trade internationally.
- 5.2 The first phase of this work has now been completed with 97 businesses in the region participating in the study. A second phase is now underway targeting a further 75 businesses. An infographic outlining the key headlines so far is at Appendix 1.
- 5.3 A third phase of activity will follow by the end of March which will deliver a series of business roundtables/workshops focusing on the issues identified.
- 5.4 As reported by the World Trade Organisation, in the third quarter of 2020, the volume of global merchandise trade rose 11.6% compared with the previous quarter after falling 12.7% in the second quarter. Despite this, the volume of trade between July and September was still 5.6% lower than in the same period in 2019.
- 5.5 The latest UK monthly figures from Her Majesty's Revenue and Customs (HMRC) for trade show that total exports of goods for November 2020 increased by 1.9% compared with last month but decreased by 1.9% compared with November 2019. EU exports were up by 6.6% compared with October 2020 and up by 15% compared with November 2019. Non-EU

exports were down by 2.5% compared with October 2020 and down by 15% compared with November 2019.

Figure 5.5 Total UK monthly Trade in Goods



5.6 In the year ending September 2020, the total value of UK exports decreased by 14% compared with the same period the previous year. From a regional perspective, when comparing the annual period ending September 2020 with the annual period ending September 2019, all English regions again experienced decreases in the value of exports, as was the case in the last quarter.



6. Emerging markets

6.1 In November, the team hosted virtual roundtable with the Consul General of India and key business leaders, followed by a private meeting with key government and private sector stakeholders and representatives from the diaspora community. Further activity with the Consul General and the Indian High Commission is planned for March.

- 6.2 In December, City Region Leaders met with key representatives from the Asian Business Community in the region to discuss the challenges they have faced during the Covid-19 pandemic and how to collaborate to create a better environment for business, economic growth, and international trade.
- 6.3 Following the launch of the Leeds City Region Textile Sector Showcase <https://www.investleedscityregion.com/textiles/> at the Innovate Textile and Apparel Virtual Trade Show in October, the team is now exploring opportunities to promote the sector in key international markets.
- 6.4 The in-market are now in post. Meetings have taken place with the newly appointed DIT Northern Powerhouse overseas champions in India and China and engagement is planned with other key markets.

7. Future International Trade activities

- 7.1 Work on the focussed trade initiative with one of the world's largest e-commerce companies continues, with the first piece of activity taking place in February.
- 7.2 The team is working with international tech firms to position our strong tech sector and the opportunities our region offers to investors and potential partners.
- 7.3 A health & life-sciences sector showcase to champion the sector strengths in the region to an international audience.
- 7.4 The development of a more substantial regional trade portal to enable a more focussed and easier method of engaging with regional businesses and communicating relevant trade related information and activities to support their international market development.
- 7.5 Arising out of the Leeds City Region Textile Sector Showcase, a virtual roundtable with key Hong Kong partners is planned in March.

8. NP11 Trade & Investment Forum

- 8.1 Our active engagement with the NPH Trade & Investment Forum continues with our involvement in the development of the NPH Overseas Champions programme and the advisory group for the delivery of the NPH Internationalisation Fund.
- 8.2 The team is in communication with DIT surrounding the new UK Investment Office which is being established to assist regions to secure major inward investment projects.

9. Tackling the Climate Emergency Implications

- 9.1 There are no Climate Emergency implications directly arising from this report.

10. Inclusive Growth Implications

10.1 There are no inclusive growth implications directly arising from this report.

11. Financial Implications

11.1 There are no financial implications directly arising from this report.

12. Legal Implications

12.1 There are no legal implications directly arising from this report.

13. Staffing Implications

13.1 There are no staffing implications directly arising from this report.

14. External Consultees

14.1 No external consultations have been undertaken.

15. Recommendations

15.1 That the BIG Panel notes and comments on the progress made to date on the delivery of Trade and Investment activity.

16. Background Documents

16.1 None

17. Appendices

17.1 Appendix 1 – EU Exit Business Preparedness Survey Headlines