

Report to: Business, Economy & Innovation Committee

Date: 18 October 2021

Subject: **West Yorkshire Trade Strategy**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

1. Purpose of this report

- 1.1 This report sets out the purpose and scope of an emerging Trade Strategy for the Combined Authority and Leeds City Region Enterprise Partnership (the LEP), and seeks endorsement from members of the committee on the draft and any input and comments. It also provides a progress report on ongoing Trade and Inward Investment activity.

2. Information: West Yorkshire Trade Strategy

- 2.1 This item follows on from previous discussion with the LEP's Business, Innovation and Growth (BIG) Panel on the development of a regional Trade Strategy, most recently at their meeting in May 2021.

Purpose of a Trade Strategy

- 2.2 As outlined in previous reports to the BIG Panel, unprecedented changes to the international trading environment faced by businesses over the last two years offers an opportunity to consider what the region's priorities should be to support businesses to maximise the benefits of trading internationally. This coincides with the end of the LEP's current International Trade Plan (2016-21).

- 2.3 International trade is a key source of economic growth for the UK and West Yorkshire. It can attract inward investment, be a catalyst for business growth, and provide access to new markets to trade goods and services with. Trading internationally is also a recognised behaviour that supports businesses to be more productive, resilient & innovative, as highlighted in the recently adopted West Yorkshire Business Productivity and Resilience Plan¹.
- 2.4 The UK Government is currently developing a Trade Policy that will outline the national approach to international trade. This is expected to be published after the Comprehensive Spending Review due at the end of October.
- 2.5 To complement national policy, the LEP and Combined Authority is developing a regional strategy to outline the role of international trade in our wider strategic priorities, building on our strengths and seizing new opportunities for businesses in the region, and setting a clear West Yorkshire narrative for trade that focusses on our diversity and international offer.

Our Approach

- 2.6 The Trade Strategy will cover the period of 2021 to 2025 and seeks to inspire, empower and provide access to international markets for small and medium size businesses (SMEs), for the benefit of workers and businesses across West Yorkshire.
- 2.7 Recognising that the Combined Authority and LEP play only a limited direct role in delivery on international trade, the importance of working in partnership and collaboration both public and private sector organisations such as the Chambers of Commerce, universities, Innovate UK EDGE and the Department for International Trade both locally and nationally is central. To this end partners from those organisations have been regularly consulted on the strategy's development through the regional Trade Partner forum.
- 2.8 The strategy focuses specifically on SMEs – recognising that the larger businesses in the region tend to have strong international trade credentials and experience already in place. SMEs face a multitude of longstanding and new challenges which this strategy will seek to address such as, a limited or lack of knowledge about international trade, contacts and customer bases as well as facing financial and cost barriers, and the recent impacts of global COVID-19 restrictions and EU Exit. The strategy focuses particularly on the role that public support can play in encouraging a diverse range of businesses from across all communities to explore and benefit from international trade.
- 2.9 International trade will help us build and grow a resilient and inclusive economy for West Yorkshire by boosting business productivity and innovation. Businesses that trade internationally can also create high-quality direct and

¹ As approved at the Combined Authority meeting on 9 September 2021:
<https://westyorkshire.moderngov.co.uk/documents/s21945/Item%206%20-%20Appendix%201%20-%20Draft%20Business%20Productivity%20and%20Resilience%20Plan.pdf>

indirect jobs and act as ambassadors who promote our region, our strengths and forge partnerships across the globe.

- 2.10 To achieve our mission, the Trade Strategy identifies three areas of collective action with partners that will support SMEs on their journey to trading internationally, outlined in the below table.

Influence	Inform & Inspire	Impact
Building international regional economic relationships for trade.	Help businesses across the region to understand free trade agreements and grasp opportunities.	Deliver trade support to businesses in partnership with partners and expert agencies.
Be the voice of sectoral priorities for the region in future and existing trade deals and discussions.	Signpost businesses to the right support to trade international and simplify the landscape.	Promote the region and businesses based here on the international stage.
Work together across the Northern Powerhouse to promote trade for the North.	Inspire businesses in the region to think internationally as part of business planning	Coordinate across trade delivery partners in the region to join up activity around key sectors and markets.
Maximise the devolution deal commitments with the DIT.	Continue to collate key on the ground intelligence of trade impact to inform decision-making.	Ensure trade opportunities are considered across regional policy areas (productivity, inclusive growth, tackling the climate emergency).

- 2.11 In addition to these key areas of action, we have provided contextual background outlining the distinct offer in West Yorkshire. This includes recognition of our strong academic ecosystem and outturn of graduates, the diversity and youth of our workforce, and links to national institutions based in the region, such as the newly created UK Infrastructure Bank.
- 2.12 The strategy also identifies key sectoral strengths from the manufacturing of textiles, chemical and aerospace technologies, to service sector capabilities in financial services, digital and our creative and cultural industries.

Next steps

- 2.13 Subject to the views of the Committee, the Trade Strategy will be presented to the Combined Authority for endorsement, with the possibility of using the headlines during the UK's Export Week on 15-19 November.

3 Information: Trade & Investment Activities and Performance

- 3.1 This section provides an update on Trade & Investment activities undertaken since the last BIG Panel in May 2021.

Inward Investment

- 3.2 The resilience of the Leeds City Region economy is evident in our enquiry pipeline and number of investment projects landed. The team are working on five major projects (100+ jobs each) and have recorded 10 project successes to date that have led to the creation of 416 new jobs. These projects represent a mixture of new investors setting up in the City Region for the first time and existing investor expansions in our key sectors.
- 3.3 The enquiry pipeline continues to grow and includes investment projects spanning FinTech, electric vehicle manufacturing, food manufacturing and industrial biotech.
- 3.4 Our lead generation activities include proactive outreach to companies across key sectors of strength and opportunity, including FemTech, FinTech and InsurTech. We will hold an event at Leeds Digital Festival in September to raise awareness of LawTech, and how Leeds City Region's unique ecosystem is driving collaboration and innovation between traditional law firms and innovative tech companies. We also plan to present the City Region offer to the next cohort of the Austrade UK Fintech Academy in October, a group of 10 companies looking to expand overseas.
- 3.5 In September the team successfully delivered the first two in our series of Trade & Investment Showcase virtual events, designed to highlight some of our most exciting new investors and exporters and their impact on job creation and prosperity. The events were supported by the Mayor and Sir Roger Marsh and celebrated the City Region's newest tech trailblazing entrepreneurs and the strengths of our growing creative industries base. Three more events are planned for November and will focus on innovative finance and exporting.
- 3.6 A recent project success the team have supported is Cognizant, a US owned multinational technology company that provides business consulting, information technology and outsourcing services. Initial dialogue commenced in 2019 and the company has finally announced plans to expand its UK workforce with over 2,500 engineers, graduates, and apprentices, including a new delivery centre for around 500 staff in Leeds.
- 3.7 To help raise the City Region's investment profile overseas, meetings have been held with the Northern Powerhouse Investment Champions in North America and the Department for International Trade's overseas post network in Texas, Paris, and Milan. The development of High Potential Opportunity propositions in Data Analytics and Artificial Intelligence and Controlled Environment Agriculture are nearing completion, with the latter hoped to be launched at the Department's upcoming Global Investment Summit in October, a precursor event to COP26 aiming to galvanise foreign investment in the UK's green industries.

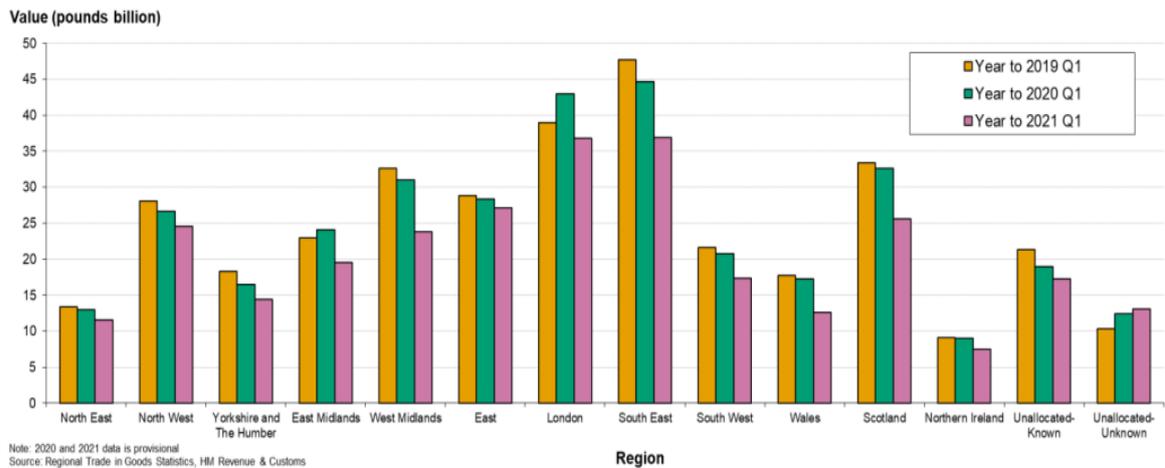
- 3.8 Discussions are at an early stage to replicate the recent “Israeli HealthTech Initiative” with Norway, with a focus on advances in care treatment. The Israeli Initiative is a successful collaboration between the Trade & Investment team, Leeds Teaching Hospital’s Trust, Yorkshire & Humber Academic Health Science Network, and the Northern Health Science Alliance to attract the most innovative Israeli HealthTech solutions into the City Region to tackle unmet needs in the NHS.
- 3.9 In October, the team will be supporting an inward delegation linked to the Healthcare Entrepreneur Exchange Programme, a collaboration between Hospital Germans Trias i Pujol in Barcelona, Spain, and Leeds Teaching Hospitals Trust. A dinner will be held to formalise the establishment of a HealthTech ‘bridge’ between the cities of Leeds and Barcelona, a partnership which is already in place at an operational level between the two hospitals.

Investor Development

- 3.10 The Key Account Management team is currently working with 118 companies, with an active pipeline of 35 investment projects. We are prioritising company engagement with those likeliest to happen this financial year to help achieve our target of 18 project wins.
- 3.11 Account management activity includes aftercare support for newly landed overseas owned companies looking to grow. We recently supported Italian owned healthcare and diagnostic software provider Dedalus in their expansion activity in Leeds by holding a virtual graduate recruitment fair. The event was attended by over 45 graduates and interviews are now underway.
- 3.12 We expect the number of companies we manage to rise over the coming months as we continue to reach out to new prospects. A pilot programme with the Northern Powerhouse to take over account management of companies in the City Region that are currently relationship managed by the Department for International Trade has so far identified 30 potential clients.
- 3.13 Our investors continue to report issues related to EU Exit and the pandemic, most notably shortages of materials in the supply chain (including the on-going semi-conductor shortage) and prices rising with minimal notice. We are told that moving goods by sea is proving slow and costly, with levies added to container movements as they are still in short supply. Moving goods by road is reportedly also difficult due to the shortage of HGV drivers.

Current Picture – International Trade

- 3.14 In the year to March 2021, the overall value of UK trade in goods exports decreased by 15%, with all English regions decreasing and Yorkshire & the Humber showing a decline of around 13%. When comparing the annual period ending March 2021 with the annual period ending March 2019 however, there was a decrease in UK exports of around 16%.



- 3.15 The next UK regional trade in goods statistics for the second quarter 2021 are published on 7 October 2021 which will provide further valuable insight into how trade from the region has been impacted over the preceding 12 months.

International Trade and Markets

- 3.16 While a new Trade Strategy for the next period is being developed, work is continuing to develop our relationships with the China and India markets. This included a roundtable in partnership with the UK India Business Council and DIT which brought together key stakeholders to explore the opportunities of the UK-India Free Trade Agreement. Attendees were invited to raise any issues or current barriers to their trade with India and discussed which areas they would like the UK government to prioritise in future trade talks with India. Businesses from a wide range of sectors were represented including: CPP, BGS International, Cummins, Radio Design, Nufarm, Kongsberg Automotive, and North Brewing Co.
- 3.17 A meeting has also been held with Oliver Ballhatchet, Deputy High Commissioner, to discuss strengthening links between Chennai and Leeds City Region.
- 3.18 With the support of colleagues across Economic Services, the team is working in partnership with Alibaba to support West Yorkshire businesses to access their NetPreneur Training Masterclass, a 6-week free digital training course for entrepreneurs and business leaders looking at digital transformation, how to scale-up a business, and internationalisation.
- 3.19 We are also developing the second sector focused trade showcase document which will highlight the strengths of the region's health & life sciences businesses to an international audience. This will be accompanied by a comprehensive communications strategy to ensure we reach as wide an audience as possible. The next documents in the showcase suite will focus on food & drink and creative industries.

- 3.20 At a northern level we have been working in partnership across the NP11 to produce a Northern Powerhouse CSR submission. This submission forms an important part of the work towards developing a deeper and more strategic partnership approach with DIT. From a trade perspective this includes proposals for a Northern Powerhouse Global Scale-up Programme and proposals to support the internationalisation of mainstream business support.

4 Tackling the Climate Emergency Implications

- 4.1 Tackling the climate emergency is covered as a chapter under the Trade Strategy and recognises our ambitions to be a net-zero carbon economy by 2038. The strategy recognises that the transition to net zero is an export market opportunity for the region, but also that international trade currently makes a significant contribution to global emissions. Positively responding to the opportunities whilst minimising the potential negative impacts of trade on the environment is seen as an important priority in future trade support.

5 Inclusive Growth Implications

- 5.1 The Trade Strategy covers the West Yorkshire Inclusive Growth Framework and outlines our approach to ensure that international trade contributes positively to inclusive growth, in particular through maximising high-quality employment opportunities as a result of increased trade activity.
- 5.2 Traditional economic theories point to the overall positive correlations between trade and wages and real income ([IME](#), 2021). This is supported by evidence that trade is associated with generating high-quality employment opportunities, with median wages on average higher for both direct and indirect jobs ([FAI](#), 2021). In considering a West Yorkshire Trade Policy it will be important to set out how trade can support such opportunities particularly for individuals that face barriers to securing good work, including those with protected characteristics.
- 5.3 It is also understood that whilst there are overall benefits of trading internationally, there are also potential 'losers' to increased international trade, which can include diverting trade away from some areas. As part of the developing of the Trade Policy we will look to understand potential negative impacts - including how Free Trade Agreements might 'divert trade' ([Department for International Development](#), 2015) away from businesses in the region, potentially making them less resilient or viable.

6 Equality and Diversity Implications

- 6.1 As part of the Trade Strategy's priorities, it is recognised that there is a role for trade partners including the Combined Authority and LEP in supporting all businesses across West Yorkshire to realise their productivity potential through international trade. This includes proactively supporting localities and business owners who may not otherwise consider international trade.

- 6.2 Although only a small sample size, findings from the KADA research utilised in developing the Trade Strategy indicate that female led businesses are the businesses most likely to consider trading with existing non-EU partner countries, and that BAME-led businesses are most likely to consider new international markets. The strategy therefore outlines how consideration will be given to how to increase opportunities for female and BAME-led businesses to access these markets and to ensure they have the relevant support, and how we can maximise the potential of connected programmes such as entrepreneurship in increasing the diversity of our export base.

7 Financial Implications

- 7.1 There are no financial implications directly arising from this report.

8 Legal Implications

- 8.1 There are no legal implications directly arising from this report.

9 Staffing Implications

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

10 External Consultees

- 10.1 In developing the Trade Strategy, officers of the Combined Authority have engaged with a number of key stakeholder groups, including the LEP Business Communications Group, regional Trade Partners and with Universities in the region. Further consultation will take place before the Strategy is brought to the Combined Authority for endorsement.

11 Recommendations

- 11.1 That the Business, Economy and Innovation Committee endorses the West Yorkshire Trade Strategy (2021-2025) ahead of a meeting of the West Yorkshire Combined Authority.
- 11.2 That the Business, Economy and Innovation Committee notes and comments on the progress made to date on the delivery of Trade and Investment activity.

12 Background Documents

None.

13 Appendices

Appendix 1 – Draft West Yorkshire Trade Strategy: 2021-2025