

DRAFT West Yorkshire International Trade Strategy: 2022 – 2026

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DRAFT



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Foreword

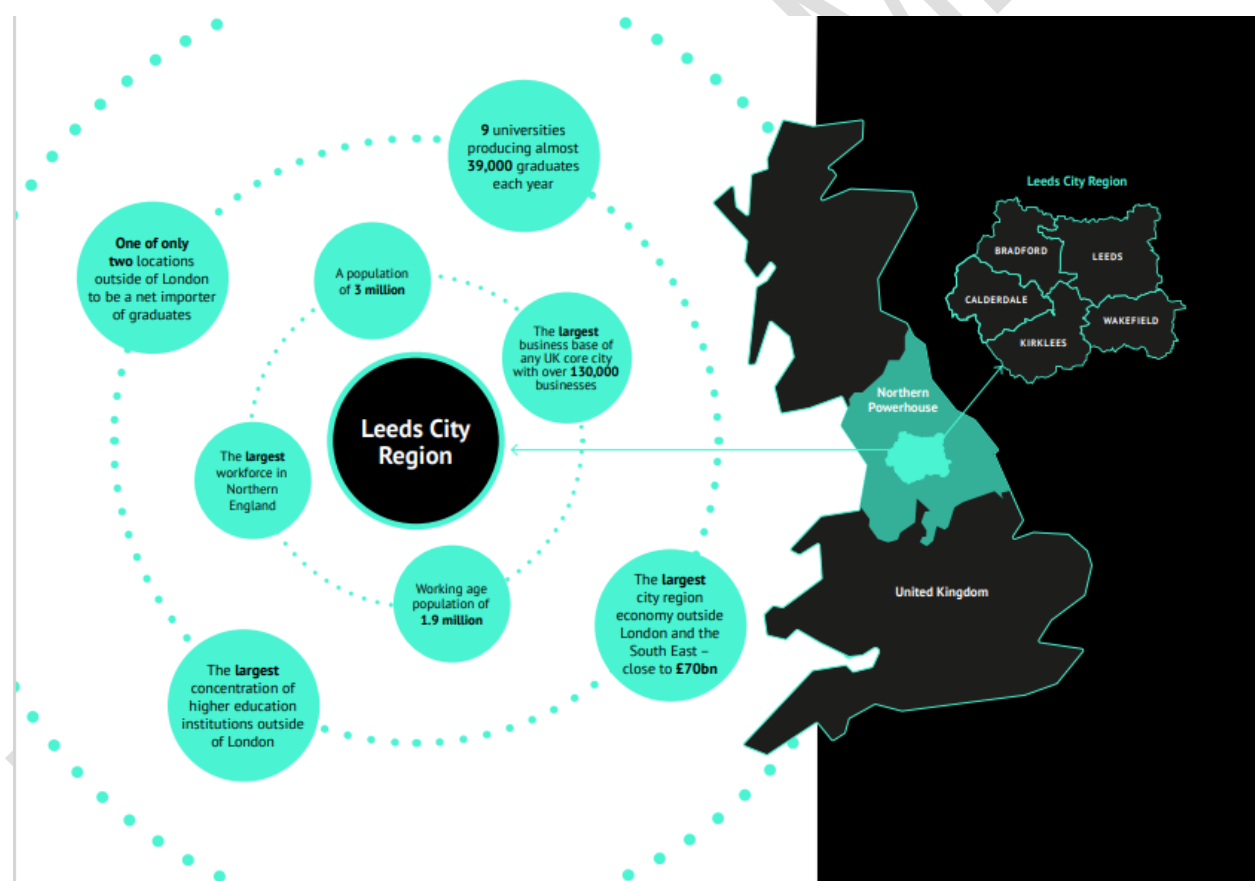
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IN DEVELOPMENT

1. Introduction

This trade strategy for West Yorkshire is about supporting businesses in the region to explore international opportunities and realise the business benefits of those opportunities through improved productivity, resilience and innovation in a way that maximises the value for their business, the wider economy and ultimately the people living in this region. It has been developed in collaboration with trade partners across the region who play a critical role in delivering trade support and will therefore be key stakeholders in the delivery of this strategy.

This strategy has been produced by Leeds City Region LEP in partnership with the West Yorkshire Combined Authority and covers the West Yorkshire authority areas of Bradford, Calderdale, Kirklees, Leeds and Wakefield. In this strategy we also refer to this geographical area as Leeds City Region.



Leeds City Region is a place with global reach and global ambition.

Whilst the changes to our international trading landscape arising from the UK's exit from the EU have created challenges for many, the Leeds City Region has a lot to offer to inter-regional partners across the globe. Our economy is worth £55.4 billion – larger than 9 EU countries.

The nature of our polycentric economy means there is plentiful supply of international trade opportunities available to businesses in this region. We have a strong concentration of manufacturing businesses, more than anywhere else in the north, an unrivalled health ecosystem, the UK's fastest growing digital sector and the largest financial and professional services cluster outside of central London. We undoubtedly have the business assets for Leeds City Region to be a UK leader on international trade.

In addition to this, we also have a strong university network with 7 universities attracting over 91,000 students and producing 30,000 graduates that come here from across the world, creating both knowledge-based innovation but also a platform for international market opportunities.

Our Approach: Influencing, Inspiring and Impacting

International trade is fundamentally about exchanging goods and services across borders or territories. On the whole, it is businesses that do the trading, and our strategy is focussed on how we can support them. To that end our approach is based on three intersecting action areas that can facilitate trade: influencing, inspiring and impacting.

Scope: Inward and Outbound Trade in the Strategy

For the purposes of this trade strategy, we consider elements of both inward trade (**imports**) and outbound trade (**exports**) of goods and services in West Yorkshire. The focus in terms of action however is framed around exports, recognising the role that public and private partners across West Yorkshire can play in supporting businesses to explore new market opportunities, although much of this support can also be utilised to explore opportunities for better quality imports. The Strategy does not seek to enter into a debate around import substitution and the value or otherwise of re-shoring supply chains, recognising that supply chain resilience often involves diversification that is specific to individual products or services.

Inward investment is clearly related to international trade but is considered outside of the scope of this work, having specific drivers, regulations and impact on the economy.

Influencing recognises that decisions taken, particularly by UK Government, have a significant impact on businesses trading. Whilst the process of agreeing trade deals, developing subsidy regimes and building trade infrastructure sits with the UK Government, our role is to ensure the voice of Leeds City Region is heard in influencing those decisions, and utilising our profile as a Mayoral region to build economic relationships that support trade with other regions of the world.

Inspiring focuses on the role that knowledge and information can play in breaking down barriers to international trade. We can support businesses by **inspiring** them to think internationally and to explore the markets and opportunities that are best suited to them. We can help with information on new trade arrangements, on finding advice and funding, and on collating key data, as well as demonstrating our successes.

Impacting builds on the evidence that direct delivery of support can add value beyond the current trade activity of our businesses. Together with partners across the business support ecosystem in Leeds City Region we can further impact by promoting the region on the

international stage, providing expert advice and guidance and joining up provision. In the period from now to 2026 we see this as particularly valuable as businesses adjust to the changes brought following the UK's exit from the EU, new free trade agreements and shifting global value chains.

Trade as a Policy Lever

As we detail in section two, our trade strategy is rooted in the wider economic and social ambitions we have for our region. From work on our Local Industrial Strategy for the region we have seen that, despite having many high performing businesses, Leeds City Region has a growing **productivity gap** compared to the UK average, which affects business resilience. As we know that businesses that trade internationally tend to have higher productivity performance, this strategy will seek to encourage a greater number of our nearly 90,000 small to medium enterprises (SMEs) to think globally to achieve higher productivity.

As a region, we also place strong emphasis on **inclusive growth** – ensuring everyone benefits from our economic performance – and we want trade to facilitate high quality and better paid jobs for our communities. We also want entrepreneurs and business owners from diverse backgrounds to have the right support to begin trading internationally or to trade more, recognising too that our region's own diversity is a great asset for building international trade.

Trade must also be a lever in realising our ambitions for a **Net Zero Carbon neutral economy by 2038**. This means working with importers and exporters to understand how to reduce emissions, as well as exploring the market opportunities for zero emission innovations and services developed in the region.

The following sections of the strategy outline the main Leeds City Region challenges and opportunities for international trade, and how through this strategy we aim to influence, inspire and impact trade policy, promotion and performance over the next five years.

1.1. Strategy on a Page

Mission: to inspire, empower, and provide access for small and medium size businesses to international markets, for the benefit of workers and businesses across Leeds City Region

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).

1.2. National and International Context

The development of this strategy for Leeds City Region comes at a moment where our international trade environment is caught in the dynamics of two significant seismic events – the short-term **impacts of the global COVID-19 pandemic**, with unclear longer-term implications, and **EU Exit**, the transition of the UK economy to being a wholly independent trading nation outside of the European Union.

COVID-19 and World Trade Conditions

Prior to the impact of the COVID-19 pandemic, global trade was on the rise since the early 1980s following the liberalisation of trade across many western nations. Global goods exports since 1983 have increased by more than tenfold from \$1.8 trillion to \$18.4 trillion in 2019¹. In addition to this, global trade in services is also estimated to be around \$5.9 trillion and is now accelerating to take a much greater percentage of global trade.

The impact of the pandemic on trade between the UK and the world has been significant in its scale, and it is unclear at this stage whether this effect will be temporary or lasting. For instance, the table below shows how UK trade in goods in 2020 was weakened compared to 2017 across a number of commodities. Much of this will be due to the global restrictions in place but may also be partly attributed to changing global value chains in some cases connected to the end of the transition period in the UK's withdrawal from the EU. Critically, data from the CPB World Trade Monitor² suggests the UK is an exception among advanced economies in its gap returning to or above pre-pandemic export volume levels by mid-2021, suggesting a more difficult recovery for UK international trade than other nations.

UK Exports of Goods by the Top 10 Commodities	2017³ (£bn)	2018⁴ (£bn)	2019⁵ (£bn)	2020⁶ (£bn)	Change (%)
Mechanical Appliances	50.8	54.3	57.4	47.5	-6.5
Precious Metals	25.0	35.6	33.1	34.1	36.4
Motor Vehicles	41.7	41.3	39.6	28.5	-31.7
Mineral Fuels	27.4	33.1	31.7	20.9	-23.7
Electronic Equipment	22.1	22.0	22.3	19.7	-10.9
Pharmaceutical Products	25.4	22.5	21.1	19.4	-23.6
Measuring Devices and Gauges	14.0	14.4	15.6	13.9	-0.7
Aircraft	16.3	14.7	14.4	10.3	-36.8
Organic Chemicals	8.2	9.2	9.9	9.9	20.7
Arts & Antiques	-	-	9.7	-	n/a
Plastics & Plastic Products	-	9.6	-	-	n/a
Other Products	-	-	-	9.2	n/a
Other	102.3	-	112.0	100.6	-1.7
Total Exports	342.3	362.4	366.8	314.0	-8.3

¹ Washington International Trade Association (WITA) Factsheet: see [here](#).

² The CPB World Trade Monitor releases a monthly monitor, two months behind real-time: see [here](#).

³ Source: [UK Overseas Trade in Goods Statistics December 2018 \(uktradeinfo.com\)](#)

⁴ Ibid

⁵ [UK Overseas Trade in Goods Statistics Summary of 2019 Trade in Goods \(publishing.service.gov.uk\)](#)

⁶ [UK Overseas Trade in Goods Statistics Summary of 2020 Trade in Goods \(publishing.service.gov.uk\)](#)

Table 1: Export of Goods by the top 10 Commodities

Although not always visible, trade plays a major part in the everyday lives of everyone in Leeds City Region, whether that be in their jobs, the things they buy or how they access information, and this has been brought into much sharper perspective during the COVID-19 pandemic. From supplies of Personal Protective Equipment (PPE) and vaccinations, to delays and shortages of food, microchips and the movement of migrant labour. The FSB's COVID Recovery Survey 2020 indicated that 54% of SME exporters saw a decrease in the value or volume of exports with 39% of SME exporters experiencing a decrease in the breadth of export markets and customer base⁷.

EU Exit

As the end of the Transition Period for the UK to formally leave the European Union as a member state was completed during the COVID-19 pandemic at the end of 2020, its immediate impacts on Leeds City Region in terms of international trade are difficult to separate explicitly from the impacts of the pandemic.

However, in terms of context to our strategy development, the UK's exit from the European Union brings forward a number of clear changes to the environment for international trade in Leeds City Region, to which this plan will seek to respond:

1. The UK has the ability to set its own independent Trade Policy
2. The UK is outside of the single market for trading with European Union nations, and therefore the movement of goods, services and people between the UK and EU (and NI) will involve additional steps and restrictions
3. The relationship for trade with Leeds City Region's biggest single trading partner, will be governed by the Trade and Cooperation Agreement and related treaties

This context is important for our strategy, as it sets out how trade decisions are going to be different. But in addition to the way the governance and rules of trade are going to be different, we also need to understand the implications this has, particularly for businesses in Leeds City Region. To that end, the Leeds City Region Enterprise Partnership has worked with KADA Research to explore business preparedness in the region for EU exit, their main concerns, and to understand the subsequent impacts since January 2021. [INSERT graphics from KADA work].

Aligning with the UK Export Strategy: Made in the UK, Sold to the World

The UK Government published the new [UK Export Strategy](#) in November 2021⁸. The overarching goal of this strategy is to reach £1 trillion in annual exports by 2030. This objective will be achieved by delivery of a new 12-point plan which will be "led by business and supported by government". Some of those actions include expanding the Export Support Service, extending the reach and range of the pilot Export Academy, simplify the

⁷ Source: FSB (2021) report: [Ready to Launch](#)

⁸ <https://www.gov.uk/government/publications/export-strategy-made-in-the-uk-sold-to-the-world/made-in-the-uk-sold-to-the-world-web-version>

exporting landscape and making it easier for businesses to trade, and progress work on securing new trade deals. Our West Yorkshire strategy will set the framework for how we will engage with this 12-point plan and support businesses to access the available national support for exporters, and where we will look to add value beyond it.

The strategy gives recognition to the need to work with Mayoral Combined Authorities and Local Enterprise Partnerships. In particular it is outlined that:

- The Department for International Trade will work with MCAs and LEPs to “capitalise on their networks and regional insight”
- The Export Strategy will align with the wider business support offer, including growth hubs, as part of the wider Enterprise Strategy expected in 2022
- The Department for International Trade will engage businesses in trade policy and market access issues that reflect local priorities and the competitive advantage of sectors and specialisms around the UK
- Local trade teams and LEPs will articulate and amplify the export offer.

2. The Importance of International Trade for Leeds City Region

2.1. Role & Contribution of Trade to Wider Regional Policy

International trade is a key enabler of many policy priorities for Leeds City Region. There is a strong link between international trade and business productivity, innovation and resilience. Businesses who trade internationally also create higher quality direct and indirect jobs. Businesses who trade internationally are also important ambassadors for our region, often creating a better understanding of different cultures and building valuable partnerships and alliances.

This section outlines the contribution we expect trade to play in addressing priorities of productivity, inclusive growth, tackling the climate emergency and championing our great places and businesses.

Productivity, Innovation and Business Resilience

The West Yorkshire [Business Productivity and Resilience Plan](#) recognises exporting as one of the key business behaviours positively influencing **productivity**. There is significant evidence both internationally and from the UK that firms which export have systematically higher levels of productivity than domestically-oriented firms, on average by around a third ([Haldane, 2017](#)). In Leeds City Region, despite relatively strong export performance in terms of numbers of businesses exporting prior to leaving the EU, the volume and value of those exports were lower than in other areas of the UK. Although not the only factor influencing productivity performance, this room for growth suggests exporting could be one key tool to reduce the £8.5bn gap in productivity between the region and the UK average. Supporting

more SMEs in particular to consider international trade as a route to improved productivity is a priority for our strategy.

International trade is also a key way to unlock **innovation** in business, and numerous studies highlight the positive correlations between exporting and innovation, R&D and, in turn, higher productivity (see for example [Ganotakis, 2011](#)). The relationship with imports depends on different factors, including the geographical origin and the intensity of the product ([van den Berg & van Marrewijk, 2016](#)), but importing of technology intensive components or products is likely to have positive results for businesses.

As a region we also see business **resilience** as a key objective, and international trade has a particularly important role to play. As we have seen during the COVID-19 pandemic, the ability to call upon diverse international supply chains has been vital to continue the flow of goods and services, but that also Leeds City Region firms have been able to access new opportunities by diversifying their outputs for both domestic and overseas markets. Those firms more exposed to international trade, have been found to be more resilient to the shocks of COVID-19 ([Borino et al., 2021](#)), and those economies that are integrated in trade face less volatility to shocks in any particular country or producer ([Tenreyro, 2021](#)).

Inclusive Growth

Our [Inclusive Growth Framework](#) sets out a range of priorities for ensuring that everyone can benefit from and contribute to our economic growth. Our approach to trade in this strategy is to maximise the overall positive correlations with wages and real income ([IMF, 2021](#)) of increased international trade. From our regional perspective, we are focussed on how trade generates high-quality employment opportunities ([FAI, 2021](#)) as part of economic recovery, and how we can support those opportunities for individuals who currently face particular barriers to work. We are also focussed on ensuring all communities have the opportunity to benefit from the positive results from trade and will be looking over the course of the period to 2026 particularly at ensuring engagement on trade matches our region's ambitions around Equality, Diversity and Inclusion.

Whilst we anticipate our trade strategy will realise positive benefits for inclusive growth, it is also important to recognise the potential negative impacts that can result from international trade on individuals and on communities. Both establishing the UK outside of the European Union and developing new Free Trade Agreements bring with them potential impacts to 'divert trade' ([Department for International Development, 2015](#)) or to alter the conditions that businesses found previously. In supporting businesses in particular to adjust to these new conditions, we hope to minimise the negative impacts that might result from increased barriers to access or additional costs, particularly with the European Union. We outline more on this in the section on markets and sectors.

Tackling the Climate Emergency

The carbon impacts of trade are at the very forefront of the international debate on climate change. We cannot escape that trade has a carbon footprint – in production and in transportation – e.g. freight accounts for 30% of transport related CO2 ([International Transport Forum, 2016](#)). Our emerging [Climate and Environment Plan](#) for West Yorkshire sets out what we all need to do achieve a net zero economy by 2038, and this strategy sets

out how our approach to trade will contribute to this, recognising that international rules set by the World Trade Organisation (WTO) and others will play a significant role.

The transition to net zero is also an export market opportunity for Leeds City Region. The UK's green sector is estimated to be worth up to £170 billion a year by 2030 ([UK Board of Trade 2021](#)), and as part of our sectoral approach we will seek to maximise the opportunities for Leeds City Region businesses.

Championing our Great Places and Businesses

International trade is a fantastic way to showcase the great places of Leeds City Region, to live, work and visit. We want trade to contribute to the continued growing international success of our core city of Leeds, but also to ensure that each of our local authority urban areas as well as rural and suburban places across Bradford, Calderdale, Kirklees, Leeds and Wakefield are promoted for their assets, strengths and opportunities. The next section sets out in headline terms the distinct offer that there is in Leeds City Region.

2.2. The Distinct Offer of the Region for International Trade

Leeds City Region has a distinct offer to share with the world. We believe these offers can support our efforts to build good international relations with trading partners and attract inward investment to support the growth and resilience of our region.

The Mayor of West Yorkshire

West Yorkshire elected Tracy Brabin as its first ever Mayor in May 2021, becoming the figurehead of a region with a population of over 2.3 million residents. The Mayor's role includes specific powers covering transportation, housing and planning and the co-ordination of transformational programmes across the region including tackling climate change and economic development. This unique offer coupled with the Mayor's pledge to support local businesses and be a champion for our regional economy, will be invaluable in forging new inter-regional economic relationships across the globe on a region to region level.

A Broad-Based Economy with Distinct Sectoral Strengths

While our regional economy is polycentric in nature, it also contains sector strengths and capabilities that are world leading, opening the region to greater international trade opportunities.

Manufacturing in its broadest sense is one of the most significant international trading sectors in Leeds City Region – supporting 112,000 jobs, more than anywhere else in the North of England. Within manufacturing, we have a range of sub-sector strengths, including:

- **Health-Tech** is a growing opportunity in Leeds City Region with 250 health-tech related businesses – the largest cluster of health-tech companies in the UK. These businesses are pioneering world-leading work in medical-technologies, tissue regeneration, wound-care, drug discovery and pharmaceuticals.

- Over 10,000 people are employed in our **Textiles** sector which stretches all the way back to the industrial revolution of the Victorian era. These days, our textile businesses are driving innovation in their design and development of materials and include globally recognised names such as Burberry. The sector is strengthened by a supportive ecosystem with organisations such as the Textile Centre of Excellence, the Technical Textiles Research Centre and the Society of Dyers and Colourists.
- **Food and Drink** businesses in Leeds City Region have strong potential in the international market – strengthened by the location of a major logistics hub reaching all parts of the UK. We are home to some of the leading national and international food and drink retailers and producers such as Arla and Coca-Cola European Partners. We also host two of the big four national retail chains – Morrisons and Asda.

Leeds City Region also has significant clusters of the tradeable service economy that make it stand out as a region to foreign investor markets and trade partners alike, including:

- Our concentration of **Professional Services** makes us the second centre of banking in the UK with over 30 banks and financial institutions and four of the world's largest payment processing companies here in Leeds City Region. In addition to this, we have access to over 14,000 legal professionals in our region including offices from key legal players such as Squire Patton Boggs and Womble Bond Dickinson.
- Our region has seen accelerated growth in **Creative Industries** over the last few years, further strengthened by the location of Channel 4's new national headquarters. We also host Production Park, Europe's largest live rehearsal complex, and have a strong presence in the gaming industry – proudly hosting Rockstar Leeds who have produced leading video game series including Grand Theft Auto and Red Dead Redemption.

Section 3 of this strategy will outline some of the challenges and opportunities across our key sectors.

The Scale of University and Research Capabilities

Leeds City Region is home to 7 universities, which in 2018/19 enrolled over 92,000 students and generated over 30,000 graduates – this is the largest higher education cluster outside of London. It is estimated that for international students alone, they make a £38m net economic contribution to the Yorkshire & Humber region.⁹

We have a higher concentration of students undertaking courses in medicine, biological sciences, engineering, technology and business and administration studies than the England average. Many of our universities also have internationally based educational and research provision which themselves provide a valuable contribution to exports from the region.

Our universities also have a suite of high-calibre research and development capabilities including the University of Leeds's Centre for Financial Technology and Innovation and Institute of Clinical Trials Research, and the University of Huddersfield's Centre for Precision

⁹ Higher Education Policy Institute and Universities UK International
The costs & benefits of international higher education students to the UK economy. September 2021

Technologies and the 3M Buckley Innovation Centre which hosts facilities for the UK National Physical Laboratory. Many cities across the world such as Amsterdam and Gothenburg have relied on the University of Bradford's expertise and knowledge base on big data and the internet of things (IoT).

The calibre of staff, facilities, students and international networks of our universities makes for a compelling and strong offer which can provide valuable benefit to businesses and the region looking to enhance their international profile.

Our universities are known for their collaboration and partnership working, coordinated by Yorkshire Universities which ensures that local and regional administrations and the universities work together to deliver impact and maximise the potential of new opportunities.

A Young and Diverse Population

Leeds City Region has a young and diverse workforce – with the average age of our population being around 38.7 years old. This makes us one of the youngest regions in the UK. Bradford is also the youngest city in Europe – with around one quarter of its population under the age of 20. This means that there is an existing and future supply of young and ambitious talent seeking good work opportunities in a number of sectors.

We are home to one of the most diverse populations of the UK – with 18.2% of our residents identifying as Black, Asian, Minority Ethnic (BAME)¹⁰ – with one in nine of our business owners and directors coming from a minority background. Our diversity is one of our key assets, promoting a greater awareness and understanding of the value, benefits and interests of different cultures and backgrounds, and supporting a region that is global in its outlook. Our international trade objectives and actions look to build on this strength, whilst recognising that more can be done to support this diversity to flourish when it comes to engaging with international markets.

Our Connection to National Decision-Making and Influence

Our region proudly hosts key influential players across the UK's policy and governmental sphere of influence. In the 2020 Budget, the UK Government announced that the newly established UK Infrastructure Bank (UKIB) would be located in Leeds. The UKIB will help regions across the UK level-up and tackle the climate and environment emergency by providing access to financing for major infrastructural projects. Leeds City Region has been chosen as a reflection of the region's strengths in financial services.

We are also the hosts of two new cultural institutions of national importance, with £25 million being invested in housing the British Library North and the securing of investment in our region with the opening the new hub of Channel 4 – bringing broadcasting and media jobs and opportunities into the centre of Leeds. This builds on the region's existing key influence on the UK's cultural economy, adding to outstanding key assets such as Bradford UNESCO City of Film, Halifax Piece Hall, the UNESCO World Heritage Site of Saltaire and Yorkshire Sculpture Park.

¹⁰ Source: ONS – 2011 Census

In addition to this, we house the national headquarters for NHS England as well as regional hubs for UK Government departments including the Department for Transport and Department for Work and Pensions.

IN DEVELOPMENT

3. Opportunities and Challenges 2022-26

Our assessment of the Opportunities and Challenges is based upon evidence collated across a number of sources – including work commissioned with KADA Research on EU exit business engagement, the Leeds City Region 2021 business survey, data on existing trade flows from MDS Transmodal. Also from delivery activity and reports from across trade partners in Leeds City Region, including the Leeds City Region Enterprise Partnership Trade and Investment team, Chambers of Commerce, local DIT partners, universities, Innovate UK EDGE, West Yorkshire Colleges and private providers.

3.1. SME Support

The mission of this trade strategy is specifically focussed on supporting Leeds City Region's SMEs. While larger businesses are very important, we know that they tend already to have strong international trade credentials and are able to access external support when required.

Where we see the value in our strategy is working in partnership across organisations in the region to support SMEs to trade more and trade better. It is critical that engagement is with organisations across the region who work with businesses in all communities, geographies, sectors and groups to ensure that the benefit of the support available is maximised by SMEs in the region who have the capacity and desire to explore international opportunities. As has been highlighted by recent work from the Federation for Small Businesses ([FSB](#), 2021), the majority of small business exporters are reactive exporters based on an approach from an overseas buyer, rather than proactive in finding opportunities.

Our work with KADA Research outlines some of the key opportunities and challenges being reported by businesses, including what are the characteristics of businesses more likely to consider international trade, and what are the top barriers to exporting to new markets. In supporting SMEs therefore, we must help address the key barriers of:

- COVID-19 restrictions
- Limited international customer base
- Lack of knowledge and contacts
- Financial and cost barriers
- Limited demand and awareness

EU Exit Business Surveys: Headlines prior to the EU-UK T&CA and now*

---- Implications for international activity ----

Barriers to working with EU businesses

PRIOR

Increased costs of exporting/importing goods and services (**75%**), keeping abreast of changes to rules and regulations (**62%**), loss of frictionless trade (**62%**)

NOW

Increased costs of exporting/importing goods and services (**56%**), loss of frictionless trade (**46%**), keeping abreast of changes to rules and regulations (**43%**)

Top 5 barriers for exporting to new international markets

- Covid-19 restrictions
- Limited international customer base
- Lack of knowledge and contacts
- Financial and cost barriers
- Limited demand and awareness

Change in EU trade over the next year

14% think EU trade will increase significantly or 'a little'. **36%** think EU trade will remain the same. **25%** think trade will decrease 'a little' and **14%** think EU trade will decrease 'a lot'.

Free Trade Agreements

44% unaware of benefits of FTAs, **28%** think FTAs may have a negative affect on business. **9%** confident FTAs will have positive affect, **16%** see potential.

Exploration of new international markets

PRIOR

22% exploring new international markets as a result of the EU Exit (North America, Asia, Africa)

NOW

57% already or considering exploring new international markets (North America, South America, Australia/New Zealand)



Characteristics of businesses most likely to consider trading outside EU

Female-led
with existing
non-EU
partners

BAME-led
with new
international
markets

Smaller firms
(<100k p.a.) with
new international
markets

* Data from two business surveys conducted by Kada Research, the first in Dec 2020 (151 exporting SMEs in Leeds City Region and York and North Yorkshire), the second in Feb-March 2021 (80 exporting SMEs in LCR only).

Figure 1: EU Exit Business Surveys (KADA Research) - Implications

3.2. Markets

Global trade is projected to grow broadly in line with global GDP over the next 30 years, doubling in real terms and quadrupling in dollar terms to reach \$100 trillion by 2050. Four regions, Europe, North America, China, and the Asia Pacific, dominate global trade and in 2019, these four regions accounted for 78% of global imports and GDP

By 2050, those four regions will continue to dominate global import demand, but South Asia will also play a growing role. Europe is still likely to be the world's largest import market in 2050 but its share of global trade is expected to fall due to its slow pace of GDP growth. Rapid economic growth however in the Indo Pacific, including in South Asia (led by India), should see Asia's share of global trade rise.

Global trade is however concentrated and the top 30 markets accounted for over 80% of global import demand in 2019. Growth in global imports is expected to be similarly concentrated in the coming decades. More than three-quarters of the growth in global import demand to 2030 and 2050 is expected to come from the current 30 largest markets. This includes the US and China, whose import markets are expected to grow by well over a trillion

dollars this decade.¹¹In terms of market challenges and opportunities, we have assessed three key criteria in selecting areas of focus as part of this strategy:

1. Existing trading flows by value and volume
2. Strength of trade flow growth over recent years
3. Support of national free trade agreements

European Union

Whilst the UK's departure from the European Union adds additional barriers and expense to trade than as a member of the Single Market, the European Union will continue to be a critical market for Leeds City Region businesses – accounting currently for 58% of good exports and 65% of good imports to the region¹², and 43% of services exports and 47% of services imports¹³. EU markets remain our closest and most easily accessible markets, particularly for those businesses in the early stages of developing their international business and are particularly integrated into global value chains which spread out then to the rest of the world.

However, with the changes brought about through the EU-UK Free Trade and Cooperation Agreement, it will be important to support SMEs to effectively navigate the new conditions that will be placed on trading with EU nations, in both importing and exporting, and to assess whether they are effective markets for a business' products and services. Our Leeds City Region Business Survey found that businesses identified the following as key potential future issues for EU trade:

- increase in the cost of imports from the EU (36%),
- impact of tariffs on products (36%),
- regulatory changes (32%, perhaps reflecting the introduction of UK import controls),
- customs procedures (20%),
- products standards (19%, perhaps reflecting the different standards required for the export of goods to the EU if UK standards diverge),
- decrease in investment/greater difficulty in raising capital (14%), and
- increase in costs of exports to the EU (14%).

Our KADA research also provides some key insights of what areas of support are likely to continue to be required by SMEs in trading with the European Union.

¹¹ Global Trade Outlook September 2021

¹² Sources: HMRC disaggregated trade data 2019; gov.uk detail on trade deals signed (<https://www.gov.uk/guidance/uk-trade-agreements-with-non-eu-countries#contents>)

¹³ Source: UK Trade; International Trade in Services; UK Trade in services by industry, country and service type: 2016 to 2018 (ONS April 2020)

EU Exit Business Surveys: Headlines prior to the EU-UK T&CA and now*

---- Preparations, Support and Concerns ----



* Data from two business surveys conducted by Kada Research, the first in Dec 2020 (151 exporting SMEs in Leeds City Region and York and North Yorkshire), the second in Feb-March 2021 (80 exporting SMEs in LCR only).

Figure 2: EU Exit Business Surveys (KADA Research) – Preparations, Support and Concerns

Support for SMEs needing to navigate the technical, regulatory and logistical requirements of trading with markets, including the EU is available within the region. We do however need to ensure that this is well communicated and easily accessible to businesses, particularly those less familiar with the business support environment.

China and USA

China and the USA are the two largest single country markets for goods exports from Leeds City Region, accounting for almost 15% of our regions' exports and a significant proportion of imports. More widely the two nations alone account for almost one quarter of all global imports ([Global Trade Outlook](#), 2021).

	Largest Market	2	3	4	5
33 - Petroleum, petroleum products & related materials	China	USA	South Korea	Japan	Netherlands
77 - Electric machinery, app & appliances & ele pt thereof n.e.s.	China	Hong Kong	USA	Germany	South Korea
74 - General industrial machinery & eqp. & machine pt.n.e.s.	USA	Germany	China	France	Canada

67 - Iron & steel	USA	Germany	Italy	China	France
51 - Organic chemicals	China	USA	Germany	Belgium	Netherlands
71 - Power generating machinery & equipment	USA	Germany	China	Mexico	France
65 - Textile yarn, fabrics, made up articles etc	USA	Vietnam	China	Germany	Japan
54 - Medicinal & pharmaceutical products	USA	Germany	Netherlands	Belgium	Switzerland
69 - Manufactures of metal n.e.s.	USA	Germany	France	China	Netherlands
84 - Articles of apparel & clothing accessories	USA	Germany	Japan	France	Spain

Table 2: Largest Markets (based on MDS Transmodal analysis of HMRC data 2018)

Key:
EU
Indo-Pacific
North America
Rest of the World

Both China and the USA should be seen as key markets for Leeds City Region businesses to explore, particularly China as an export market, as it continues to grow in terms of middle and higher income earners, opening up additional possibilities in high value goods and services.

China is the second largest global economy with a GDP of £11,469 billion, with an average growth rate of almost 9.5% over the last 30 years. It is the UK's third largest trading market, with bilateral trade worth £100 billion in 2019, the UK's second largest non-EU trading partner (after the US), or fifth by country (after the US, Germany, France, and the Netherlands). More than 10,000 UK businesses currently sell goods and services to China and as home to the largest global population of 1.4 billion people, it presents a vast marketplace for goods and services from the UK.

UK products and services are both in demand in the US and have a strong reputation for quality. In the year ending Quarter 1 2019, exports of UK goods to the US increased 8.7% (ONS, 2019), whilst UK companies exported £65.2bn worth of services to the US (ONS, 2019). Sectors presenting opportunities of particular relevance to Leeds City Region include food & drink and health & life sciences.

The US is the UK's second largest market for food and drink exports, totalling £2.2 billion in 2018 (UK Food & Drink Federation, 2018). The US is an attractive market due to its large, affluent and diverse population and offers great opportunities for high-value, differentiated, niche, and on-trend products.

The US is also the world's largest market for healthcare, medical products, and health research and development (OECD, 2019). In 2017, the US spent \$3.5 trillion on healthcare, and spending is projected to almost double in the next decade (Centers for Medicare and Medicaid Services, 2019). The US is home to a large number of biotech and pharma

companies that offer many opportunities for UK companies to sell into their supply chains. US hospitals and healthcare organisations are also keen to deliver healthcare more efficiently using innovative technologies.

CPTPP Nations

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is a trade agreement between 11 countries, (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam) which the UK Government has formally launched its application to join. Based on HMRC data the value of exports with the group is around £524m in total, which equates to 9% of Leeds City Region exports, with Canada accounting for a third of this.

The majority of these countries are already covered by bilateral UK Free Trade Agreements, meaning that Leeds City Region businesses already have most of the preferential access opportunities to these nations that it would get as part of the CPTPP. However, increased confidence in the stability of trading rules between the countries could well make UK businesses more attractive in these markets, and with a prospective consumer market of more than 500m residents there is significant scale to explore what opportunities there might be to increase the levels of exports in goods and services over the next 5 years. The UK's accession is certainly considered to be an important step in strengthening the existing bilateral economic relations seen in the new Japan-UK Comprehensive Economic Agreement (CEPA) and the six continuity agreements with Canada, Vietnam, Singapore, Mexico, Chile and Peru.

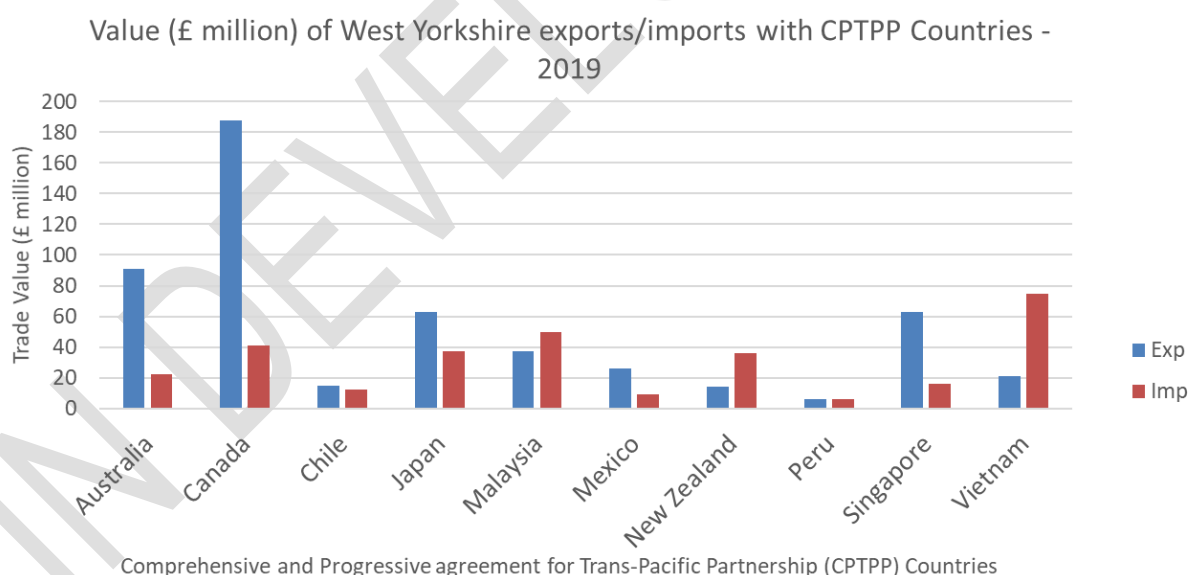


Figure 3: HMRC Disaggregated Trade Data (2019)

Other Developing Nation Opportunities

Whilst the above markets will certainly dominate the overall levels of trade with Leeds City Region businesses, it is also important to consider how in some cases there may be other smaller markets that have a particular growing interest for Leeds City Region products. The following table outlines the fastest growing markets for exports across goods:

	Fastest Growing Market	2	3	4	5
33 - Petroleum, petroleum products & related materials	Mexico	UAE	China	Belarus	
77 - Ele machinery, app & appliances & ele pt thereof n.e.s.	Vietnam	India	Romania	Philippines	Hong Kong
74 - General industrial machinery & eqp. & machine pt.n.e.s.	Philippines	Romania	Poland	Spain	USA
67 - Iron & steel	Philippines	Oman	Sweden	Poland	Belgium
51 - Organic chemicals	Germany	Russia	Irish Republic	Japan	Belgium
71 - Power generating machinery & equipment	Taiwan	Norway	Japan	Slovakia	Romania
65 - Textile yarn, fabrics, made up articles etc	Nigeria	Philippines	Cambodia	Bangladesh	Indonesia
54 - Medicinal & pharmaceutical products	Irish Republic	USA	China	Taiwan	Hungary
69 - Manufactures of metal n.e.s.	Philippines	Romania	Algeria	USA	Portugal
84 - Articles of apparel & clothing accessories	Poland	Czech Republic	China	South Korea	Switzerland

Table 3: Fastest Growing Markets (based on MDS Transmodal analysis of HMRC data 2018)

Key:
EU
Indo-Pacific
North America
Rest of the World

Among this group are important alternative markets that are expected to grow over the next decades, including India, the Middle East, northern Africa and in the Indo-Pacific region outside of CPTPP.

India is a market of particular interest in this group and is now the fifth largest economy in the world, with a GDP of US\$ 2.94 trillion, overtaking France and the UK in 2019, with a GDP growth amongst one of the highest in the world. (World Economic Forum). In 2019, bilateral trade between India and the UK was worth £24 billion, with exports increasing by 3% from £8.2 billion to £8.5 billion from 2011 to 2019. There is already a significant scale of activity

between Leeds City Region and India but there is an opportunity for that to grow further.

The GCC (Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates (UAE), and Saudi Arabia) markets are of particular interest especially in terms of health & life sciences opportunities, as spending on healthcare in the GCC markets remains significant. In their report at the end of 2020 KPMG reported that healthcare is one of the fastest-growing sectors in the UAE in particular, with the latest Medical Tourism Index ranking Dubai and Abu Dhabi in sixth and eighth place respectively for medical tourism. They also report that healthcare-related expenditure in the GCC states grew from \$60 billion in 2013 to \$76 billion in 2019 and is expected to grow to a further \$89 billion by 2022, an overall increase of nearly 50 percent from 2013 to 2022.

The pandemic did however have a significant impact and most of GCC hospitals' profits were significantly impacted by a reduction in the number of outpatients and elective surgery. It was also a healthcare sector very reliant on treating patients face to face and providing care in a hospital environment. Covid-19 therefore precipitated the need to upgrade existing infrastructure and adopt remote patient management technologies on a larger scale, thereby pushing for new innovations in patient care.

The GCC has therefore seen a significant increase in the integration of digital healthcare solutions in hospitals. In the UAE, the Ministry of Health and Prevention recorded nearly 50,000 virtual hospital visits as of the end of Q3 2020.

Other markets of interest include those where there are strong diaspora communities in West Yorkshire, particularly the markets within the African continent and Caribbean. In particular, the UK exported £1.2 billion to the Caribbean Community (CARICOM) in the four quarters to the end of Q1 2019, an increase of 76.1% from the previous year, with the export of services alone accounting for 83.6% of this total. Pakistan is also a nation with strong links to the region, and the presence of the Trade Envoy for Pakistan as a Member of Parliament in the region, MP Mark Eastwood, is also an opportunity to be explored.

3.3. Sectors

Alongside the market opportunities for Leeds City Region, it is also important to understand our sectoral strengths as a region, how those sectors are influenced by existing and upcoming challenges and opportunities for international trade, and how we might go about supporting additional export growth and success of these sectors. As a starting point, the table below highlights the broad categories of existing sectoral strengths.

Goods	
Chemicals	Existing Export Strengths
Electrical & Industrial Machinery	
Textiles	
Health-Tech	

Food and Drink	
Low Carbon Technology	Emerging Opportunities
Space-Enabled Technology & Products	

Services	
Financial	Existing Export Strengths
Legal	
Other Business Services	
Digital	Emerging Opportunities
Culture & Creative Industries	

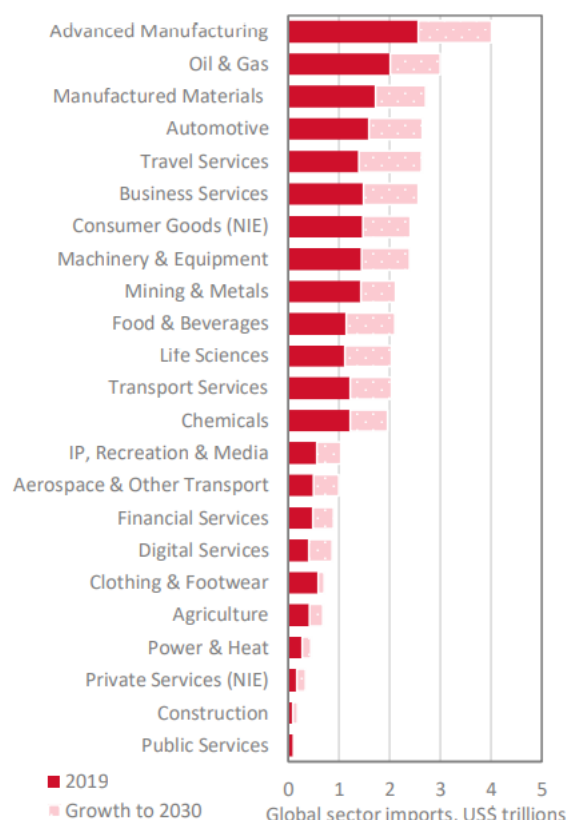
Trade in Goods

Trade in goods (sometimes referred to as merchandise trade) is defined as physically produced items “over which ownership rights can be established” ([Organisation for Economic Cooperation & Development](#), 2021). Globally, trade in goods accounted for over USD\$19.051 trillion in 2019 – with the majority of this largely coming from the manufacturing of goods which totalled USD\$13.3 trillion ([World Trade Organisation](#), 2020). Future growth of trade until 2030 is expected to continue in all sectors but due to new consumer demands and technological change, growth will be varied across sectors, with growth predominantly focused in manufactured goods as outlined in Figure 4 below ([Department for International Trade](#), 2021).

On the Leeds City Region footprint, research by MDS Transmodal shows that our region exported £9,745 million worth of goods in 2018. Of this, the top 10 exports (based on SITC 2 commodity groups) are as follows:

SITC	Top 10 Exports in Leeds City Region	£ Thousand	% of Total Exports
33	Petroleum, Petroleum Products & Related Materials	1,934	20
77	Electric Machinery, App & Appliances	607	6
74	General Industrial Machinery, Equipment and Machines	585	6
67	Iron & Steel	460	5
51	Organic Chemicals	438	4
89	Miscellaneous Manufacturing Articles	414	4
71	Power Generation Machinery & Equipment	402	4
65	Textile Yarn, Fabrics, Made-Up Articles	370	4
54	Medicinal & Pharmaceutical Products	356	4
69	Manufactures of Metal	325	3
	TOTAL	5,891	

Table 4: Leeds City Region - Top 10 Exports (MDS Transmodal Data, 2018)



Sources: IMF World Economic Outlook April 2021, UNCTAD, Oxford Economics and DIT calculations

Figure 4: Global Trade Expansion (2019-30)

Outlook for Trade in Goods

The future of trade in goods is complex and is subject to shifting political and economic factors. Nevertheless, there are a number of factors to consider.

Trade in goods is not growing faster than trade in services – McKinsey & Co have shown that trade in services has been growing 60% faster than trade in goods ([McKinsey & Co, 2019](#)). As the Department for International Trade has outlined in a recent publication, “rising income should see global trade become more service-oriented, with the service sector’s share of trade rising from 25% to 28% by 2030” ([Department for International Trade, 2021](#)).

That doesn’t mean however that trade in goods will not continue to be a significant opportunity for Leeds City Region businesses, that could be further supported through deeper or additional Free Trade Agreements. For instance, accession to the CPTPP would provide access to growing pacific nation-states due to a rising demand for consumer goods. This is largely due to the rising population of the global middle class in developing Asia/Pacific countries. Linked to the global middle class is a shift and

demand for personalised and customised products that can tailor to an individual’s needs.

Efforts to tackle the climate emergency will continue to grow across all areas of trade in goods. Research undertaken by the Grantham Institute of the London School of Economic and Political Sciences (LSE) has suggested that global trade of low carbon goods and (and services) could increase dramatically from £150 billion in 2015 to £1.0-1.5 trillion. This accelerating growth is already happening in the automotive sector. Just alone in 2019, export of battery electric vehicles (BEVs) grew by 60% compared to 2018 ([World Trade Organisation, 2020](#)). This trend will continue to grow as the world moves away from reliance on fossil-fuels and car manufacturers bring forward replacement BEV fleets.

Ernst & Young have implied that the next decade will see digital health technologies become commonplace ([Ernst & Young, 2019](#)). The experience of the COVID-19 pandemic has increased attention and focus on health care across many countries and there is likely to be a growing focus on improving the delivery of healthcare with the likes of precision machinery, robotics and hard-ware technology to support AI and big data systems that can improve the efficiency and care patients receive ([McKinsey & Co, 2019](#)).

Advanced machinery will also be a key catalyst for future trade opportunities – supporting sectors from aerospace and aviation to help develop solutions for mass telecommunications and satellite demands of a growing digital economy. It will also support the fabrics and textiles sectors, who will be exploring sustainable options for products and embracing

circular economy practices. There is also machinery to support construction and infrastructure particularly as a growing trend in modern methods of construction and modular building continue to grow.

Our Trade in Goods Offer

Leeds City Region has a strong record in trade in goods given the strong ties and history to manufacturing. Manufacturing in the region employs a large percentage of our workforce which equates to around 112,000 people, more than anywhere in the north of England.

The wider Yorkshire & Humber region exports goods worth £17.1 billion ([Department for International Trade](#), 2021). This equates to around 5.4% of total UK exports. This strategy will seek to increase these figures as we move to encourage more SMEs to consider international trade and exporting products across the globe.

We have many strengths within our manufacturing sector – many with high-growth and value potential. There are already many businesses in the region showcasing promising capabilities such as in our aerospace industries with businesses such as Produmax in Bradford developing high quality flight control components and who worked with the Sharing in Growth aerospace programme to increase sales by 40%, increase business productivity and secure contracts of £17.5 million. We have ambitions as a region to support the UK Space Strategy by delivering the Space Hub Yorkshire Strategy to coordinate and grow activity in aerospace, satellite-imagery and research spheres.

In addition, as the world intensifies its response to the climate emergency, our clean growth industries are also taking leading steps to support efforts to decarbonise the economy. Switch Mobility is building the urban mobility of tomorrow – building new intelligent electric buses for customers at home and abroad.

Another key area of strength with growing potential is HealthTech. As the home to four NHS body national headquarters, we have a cluster of businesses and incubation and research gateways working together to develop, test and deploy new technological solutions for the health and care sector. Together, they are unravelling solutions, processing 17,000 blood samples daily, undertaking over 12,000 clinical trials each year and progressing revolutionary research and product/service development in diagnostics, digital health, and the discovery of new drugs and pharmaceuticals.

In addition to our high-growth and value manufacturing sectors, we have plentiful supply of existing export strengths in a number of sectors such as textiles, pump-valve manufacturing, chemical manufacturing and food and drink. These specialisms have a particular strength in Leeds City Region and have a higher location quotient than the UK average.

Trade in Services

Trade in Services is a loosely defined term that refers to the production and provision of intangible and non-storable activities. It tends to be the largest sector in developed nations and is a key component for innovation and growth. It is different to trade in goods because consumers must purchase a service before they know its quality ([UK Trade Policy Observatory](#), 2021).

Trade in services has grown since the 1980s with the privatisation and deregulation of sectors such as banking and finance and telecommunications. Services also includes IT, hospitality, food & beverage, culture & creative and tourism & accommodation.

International trade in services is mostly governed by the **General Agreement on Trade in Services** which was introduced in 1995. Recently however many nations such as the United States and China are managing trading relations outside these rules.

Trade in services is traditionally not covered in **Free Trade Agreements** or **Trade and Cooperation Agreements** due to the complexities of managing multiple regulatory and governmental actors.

Outlook for Trade in Services

Most high-income countries have strong trade in services growth, and it is a major component of their economies – contributing to over 55% of all global trade flows ([Western Union & Oxford Economics](#), 2020). This includes the UK.

On the international scale, global trade in services was estimated to be worth over \$13.3 trillion in 2017 ([World Trade Organisation](#), 2019). This has largely been dominated by distribution services (equating to 19.9% of all trade in services) and financial services (equating to 18.6%).

Trade in services is anticipated to grow even further by 2030. As Oxford Economics and HSBC¹⁴ have outlined in their report on '*The Growth Potential of Services Trade*':

- Technological change and the growth of the digital economy will enable trade in services across middle to low-income countries.
- Greater liberalisation of trade in services has the potential to lower barriers to trade across the globe.
- The rise of the global middle class will foresee increased consumer spending and thus demand – this will be particularly felt from developing countries in Asia and Central/South America. For instance, in China, the middle class accounted for only 3% of the population. By 2018 it grew to over half of the population – over 707 million people ([Centre for Strategic & International Studies](#), 2017).
- Outsourcing of support services to low-cost providers will continue and boost productivity levels.
- Merchandise trade is anticipated to grow and will mean increases in trade in goods which will support trade in services.

At a national level, trade in services accounts for over 80% of the UK economy and we exported over £267.1 billion worth of trade in services in 2020 – this equates to around 46.2% of total UK exports ([Department for International Trade](#), 2021). The table below outlines the top three growth areas in service exports between 2015-2018.

¹⁴ Source: [Unlocking the Growth Potential of Services Trade \(oxfordeconomics.com\)](#)

UK Top 3 Growth Areas in Service Exports ¹⁵	2015 (£bn)	2018 (£bn)	Growth (£bn)
Financial	14.9	21.7	+6.8
Business – Business	12.0	21.4	+9.4
Business Management (and Management Consulting)	7.2	16.6	+9.4

Table 5: Top Growth Areas in Service Exports

On a regional level, Yorkshire and Humber accounted for £12.1 billion of service export in 2018 ([Department for International Trade](#), 2021), around 5% of UK service exports. Although data at a subregional level on service trade is limited, research undertaken by KADA Research for West Yorkshire suggests that the region has a positive trade surplus when it comes to services, totalling £2.9bn. The region also exports more services outside of the European Union than into that market¹⁶.

Our Trade in Services Offer

Our region is home to great service-oriented businesses within the financial, legal, management consultancy and creative industries sectors. As the service industry will continue in its growth as a share of international trade, the Leeds City Region is well placed to build on a number of opportunities.

The financial and professional services sector is the most prominent industry in the Leeds City Region, contributing 38% of the total output. As the second centre of banking in the UK with over 30 banks and financial institutions and four of the world's largest payment processing companies here in Leeds City Region, the region is also forging ahead in new areas around **Fintech**, a growth market that has seen record investment despite the effects of the pandemic. The sector is seeing a digital revolution with innovations in FinTech, LegalTech, RegTech and InsureTech being embraced by traditional firms and providing new solutions.

There is estimated to be around 8,745 creative industries registered in Leeds City Region but only about 1,225 export.¹⁷ As such, the global growth of incomes and demand for digital content is also likely to offer significant potential for the Leeds City Region's **Creative Industries**. With broader digital services growing faster than any other digital sector in the UK, the region has significant future potential to increase its international reputation. As part of the sector that has been particular hard hit by the restrictions of the pandemic and the increased barriers to export, at a regional level we have committed to delivering a Creative New Deal that will support productivity, skills and innovation in the sector, with specific funding through our Creative Catalyst programme going towards supporting businesses to explore exporting.

¹⁵ Source: [International trade in services, UK - Office for National Statistics \(ons.gov.uk\)](#)

¹⁶ KADA research based on Regional Trade in Goods Statistics, HMRC (Nov 2019, UK Trade in Services (Sept 2020)

¹⁷ Creative Industries in Leeds City Region – Review of international trade activity and potential opportunities – Kada Research June 2019

4. Our Priorities: Influence, Inspire, Impact

4.1. Outline of Our Approach

Our approach to international trade focuses on three core and interconnected areas: Influence, Inspire & Inform, and Impact. Each of these focuses will allow us to place our regional businesses and services on the global stage and generate awareness of the opportunities available from Leeds City Region. Further details are outlined in each sub-section below.

4.2. Influence

We will work to influence opportunities for our businesses to access and secure trade links and challenge national Government decision makers to consider the impact of decisions on Leeds City Region as needed. We seek to deliver this area through a number of means such as the West Yorkshire Devolution Deal, the Northern Powerhouse 11 (11 Local Enterprise Partnerships) and through forging new and lasting relationships with regions across the globe.

Building International Regional Economic Relationships for Trade

Forging strong and lasting inter-regional relationships with partners across the globe will support our ambitions to secure a seat at the table in important international trade discussions and ensure that Leeds City Region businesses can secure the best possible benefits from existing and future Free Trade Agreements.

We will do this by:

- Building international economic links through our West Yorkshire Mayor – tapping into the important roles of Mayors across major trading nations.
- Working in partnership with our universities to explore how alumni networks and research collaborations can facilitate trade relationships for the region

Be the Voice of Sectoral Priorities for the Region in Future and Existing Trade Deals and Discussions.

While our region is predominantly a polycentric economy, we are home to a number of sectors with particular expertise such as manufacturing, financial services, health-tech and digital services. Each of these areas has the potential to grow in value and volume whether it be from emerging manufacturing capabilities which can help countries reach the agreements in the Paris Accords, cutting-edge innovations in health-technology to better detect and treat illnesses, or from global digitalisation of the economy as we move towards a society driven by big-data and automation

We will do this by:

- Engaging with sectoral networks in the region to understand trade priorities and challenges, including through the West Yorkshire Manufacturing Taskforce and with the Professional Perspectives Network on services.
- Making the case for our region and its key sectoral strengths by communicating with Government policy proposals, engaging with Ministers and utilising key strategic forums such as the M10 group of city-region mayors to bring about the best outcomes for businesses in our region.

Work Together Across the Northern Powerhouse to Facilitate Trade for the North.

As part of the Northern Powerhouse 11 (NP11), we recognise that many businesses do not operate or work on the basis of political boundaries across the north. The north has many strengths and capabilities, some of which we share collectively, and some of which are distinct to certain locations.

We will do this by:

- Capitalising on the proximity and access to the Humber freeport to ensure positive benefits for Leeds City Region and to avoid displacement of activity from one part of Yorkshire to another.
- Strengthening collaboration with trade leads across the North, promoting our collective trade opportunities, and speaking with a single voice to DIT about what Global Britain means to us.

Maximise the Devolution Deal Commitments with the Department for International Trade.

Our [Devolution Deal](#) which was signed in March 2020 establishes collaborative working between the Combined Authority/LEP and the Department for International Trade, the first devolution deal to include such provisions. Through these means we will work to ensure that we secure our voice for Leeds City Region on important matters of trade and investment.

We will secure this by:

- Establishing an ambitious joint plan for international trade and to join up activity around key sector and market priorities across Leeds City Region.
- Deliver more collaborative work on specific areas outlined in the deal around national trade initiatives and regional trade partners through DIT contracts in the region.
- Working together on the DIT trade advisor services as delivered in Leeds City Region.
- Develop coherent proposals for additional support required by businesses in the region to realise the UK's target for £1trillion annual exports.

4.3. Inspire & Inform

We will work with regional partners to inspire businesses to trade internationally and to provide information on how they can start or do more. To do that effectively we need to know our businesses and to have their trust. That includes understanding that, based on national research, less than 20% of SMEs become exporters as a result of taking deliberate steps to target international customers ([British Business Bank](#), 2020). Most either have been active exporters from the outset of trading or become exporters as a reaction to an approach from an overseas customer. It also means that we need to understand the changes that have happened to affect the markets that businesses are currently trading with or might not look to explore, particularly as the UK transitions from the Single Market of the EU. According to HMRC data 5,440 Leeds City Region businesses exported goods to the EU in 2019, while 7,280 businesses imported goods.

Help Businesses Across the Region to Understand Free Trade Agreements and Grasp Opportunities.

As the UK's trading relationship changes with many parts of the world, SMEs in particular need support to navigate what that means for their own products and services, whether they currently trade internationally or not.

We will secure this by:

- Working closely with DIT, regional trade partners and intermediaries to ensure information on trade deals as they impact businesses is easily available and accessible, including maximising the benefits of the Export Support Service.
- Producing a suite of new guides and content on international markets and trade deal content to support businesses in taking the right decisions for them on international trade.

Signpost Businesses to the Right Support to Trade Internationally and Simplify the Landscape.

Business support is often highlighted as fragmented and difficult to navigate for small businesses. By working collectively across trade partners in the region on the principle of "no wrong door", we will help businesses to get the trade support they need. In this way, we can support the aim for greater joining up between export focussed and wider business support activity, particularly through the region's growth hub, as highlighted in the UK Export Strategy.

We will secure this by:

- Convening the regional trade forum of delivery partners to share information and facilitate signposting and cross-referrals, recognising the various specific strengths of partners around documentation, innovation, market intelligence and wider business support.
- Proactively target support and signposting to businesses who have the potential for exporting or to export more than they do currently, with a particular focus on increasing the diversity of businesses that currently engage with overseas markets.
- Utilise the wider business support ecosystem, including the Leeds City Region Growth Hub, to provide better signposting on international trade related queries, particularly

where businesses are utilising support for innovation, business planning and access to finance for example.

- Working through the region's dedicated SME Growth Managers to provide businesses wrap around support as they engage with initiatives like DIT's Export Academy

Inspire Businesses in the Region to Think Internationally as Part of Business Planning.

As outlined in our Business Productivity and Resilience Plan, we need to support businesses around strategic decision making and planning to consider international trade as a fundamental part of their forward thinking.

We will secure this by:

- Creating new case study content of businesses in the region who have successfully internationalised their business.
- Running workshops, events and short courses that focus particularly on developing an international business model, linked to the delivery of Entrepreneurship support across the city region.
- Learn lessons from the Compete In Interregional Cooperation Project, an EU funded knowledge exchange project that Leeds Beckett University is a regional partner on, looking particularly at what works in providing the support to business looking to internationalise.

Continue to Collate Key on the Ground Intelligence of Trade Impact to Inform Decision-Making.

Whilst national and international trade statistics often come with a multi-year delay, on the ground intelligence from businesses, intermediaries and partners allows us to develop a rich picture international trade in real-time. This was particularly essential at the beginning of 2021 as we sought to understand the immediate impacts of the UK leaving the EU at the end of the transition period and will continue to be key to guiding future decisions on trade support requirements.

We will secure this by:

- Continuing to collate regional intelligence on international trade, through the regional trade forum, the Key Account Manager function working with key foreign owned businesses, through the regional trade advisor posts funded by DIT and through the network of SME Growth Managers working in each district of Leeds City Region.
- Feeding this information into discussions with DIT on national programmes, to Northern Powerhouse collaborations and into regional activity.
- Use this intelligence as the baseline to support our annual trade delivery plans, so our efforts respond to business needs.

4.4. Impact

The aim of this strategy is to have a positive impact on the economy of Leeds City Region through supporting businesses to explore international trade opportunities. Whilst some of that can be achieved through the influencing and inspiring work outlined above, in some cases there is more that can be done through direct delivery at a regional level, particularly to support is aligned to ensure businesses in the region are connected directly with emerging opportunities in particular markets. As well as this, we also need to ensure that trade opportunities are considered in wider policy development.

Deliver Trade Support to Businesses in Partnership with Partners and Expert Agencies.

Impacting the willingness of SMEs to trade internationally and supporting them to realise the potential opportunities requires a partnership approach across agencies that have regular interactions with businesses and their decision makers. Whilst the UK Export Strategy 12-point plan provides practical steps for this at a national level, it needs more local connections to networks and trusted intermediaries.

We will secure this by:

- Working through the trade forum, with DIT, with local authority economic development teams and with universities to ensure businesses have access to local expertise and knowledge to support them on international trade.
- Analysing gaps in existing provision, particularly in relation to SMEs that currently do not trade internationally (or previously only traded with EU nations under the Single Market) and bringing forward new support programmes at a regional level for funding – either through national funds or regional investment.
- Working to internationalise the mainstream business support offer in the region, building the awareness and capability for non-trade related business support to consider international trade opportunities of their delivery.
- Utilising programmes such as the Leeds City Region Supply Chain Programme to help businesses assess their existing resilience and to consider how international trade might support their future import requirements.

Promote the Region and Businesses Based Here on the International Stage.

The Leeds City Region Trade and Investment Team already play a role in promoting the region at international events, including leading on sector specific showcases such as a textiles showcase with Hong Kong or participation at Arab Health. We want to build on that activity, and to work in partnership with our universities, businesses and others to maximise all opportunities to promote Leeds City Region as a place to trade and foster relationships with.

We will secure this by:

- Identifying opportunities to enhance the profile of the region and the businesses located here by developing relationships with key international contacts and working with partners on targeted events, campaigns and communications activities.
- Utilising the strong relationships across our individual Leeds City Region districts and diverse population to explore how those links could support trade with other countries.
- Work with our universities to build on the strengths of research capabilities and alumni presence across the world to open up trade opportunities.

Coordinate Across Trade Delivery Partners in the Region to Join Up Activity Around Key Sectors and Markets.

Supporting the international trade opportunities of key sectors and markets, as outlined in the previous sections, are an important part of maximising the distinct offer of Leeds City Region to potential investors and trade partners.

We will do this by:

- Working with businesses to build a coherent picture of the region's trade offer, that can then be marketed as part of showcases, promotional materials and on international visits
- Capitalising on our Devolution Deal commitments and working with DIT to align our sectoral strengths to market opportunities that are being considered on a national scale, as outlined in the UK Export Strategy vision for sectors.
- Coordinate support to reach out proactively to SME businesses in our strength sectors about the opportunities for international trade, particularly where these strengths sit outside or are distinct sub-sectors to those covered in the UK Export Strategy for example on textiles and advanced machinery.
- Continue to collaborate on support to businesses to help adjust to the impact of the Trade and Cooperation Agreement with the EU as a key market

Ensure Trade Opportunities are Considered Across Regional Policy Areas

We will work to ensure our suite of regional policies reflect the importance and opportunities available from trading internationally. These actions will help ensure that trade remains a key component of regional economic growth.

We will do this by:

- Capturing the opportunities for trade and investment in future regional policies established by the Combined Authority and LEP across a number of policy areas such as productivity, clean growth, inclusive growth and innovation.
- Encouraging our constituent local authorities to also address the opportunities available to them in any future policy and strategy work they develop.
- Influencing and supporting regional partner strategies and plans to consider how trade and investment can support the ambitions of their work.

5. Measuring Success

The success of this strategy will be measured by the contribution it makes to the West Yorkshire economy, through the increase in the number of exporters in West Yorkshire and the benefit that brings to individual businesses through increased international orders in the period up to 2026.

It is recognised that capturing the performance of international trade at a regional level is hampered by the current availability, quality and timeliness of data. On that basis the West Yorkshire Combined Authority is contracting with external expertise to deliver a separate report to this strategy that will set out the following:

- A defined overall target ambition for the West Yorkshire International Trade strategy e.g. # West Yorkshire businesses involved in export activity by 2026.
- Scoping and recommendations on what basket of metrics can be used to demonstrate how this region can reliably measure the improvements made in the region's international trade performance over the lifetime of the current strategy.
- Establishment of a methodology, baseline and target figures from which the region's performance can be measured.
- An approach to annual reporting of the progress made against the baseline and target.

The strategy will also be supported by annual delivery plans which will set out specific activities which will contribute to the delivery of each of the priorities within this strategy.