

Report to: West Yorkshire Combined Authority

Date: 17 March 2022

Subject: **West Yorkshire Trade Strategy**

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Is this a key decision?	<input checked="" type="checkbox"/> Yes <input 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 a Trade Strategy for the Combined Authority and Leeds City Region Enterprise Partnership (the LEP), and seeks approval from the Combined Authority and that the Combined Authority adopts it as part of the Strategic Economic Framework.

2. Information

- 2.1 This item follows discussion with both the Business, Economy and Innovation Committee and endorsement received from the LEP at their January 2022 meeting regarding the West Yorkshire Trade Strategy. The draft strategy is linked in the Background Documents section.

Purpose of a Trade Strategy

- 2.2 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 has in November published its Export Strategy² that has outlined a 12-point plan for exports, with an overall target of increasing annual exports to £1 trillion. As part of this strategy, the Government recognises the role of mayoral combined authorities and LEPs in particular in joining up activity to the wider ecosystem of business support.
- 2.5 To complement national policy and to provide the practical routes to join up activity on exports, 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 2022 to 2026 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 with 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.

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>

² UK Export Strategy (2021) <https://www.gov.uk/government/publications/export-strategy-made-in-the-uk-sold-to-the-world>

- 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 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 table below.

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, the strategy outlines the distinct offer in West Yorkshire. It 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. It also recognises 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.

Measuring the success of the strategy on trade in West Yorkshire

- 2.12 Responding to the challenges raised during consultation on Trade Strategy with the LEP Board on articulating the ambition we have for trade, a commission has been tendered to bring in external expertise to help define the

strategy's baseline, targets and methodology based on most recent data. Whilst the region will look to make its contribution to the UK Government target of £1trillion exports set within the new Export Strategy, it was rightly felt at the LEP Board that the West Yorkshire Trade Strategy needed a meaningful and realistic picture of what is achievable in the region and to provide a robust measure of that over the period of the strategy.

- 2.13 As data on international trade is not often timely and difficult to capture exclusively on a regional basis, the commission will help to articulate appropriate measurable targets that can be tracked on an annual basis to understand the trends and to measure the progress that is being achieved toward the targets. This could include targets like the number of West Yorkshire businesses involved in export activity by 2026 for example.
- 2.14 A baseline report will be available by the end of March 2022 and further updates on the progress of this commission will be brought back to the Business, Economy and Innovation Committee. Once finalised, it is proposed that this will accompany the final Trade Strategy.

Next steps

- 2.15 Once approved, the strategy will then provide the framework for the development of annual delivery plans for International Trade overseen by the Combined Authority's Trade and Inward Investment team. Separate but connected delivery plans for Inward Investment are also developed by that team, working with partners across the region.

3. Tackling the Climate Emergency Implications

- 3.1 Tackling the climate emergency is covered as a chapter in 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.

4 Inclusive Growth Implications

- 4.1 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.
- 4.2 Traditional economic theories point to the overall positive correlations between trade and wages and real income ([IMF](#), 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). The Strategy sets out how trade can support such opportunities

particularly for individuals that face barriers to securing good work, including those with protected characteristics.

- 4.3 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. When implementing the Trade Strategy 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.

5 Equality and Diversity Implications

- 5.1 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.
- 5.2 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.

6 Financial Implications

- 6.1 There are no financial implications directly arising from this report. However, in delivering the priorities of the Trade Strategy this may require further financial resources to support the activities, which will be subject to further approvals.

7 Legal Implications

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

8 Staffing Implications

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

9 External Consultees

- 9.1 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. The strategy has also been widely discussed during

its development with both public and private sector partners at both the Business, Economy and Innovation Committee and the LEP Board.

10. Recommendations

- 10.1 That the Combined Authority approves the priorities and approach set out by the West Yorkshire Trade Strategy and that the Combined Authority adopts it as part of the Strategic Economic Framework.

11. Background Documents

Department for International Trade, UK Export Strategy: Made in the UK, Sold to the World:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1033912/made-in-the-uk-sold-to-the-world.pdf

Draft West Yorkshire Trade Strategy: 2022-2026 <https://admin.westyorks-ca.gov.uk/media/8183/item-5-background-document-leeds-city-region-trade-strategy.pdf>

12 Appendices

None.