

D2N2 Global International Trade Strategy



Department for
International Trade

D2N2

Foreword.

D2N2 business and industry has a proud history of global trade from our pioneering days at the start of the Industrial Revolution to the present day and we are determined to support the UK in maintaining our reputation for exporting excellence.

The D2N2 International Trade strategy represents an innovative approach to aligning our priorities with the Government's Global Britain vision and UK's focus to promote an export led recovery.

Increased trade is an important component in driving greater productivity and our business support eco-system needs to be geared to supporting business achieve their international ambitions.

D2N2 is committed to supporting existing and new exporters access global opportunities by linking our most competitive sectors with emerging markets and enhancing our foothold in existing markets.

I would like to thank DIT for funding the strategy and the regional team who have worked in partnership with us to develop an action focused strategy.

"D2N2 is committed to supporting existing and new exporters access global opportunities by linking our most competitive sectors with emerging markets and enhancing our foothold in existing markets."



Elizabeth Fagan MBE
Chair of D2N2 Local Enterprise Partnership



Department for
International Trade



Executive summary.

D2N2's businesses have made a significant contribution to the global economy and continue to influence the future. This pioneering culture takes goods and services from D2N2 to all corners of the globe.

Prior to the Coronavirus Pandemic the D2N2 Local Enterprise Partnership (LEP) had identified the need to focus on addressing the productivity gap if the region were to remain a competitive business location and deliver long term prosperity. Increasing the level of international trade by the region's businesses is an important way to improve economic growth, increase prosperity for all and boost productivity.

This International Trade Strategy has been produced by Deyton Bell, independent economic development consultants. The strategy sets out a series of recommendations that could help the Department of International Trade (DIT) and its stakeholders increase exporting levels across the D2N2 LEP region. The objective of the strategy is to encourage an increase in international trade levels across D2N2 thereby grasping the opportunities available through the UK's new trading relationships and being at the forefront of "Global Britain".

At present a range of services are available to support business ambitions, the strategy sets out routes to reach and support more businesses.

Built on the solid foundations of our traditional manufacturing base, the D2N2 region has major international strengths through the **Creative and Digital, Food and Drink, Life Sciences, Low Carbon Goods and Services** and **Transport Equipment** sectors and a flourishing Visitor Economy. These sectors are growing strongly in a number of countries. The strategy identifies these growth markets, which will help us support businesses to increase sales into these regions.

The Strategy identifies how different partners play important roles in supporting businesses and will be important stakeholders in enhancing current services. Through consultation with the business community 5 key priorities have been identified that DIT and D2N2 Stakeholders could address, these include:

- How current online material could be promoted through a single gateway, delivering information in a manner that can be understood and acted upon quickly
- How technology can be used to share market information and events programmes more efficiently
- How the East Midlands Freeport can be levered to promote the value international trade can bring to D2N2 businesses
- How partners can build collaboration to support international activities
- How an export focused Peer to Peer network could provide knowledge to new or early stage exporters

The International Trade Strategy identifies a range of emerging markets that D2N2 businesses can explore further. These market requirements match the strengths in the region. Connecting these strengths with international opportunities will drive regional export levels.

D2N2 has a dynamic export market but can do more to increase international activity. This strategy sets out the roadmap to ensure that the business community can become more confident and active in overseas markets.



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1. PURPOSE OF THE INTERNATIONAL TRADE STRATEGY

This strategy was funded by the Department for International Trade (DIT) Midlands Team as part of the contribution to the HM Government's wider Levelling-Up agenda. The context to this report is that both DIT and the LEP felt that it would be beneficial to gain a greater insight into the issues facing D2N2 at a more granular level than would normally be the case when scrutinised from the spatial level of the East Midlands region.

While this report is funded by DIT Midlands it does not reflect official DIT Policy which is of course directed by the Department's Ministers. However it does provide a useful backdrop for developing a future set of actions that can underpin local ambitions to increase the level and value of exports.

The D2N2 LEP has a clear vision to transform into a high-value, carbon neutral and technologically advanced economy over the next 30 years as set out in its Recovery and Growth Strategy. The ambitions extend to becoming prosperous, healthy and inclusive, and one of the most productive regions in Europe. A key element in achieving this vision is to increase the level of international trade.

This International Trade Strategy seeks to set out three central ambitions;

- **To ensure that services are in place to ensure that D2N2's exporting environment supports all businesses throughout their export experience**
- **To encourage and provide support to those companies seeking to start trading internationally**
- **To support existing exporters to access new markets and increase the value of their exports**

Our International Trade Strategy sets out practical measures which will support business growth through export, building on local strengths and opportunities. It identifies key sector strengths that have a competitive advantage in the global market-place and recommends target export markets that offer immediate demand that matches local sectoral strengths.

Evidence gathered from consultation with the D2N2 business community has been used to identify where support assists their export, or potential activity. The strategy also recommends practical action that can be taken to increase awareness of the benefits of international trade and how appropriate support can be accessed. The strategy concludes by setting out a how partners can more effectively measure international trade progress which can inform stakeholders of performance on an ongoing basis.



2. THE ROLE OF INTERNATIONAL TRADE

International trade is identified by the UK Government as a key contributor to future economic vitality. The UK is an active global trade partner, with significant activity in trading both goods and services. International trade has grown rapidly over the last 70 years and has been a major driver of global growth. Since 1945 there has been a 38-fold increase in the volume of world trade¹.

Historically, the UK Government has set various national targets based around increasing the scale and value of exports from the UK. Most recently, Government set out an ambition to raise the value of exports as a proportion of GDP from 30% to 35%².

It is widely accepted that there is a positive link between trade, economic growth and standards of living. The Organisation for Economic Co-operation and Development (OECD) analysis suggests a 10% increase in openness is associated with a 4% increase in income per head³.

International trade makes a significant contribution to the D2N2 economy generating over £10bn in 2018⁴ equating to over 20% of current regional economic activity. The region benefits from a number of key international strengths, including key economic assets such as its higher education institutions and globally visible companies such as Rolls Royce, Bombardier and Toyota.

Increasing export activity is an important tool to help generate economic growth and tackle the productivity gap that D2N2 faces. The International Trade Strategy supports the objective to support and grow businesses and help underpin the LEP's wider objectives to deliver skills and knowledge for the future and enhance the quality of places across D2N2.

The International Trade Strategy sets the framework and identifies practical actions which will enhance existing support to encourage greater levels of international trade activity.

3. THE D2N2 INTERNATIONAL LANDSCAPE

I) THE D2N2 ECONOMY

Prior to the Covid-19 pandemic the D2N2 economy contributed £48.4bn in GVA to the UK economy in 2018; the regional economy has experienced 16% growth since 2012, and the LEP has an ambition is to add a further £9billion to GVA by 2030.

The D2N2 region is the advanced manufacturing capital of the UK, with more manufacturing jobs than any other LEP and the second highest manufacturing GVA of £8.1bn. D2N2 is home to high value sectors including automotive and aerospace; health and pharmaceuticals and creative and digital industries. The large rural area has strong tourism and agriculture sectors.

The region is home to the dynamic cities of Nottingham and Derby and D2N2's districts generate over 60% of the region's GVA and provide 35% of its employment. The network of towns and rural economies house key manufacturing sites, major employers, and productive small businesses.

The region does however have a productivity gap with GVA 14% below the UK average. The gap has also widened by over 2.5% over last five years. D2N2 is the 6th highest performing LEP area in terms of business expenditure on R&D, however it is amongst the lowest quartile for spend in the past three years. Working with its business community, this is a challenge that the D2N2 LEP is determined to address, working with its business community.

The International Trade Strategy links closely to D2N2's Recovery and Growth Strategy (RGS). The RGS has identified 3 clear guiding principles which will underpin the LEPs approach in coming years. These include;

- **Upskilling for productivity**
- **Clean Growth**
- **Connectivity and Inclusion**

The RGS also identifies a series of challenges that need addressing:

- **The labour productivity gap is persisting and has widened over the past 5 years**
- **54,000 jobs are at high risk of automation with a further 413,000 likely to experience various forms of automation**
- **12/17 local authorities within the D2N2 area are identified as 'social mobility coldspots'**
- **28% higher emissions per capita than the UK average due to concentration of energy-intensive industries**
- **Poor regional rail connectivity, with many slow lines lacking electrification, and many rural areas bypassed altogether**
- **High proportion of low skilled and low earning jobs, and long-term unemployment**

D2N2 is well-placed to deliver growth for UK Plc: by boosting productivity in priority sectors D2N2 could inject an extra £9bn into the economy and achieve its ambition to be within the top quartile of European areas by GVA⁵. Increasing the level of international activity, particularly exporting will help the region to address the productivity challenge and create growth opportunities for businesses across the region.

¹ WTO - World Trade Statistical Review 2019

² Department for International Trade (2018) Export Strategy: supporting and connecting businesses to grow on the world stage

³ OECD - International trade and balance of payments statistics - OECD

⁴ Source: HMRC, Regional trade in goods statistics, 2018, reported for NUTS2 geographies

⁵ D2N2 analysis of ONS data - LEP-level productivity and hours worked were forecast to 2300 for all LEPs and the required GVA needed to achieve the target productivity was calculated. £9bn is the difference between the projected GVA and GVA required to achieve the target level of productivity.

II) D2N2'S INSTITUTIONAL ASSETS

D2N2 is home to a number of key institutions which play an important role in supporting internationally facing companies. The region is home to 3 Universities, Nottingham Trent University, University of Derby and University of Nottingham. Each plays an important role working with the local business community, providing knowledge and experience which supports and underpins international trade activity.

Universities operate as global economic ambassadors and play an important role in supporting exporting and they are a recognised source of research and innovation. Through the provision of business support and knowledge exchange the universities are a key regional asset. Additionally, universities have strong international focus with the University of Nottingham operating in overseas campuses in Ningbo, China and Malaysia, while all 3 Universities attract significant numbers of overseas students on an annual basis. This global presence provides opportunity to promote D2N2's economic strengths and secure future business growth through alumni and their ties to regional universities.

The region also has six science parks, fifteen innovation centres/ incubators and a number of centres of research excellence, all of which interact closely with businesses providing a range of support, advice and networking opportunities which provide practical guidance to business leaders.

The region's local authorities also have strong civic ties to many international locations. This civic role **should be cultivated more to exploit commercial gains** and support D2N2 businesses to open new markets for local businesses. These civic connections form a broad long term relationship, and evidence suggests that commercial opportunities are also realised in the long term.

III) D2N2 GROWTH HUB

The D2N2 Growth Hub provides businesses with a single point of access to a broad range of business support. The Growth Hub's Business Advisers are able to support businesses by signposting clients to the full range of export initiatives and resources that are delivered by DIT and East Midlands Chamber. Since being established in 2015 the Growth Hub has supported over 10,000 businesses across the D2N2 region.

The Growth Hub has played an active role in sharing information and resources regarding the UK's exit from the European Union working with neighbouring LEPs in the East Midlands cluster and signposting effectively to the DITs and East Midlands Chamber's international activities. The recent move to co-locate an International Trade Adviser (ITA) within the Growth Hub is recognised as being mutually beneficial and offers significant benefit to the business community. Co-location has helped the Growth Hub to increase promotion of international trade activity and provide valuable signposting for businesses seeking international advice and support.

The proposed East Midlands Freeport provides a further opportunity to enhance international connections and further increase export trade within D2N2. The Freeport is based around East Midlands Airport, the Gateway Industrial Cluster (EMAGIC) in North West Leicestershire, Uniper's Ratcliffe-on-Soar Power Station site in Rushcliffe in Nottinghamshire and the East Midlands Intermodal Park (EMIP) in South Derbyshire.

The Freeport offers a unique opportunity as the only inland Freeport securing Government's support. This provides a significant differentiation to enable stakeholders to position the benefits of the designation in an innovative way. Operating as special economic zones the Freeport will make it more cost-effective and easier to do business. Benefits include simpler planning process, reduced customs costs and lower taxes, with additional tax breaks to encourage construction, private investment and job creation.

Freeports will provide an important focus for inward investment, and also facilities and employment space for export focused companies. The East Midlands Freeport has made a commitment to decarbonisation and has set out an ambition to boost the area's status as a leading innovation hub for green energy, supporting SME's and large regional employers. As the Freeport comes forward, it will be important to build a focus on international trade and ensure services are available to businesses locating in the Freeport area. The Freeport will connect East Midlands Airport with key employment sites, and this will be important for internationally focused businesses and wider opportunities to increase international trade activity. Ensuring the success of the Freeport will be important to both the D2N2 region and the wider East Midlands region.

IV) SERVICES AVAILABLE TO BUSINESS

There is a comprehensive range of services available from stakeholders in the D2N2 region. Businesses consulted in the preparation of this strategy value the advice and support that is available and recognise the added value services that enhance the exporting experience.

The DIT provides a suite of services that are tailored to meet individual business's needs. The service is comprehensive and covers five broad areas of support including;

1. Advice and guidance
2. Online support
3. International promotional events
4. Access to the Global Network
5. Funding

1. ADVICE AND GUIDANCE

DIT provides detailed support through a strong network of International Trade Advisors (ITAs). The ITAs offer expert support to all businesses seeking export advice across the region. Within the team there are a number of sector specialisms which reflect the strengths of the D2N2 economy, including Bio-Technology and Healthcare, Construction and Environmental Technologies, Food and Drink, High Performance Technology and Transport Equipment and Advanced Manufacturing.

Support available from the ITA network covers a wide breadth of enquiries arriving from individual businesses. The business community values the support it can draw upon from the ITA team. The ITAs provide valuable assistance in connecting businesses with opportunities, new markets and ultimately export sales. Support includes;

- **Country and sector advice**
- **Local market research**
- **Support in establishing overseas visits**
- **Identification of possible business partners**
- **Preparation for exhibitions and events**
- **Advice on regulation and UK/International export and trade policy**

DIT also lead the development of the Export Champion programme. Having launched the programme in 2017 the region now has a number of Export Champions engaging pro-actively with export businesses. The Champions are business leaders who possess strong experience and track record of exporting. Export Champions offer their expertise and advice to inspire companies to export and support existing exporters looking to expand into new markets. The programme is well established with the Champions providing support to business leaders.

2. ONLINE SUPPORT

In addition to the ITAs practical support, DIT has a growing online presence.

The www.great.gov.uk website provides a comprehensive range of data to guide new and experienced exporters. The services available include;

- **Detailed guidance for new and frequent exporters including advice on duties and customs procedures, potential new markets and policy developments such as the benefits of new Trade Agreements**
- **Access to the selling online overseas tool to identify marketplaces and to showcase products online**
- **Access to current export sales leads**

The website also provides links to programmes such as the E-Exporting programme and the Export Academy.

I) E-EXPORTING PROGRAMME

The E-Exporting Programme provides support for UK companies seeking to sell their products to international consumers through e-commerce. The programme provides support to companies of any size which are:

- **new to exporting through e-commerce**
- **experienced exporters and looking to expand into new markets**

E-commerce support is tailored to individual business needs, with support ranging from developing an e-commerce strategy and data-driven market research, to internationalising a company's website. Currently two digital trade advisers support this work, linking businesses to a variety of national support including events, grant funding and locally available activity.

II) EXPORT ACADEMY

The Export Academy is focused on providing small and micro-businesses with knowledge and advice on how to sell to customers. The programme is a pilot and due to the pandemic and is currently delivered online. The programme is designed for owners and senior managers, participant businesses must have a turnover of up to £500,000. Support available includes educational events, independent learning, networking, group mentoring and webinars. Topics featured include e-commerce, pricing strategy, customs & tariffs, international marketing, the benefits of Free Trade Agreements, market research and export controls.

DIT is currently working to develop plans to bring several academies together to create a UK Export Academy.

While a more specialised Tech Export Academy is also supporting 30 UK smart city tech firms to meet investors, undertake pitch training, and provide access to UK Export Finance support. The Academy offers customised sessions on key issues such as regulatory, tax, intellectual property, and legal issues with a focus on the Asia Pacific region.

3. INTERNATIONAL PROMOTIONAL EVENTS

Events are one of the most effective ways to support companies looking for trade opportunities. DIT connect businesses to overseas opportunities through a range of events. Within the D2N2 region the DIT team support with preparation for exhibitions and events, trade missions and trade fairs. The current programme of events is funded via the Midlands Engine programme.

DIT's calendar of events is updated regularly with both UK and overseas events as well as overseas missions, and opportunities across the Tradeshow Access Programme (TAP). The TAP provides funding in the form of grants for eligible businesses to attend overseas trade shows. This enables business to access an effective way to test markets, attract customers, appoint agents or distributors and make sales.

4. ACCESS TO THE GLOBAL NETWORK

DIT has 112 overseas offices which provide valuable support for trade and investment activity. The offices are located in all key markets and provide strong global representation and connection for UK businesses. DIT also funded 19 Overseas Delivery Partners. The partners are members of the British Chambers of Commerce Global Business Network and includes private sector companies such as Business Link Japan and the British Centres for Business UAE.

Overseas Delivery Partners provide business-to-business trade support in selected countries and help generate high quality export opportunities to match the growing pipeline of export ready UK companies. The Benefits of Partner Delivery include their valuable on-the-ground knowledge and direct in-country support to exporters. The services provided by partners vary from market to market, however, they typically provide:

5. FUNDING

I) UK EXPORT FINANCE

The UK Export Finance programme is also aimed at encouraging trade activity. The programme is operated by the UK's export credit agency working alongside the DIT. Supported by 100 private credit insurers and lenders, the programme helps UK companies access export finance (loans, insurance policies or bank guarantees) that enable international trade to take place as easily and securely as possible. The programme supports companies to:

- win export contracts by providing attractive financing terms to their buyers
- fulfil contracts by supporting working capital loans
- get paid by insuring against buyer default

The programme supports companies of any size and across all sectors, from capital goods to services and intangibles such as intellectual property.

II) DIT INTERNATIONALISATION FUND

The DIT Internationalisation Fund is open to SME businesses that have significant potential to grow international sales.

“Match-funded grants of between £1,000 and £9,000 will be available for future activity (subject to eligibility and availability).

To secure a grant, you will need to fund a proportion of your costs yourself. This varies according to where your business is based and will be either 40 or 50% of the total cost.

The fund can be used to support areas including (but not exclusively limited to) market research, IP advice, translation services, international social media, trade fairs, independent market visits, consultancy and other international commercial services.

To receive support business must employ less than 250 employees, and not be owned by an enterprise which is not an SME. Annual turnover should not exceed £50 million or have an annual balance sheet over £43 million.”

EAST MIDLANDS CHAMBER OF COMMERCE

The East Midlands Chamber of Commerce (Chamber) provides a range of internationally facing programmes of support on a commercial basis to members and non-members of the Chamber. Support includes the delivery of advice and guidance around key exporting issues including;

One-to-one advice, targeted 'how-to' seminars, fact-finding events, connections to country-specific partners and experts.

The Chamber plays an important role in providing documentation advice. The documentation services provided by the Chamber include:

- UK and Arab British Certificates of Origin
- Movement certificates (UK EUR1) to gain preferential duty rates in selected countries
- ATA Carnet for temporary exports of exhibition equipment and commercial samples
- Letters of Credit service from checking to full presentation avoiding costly delays when getting paid
- International Import Certificates

ChamberCustoms provides a full customs service for importers and exporters. The service includes advice and guidance, along with training, as well as a comprehensive Customs Declaration service.

The ChamberCustoms service is particularly relevant to businesses trading with Europe.

The Chamber recognises the importance of operating an efficient export department to back up the sales effort. However, this can be fraught with technical complexities which can be difficult to overcome in-house. The Chamber therefore operates the “Your Export Office” service which is a flexible resource and is available to all businesses in the region.

The Chamber also provides access to Foreign Exchange products which help companies save money and reduce the risks associated with foreign exchange transactions. This service, and the expertise and knowledge accessed through it, means that businesses can:

- Make and receive overseas payments
- Hedge currency risk - for example by fixing rates in advance to help deal with currency fluctuations
- Receive competitive exchange rates
- Access free online currency accounts
- Reduced transfer fees
- Obtain practical guidance and a foreign exchange health check

The Chamber also has one of the UK’s most comprehensive training and support programmes to enable businesses to trade internationally effectively. Training provision includes;

- Customs codes and Authorised Economic Operator (AEO) status
- Customs Exports and Imports procedures
- Rules of Origin
- Customs Declaration Trading
- EU Trade Support programme
- The flagship International Trade Operations & Procedures (ITOPS) programme is owned and operated by East Midlands Chamber and delivered to businesses across the UK

D2N2 businesses have access to a wealth of support. The support spans from helping companies new to exporting through to the most experienced large companies with a long term history of international trade.

4. D2N2 INTERNATIONAL TRADE PERFORMANCE

The UK has a long history of being at the forefront of international trade. In 2018 the UK was the 9th highest national exporter of goods and the 2nd highest exporter of services, with a total £347bn of exports transacted.

The UK Government believes that the country is punching above its weight but below its potential, with the UK well placed to seize new opportunities in new markets following departure from the European Union. The Government recognises that the UK has a global reputation for innovation, a skilled workforce and a well-regulated economy. As a result the ambition is to strengthen the UK's position as one of the 21st century's great trading nations.

Since 2013, the UK has seen a continued upward trajectory highlighting the growing number of exports. The data for 2019 set out below in Figure 1 reveals the highest point of recent trading levels with a value of £347bn of exports. While the Coronavirus pandemic has had a significant impact on international trade, the establishment of the vaccine programme has generated cautious optimism that the global economy may well enter a recovery phase in the latter half of 2021, although the impact of the pandemic is yet to appear in data.

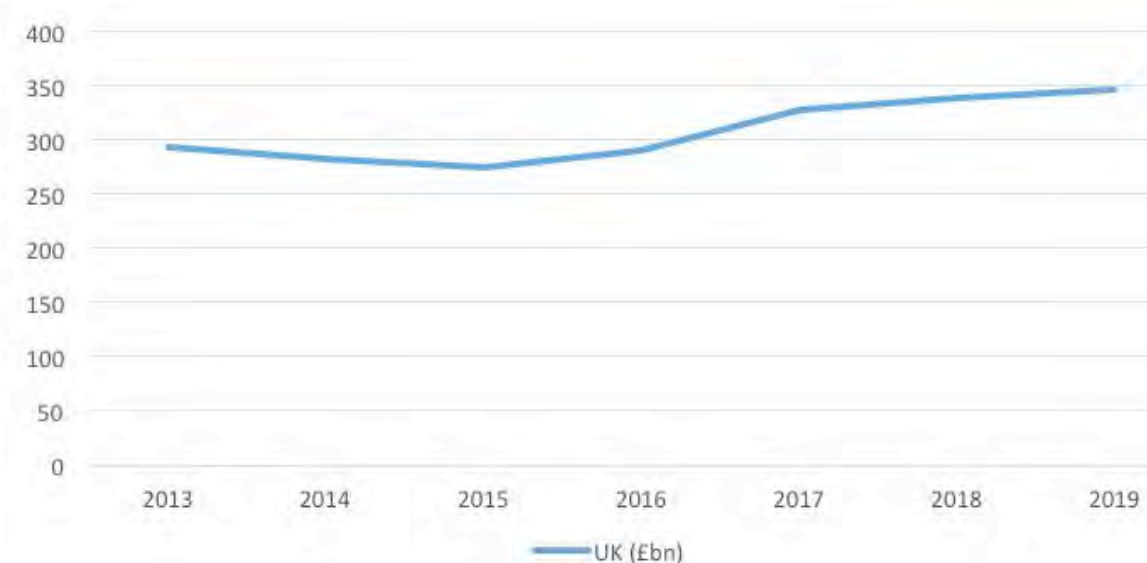


Figure 1: Source: <https://www.uktradeinfo.com/trade-data/rts-custom-table/>

East Midlands businesses exported a total of £24.4bn in goods and services in 2019. Figure 2 highlights an upward trend since 2017. Since 2013 the trend has been broadly upward with a 30% increase in exporting between 2013 and 2019.

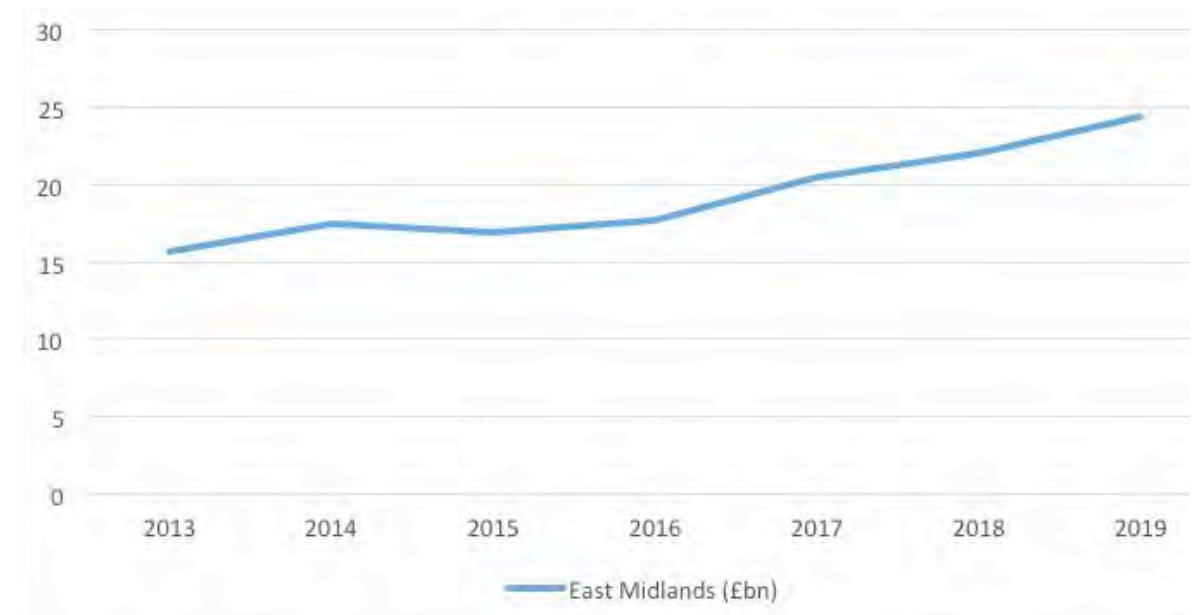


Figure 2: Source: <https://www.uktradeinfo.com/trade-data/rts-custom-table/EastMidlands>

Businesses in D2N2 **export 45% of all goods and services leaving the East Midlands**. In, 2019 this totalled a value of **£10.8bn** from a total number of 4,369 companies who were exporting.

Figure 3 highlights the split between goods and services.

2019	GOODS	SERVICES	TOTAL
D2N2	£7.3bn	£3.5bn	£10.8bn

Figure 3: Source: <https://www.gov.uk/government/statistics/regional-trade-in-goods-statistics-disaggregated-by-smaller-geographical-areas-2019>

The DIT sponsored Midlands Engine Export Research report identifies that a company's 'sector' is highly correlated to their engagement with exporting, with businesses in the production of goods engaging in the highest levels of exporting, while companies within the finance sector engage least in exporting. Companies producing goods and tradable services are also more likely to be serving global markets. Similarly, companies which are more likely to address local market demand, such as for accommodation or real estate, are less likely to seek global clients.

The report found that company size is also related to levels of exporting. Companies with 100 or more employees are more than twice as likely to export as those with 5 to 19 employees. Ownership is also a strong indicator of export activity. The survey estimates that **almost half (48%) of foreign-owned companies export compared to only 15% of UK-owned businesses**. This is intuitive as foreign-owned businesses could already be considered international, and overseas investments are often explicitly designed (and are of a scale) to serve more than the home market.

Figure 4 demonstrates D2N2's key export sectors in the past decade.

SECTOR	VALUE	%
Manufacturing & Transport Equipment	£8.7bn	70.5%
Manufactured goods	£1.2bn	9.4%
Chemicals	£0.8bn	6.4%
Information & Communications	£0.4bn	3.2%
Real Estate, Scientific & Technical	£0.4bn	3.1%
Finance	£0.3bn	2.8%
Food & Live Animals	£0.2bn	2.0%

Figure 4: Source: HMRC, Regional trade in goods statistics, 2018, reported for NUTS2 geographies

Figure 5 shows D2N2's key export sectors for the past decade as a pie chart.

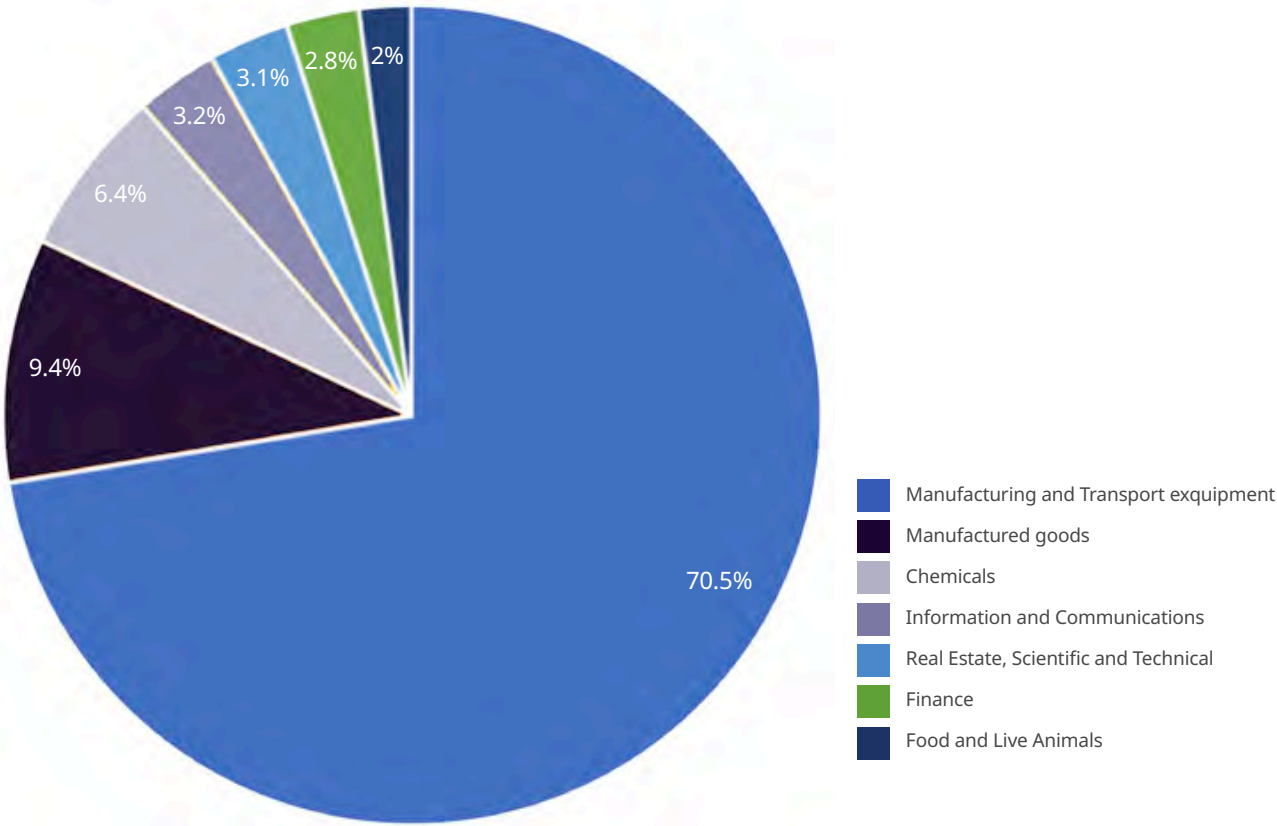


Figure 5: Source: HMRC, Regional trade in goods statistics, 2018, reported for NUTS2 geographies

2019 data reveals that the destination of exports is marginally greater to the rest of the world (50.3%) with Europe receiving 49.7% of goods. The data also reveals that this split has remained close to 50:50 for a number of years. While the overall proportion of the EU exports is not significantly different from the UK averages, some goods have more significant exposure to the EU markets. For example, 68% miscellaneous manufactured articles, 60% of chemical products and 75% of food and drink products are exported to the EU.

5. KEY AND EMERGING MARKETS

This section reviews the key export markets that D2N2 businesses are engaged in and looks at emerging markets and their compatibility with the strengths of the regional economy.

I) UK EXPORT STRENGTHS

DIT analysis of UK current export strengths and market opportunities (Figure 6) highlights a range of markets based on the size of market, and the ease of conducting business. The analysis reveals those countries that offer long term, stable exporting markets, and those less mature markets that offer significant potential.



Figure 6: Source: DIT Market Selection tool

The markets identified in the top right quadrant highlight the larger markets where the UK is able to trade effectively. These are well developed markets with recognisable advantages. Growth opportunities exist in markets in the left hand quadrants and these markets are sizable, but will require some navigation. With new Trade Agreements being agreed, such as with Japan, the UK will have additional tools to reach these markets. Existing DIT support enables exporters to reach these markets. However, the most important factor in reaching these new markets is whether an exporter has a product that is required.

II) EAST MIDLANDS CURRENT LARGEST EXPORT MARKETS

Using HMRC Trade statistics, presented by DIT at NUTS 2 data for the East Midlands region the key export markets can be identified in Figure 7 below. In addition the Midlands Engine Exporting Research has also analysed the country activity. The two lists share 6 countries, which serve as the UK's biggest export markets, the Midlands Engine report identifies that 'in terms of existing markets, France, Germany and the USA are the most frequently cited overseas markets by exporters. Of the Top 20 export markets, 11 are an EU member state'.

Figure 7: Key East Midlands export markets

D2N2 RECEIVING COUNTRY ⁶	D2N2 COUNTRY ACTIVITY ^{**7}
USA	France
Germany	Germany
France	USA
Ireland	Ireland
Belgium	Spain
Singapore	Italy
Hong Kong	Netherlands
Netherlands	Australia
Spain	Canada
China	

Figure 7: Source: <https://www.uktradeinfo.com/trade-data/rts-custom-table/>

** Data should be interpreted as indicative only due to small sample sizes

Looking at key UK export markets, export data from 2019 and 2020 has been included, however 2020 will be seen as an anomaly year, due to the COVID-19 pandemic. National and regional data identifies the USA and near market European countries are the most exported to countries. In 2019, the United States was the leading country for exports from the UK, with 15.7% of all UK exports going to this market. Germany was the second largest export market for the UK in 2019, followed by China, with these countries accounting for 9.9% and 6.9% of UK exports respectively.

These markets will remain important to D2N2 exporters in the medium to long term. Businesses have reported that exiting the EU has caused difficulty, with many deciding to temporarily stop exporting until issues are addressed by Government/EU. Others have explored and begun exporting to markets beyond the EU. There is evidence that those businesses with an appetite and experience of exporting are continuing to seek new markets, while the less experienced are awaiting further developments.

⁶ HMRC trade statistics, 'Goods' only

⁷ Midland Engine Export Report survey findings**

Figure 8 highlights the UK's key export markets in 2019.

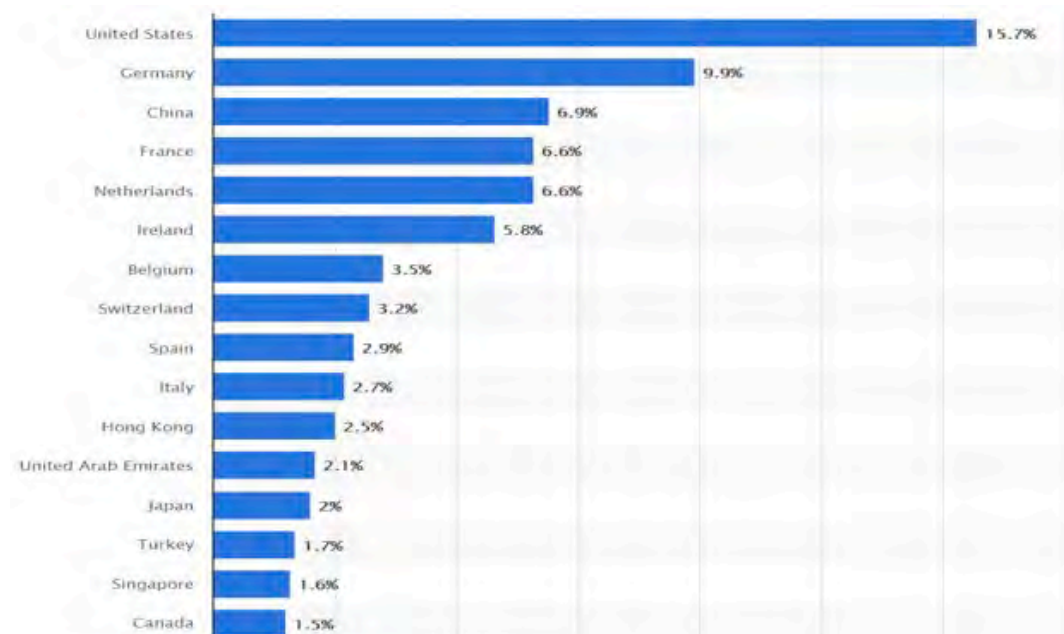


Figure 8: Source: Office for National Statistics (UK); 2019

In 2020, the United States remained the leading country for exports from the UK, however there was a slight decrease to 14.4% of all UK exports going to this market. Germany is still second largest export market for the UK, at 10.3%, and China has been replaced by the Irish Republic, who accounted for 6.9% of UK exports. The majority of export countries remain the same, or have had small changes in the past year.

Figure 9 highlights the UK's key export markets in 2020.

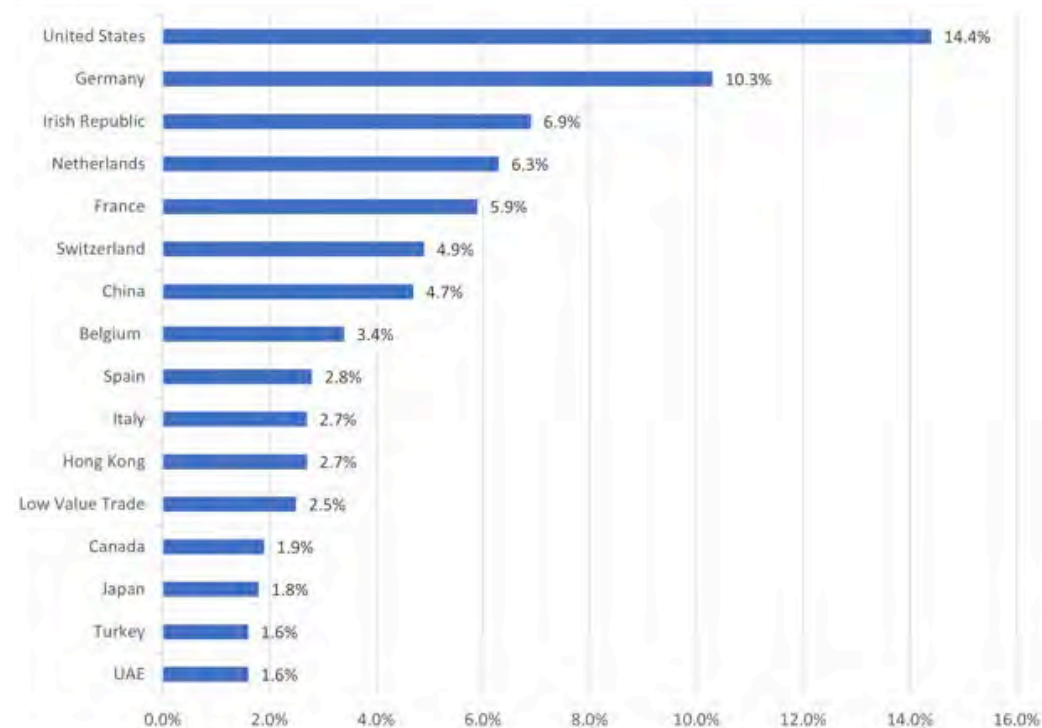


Figure 9: Source: UK trade data, 2020

III) BARRIERS TO EXPORTING

Through consultation with the business community it is evident that many businesses would like to increase their level of exports. However, despite this positive outlook, a number of barriers currently restrict exporting activity.

Businesses can be broadly categorised as:

- **New to exporting**
- **Early stage exporters**
- **Experienced exporters**

The consultation identified the following barriers that impacted on all three business categories:

- **The cost (and perceived cost) of exporting**
- **Lack of management capacity, resources or staff**
- **Limited overseas demand and difficulties accessing new markets**
- **The ability to understand regulation, culture and practices of new trading partners**
- **As a short term issue, the perceived uncertainty relating to exiting the EU**

For new and early stage exporters, these barriers are underpinned by two critical issues. These being whether the **business owner has the confidence to export** and is **able to evaluate the risk associated with trading overseas**. For new and novice exporters it is typically the Managing Director who holds responsibility for researching opportunities, securing trading relationships and overseeing the transportation of goods through to contractual and payment. This additional workload and limited capacity is a key reason for either not exporting, or limiting trade to a few established overseas customers. Support is critical in addressing these two issues, with many inexperienced exporters citing the support from DIT and East Midlands Chamber as essential advice that ultimately led to exports contracts being secured. Similarly, for novice exporters they identified confidence and risk as key to their potential expansion and growth markets. Again the support services have proved invaluable in encouraging novice exporters to consider new markets and increase the appetite to increase export activity.

New exporters also confirmed that they believe that the **costs of overseas trade would be prohibitive prior to receiving advice and support**. Many felt that this would be a widespread perception of businesses that do not currently trade overseas. Equally the lack of knowledge of potential markets and clients also restricts businesses from seeking to begin to trade internationally. Support services from ITAs and the Chamber were cited as being the critical factors in demonstrating that overseas markets and clients do exist and the correct action required to secure contracts. New exporters rely on market intelligence provided by DIT to guide internal decision making on the precise approach to exporting.

The role of D2N2's **business networks, export champions and peer experience were all identified as valuable to new and novice exporters.** Having access to experienced exporters and case studies of how to succeed are recognised as being important encouragement to new and novice exporters. These networks act as a valued support network where businesses can build knowledge, learn from experience and understand how they can trade effectively from their peers and experienced exporters.

THE MORE EXPERIENCED EXPORTERS IDENTIFIED FEWER BARRIERS AND COMMENTED THAT THEY ARE ABLE TO ACCESS SERVICES TO HELP UNDERSTAND NEW MARKET OPPORTUNITIES.

The role of the ITAs was identified as very positive in helping to grow exporting opportunities. Networks were also valued as a way to identify new markets and increase practical knowledge of exporting.

Cultural awareness and understanding are also key barriers for potential exporters of all sizes and experiences. With each country having its own unique culture, business leaders have identified that they need to be aware of the cultural differences. There is widespread recognition that businesses need to be prepared for cultural differences if they are to trade effectively, many consulted felt they were unprepared when entering new countries and did not always know where to turn for support and knowledge.

Leaving the EU is also a current factor impacting upon confidence levels of new and experienced exporters. Many business owners have confirmed that they have temporarily stopped exporting due to actual and in some case perceived issues related to new regulation, such as Rules of Origin and transport delays. Many confirmed that they will be monitoring the position, potentially returning to exporting at a later date. A number of businesses cited issues which they had experienced since the UK had left the EU. Issues raised included, goods being lost or being returned, incorrect paperwork being processed or issues with Freight carriers. Many recognised DIT as a key source of advice and support when these issues have arisen, and the support in resolving these matters is greatly valued.

For a large proportion of businesses, **exports contribute a small percentage of turnover.**

Despite this, many of D2N2's exporters see overseas trade as being crucial to the sustainability of their business. Consultation also revealed that companies are either 'born to export', such as the Healthcare sector, and build exporting into their early business planning, or alternatively the vast majority are reliant on support to consider and begin exporting.

These barriers and the issues that relate to them will be addressed in the following section of the International Trade Strategy which explores the practical actions that will help both existing exporters and new exporters to increase their international activity.



IV) EXPORT GROWTH MARKETS

The rise of emerging economies is reshaping global trade flows: emerging markets' share of global consumption has risen by roughly 50 percent over the past decade. McKinsey report⁸ that as incomes increase in China and other emerging economies, these countries are consuming more of what they produce and exporting less. They are also producing more goods locally or regionally, rather than importing from developed economies. That has contributed to a decline in global trade in goods, which fell from 28 percent of global GDP in 2007 to 23 percent in 2017.

McKinsey further reports that UK-based companies have broadly been unable to build positions in fast-growing emerging markets. The UK's share of total goods exports to developing economies is only 3%, in contrast with Germany's and the United States' shares, at 14% and 19%, respectively. As for China, only around 2% of value added in Chinese imports originates from the UK, while 5% comes from Germany and 12% comes from the United States.

Through analysis of global trade performance and trade advice from the major accountancy firms, 10 potential growth markets have been identified that represent key markets that align with D2N2's priority sectors. These markets include;

INDIA



India is the 4th fastest growing global market with GDP growth of 7.3%, it also has the 2nd largest population in the Asian region. India is predominantly a services-based economy which accounts for more than two-thirds of the country's output. The country has seen almost 7% GDP growth per annum since 1997. The UK exported over £8 billion to India in 2018, of which 70% was made up of goods. There is a large young demographic (572 million under the age of 24) and a growing affluent middle class. UK companies are able to offer **goods, technology, services and expertise** in the areas that India has identified as critical for rapid economic development.

INDONESIA



Indonesia is the largest economy in Southeast Asia, and has become the second fastest growing G-20 economy (just behind China). Its total imports amount to \$184 billion. Indonesia is a large exporter of natural resources, including petro-chemicals and commodities. Its imports are based around **fuel, machinery, chemicals and foodstuffs** - making it a potentially attractive export target for engineering companies, in particular vehicle manufacturers.

MEXICO



Mexico is the largest North American car producer, ahead of both the US and Canada. Growth over recent years has led to predictions that it will be the world's seventh largest economy by 2050. Its total imports amount to \$400 billion. Mexico imports mainly **machinery and engineering equipment, as well as oil and plastics**. Mexico offers relatively low-risk investment, which is supported by the close economic links it enjoys with the US.

TURKEY



Although the UK accounts for only 2% of Turkey's imports, there has been steady growth in the absolute amount exported from the UK. Turkey's total imports amount to \$242 billion. There is a growing middle class and domestic consumer base of more than 80 million people. The population is one of the youngest and fastest growing in Europe, predicted to reach nearly 87 million by 2023. It is home to both large multinationals and local businesses with a strong entrepreneurial culture. Turkey is a major importer of **machinery, metals and foodstuffs**. Turkey does however present some risks as regional political challenges have impacted the economy in recent years.

BANGLADESH



With GDP growth of 7.4%, Bangladesh is the 3rd fastest growing market globally with the 5th largest population in Asia. Bangladesh's economy has grown on average 6% per year since 2005. There is strong consumer demand for **manufactured products, equipment and services**. British goods are highly regarded and considered reliable. UK exports to Bangladesh are dominated by services which accounted for 71% of the £450 million total in 2018.

VIETNAM



Vietnam is the 8th largest country in Asia with a population of 96.4 million and is the 9th fastest growing market globally with GDP growth of 6.6%. A stable political system, young population, and healthy manufacturing sector has enabled the country to attract strong levels of foreign investment which have served to propel economic growth. The country suffers from a lack of infrastructure and skills. UK exports to Vietnam in 2018 were £400 million, main UK exports included; **medicinal and pharmaceutical products, power generating machinery, chemical materials, professional and scientific equipment, general industrial machinery and feed for animals**.

SOUTH KOREA



South Korea is a high-growth market for UK exports. In 2018, the UK exported almost £10 billion of goods and services to the country, an increase of 9.7% on the previous year. The South Korean public hold British culture in high regard and have a positive respect for UK goods. Key export markets include; **manufacturing, textiles and chemical materials**. South Korea's focus on emerging technologies and the Fourth Industrial Revolution also presents opportunities for D2N2's service sector.

TAIWAN



Taiwan is the 19th largest trading power in the world, according to the World Trade Organization (WTO), with an economy founded on high-tech and creative industries. The Economist Intelligence Unit (EIU) ranks Taiwan as the 13th best place in the world to do business to 2017. Benefits for UK businesses exporting to Taiwan include it being a major platform for business with China and having high levels of consumer disposable income. Strengths of the Taiwanese market include 13th in the World Bank's annual 'Ease of Doing Business' ranking. Taiwan is the world's biggest manufacturer of computer related products and semiconductors and serves as a logistics hub for the Asia Pacific region. There is currently growth for **manufactured circuits and electronic products (18.2% of total), mineral products (15.2%), machinery (12.4%) and chemicals (10.8%)**.

⁸ <https://www.mckinsey.com/featured-insights/europe/brexit-the-bigger-picture-revitalizing-uk-exports-in-the-new-world-of-trade#>

BRAZIL



The largest South American economy, Brazil has a familiar, European-style business culture. Total trade between the UK and Brazil was worth £5.8 billion in 2018, a 4.7% increase from 2017. Brazil is the largest economy in South America. Brazil has a strong business base and modern banking system, with the presence of the world's largest banks. Brazil's GDP is set to grow around 2.1% in 2019.

Brazil has the largest market for **medical devices** in Latin America, with approximately 6,500 hospitals and 18,000 diagnostic laboratories. Demand is high in chronic disease therapy areas and dental care. There is also demand for UK expertise for offshore equipment and services, decommissioning, subsea technologies, field life extension, and inspection, repair and maintenance. There are opportunities for UK companies in the **energy sector particularly around smart grids, batteries and storage**.

OTHER POTENTIAL MARKETS

A number of other markets offer potential to D2N2's companies, these include **Australia, China** and **Japan**. These markets present opportunities, but are either more problematic to secure trade or prove less attractive when compared to the 10 markets identified above. Culture and distance are a common feature of these, as well as the ease of doing business. China is one of the top 5 destinations for East Midlands exports, however this is largely business conducted by large multinationals rather than smaller businesses. Analysis reveals that China will remain an important market for D2N2, it does not offer significant growth opportunities in the short term.

D2N2 companies do trade effectively in these markets, and while there are opportunities that should be pursued, these markets do not offer the best opportunity for D2N2 to scale exports.

MARKET	D2N2 PRIORITY SECTORS				
	Food & Drink	Life Sciences	Low Carbon	Transport Equipment	Creative & Digital
KEY MARKETS					
EU					
USA					
EMERGING					
India					
Indonesia					
Mexico					
Turkey					
Bangladesh					
Vietnam					
South Korea					
Taiwan					
Brazil					
DEVELOPING					
South Africa					
Kenya					
Ghana					
Rwanda					
Ethiopia					

TOURISM & TRADE – A DYNAMIC RELATIONSHIP

The D2N2 region has an international reputation for culture and heritage that is quite unique encapsulating the worlds first National Park, the legend of Robin Hood and the birthplace of the Industrial Revolution. The visitor economy is an important enabler of trade, as well as being an important service export globally in its own right.

Enhancing connections between international trade and the Visitor Economy will benefit economic growth and opportunities for our businesses. The sector supports circa 54,000 jobs and contributes £4.5billion across the region and has the potential to increase the region's economic performance, through the growth of international visits.

Tourism was worth £127 billion to the UK economy in 2019, it is the UK's third largest service export, outperforming many other sectors. Within the region stakeholders are focused on increasing the volume of activity from the most valuable visitors and those customers with the highest propensity to travel to the region - working on business, leisure, visiting friends and relatives and student audiences. Stakeholders are aligned to the VisitBritain/VisitEngland Strategy which aims to grow the value of international visits to £35 billion by 2025, and targets markets in the Americas, Europe, North East Asia, Asia Pacific, Middle East and Africa. These align closely with the priority markets identified for trade activity.

The Visitor Economy works closely with international locations through Travel Trade Events. These events provide an important route into markets and consideration should be given to connecting DIT international event activity with events covered by the sector, and indeed how the sector can support DIT activity and holistically at the D2N2 level. Conferencing also plays an important enabling role in supporting international trade, the region has a range of excellent facilities which should be continued to be promoted to the global business community. Support for venues and the industry to win international business events will be essential and recognising the value that such events bring, by growing seasonality and providing access to international buyers.

The D2N2 region has a significant opportunity to grow its international trade presence through the Visitor economy. Building on the region's world class assets, and opportunities arising through the Commonwealth Games in Birmingham, and the Queen's Platinum Jubilee will assist with recovering from the Covid 19 pandemic and achieving higher levels of growth into the future. The sector, using national benchmarks has the ability to increase its international activity by 5% over the next 10 years.

6. INTERNATIONAL TRADE STRATEGIC PRIORITIES

This section identifies key strategic priorities that have emerged as the necessary practical steps that can be taken to assist D2N2's companies to begin their export journey or increase their overseas activity.

Three strategic priorities have been identified through analysis and consultation of current performance and scale of opportunity for the region.

- **Enhancing D2N2's export environment**
- **Supporting new companies to export**
- **Supporting existing exporters to increase their levels of international trade**

By addressing these issues, over time the number of companies trading overseas and volume of exports within the D2N2 LEP area will increase. This strategy seeks to encourage incremental growth in exporting, recognising that scaling activity would be difficult to achieve without considerably more resource both within the region's businesses and public sector support. Increasing the level of exports will be a long term process and will require long term public sector support to assist the business community.

Why has each priority been identified?

The three priorities have been identified through data analysis and consultation with D2N2s businesses and stakeholders. These views and evidence have been integral to shaping the three priorities and the subsequent actions flowing from them. The priorities have been developed to add value to services which are valued by the business community. By acting upon the strategic priorities D2N2, DIT and partners will be able to encourage incremental international trade growth.

The priorities recognise that public sector support for international trade is finite and has to take difficult decisions about where to place support. There is a significant benefit from increasing international trade across the LEP region, and in doing so, contribute to the identified £3 billion potential GVA gain in productivity that D2N2 is seeking. The strategic priorities are;

I) ENHANCING D2N2'S EXPORT ENVIRONMENT

This has been identified as a priority as experienced exporters have identified that support is difficult to locate efficiently, particularly for new or potential exporters. If D2N2 is to encourage an increase in the number of exporters, it will be imperative that support is easily located and accessed. Businesses have reported that once support is located they have a positive experience which meets with expectations, and resolve issues speedily and with outcomes being achieved. However the biggest challenge being faced is being able to find the correct information efficiently and reaching the right contact to discuss issues and potential action.

II) SUPPORTING NEW COMPANIES TO EXPORT

There is strong evidence that there are companies located across D2N2 who have products that could be exported, but as yet have not explored overseas trade. The Midlands Engine Research Report⁹ identifies that there are potentially 2% of D2N2's businesses, which potentially equates to over 1,500 businesses. The report also identifies that up to 22% of business would be interested in receiving support. While the report is based on small sample of businesses, it does evidence that at the moment there is latent interest in international trade that as yet has not accessed support.

III) SUPPORTING EXISTING EXPORTERS TO INCREASE THEIR LEVELS OF INTERNATIONAL TRADE

The third priority focuses on those exporters who already have experience, but could increase their international trade operation further. Consultation has revealed that only a limited number of companies continue to expand into new markets once they have begun exporting, with many preferring to limit their export activity. There is scope through the support available to encourage these companies to expand their operations. A number of businesses also appear to be 'accidental' exporters, reaching overseas markets without setting out to achieve export sales. These companies may not recognise themselves as exporters, but through experience may be well placed to expand their sales into new markets. There is also a community of businesses who have previously exported but stopped for a range of reasons, but could potentially be encouraged to start again.

While there is limited data confirming how many businesses fall into this category, D2N2s networks have identified that they work closely with businesses that have an international presence and could increase their trade activities beyond their current level. Businesses cited that management capacity and lack of knowledge of potential markets as the main reasons why they have not expanded their activity.

Each of the strategic priorities are developed into discreet actions overleaf.



7. D2N2 INTERNATIONAL TRADE ACTION PLAN

The International Trade Action Plan sets out activities that build on the current services that are available within the LEP area. The actions have been discussed with businesses and stakeholders and offer the potential to encourage and support an increase in international trade activity. All activity will be co-ordinated jointly by the D2N2 LEP and DIT.

STRATEGIC PRIORITY 1: ENHANCING D2N2'S EXPORT ENVIRONMENT

RECOMMENDATION	WHY IS IT IMPORTANT?	STAKEHOLDER INVOLVEMENT	OUTCOME ANTICIPATED
<p>D2N2 should seek to lead a single export campaign which brings together key players perhaps in a task and finish group to agree a range of actions that promote the benefits of trade to business and how services, activities and events can be cross promoted.</p> <p>D2N2 to consider presenting coherent integrated content on its website that focusses on the support available and not who provides it.</p>	<p>There is a need to provide more online encouragement for new exporters to begin their journey.</p> <p>D2N2 is well-placed to lead a campaign to align the range of support through a single lens. This will lead to integrated content on its own and other partners websites.</p>	<ul style="list-style-type: none"> • D2N2 • Growth Hub • Key regional networks • Business Representative Organisations 	<p>Greater number of businesses able to access information to begin their export experience.</p>
<p>Exporting should be viewed as a route to improve resilience and productivity. D2N2 should consider developing exporting as a thread through all Growth Hub business support programmes with GH advisers' upskilled to spot businesses with export capacity.</p>	<p>By developing knowledge and export capability, there will be opportunities to identify a greater number of companies with export potential and provide early stage support.</p>	<ul style="list-style-type: none"> • D2N2 • Growth Hub • East Midlands Chamber 	<p>Increased number of businesses aware of, and progressing export opportunities.</p>
<p>Consider providing practical information and examples of the benefit of Trade Agreements as they are secured.</p>	<p>Businesses are seeking to understand the benefits of Trade Agreements and how they can use them to export.</p>	<ul style="list-style-type: none"> • DIT • East Midlands Chamber • Growth Hub 	<p>Businesses focusing on growing markets where the UK has established new agreements.</p>
<p>Explore how the new "Levelling Up" funds could add capacity to existing export services.</p>	<p>Export capacity is currently stretched. Additional resource would help target and reach more businesses. This would allow great tailored support being provided to individual businesses.</p>	<ul style="list-style-type: none"> • DIT • LEP • Local Authorities 	<p>More companies supported.</p>
<p>With Covid-19 moving the majority of business activity online, capitalise on this by encouraging businesses that sell online to become an international seller online. Secondly identify how businesses can access virtual content such as Meet the Buyer and Trade Missions.</p>	<p>Businesses recognise the value of trade missions. The pandemic has led to the rapid increase of online engagement. It is felt that future introductory sessions could be online, this would reduce time input at this early stage and retain the value to business previously gained.</p>	<ul style="list-style-type: none"> • DIT • East Midlands Chamber 	<p>More efficient use of time and resources with improved outcomes potentially available to businesses.</p>

STRATEGIC PRIORITY 1: ENHANCING D2N2'S EXPORT ENVIRONMENT

RECOMMENDATION	WHY IS IT IMPORTANT?	STAKEHOLDER INVOLVEMENT	OUTCOME ANTICIPATED
Consider how greater business use of technology during the pandemic can be used to encourage a business to become an international seller online.	With increased use of technology, explore how support and advice can encourage businesses to sell internationally online.	<ul style="list-style-type: none"> • DIT • D2N2 • Growth Hub • Universities 	Increased number of businesses using online sales to increase their international presence.
Consider how Freeport designation can be used to promote international trade. Focusing on potential exporters and those businesses that could be attracted to the Freeport zone. Review the package of trade support to add to the inward investment proposition.	Freeport designation provides a time-limited focus on trade, partners can focus key messaging on the value of exporting and the ease of international trade.	<ul style="list-style-type: none"> • D2N2 • DIT • Local Authorities • EMDC 	Increased awareness of international trade opportunities and successful delivery of the Freeport.
Explore how Great.gov.uk 'Export Opportunities' can be better shared with the D2N2 business community.	Businesses recognise that 'Export opportunities' offers valuable intelligence. Ensuring that the information is widely shared will help businesses understand new opportunities.	<ul style="list-style-type: none"> • DIT 	More businesses pursuing and winning export opportunities.
Consider how to increase business knowledge of cultural differences in trade markets.	Previous training has been cited as very valuable. There is potential to revisit this using video technology and fact sheets. There is support available from private freight carriers, foreign embassies, high commissions and consulates which could be accessed and communicated.	<ul style="list-style-type: none"> • DIT • Local Authorities 	Improved cultural understanding will enhance trade operations and lead to greater levels of exporting.
Consider creating a pictorial matrix of support - a diagram setting out which services are provided.	Developing a matrix would set out the full range of services, this could be communicated to business and would also help identify if any gaps in service delivery exist.	<ul style="list-style-type: none"> • DIT • East Midlands Chamber • D2N2 • Growth Hub 	Improved numbers of business understanding the range of services available to support international trade.
<p>Build collaboration and international activities in partnership with the regions Universities and DIT's Education Specialist:</p> <p>a. Consider how alumni can operate as market champions</p> <p>b. Explore how existing students can support businesses to develop their exporting potential - this could include cultural, language support and market analysis</p> <p>c. Understand how existing civic links can support this activity</p>	<p>Leveraging the strengths of the Higher Education sector provides potentially significant number of advocates for D2N2 in international markets. This presents opportunities to connect businesses to alumni.</p> <p>Connecting current students with local businesses to deliver small exporting facing projects would be mutually beneficial to both businesses and students in terms of gaining commercial experience.</p>	<ul style="list-style-type: none"> • Universities of Derby, Nottingham and Nottingham Trent • D2N2 • Growth Hub 	Improved capacity and support that will enable business to explore exporting or new markets.

STRATEGIC PRIORITY 1: ENHANCING D2N2'S EXPORT ENVIRONMENT

RECOMMENDATION	WHY IS IT IMPORTANT?	STAKEHOLDER INVOLVEMENT	OUTCOME ANTICIPATED
Work with D2N2's largest exporting companies to explore how their reach can assist smaller companies to export - this could be best practice sharing, mentoring or opening supply chain links in overseas markets.	D2N2's largest exporters have significant expertise that could assist smaller companies. Setting up mentoring, or best practice networks would help with knowledge transfer between D2N2's businesses.	<ul style="list-style-type: none"> • D2N2 • Growth Hub • DIT 	Increased knowledge and sharing of best practice will help increase confidence to export.
Work with DMOs and Visit Britain/Visit England to better align tourism campaigns and travel trade events with DIT trade promotion activity including missions to targeted markets.	Tourism is the UK's third largest export and D2N2 has a unique offer that can provide competitive advantage and facilitate export activity across the rest of the economy.	<ul style="list-style-type: none"> • D2N2 • DMO's • DIT 	Increased number of overseas visitors to the region and further enhancing new and existing markets.
Consider how to make market information at regional level as well as national level.	Regional data will be more meaningful for certain businesses, this would require adaptations to existing material, but provide valuable 'localised' information for businesses.	<ul style="list-style-type: none"> • DIT 	Having access to a range of geographies for large markets will give businesses more confidence and insight into the market.

STRATEGIC PRIORITY 2: SUPPORTING NEW COMPANIES TO EXPORT

RECOMMENDATION	WHY IS IT IMPORTANT?	STAKEHOLDER INVOLVEMENT	OUTCOME ANTICIPATED
Build on the current programme of PeerNetworks by developing bespoke export awareness and knowledge sharing groups, potentially on a sector basis and facilitated by Export Champions.	Business cite that they welcome case studies and learning from experience. The development of peer type networks would provide new exporters with knowledge and increase confidence to explore exporting.	<ul style="list-style-type: none"> • DIT • D2N2 • Growth Hub • East Midlands Chamber 	Greater numbers of new/novice exporters gaining practical knowledge about the benefits and pitfalls of international trade.
Promote the Export Academy to potential exporters and once safe to return, deliver on a group basis.	In addition to the Peer to Peer work, the Export Academy is a valued programme. Business leaders have commented that the Passport to Export programme was a success. With the Export Academy being the closest successor programme, there is a need to ensure that the new programme is a step forward and valuable replacement programme.	<ul style="list-style-type: none"> • DIT • East Midlands Chamber • Growth Hub • Local Authorities • Business Networks • Business Representative Organisations <p>Partners all have a key role in signposting to the business community</p>	Increased number of businesses securing new knowledge and building their confidence to begin exporting.
Consider the use of 'Export Mentors', potentially supported via the UK Shared Prosperity Fund, this would build on the role of Export Champions. Mentors would provide support to new exporters providing practical knowledge and insights.	New and early stage exporters value the input from experienced exporters very highly. By assigning mentors to those businesses who are actively moving towards their first order a Mentor would be able to provide significant advice and support.	<ul style="list-style-type: none"> • D2N2 • Export Champions • Business Networks • Business Representative Organisations 	Increased conversion of first order opportunities and more business trading overseas.

STRATEGIC PRIORITY 2: SUPPORTING NEW COMPANIES TO EXPORT

RECOMMENDATION	WHY IS IT IMPORTANT?	STAKEHOLDER INVOLVEMENT	OUTCOME ANTICIPATED
Consider running a nationally aligned Exporting campaign with and through the regions Business Networks.	D2N2 business networks are a valuable resource to encourage new exporters. By tailoring a campaign in partnership with the LEP and Business Networks, new exporters can be targeted and reached.	<ul style="list-style-type: none"> • DIT • Business Networks • D2N2 • Growth Hub • Business Representative Organisations 	Improved reach to potential new exporters and sector based networks for businesses that are exploring their international trade potential.
Consider the increased use of case studies to demonstrate to new exporters how they can successfully trade internationally.	Businesses have commented that they like to see how others successfully export. They are keen to learn what works and what doesn't. Case Studies are acknowledged as a highly valuable demonstration of how to trade and the key elements that need to be emulated by new exporters.	<ul style="list-style-type: none"> • DIT • East Midlands Chamber • Growth Hub 	<p>Increased number of new exporters.</p> <p>Case Studies are one of a number of important mechanisms which will encourage new exporters to enter International trade.</p>
Consider providing business development training which targets businesses which have concerns about finding market opportunities.	Support can be effectively packaged to encourage businesses to understand how to create and generate new exporting opportunities.	<ul style="list-style-type: none"> • DIT • D2N2 • Growth Hub 	Increased levels of exporting.

STRATEGIC PRIORITY 3: SUPPORTING EXISTING EXPORTERS TO INCREASE THEIR LEVELS OF INTERNATIONAL TRADE

RECOMMENDATION	WHY IS IT IMPORTANT?	STAKEHOLDER INVOLVEMENT	OUTCOME ANTICIPATED
Consider developing an Export Club for existing exporters, a potentially virtual club could bring together experienced exporters to discuss different markets and opportunities. Their successes and the pitfalls they have faced. This could focus on companies that have previously exported by now ceased activity.	Bringing experienced exporters together will help individual businesses identify new markets and opportunities. The club would also help identify potential Export Champions and Export Mentors to assist new exporters.	<ul style="list-style-type: none"> • DIT • East Midlands Chamber • D2N2 • Growth Hub 	Increased number of businesses securing new knowledge and pursuing new market opportunities.
Continue to work with the Midlands Engine to scale up opportunities for established exporters.	The Midlands Engine operates at a scale that is comparable with a number of major international markets, where appropriate D2N2 companies should link in to Engine activities to secure new orders.	<ul style="list-style-type: none"> • DIT • Midlands Engine 	Increased trade activity of existing exporters.

8. MONITORING AND MEASUREMENT

Measuring international trade is recognised as an inexact science. Data that is available is fragmented and does not provide a comprehensive picture a sub-regional or local level.

I) CURRENT GAPS IN MEASUREMENT

Data is held by the Department for International Trade and HM Revenue and Customs. Drawing the two elements together is considered to be the optimal solution to understand the full extent of international trade activities at local level. However HM Revenue and Customs currently share limited amounts of data. As a result, data is not available below regional level. Having access to HM Revenue and Customs data, potentially under an NDA or licence would enable DIT to more effectively monitor performance and progress. Further exploration of how this could be achieved should be considered a priority.

II) MEASURING INTERNATIONAL TRADE ACTIVITY

With data source for exporting limited at local level, there are measures that are available that can be taken over period of time to measure engagement and identify international trade trends in the D2N2 region. While these will not provide a comprehensive picture, they will provide long term evidence of trends. These measures include:

- **The volume and value of export documents issued by East Midlands Chamber**
- **The number of businesses utilising East Midlands Chamber documentation services**

While these activities do not give an overall measure of international trade activity in D2N2, they do provide valuable proxy information which over time, will provide trend data which demonstrates how services are being received and via the Chamber how many companies are trading internationally on an annual basis.

There is potential to establish a list of D2N2 Top 50 companies. This network could serve as an annual barometer of export activity. Identifying 50 companies from a range of sectors and a range of sizes would provide valuable local evidence to demonstrate trends and issues surrounding international trade.

III) REVIEWING PROGRESS

With major macro factors impacting upon the global economy, a headline refresh of the strategy in 12 months will be essential to re-validate the baselines once Brexit and Covid-19 impacts have settled and identify how markets are beginning to be re-established and any new markets that D2N2 can export to.

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