

International Trade Opportunities for Lincolnshire

February 2016

Lincolnshire's plan for international trade opportunities, particularly with China is detailed in the following report and will focus on the following work streams:

1. Setting the scene: International trade opportunities for Lincolnshire
2. Lincolnshire's relationship with the Hunan Province in the People's Republic of China
3. Partnership between Lincolnshire County Council and the China-Britain Business Council (CBBC)
4. Detailed research on the opportunities for businesses in Hunan
5. Membership of the China-Britain Business Council and stronger links with UKTI
6. Hunan delegation proposed for March 2016
7. First collaborative event with Streets Accountants and Lincoln College in celebration of the Chinese New Year
8. Nanchang delegation to Lincoln at the end of February
9. Joint Economic and Trade Commission dialogue in Birmingham at the end of February: opportunities for civic participation for Lincolnshire businesses to attend the conference
10. Finally, following discussions with CBBC we have identified linkages between culture/our engineering heritage and business opportunities.

1. Setting the scene: International trade opportunities for Lincolnshire

Exporting: Recommendations Paper from the Lincolnshire Research Observatory firstly, and positively, shows from their initial research there is willingness amongst exporting businesses to grow and receive support. Nearly half of all exporting businesses when questioned said that receiving support in relation to new export markets would be significantly beneficial in helping the business to grow. So it perhaps goes without saying that support needs to be targeted most at those businesses that are likely to want or need to grow.

However, currently only 13 per cent of Greater Lincolnshire businesses export, with a further 3 per cent planning on doing so in the future. Results from previous countywide employer surveys show that an average of 20 per cent of businesses were involved in international trade prior to the 2008 economic downturn. This suggests we need to aim for a target of 20 per cent plus of local businesses involved in international trade.

The government, in the HM Treasury paper focused on boosting UK productivity ('Fixing the foundations: creating a more prosperous nation'), has stated that it will build stronger trading links with emerging markets, especially China, India and Brazil. Historically the UK has under-exported to emerging markets compared with major competitors. Exports to emerging markets are increasing faster than the average in the last decade. But even now, exports to China, the world's second largest economy, are only just over one-third of those to Germany.

2. Lincolnshire's relationship with the Hunan Province in the People's Republic of China

A Memorandum of Understanding/Friendship Agreement was signed by Lincolnshire County Council and the Hunan Province in the People's Republic of China in September last year. Organised with the China and Emerging Economies Centre at Northampton Business School, the visiting Chinese delegation was impressed with our cultural heritage but were particularly attracted to Lincolnshire's variety of businesses and range of skills in the manufacturing sector.

3. Partnership between Lincolnshire County Council and the China-Britain Business Council (CBBC)

We are keen to forge and develop a stronger relationship with Hunan and develop future collaboration between the two regions. A new partnership between Lincolnshire County Council and the China-Britain Business Council (CBBC) will assist us with vital research on the opportunities for Lincolnshire businesses in Hunan.

With support from the China-Britain Business Council we want to take a closer look at some of the synergies between the regions especially for our priority sector of manufacturing.

The Lincolnshire County Council commission of CBBC support will incorporate the following plan with a series of activities to stimulate increased trade between Lincolnshire-based businesses and China in general but Hunan in particular.

4. Detailed research on the opportunities for businesses in Hunan

Market Research on Hunan Province and wider support for the Lincolnshire/Hunan link

More detailed research on the business opportunities for businesses in Hunan. CBBC has an office in the provincial capital of Changsha with many provincial connections. They also have strong links with other cities across the province including Zhuzhou and Xiangyang so are well placed to conduct a mapping exercise of the province, with a closer look at some of the synergies between the regions.

One of China's priority initiatives for the next Five Year Plan is Made in China 2025 – looking to boost excellence in China's manufacturing sector over the next decade. Consideration will be given to Hunan's plans in this regard as part of the research, as well as the 'One Belt One Road' strategic plan.

This research will be presented in a professional report which can easily be presented to stimulate debate with stakeholders and be useful, interesting and easy to understand for businesses, encouraging engagement for both CBBC and Lincolnshire County Council. It will incorporate:

- Provincial Overview
- Analysis of sector priorities for the next Five Year Plan
- Focus on core sectors will prioritise advanced engineering, and subsequently highlight sub-sectors under this, for example and including health/education/skills/ecommerce/agri-tech
- Identification of key business opportunities
- Existing linkages, for example the relationship between Hunan and Dynex

5. Membership of the China-Britain Business Council and stronger links with UKTI

We will enhance our collaboration further through the County Council becoming a Member of CBBC. This will incorporate supporting the development of:

- A programme of business activities for Lincolnshire businesses – topics to cover will include a general introduction to doing business in China, a session on intellectual property protection, something on ecommerce as examples.
- Ensure that we are aware of other webinars that CBBC run where Lincolnshire businesses could dial in.
- Appointed Miranda (CBBC Changsha manager) as a relationship manager for LCC enabling a “direct line” into Hunan. Miranda will visit Lincolnshire to facilitate a better understanding of the county. On such a visit CBBC will organise an event or clinics to meet with businesses.
- Utilise CBBC outbound initiative to place specific business or investment opportunities on CBBC Chinese language website.

Wider support for Lincolnshire businesses and Lincolnshire County Council

- Work with Lincolnshire County Council the Business Lincolnshire Growth Hub to promote the website www.cbcc.org to encourage relevant companies to register for the latest reports (the most recent one being the China Handbook, a comprehensive guide to practical aspects of doing business in China).
- Support Lincolnshire County Council in building a database of Lincolnshire businesses interested in investment opportunities in China. (Following the Hunan visit in September we have started this list of Lincolnshire contacts and through the work with Streets Accountants we have already built this to a database of over 50 contacts).
- Promoting links between CBBC and Business Lincolnshire websites.
- Supporting Lincolnshire County Council in strengthening relationship with UKTI.
- Identifying opportunities regionally and nationally to work collaboratively, e.g. JETCO and Midlands Engine themed dinner and helping to ensure Lincolnshire is well represented or has a strong presence.
- Supporting the Street's organised event in February 2016.

Timescales to bear in mind Chinese New Year, therefore the China-Britain Business Council is aiming for a final report to be presented to LCC in April 2016.

6. Hunan delegation proposed for March 2016

It is through this new collaboration with the China-Britain Business Council that we will once again be welcoming delegates from Hunan in March. The delegation will be in London to attend the annual CBBC conference and participate in a Sino-UK regional leadership forum. Despite their tight timetable they want to visit Lincoln. We will of course keep Lincolnshire's business community up-to-date with this opportunity as well as future developments through the Business Lincolnshire website.

7. First collaborative event with Streets Accountants and Lincoln College

We have already established that several Lincolnshire based businesses are already working in China. We are keen to promote, develop and nurture this, and help them and others develop further ties with this giant economic region. Our first collaborative event to exploit this opportunity is taking place on Monday 8th February with Streets Accountants and Lincoln College in celebration of the Chinese New Year.

Cllr Davie will open the event and presentations will highlight opportunities for Lincolnshire businesses and organisations with China, providing insight into Chinese culture, trading relationships and established commercial and education links in Lincolnshire. This will continue the work of developing trade and cultural links following the Chinese delegation from Hunan in September last year.

8. Nanchang delegation to Lincoln at the end of February

Although our relationship with China has focussed on the Hunan province, through our work with CBBC we have also enabled a Nanchang delegation to Lincoln at the end of February. Lincoln City Council has previously forged strong links with Nanchang, which their current chief executive Angela Andrews would like to build upon and grow with more focus on economic development and engagement business to business based.

9. Joint Economic and Trade Commission dialogue in Birmingham at the end of February: opportunities for civic participation for Lincolnshire businesses to attend the conference

Over 60 Chinese delegates from various regions across China are visiting Birmingham as part of the Joint Economic and Trade Commission dialogue in Birmingham at the end of February. Coordinated by the China Investment Promotion Agency – CIPA, CBBC is looking at the potential for them to visit different cities/regions of the UK before the main JETCO event on 26th February. CBBC is also working with UKTI towards a welcome reception for the business and civic delegates in Birmingham on the night before. We have been invited to submit suggestions for invitees for this welcome event.

Although the main bilateral discussion will be held privately between MOFCOM minister Gao Hucheng from China and BIS Secretary of State Sajid Javid on Friday 26th afternoon, there will be a morning business/city-region event which CBBC is organising. Essentially there will be:

- Plenary session showcasing the four Chinese cities, along with 2-3 UK company case studies (CBBC is considering Dynex in Lincoln as one of these case studies) who can demonstrate the value of a) partnering with China and b) the support from municipal authorities in facilitating trade/investment.
- Networking lunch – CBBC is looking at sponsor opportunities for city/regions to have a display area in the networking room.
- Two breakout sessions – one for business matching, the other as a city to city forum with case studies from a couple of sister cities talking about what works well and possible challenges to further success.
- Closing session with Ministers making the final addresses before heading into the private bilateral.

In summary, Lincoln City is now working with the CBBC to host the Nanchang delegation in Lincoln at the end of February. There are opportunities for civic participation in the activities in Birmingham and the opportunity for Lincolnshire businesses to attend the conference on 26th February.

10. Culture and our engineering heritage

Finally, following discussions with CBBC we have identified linkages between culture and business opportunities. Lincolnshire has an extensive history in engineering and this will add weight to our 'Lincolnshire story'.

As an area Greater Lincolnshire has always been at the forefront of thought an innovation. Some of the world's greatest inventors, explorers, and innovators have hailed from Lincolnshire. In the present day Lincolnshire continues to be at the forefront of a diverse range of industries supporting world-class business in agri-tech, engineering, food processing, renewables and manufacturing. It has a rich heritage in the manufacturing and engineering sectors which still thrive and continues to play a leading role on an international platform.

We want to create an environment where businesses will see the benefit of bringing their manufacturing efforts to the area and continue to develop innovative ideas to put Greater Lincolnshire on the map as a global manufacturing hub.

Conclusion

Councillors are asked to consider supporting this plan and in particular:

- Encouraging export growth amongst Greater Lincolnshire's businesses from 13 per cent to 20 per cent.
- Developing a stronger relationship with Hunan and focussing on future collaboration between the two regions.
- Support the new partnership with CBBC and the commissioned activity.
- Agreement to support CBBC with hosting two Chinese delegations to Lincolnshire.
- Back the two CBBC events for the advantage of Lincolnshire businesses.

This page is intentionally left blank