



Greater Lincolnshire International Strategy

Executive Summary

The Greater Lincolnshire economy has an international presence in a number of key sectors of the economy, with businesses exporting and importing goods and services across the globe.

This Internationalisation Strategy has been produced by Deyton Bell, independent economic development consultants. The strategy sets out a series of recommendations that could help DIT and its stakeholders increase international trade levels across the Greater Lincolnshire LEP (GLLEP) region. The objective of the strategy is to encourage an increase in international trade levels across GLLEP.

At present a range of services are available to support business ambitions, and this strategy sets out to how more businesses can be encouraged to export and import. The strategy's key objective is to encourage an increase in international trade levels across Greater Lincolnshire.

Greater Lincolnshire has major international strengths through its **Agri-Food, Defence and Cyber Security Healthcare** and **Low Carbon** sectors. These sectors are growing strongly in a number of countries. The strategy identifies these growth markets.

The Strategy identifies how different partners play important roles in supporting businesses and will play an important role in enhancing current services. Through consultation with the business community, five key priorities have been identified, 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 Humber Freeport can promote the value international trade to Greater Lincolnshire businesses**
- **How partners can build collaboration to support international activities**
- **How an export/ import focused Peer to Peer network could provide knowledge to new or early stage exporters/importers**

The Internationalisation Strategy identifies a range of emerging markets that GLLEP businesses can explore further. These markets requirements match the strengths in the region. Connecting these strengths with international opportunities will drive regional export and import levels.

Greater Lincolnshire can do more to drive 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 Internationalisation Strategy

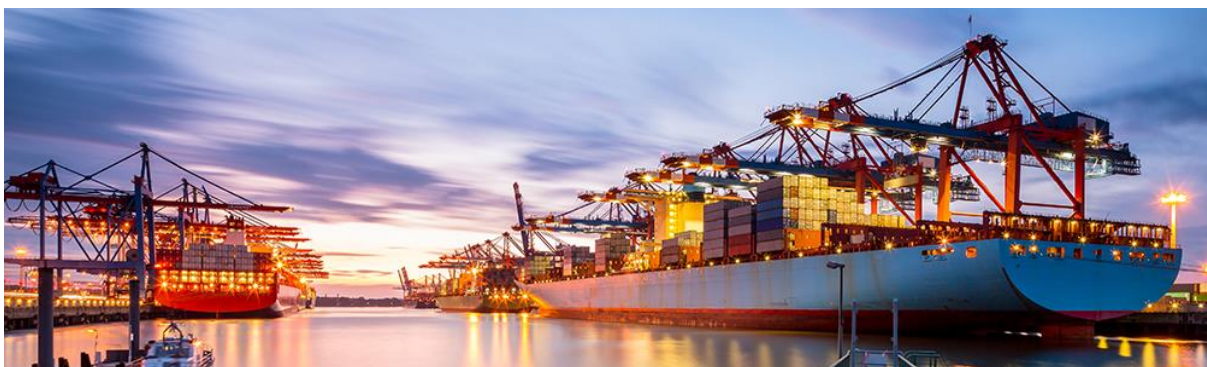
This strategy was funded by the Department for International Trade (DIT) Midlands Team as part of the contribution to the HM Government's wider Levelling-Up agenda. The context to this report is that both DIT and the LEP felt that it would be beneficial to gain a greater insight into the issues facing Greater Lincolnshire 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 and other international trade activities. The strategy will be launched in May 2022.

This Internationalisation Strategy seeks to set out four central ambitions;

- To ensure that services are in place to ensure that Greater Lincolnshire's exporting environment supports all businesses throughout their export experience
- To ensure that services are in place for businesses requiring imported goods throughout their international trading experience
- To encourage and provide support to those companies seeking to start trading internationally
- To support existing exporters and importers to access new markets and increase the value of their international trade goods and services

The GLLEP have developed their Industrial Strategy ¹with the government to build their economy over the next 10 years. GLLEP have set out goals to boost productivity in their economy through creating jobs and increasing the earning power of people. The GLLEP has been working with the Midlands Engine Strategy since its launch in 2017. Using this, it is important for Lincolnshire to address and focus on encouraging a greater number of exporters and encourage growth in existing exporters, to reach the greatest potential of its economy.



The Internationalisation Strategy sets out practical measures which will support business growth through international trade, building on local strengths and opportunities. It identifies

¹ <https://www.greaterlincolnshirelep.co.uk/priorities-and-plans/strategies-and-plans/local-industrial-strategy/#:~:text=The%20aim%20of%20the%20Industrial,in%20skills%2C%20industries%20and%20infrastructure.>

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 GLLEP business community has been used to identify where support assists their activity (both actual and potential). 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 internationalisation 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 both in the trading of Goods and services. Trade conditions can be impacted by macro-economic factors beyond the UK's control, or through the attitude and activity of individual businesses both elements have an impact on the competitiveness of UK goods and services in overseas markets. Historically, the UK Government has set various national targets based around increasing the scale and value of exports from the UK. The Government has set out an ambition to raise the value of exports as a proportion of GDP from 30% to 35%².

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 trade³.

It is widely accepted that there is a positive link between trade, openness and growth. 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 head⁴.



The Internationalisation Strategy sets the framework and identifies practical actions which will enhance existing support and create new support to encourage greater levels of international trade activity. The following section will set out the statistical context for Greater

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

³ WTO - World Trade Statistical Review 2019

⁴ OECD - [International trade and balance of payments statistics - OECD](#)

Lincolnshire's current international trade performance, the key sectors operating internationally, key markets and potential future growth markets to explore.

3. Greater Lincolnshire International Landscape

(i) The GLLEP Economy

The Greater Lincolnshire economy contributed £18,016 in GVA per head in 2017 to the UK economy; up from £16,563 in GVA per head in 2012⁵. The region does have a productivity gap with GVA per head 34% below the UK average (as of 2017). While GLLEP region's productivity is below the national average, it does have competitive advantage in both food and non-food manufacturing, both of which have high productivity rates.

The Internationalisation Strategy links closely to Greater Lincolnshire's Local Industrial Strategy (LIS)¹. The LIS has a clear aim which is to boost productivity by creating jobs and increasing the earning power of people with investment in skills, industries and infrastructure. GLLEP has identified six priority sectors which have competitive advantage and can offer real growth to the region. These are:

- Manufacturing
- Agri-food
- Visitor Economy
- Low Carbon
- Health and Care
- Ports and Logistics

GLLEPs LIS and priority sectors will be used as guiding principles for the Internationalisation Strategy to help it reach its full potential.

GLLEP's Institutional Assets

GLLEP has several key institutions which play a role in supporting internationally facing companies. The region is home to the University of Lincoln, a TEF gold-rated University. Universities operate as global economic ambassadors and play an important role in supporting international trade activities 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 that support export and import activity. The University of Lincoln has several international partnerships with other Universities, including LaTrobe University in Melbourne, Australia, University of Wollongong Malaysia, Guizhou University in China, the University of Latvia, and two universities in Hong Kong. It encourages strong relationships with the surrounding community and businesses, offering support, networking opportunities, and industry links, which can greatly benefit businesses that do international trade. The

⁵ [Regional economic activity by gross value added \(balanced\), UK - Office for National Statistics \(ons.gov.uk\)](#)

University also has a strong partnership with Siemens who export to over 100 countries⁶. These global connections provides opportunity to promote GLLEP’s economic strengths and secure future business growth through existing business partnerships, networks and student alumni.

The region’s local authorities also have strong civic ties to many international locations. This Civic role will continue to be an important element in helping to encourage bilateral trade and open new markets for local businesses.

(iii) The Humber Freeport

The Humber Freeport provides a further opportunity to enhance international connections and further increase export and import trade within GLLEP. The Humber currently accounts for 23% of all goods travelling through English ports, adding £7.6 billion GVA to the UK economy, and supports around 35,000 regional jobs⁷. Freeport designation will provide growth opportunities that will ensure that the ports of Goole, Grimsby, Hull, and Immingham continue to thrive. One of the main aims in achieving Freeport status is to encourage more businesses to use the Humber as their dedicated logistics port for customs processing, with the incentives of paying reduced VAT, employment tax, discounted business rates, and a reduction in stamp duty.



In addition to the Humber Freeport, the East Midlands Freeport located around the East Midland’s Airport is important for GLLEP businesses. East Midlands airport is the second busiest air cargo hub in the UK, after London Heathrow, and plays a key role for the Sea Food and Manufacturing companies located in GLLEP⁸.

Both Freeports will provide an important focus for inward investment, imports and exports through the provision of facilities and employment space for companies looking to internationalise. Ensuring the success of the Freeport will be important to GLLEP and the wider East Midlands region.

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<https://www.lincoln.ac.uk/businessengagement/industrylinks/#:~:text=Lincoln%20is%20now%20one%20of,graduate%20talent%20with%20the%20company>.

⁷ <https://www.greaterlincolnshirelep.co.uk/priorities-and-plans/game-changers/freeport/>

⁸ <https://www.eastmidlandsairport.com/about-us/>

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

The Department for International Trade (DIT) provides a suite of services that are tailored to meet individual business's needs. The service is comprehensive and covers three broad areas of support including;

- Advice and Guidance to businesses
- Online support
- Promotional events

Advice and Guidance to Businesses

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

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 and new markets . 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

In support of 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.

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 company's website. Currently two digital trade adviser support this work, linking businesses to a variety of national support including events, grant funding and locally available activity.

Export Academy

The Export Academy is focused on providing small and micro-businesses the knowledge and advice on how to sell to customers. The programme is a pilot and due to the pandemic 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 feature include e-commerce, pricing strategy, customs & tariffs, international marketing, the benefits of Free Trade Agreements, market research and export controls.



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.

Promotional events

Events are one of the most effective ways to support companies looking for trade opportunities. DIT also connect businesses to overseas opportunities through a range of events. Within the GLLEP region, the DIT team support the LEP with preparation for exhibitions and events, trade missions and trade fairs, which are 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.

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 and import opportunities to match the growing pipeline of export and import 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:

Free initial advice and sign posting, support for inward missions and trade events, paid for bespoke advice, prospecting data and introduction services.

(vi) Internationalisation Fund

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

Eligible projects will have a minimum project value of £2000 and maximum £18,000 with up to 50% grant funding available.

UK Export Finance

The UK Export Finance 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.

Lincolnshire Chamber of Commerce

The Lincolnshire Chamber of Commerce, provides its members with a range of internationally facing programmes of support, which are provided commercially. Support is provided through an International Trade Hub and includes the delivery of advice and guidance around key exporting issues. For new exporters, this is through one-to-one advice,

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

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

- EC and Arab British Certificates of Origin
- Movement certificates (EUR1 and ATR documents) 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

Comprehensive training and support is also offered 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

Business Lincolnshire Growth Hub

The Business Lincolnshire Growth Hub (lead and funded by Lincolnshire County Council and GLLEP) identified the need for enhanced provision to provide export and import capability and support for micro and small businesses across Greater Lincolnshire.

The support is delivered in harmony with the existing DIT International Trade Support, e.g. www.great.gov.uk, International Trade Advisors, and E-commerce Advisors.

The service commenced in April 2019 and a dedicated Export Adviser was contracted to provide support on a call off basis.

Small and micro businesses are offered two adviser-led services, linked to their export journey stage:

- **Export Readiness Assessment** –for businesses that are interested in exporting but aren't convinced that their current products or services are exportable and want to understand the actions they need to take to become export ready.
- **In Depth Export Diagnostic** –for businesses that have an export-ready product or service or that already have some international customers, but no coherent export strategy. This review covered nine areas: the business, products & services, export objectives, planning & market knowledge, people & experience, operations, sales & marketing, finance and Brexit impacts. The support offer also sign-posts appropriate Export Academy sessions, other DIT masterclasses and general Growth Hub events
- The **Empowering SMEs in International Trade** Programme has been designed to assist business to embrace trade through the transformative new trading arena Post EU Exit. It assists businesses who are either exporting or importing and require specialist support and guidance in navigating the complexities of trading and ensuring compliance with trade regulations post EU exit. The tailored support is delivered on a 1 to 1 basis (currently virtual).

- International Trade Clinics – 2 hours support
- International Trade Deep Dive Sessions - 6 hours support
- Export Manager Programme – 30 hours support
- International Trade Peer Support Programme - 12 hours group support

vii. Greater Lincolnshire's resources for International Work

Greater Lincolnshire is developing an ambitious agenda for its international activity. Our approach to deliver the strategy is in partnership. Resources contributing to the delivery of the strategy include;

- Business Lincolnshire Growth Hub – Coordination and Business Advisory support
 - Lincolnshire Chamber of Commerce – Export advice and Documentation
 - Department for International Trade – resources provided across the East Midlands and Greater Lincolnshire
 - The Export Department – Export and Import advice support to businesses
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- EU Trade Support programme



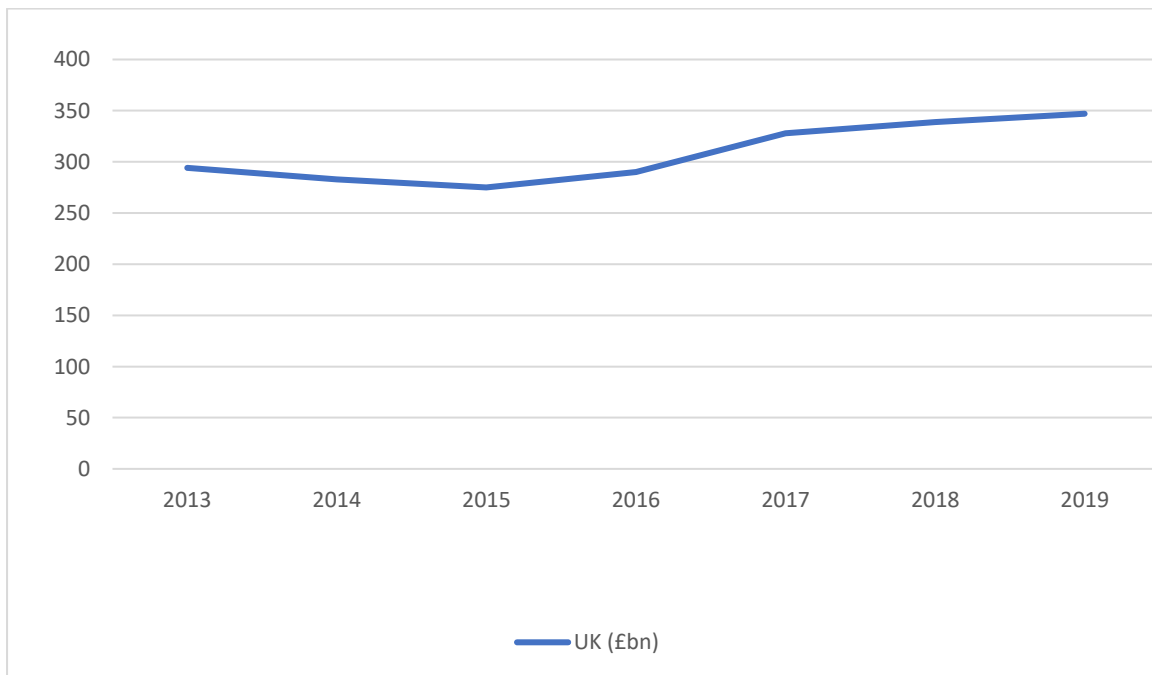
4. GLLEP International Trade Performance

The UK has a long history of being at the forefront of international trade. In 2019, 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 our weight but below our potential, with the UK well placed to seize new opportunities in new markets. 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 COVID-19 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.

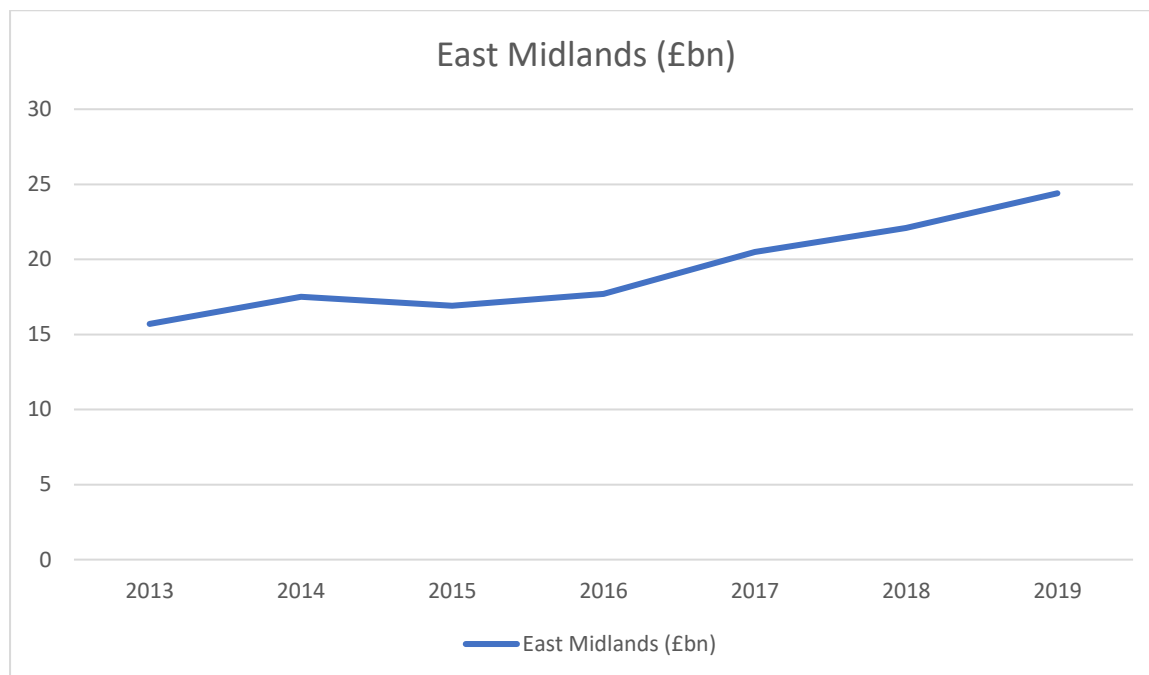
Figure 1: Level of UK Exports



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: East Midland Export performance 2013-2019



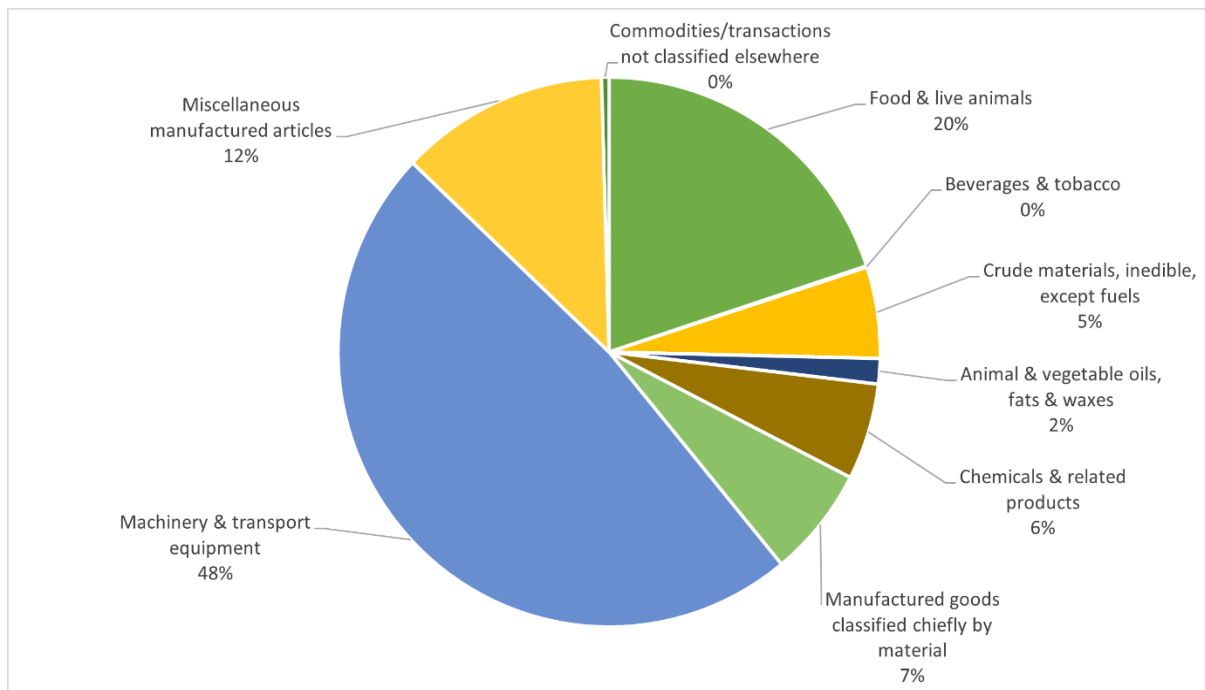
Source: <https://www.uktradeinfo.com/trade-data/rts-custom-table/EastMidlands>

Businesses in Lincolnshire **export 5.6% of all goods leaving the East Midlands**⁹. This was a total of **£1.3bn in 2019** from a recorded 2,200 export businesses registered in the area.

Figure 3 shows the breakdown of export goods from Lincolnshire in 2019, to both EU and non-EU countries as a pie chart. The data illustrates that machinery and transport equipment is the largest sector for export goods from Lincolnshire, followed by food and live animals, followed by miscellaneous manufactured articles. Of the food and live animals exports, 80.1% was exported to EU countries.

⁹ [Regional trade in goods statistics disaggregated by smaller geographical areas: 2019 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/regional-trade-in-goods-statistics-disaggregated-by-smaller-geographical-areas-2019)

Figure 3: Lincolnshire goods exported in 2019



Source: UK regional trade in goods statistics disaggregated by smaller geographical areas, 2020

The DIT-sponsored Midlands Engine Export Research report identifies that a companies' 'sector' is highly correlated to export activity 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 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 also 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 staff. 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 are already international, and overseas investments are often explicitly designed (and are of a scale) to serve more than the domestic market.

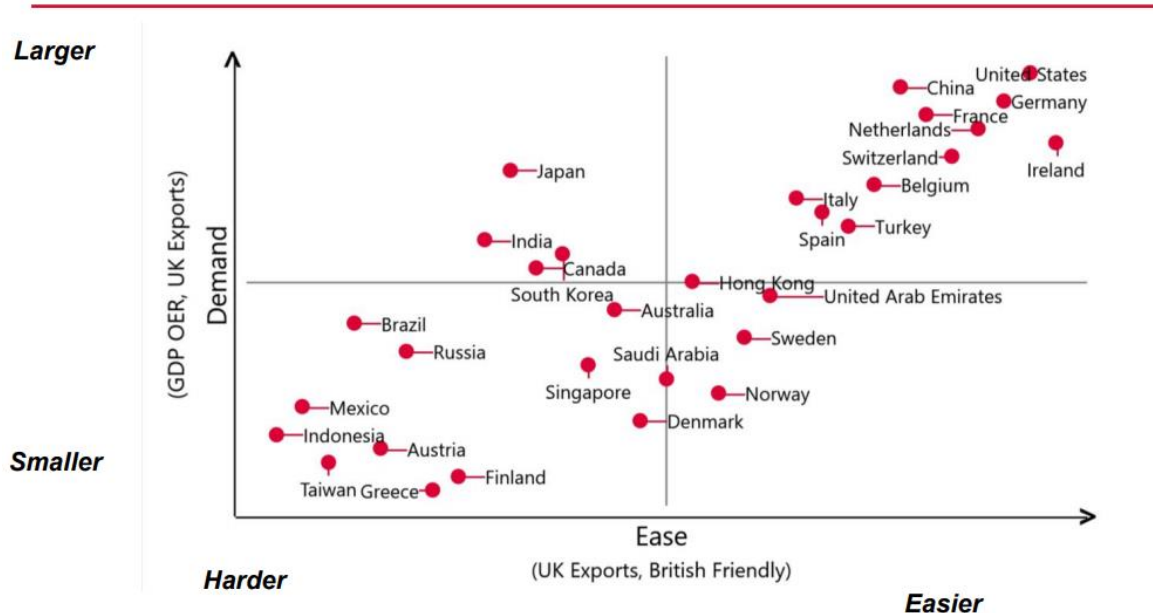
5. Key and emerging markets

This section reviews the key export markets that Greater Lincolnshire businesses are engaged in, and also 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 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 4 UK current export strength and market opportunities



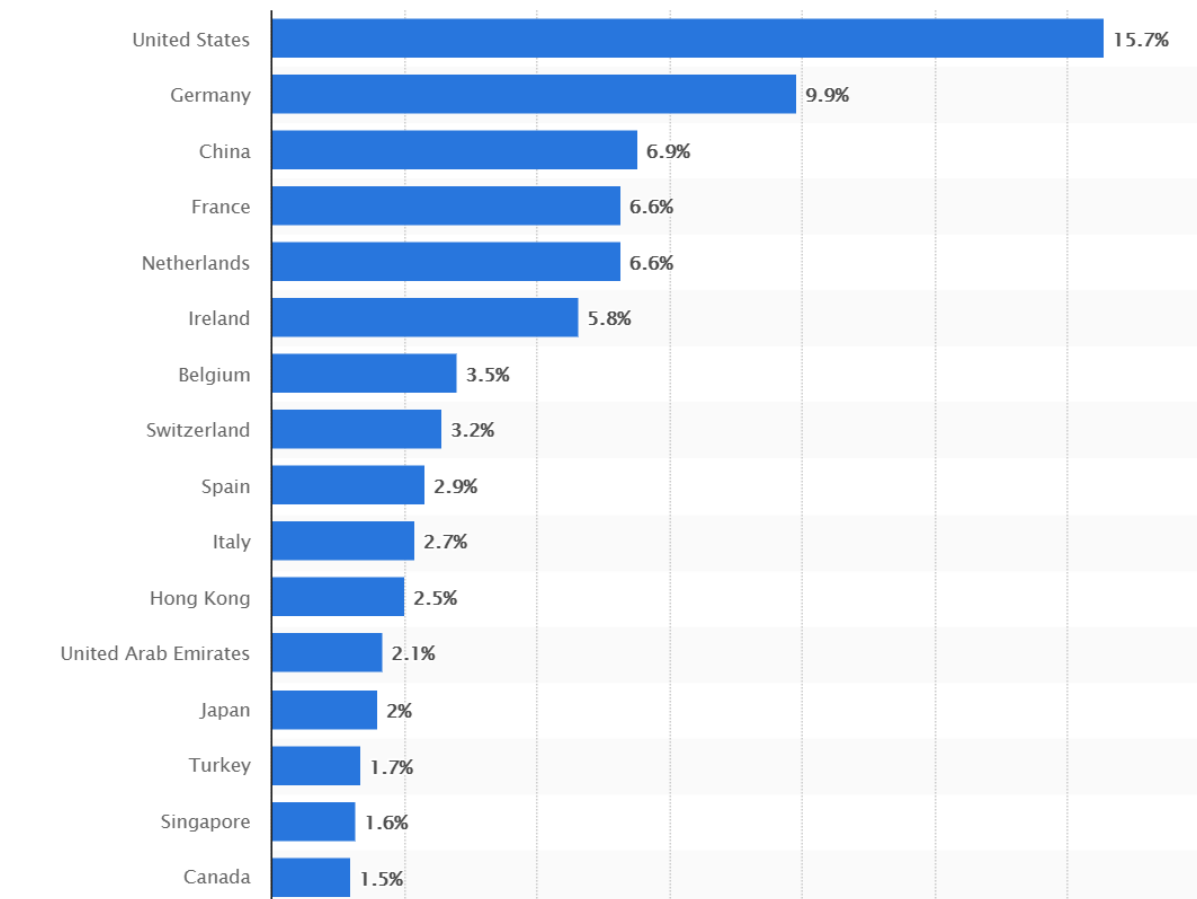
Source: DIT's Market Selection tool

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. The growth opportunities exist in markets in the left hand quadrants, these markets are sizable, but with require some navigation. With new Trade Agreements being agreed, such as Japan, the UK will have additional tools to reach these markets. Existing DIT support enables exporters to reach all markets, fundamentally the most important factor is whether an exporter has a product required overseas.

(ii) The UK's Current Key Export Markets

Looking at key UK export markets, export data from 2019 and 2020 has been included, because 2020 will be seen as an anomaly year, due to the Covid-19 pandemic. 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. This data is shown in Figure 5.

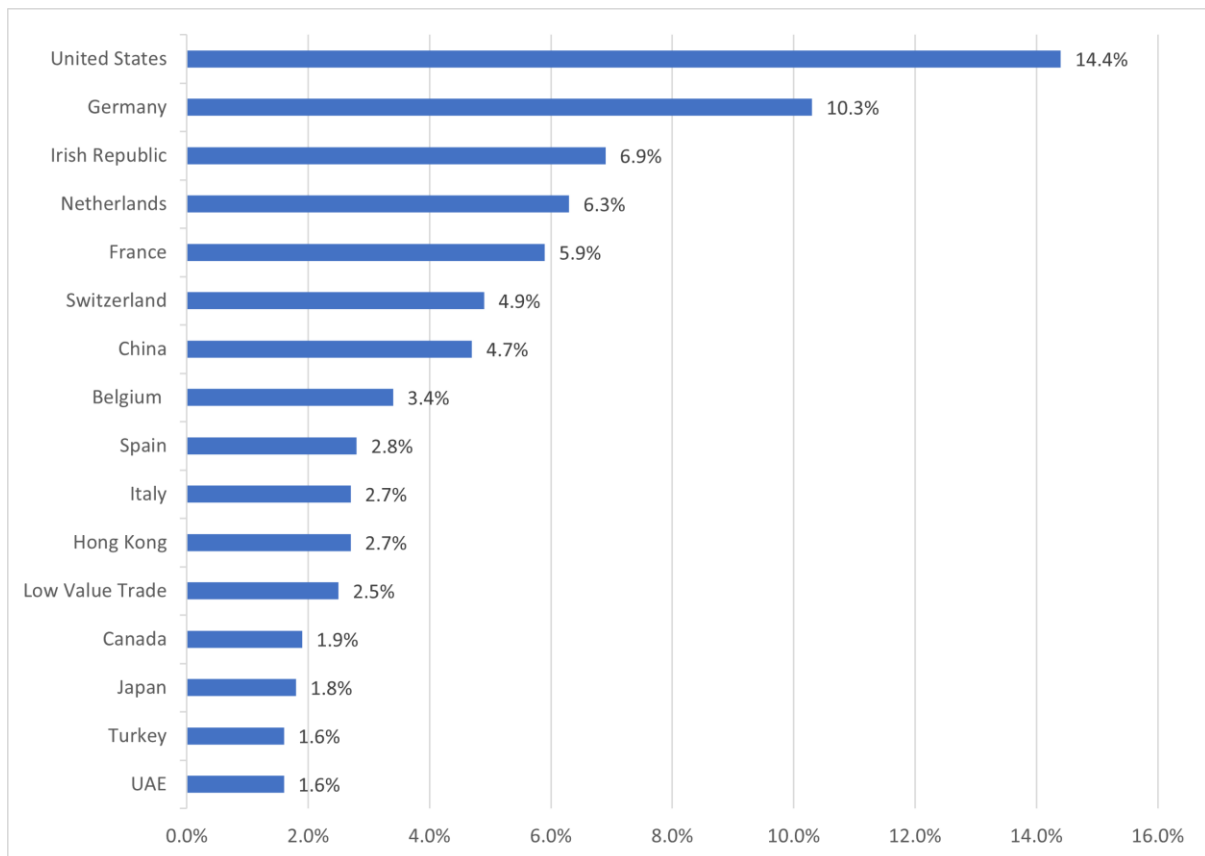
Figure 5 highlights the UK's key export markets in 2019.



Source: Statista: 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. Further detail can be seen in Figure 6.

Figure 6 highlights the UK's key export markets in 2020.



Source: UK trade data, 2020

Potential numbers of exporting companies

Figure 7 identifies the total number of High Export Potential (HEP) companies in the Midlands Engine key sectors. The totals related to companies that turnover £500k plus. Only a proportion of these companies export, however, it provides broad parameters for how many more companies could be encouraged to export.

Company Counts by Criteria and Geography <i>Based on FAME data</i>	Greater Lincolnshire LEP
Total High Export Potential (HEP) companies in Midlands Engine Key Export Sectors	620
Companies reporting export turnover in at least one of the last three financial years	113
Exporters as % of HEPs	18%

Source: Fame

Figure 8 sets out HEP companies in Greater Lincolnshire by sector.



No. HEP companies by Midlands Engine Key Export Sector	Total in LEP area
1: Healthcare & Life Sciences (including medical devices/technologies)	11
2: Advanced Engineering (particularly rail and aerospace)	50
3: Infrastructure (including mining)	0
4: Clean Energy & Renewables	0
5: Technology, Smart Cities, Cyber Security; and 7: Defence	25
6: Chemicals (including composites)	3
8: Education	32
9: Advanced Manufacturing & Future Mobility (particularly automotive and automotive supply chain)	37
10: Food & Drink	43
11: Fast Moving Consumer Goods (FMCG)	67
12: Business & Professional Services	284

Source: FAME

(iii) Greater Lincolnshire's Current Largest Export Markets

43.9% of Lincolnshire's export services were exported to the EU in 2017¹⁰. While there is only limited data a Nuts 2 (County) level, ONS data indicates that Lincolnshire exports more goods to EU countries compared to the rest of the world, with a 63%:37% split in 2015¹¹. Lincolnshire's largest exporting industry is food and drink, with the greatest volume traded to European countries. Other national and regional data also identifies that the USA and is also an important market. These markets will remain important to Lincolnshire exporters in the future.

Greater Lincolnshire International snapshot

¹⁰ [International exports of services from subnational areas of the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

¹¹ [Innovation \(modern.gov.co.uk\)](https://modern.gov.co.uk)

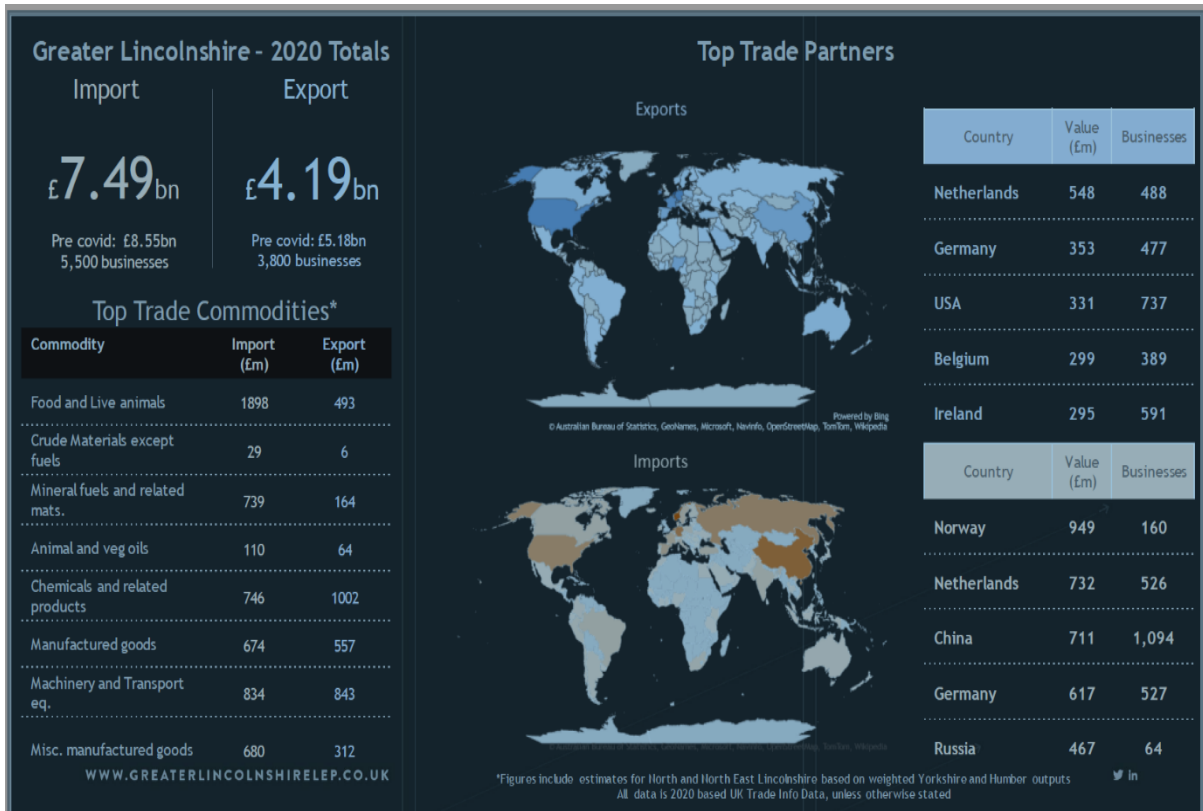
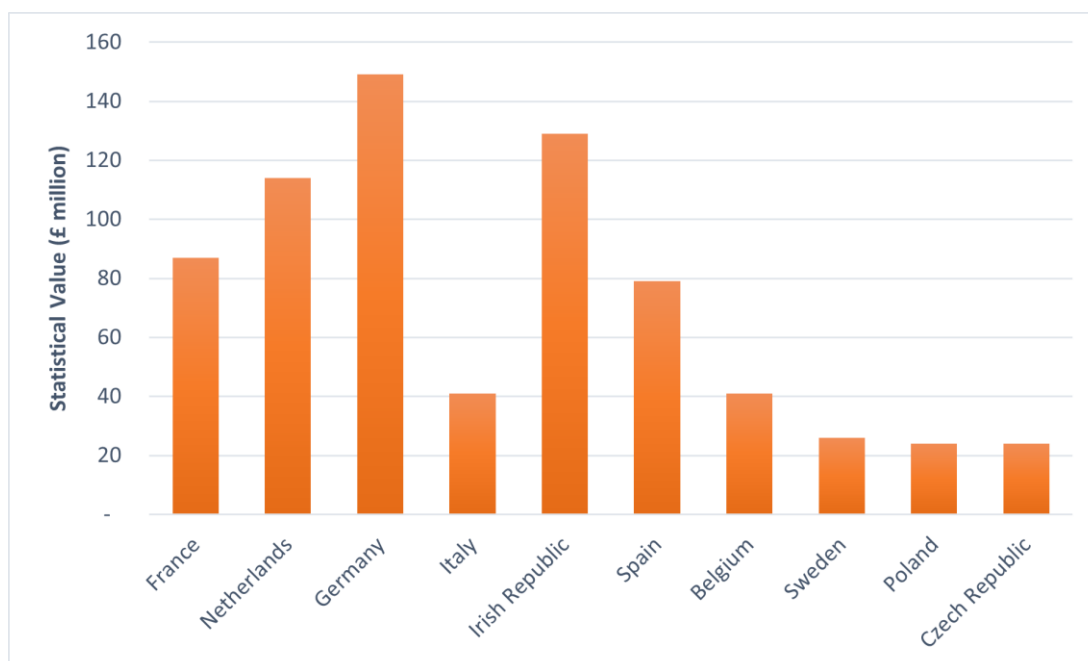


Figure 9 below shows Greater Lincolnshire's top 10 export countries within the EU in 2019.

Country	Statistical value
Germany	£149 million
Irish Republic	£129 million
Netherlands	£114 million
France	£87 million
Spain	£79 million
Italy	£41 million
Belgium	£41 million
Sweden	£26 million
Poland	£24 million
Czech Republic	£24 million

Source: UK regional trade in goods statistics disaggregated by smaller geographical areas, 2020

Figure 10 below shows the top 10 EU countries that Lincolnshire exported to in 2019



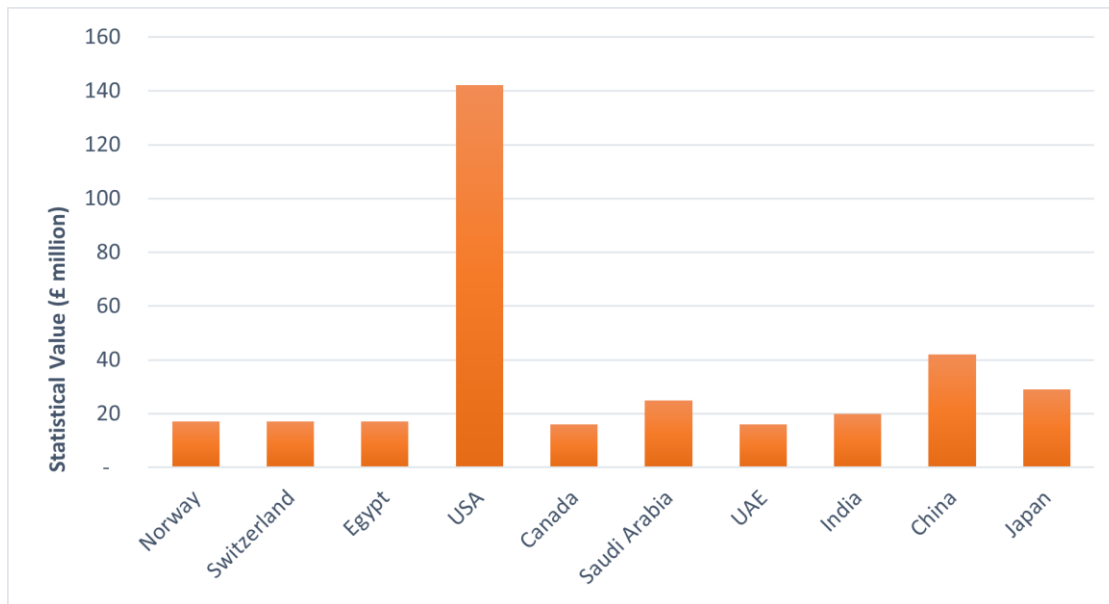
Source: UK regional trade in goods statistics disaggregated by smaller geographical areas, 2020

Figure 11 below shows Greater Lincolnshire's top 10 export countries outside of the EU in 2019. It's worth noting that only the United States that comes anywhere close to the export value of EU countries. The second highest export country outside of the EU is China, valued at £42 million, which positions China in 7th highest of all export countries from Greater Lincolnshire.

Country	Statistical Value
USA	£142 million
China	£42 million
Japan	£29 million
Saudi Arabia	£25 million
India	£20 million
Norway	£17 million
Switzerland	£17 million
Egypt	£17 million
Canada	£16 million
UAE	£16 million

Source: UK regional trade in goods statistics disaggregated by smaller geographical areas, 2020

Figure 12 shows the top 10 non-EU countries that Lincolnshire exported to in 2019



Source: UK regional trade in goods statistics disaggregated by smaller geographical areas, 2020

(iv) Barriers to exporting

Through consultation with the business community for the development of this strategy 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 and;
- The ability to understand regulation, culture and practices of new trading partners
- planning and identifying opportunities
- winning and securing contracts
- As a short term issue, the perceived uncertainty relating to exiting the EU

For new and novice 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**. Due to the small nature of the businesses, and the fact that they do not have a team designated to exporting, it is typically the Managing Director who holds responsibility for researching opportunities, securing trading relationships, 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 limited trading to a few established overseas customers. These businesses report that support is critical in addressing these issues, and new exporters cited support from DIT and Lincolnshire Chamber as essential. This advice is highly valued, with many businesses confirming that the support ultimately led to export contracts being secured.

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 international trade. 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.

Learning from previous business' examples was also a reason for export success, for example, having access to experienced exporters and case studies of how to succeed. These networks act as a valued support network where businesses can build knowledge, learn from experience and understand how they can trade overseas 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 key barriers for potential exporters of all sizes and experiences. With each country having its own unique culture, there is widespread recognition that businesses need to be prepared for cultural differences if they are to trade effectively.

The British Business Bank's 'UK SME exporting trends: finance and trade report' identified that **planning and identifying opportunities**, and **winning and securing contracts are the biggest challenges** for international expansion. When asked about which stage of the exporting journey presents the biggest challenge, exporters identify (37%), and (32%).

Leaving the EU is also a current factor impacting upon confidence levels of all exporters. The EU is a key market for GLLEP, 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 in the summer months. There have already been several issues reported among the businesses due to Brexit: goods being lost/ 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.

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

(v) Responsible Exporting

Responsible exporting is a key factor that businesses should be aware of when considering expanding in international trade. The global value chain and vast amount of global trade has raised questions around how trade and the environment interact with each other¹².

International trade can have a direct impact on the environment by increasing pollution and degrading natural resources¹². Simultaneously, international trade has the power and ability to support economic growth, development, and social welfare, as well as contributing to a greater capacity to manage the environment more effectively¹². Hence, markets can work together to improve access to technology that make local production processes more efficient and hence lower the strain on the environment. Likewise, a changing environment can pose issues for exporting businesses, as they may find transport and distribution chains infrastructure to become vulnerable and susceptible to change¹². Hence, it's important for businesses to be aware of the issues around responsible exporting in order for their international trade activity to continue to run reliably.

Greater Lincolnshire LEP and trade partners can support businesses by providing information on responsible exporting to educate businesses, so they know the reasons why it is important as well as how to practice it. Following guidelines from environmental and international trade policy is key, as well as information on the supply chain of the exported/imported goods. Choosing the route that emits the least amount of carbon emissions is a good choice, as well as choosing packaging and materials that have less impact on the environment is beneficial, too.

This section of the Strategy adds value to Lincolnshire businesses as the demand for responsible exporting is due to rise over the next few years.

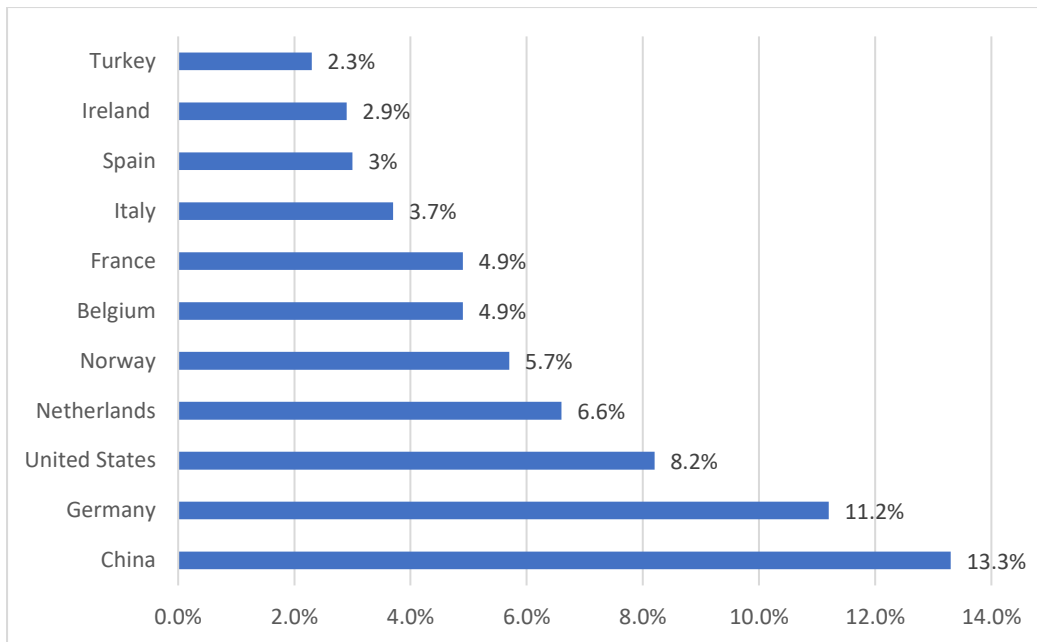
(vi) Import Markets and Barriers to Importing

The UK imports from a number of markets and their international trading activities lead to a net importing market¹³. In 2021, the UK's exports of goods and services totalled £619 billion and imports totalled £648 billion¹³. The EU accounted for 50% of imports in 2020.

Figure 13 shows the top 10 countries that import to the UK.

¹² <https://www.oecd.org/trade/topics/trade-and-the-environment/>

¹³ <https://commonslibrary.parliament.uk/research-briefings/sn02815/#:~:text=The%20UK%20generally%20imports%20more,%C2%A329%20billion%20in%202021.>



Source: Statista, 2021

The Greater Lincolnshire LEP area is also a net importer of goods; in 2017, total imports into GLLEP were £8.8 billion from a minimum 3,100 businesses¹⁴. The largest import sector is in food and live animals, followed by machinery and transport equipment, crude materials (except fuels), and chemicals and related products¹⁴.

While the official line is that there are no significant trade or investment barriers in the UK (from the International Trade Administration¹⁵), a few barriers to importing to GLLEP have been identified. Brexit is a barrier as businesses continue to adapt and mitigate around the new trade regulations with the EU. This has affected the rules of origin and the cost added to imports; its been reported that Brexit trade barriers added £600m in costs to UK importers in 2021¹⁶. Quotas and other regulations may also be a hinderance to importing. Giving businesses the knowledge to understand what each of these measures are can help them to overcome import barriers.

(vii) 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 report¹⁷ 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

¹⁴

https://www.greaterlincolnshirelep.co.uk/assets/documents/Greater_Lincolnshire_LEP_Local_Industrial_Strategy_Evidence_Base_%28November_2019%29.pdf

¹⁵ <https://www.trade.gov/country-commercial-guides/united-kingdom-trade-barriers#:~:text=The%20UK%20has%20no%20significant,of%20EU%20Directives%20and%20regulations.>

¹⁶ <https://www.theguardian.com/politics/2021/sep/13/brexit-trade-barriers-added-600m-in-costs-to-uk-importers-this-year>

¹⁷ <https://www.mckinsey.com/featured-insights/europe/brexit-the-bigger-picture-revitalizing-uk-exports-in-the-new-world-of-trade#>

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 States¹⁷.

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 GLLEP priority sectors. These markets include;

Food security has been and will continue to be a key driver of socio-political priorities at global, regional and national level.

Increasing world population, sustainability concerns and uneven income growth present the food and agricultural sector with the permanent challenges of: increasing total food availabilities, satisfying the increasing diversification of consumers' basket, and meeting higher quality standards (safety, environment, welfare and ethic), while keeping food affordable. The Food and Drink market is GLLEP's largest trade market. Globally, the current highest food import markets are;

United States, imports a total of £133 billion

China - £105.26 billion,

Germany - £98.90 billion,

Japan - £68.86 billion,

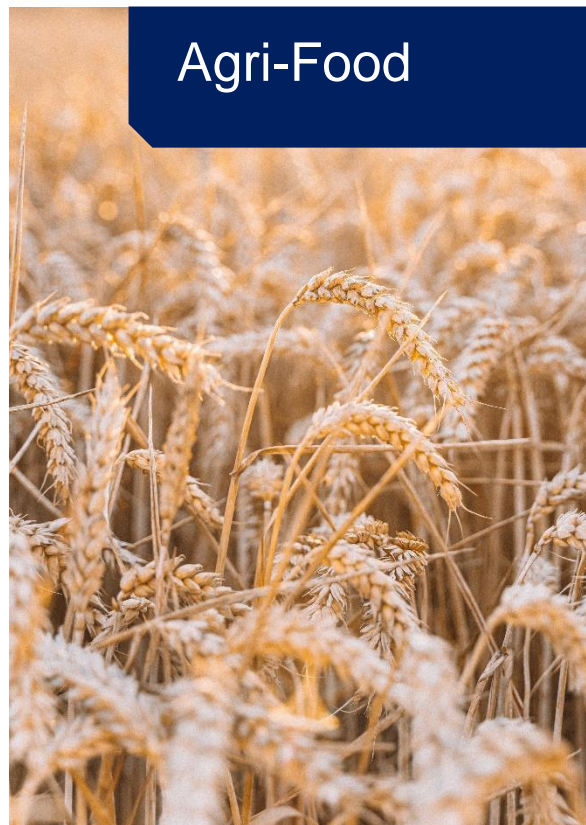
Netherlands - £64.38 billion,

France - £62.29 billion,

Italy - £51.34 billion,

Belgium - £40.87 billion

Russia - £38.60 billion¹⁸



GLLEP businesses are currently operating within each of these markets and they will continue remain important to Lincolnshire businesses in the longer term. Each market also

¹⁸ <https://www.worldatlas.com/articles/the-countries-importing-the-most-food-in-the-world.html>

offers growth potential with all indications that food security issues will create greater levels of demand, particularly where there is continued population growth.

There are in addition a number of rapidly growing markets that offer potential to increase exports. These markets are recognised for their growing populations and increasing reliance on food imports. These markets include;

The Asia Pacific – specifically Indonesia, India, Bangladesh, and Philippines

The population of the Asia-Pacific region is projected to rise by more than 400 million people in the next 2 decades, representing a 16-percent increase. Demographic changes – increased urbanization, growth in populations, and changes in the age structure of populations - will have more profound long-term implications for the region's food system.

In the Asia-Pacific region, three demographic trends will lead to increased global demand for food. A more urban population will demand a more varied diet, with a premium on convenience. The overall aging of the population will change demand with an increased focus on for example, more fish and fruit.

The Middle East – specifically Bahrain, Egypt, Kuwait, Oman, Qatar, Saudi Arabia, and UAE

The growing populations of the Middle East point to increased dependence on imported food staples. Food imports are projected to grow to US\$53.1 billion by 2025. Major factors driving the market include growing domestic and rising expat population, rising health consciousness among the population, changing tastes and preferences, and growing disposable income leading to higher consumption of nutritional foods as part of a stable diet. The United Nations' figures reveal the population jumped by 18.9 percent in the last five years. According to a report published by the Economist Intelligence Unit, by 2020 the GCC population is forecast to reach 53.5m, a 30 percent increase over the level in 2000. This growth provides a large new market for Lincolnshire's Food and Drink sector to increase exporting to.

Saudi Arabia, the UAE, Kuwait and Egypt are the largest markets for fresh produce imports. Saudi Arabia and the UAE account for over 2 percent of global fresh produce imports¹⁹. These markets offer immediate opportunities for GLLEP Food companies.

Global demand for food products focuses on **Cereals, Fruit and Vegetables and Meat** products. Lincolnshire has clear strength as the UK's leading exporter of Cereals and Fruit and Vegetables. The GLLEP area also had some specialisms such as the Grimsby Sea Food Cluster which is responding to global demand. This cluster has the potential to grow further, with the quality and brand beginning to be understood globally. The cluster has appetite to explore these new markets and seek to increase exporting.

¹⁹ <https://www.centerforgrowingtalent.org/content/articles/2017/06/who-supplies-the-middle-east-increasing-demand-for-fresh-produce>

Agri Robotics

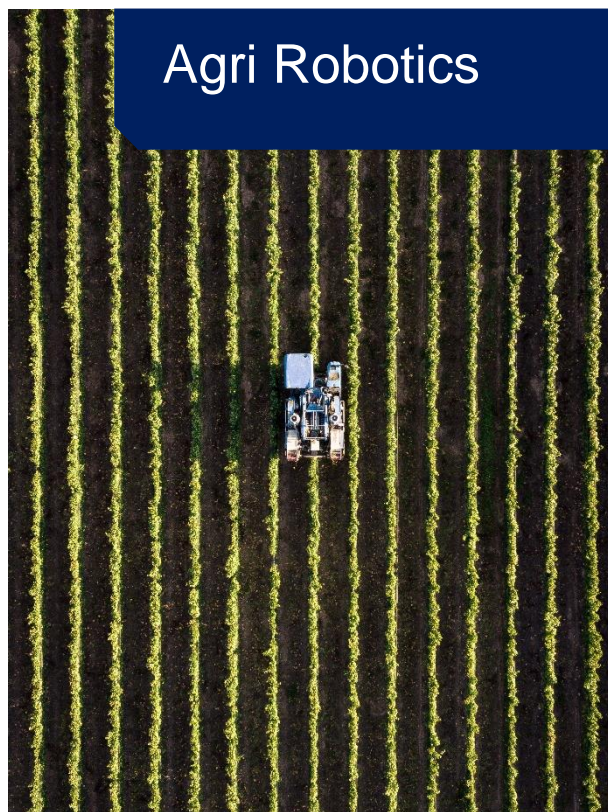
The Agri-Robotics market is also an important growing sector across Greater Lincolnshire. At present analysis reveals that the market is fragmented into North America, Europe, Asia-Pacific, South America, Middle East & Africa, South East Asia. Emerging applications of robots or drones in agriculture include weed control, cloud seeding,^[4] planting seeds, harvesting, environmental monitoring and soil analysis. According to Verified Market Research, the agricultural robots market is expected to reach £11.58 billion by 2025²⁰.

Key markets for Agri Robotics are currently focused on developed nations, including

North America, Japan, and Western Europe.

The developing regions such as Asian Pacific are predicted to grow highest

owing to the presence of higher and restricted farming land, and government in the countries such as India and China more focused on increasing food production due to growing populations²¹. Ghana has also expressed interest in agri-technology. These markets present opportunities for Lincolnshire companies in the sector, particularly in the short to medium term as competition for robotic technology is rising in order to meet structural issues with food security in nations with growing populations.



²⁰ <https://bots.co.uk/how-robotic-technology-is-changing-the-agricultural-sector/>

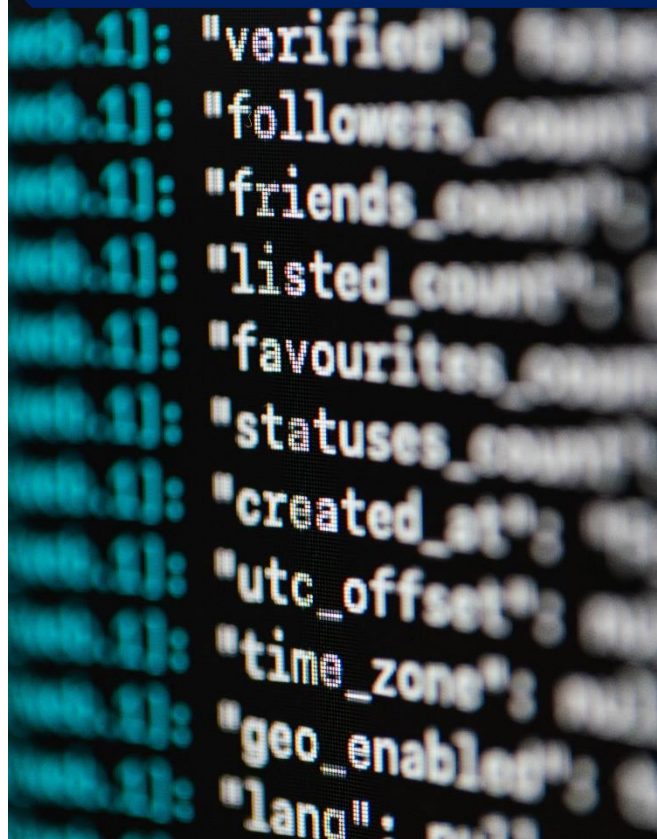
²¹ <https://www.fao.org/3/ag087e/ag087e05.htm>

Defence and Cyber

The Defence and Cyber security sector is a further growth opportunity within Greater Lincolnshire. The global defence cybersecurity market was valued at £15.85 billion in 2020, and it is expected to reach £20.17 billion by 2026²². The defence industry has witnessed a dynamic change over the past decade. The growing advancements in information technology, upgradation of existing weapons with intelligence, surveillance, and increasing volume of classified data gathered from various systems have demanded the use of reliable and enhanced cyber security solutions for the defence industry. Emerging technologies such as blockchain are entirely web-based, and commercially available applications now range from personal identification to asset verification and contracting.

Greater Lincolnshire has an established, expert and innovative cyber security sector made up of companies across a range of capabilities. The UK sector is growing, with exports rising to £3.96 billion in 2019²³. DIT provides a comprehensive support package for companies with the sector which support the development of export opportunities and navigation around the varying regulations and security issues around the globe.

Growing markets are typically located in the Asian Pacific with strong demand in **China, Japan, India, South Korea, Australia, and Singapore**. Regional Growth rates remain high in North America and European markets. As developed economies the increasing incidents of cyber-attacks are driving government demand in these regions, which is resulting in significantly investment in dealing with these cyber-attacks.



²²

Defense Cyber Security Market - Growth, Trends, COVID-19 Impact, and Forecasts (2021 - 2026)

²³

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/962413/UK_Cyber_Security_Sectoral_Analysis__2021_.pdf

Healthcare

COVID-19 is shifting the global healthcare trade landscape by accelerating two new technology and health provision, including;

Telemedicine

Encompassing remote patient assessment and monitoring as well as health education, the global telemedicine market was projected to grow from US \$50 billion in 2019 to US \$460 billion by 2030²⁴. COVID-19 is accelerating the trend.

Telemedicine has long been encouraged in developing countries. It can help overcome short-staffing limitations and provide support for local clinicians through overseas physicians who can confirm a diagnosis and collaborate on treatment plans as part of global trade in services.

Countries such as **Ghana**, **South Africa** and **Kenya** have expressed interest in maximising the potential of e-health services as well as telemedicine innovations.

Robotics

Robotics are being deployed to decrease COVID-19 risks to frontline healthcare workers. A field hospital in Wuhan, China serving 20,000 patients was staffed by robots that monitored patients' vital signs through smart bracelets and rings that synced with an AI platform. Other robots served food, drinks and medicine to patients, while other autonomous droids sprayed disinfectant and cleaned the floors. Other countries like South Korea and Lebanon are using robots to measure temperatures, distribute hand sanitizer and perform disinfecting services.

Developed markets are currently the largest importers of healthcare, including **North America**, **Canada** and **Australia**. There are forecasts of growth in healthcare imports in **China**, **Singapore** and **India**. These markets offer potential to Greater Lincolnshire's sector.



²⁴ <https://www.statista.com/statistics/671374/global-telemedicine-market-size/>

The global economy is undergoing a transition toward cleaner, less carbon-intensive products and production processes. With the costs of key technologies falling, countries are beginning to position themselves for the emerging green economy. The countries that develop a comparative advantage in greener goods and services will benefit from improved terms of trade.



Forecasts from the London School of Economics estimates that UK low-carbon services have the potential to grow at annual rates of 12 to 15 per cent in the period up to 2030.

Key growing markets which provide opportunities for Greater Lincolnshire include; **the Asia Pacific, Brazil and Middle East.**

Key and Emerging Market snapshot

Based on economic analysis available from DIT, and global data from OECD and market intelligence from networks, the snapshot below identifies the key markets where GLLEP businesses can target. The table details where businesses have as stable, long term trading relationships and also emerging markets, GLLEP businesses have a presence in these markets too, however these markets offer short term opportunities to increase the volume of exports from both existing and new exporters.

Market	Priority Sectors				
	Agri-Food	Healthcare	Agri-Robotics	Defence & Cyber Security	Low Carbon
Key markets					
EU					
USA					
Emerging					
Japan					
India					
South Korea					
Canada					
Mexico					
Australia					
Singapore					

Saudi Arabia					
UAE					
Egypt					
Kuwait					
Oman					
Qatar					
Bahrain					
Developing					
South Africa					
Kenya					
Ghana					
Rwanda					
Ethiopia					

6. GLLEP's International Trade Strategic Priorities

This section identifies key strategic priorities that have emerged as the necessary practical steps that can be taken to assist GLLEP's businesses to begin their export and import journey.

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

- Enhancing GLLEP's export and import environment
- Supporting new companies to export and import
- Supporting existing exporters and importers to increase their levels of international trade

By addressing these issues, over time the number of companies trading overseas and volume of exports and imports within the GLLEP area will increase. This strategy seeks to encourage incremental growth in international trade, recognising that scaling activity would be difficult to achieve without more resources, both within the region and based in key markets. 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 the GLLEP's 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, GLLEP, DIT and their 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 make difficult decisions about where to place support. There is however significant benefit from increasing international trade across the LEP region, and in doing so, contribute to the economic growth which GLLEP is seeking to deliver. The strategic priorities are;

(i) Enhancing GLLEP's export and import environment

This has been identified as a priority as experienced exporters and importers have identified that support is difficult to locate efficiently, particularly for new or potential exporters. If GLLEP is to encourage an increase in the number of exports and imports, it will be imperative that support is easily located and accessed. Once the support is located, companies report they have a positive experience which meets with expectations, and resolve issues speedily and with desired outcomes being achieved.

(ii) Supporting new companies to export

There is evidence that there are companies located across GLLEP who have products that could be exported, but as yet have not explored overseas trade. The Midlands Engine Research Report²⁵ identifies that there is potentially 2% of businesses whose products could be exported, which potentially equates to over 1,200 businesses in the Greater Lincolnshire area. The report also identifies that up to 22% of business would 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 businesses 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 reason, but could potentially be encouraged to start again. Encouraging and helping Lincolnshire businesses to export and engage in international trade is another way of adding value to the businesses as they learn to expand into new markets.

While there is limited data confirming how many businesses fall into this category, however GLLEPs 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 and are listed in an accompanying Action Plan.

²⁵ Exporting and International Trade across the Midlands Engine – March 2020



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 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 GLLEP 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 Lincolnshire Chamber
- The number of businesses utilising Lincolnshire Chamber documentation services

While these activities do not give an overall measure of international trade activity in GLLEP, 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 GLLEP 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 impacts have settled and identify how markets are beginning to be re-established and any new markets that Greater Lincolnshire can export to.

