

Export and the rise of the North

Innovative companies in the Northern Powerhouse are helping to underpin the region's economy with a wide range of products and services targeted across the globe

By **Mike Cowley**

THERE ARE CLEAR SIGNS THAT exporters in the Northern Powerhouse have been exploring the potential of global markets long before the Brexit referendum was mooted, with total exports to China having grown by 47% since 2010.

Known for their ingenuity, Northern companies can be found selling palm trees to Dubai; Yorkshire salmon to Canada and even plastic boxes to the home of plastic boxes, China.

Exporting has helped underpin the rise of the North, with £53bn of goods (some 18% of the UK total) from 31,529 companies – plus £51bn worth of services finding their way overseas from the region annually.

In 2016-17 DIT Northern Powerhouse team delivered 18 Trade Missions with 350 delegates. They support companies to export who in total have delivered £654m export sales representing an average sales order of £357,000.

The North of England has eight tech businesses valued at over \$1bn including two unicorn companies and in 2018 will host both the International Business Festival in Liverpool and the Great

Northern Exhibition in Gateshead.

With a GDP of almost £350bn, the Northern Powerhouse remains very much on the Government economic radar – as does its potential in the export arena.

All three regions in the North are also performing strongly in terms of exports.

The enterprising exporters in the North East include Treelocate of Northumberland, which sells palm trees to hotels in Dubai; Neue Schule of Hartlepool which has just received the Queen's Award for selling horse bits to Germany; and Bedmax Shaving which sells horse bedding to the world with customers that include the Hong Kong Jockey Club and several sheikhs in the Middle East.

Then, of course, there is Nissan exporting cars round the world with one of its factories based in Sunderland generating export revenues larger than some countries entire economies.

Out of 68,000 VAT registered businesses in the North East, there are 4,145 exporters who account for £10.74bn of trade in goods. The main export regions are EU (£6.6bn), North America (£1.5bn) Asia and Oceania (£1.2bn), Middle East and North Africa (£485m) and Sub-Saharan Africa (£201m).

The Netherlands is the largest single

goods market for the North East with a 12-month export value of £1.72bn with the fastest growing markets being Germany (£934 m), Portugal (£101 m) and Sweden (£334 m).

Top export commodities from the region are machinery and transport (£6.1bn), chemicals (£2.6bn) and manufactured goods (£687 m).

Over in Yorkshire and the Humber, the innovative exporters have been busy cultivating new overseas markets. The Salmon Man is exporting Yorkshire salmon to Canada; 104 Films recently sold £300,000 worth of film content to Netflix in the USA; Croda has just won a £7 m export order for chemicals to Iran; Babyballet has secured a £950,000 order to provide pre-school dance in Australia; and Barnsley SushiSushi has just sold its 500th sushi machine to South America.

There are 13,200 exporters in the region who last year accounted for overseas sales of goods worth £14bn. This is made up of sales to the EU (£7.6bn), North America (£2.2bn), Asia & Oceania (£1.9bn), Middle East and North Africa (£734m), non-EU Western Europe (£544m) and Sub-Saharan Africa (£368m), plus a further £6.6bn sales from the services sector (2014 estimate).

Top export destination countries for Yorkshire and the Humber are the US (£1.9bn), Germany (£1.3bn), Netherlands (£1.1bn), France (£964m), Ireland (£958m) and Belgium (£794m); with top export sectors being machinery and transport (£4.2bn), chemicals (£3.2bn) and manufactured goods (£2.4bn).



The North West has 91 export champions, companies who fly the flag abroad

The North West region has 15,554 exporters and a number of significant market leading sectors to draw on to generate £29.8bn in overseas sales in goods last year plus an additional £17.5bn in services exports (2014 estimate).

Key sectors include advanced manufacturing which generates over £20bn in gross value added, with key clusters including aerospace (the UK is third largest in the world) and automotive.

The region also has the largest services sector outside London and the South

DIT brings together the key functions to ensure

Just how important is exporting to the North, the Northern Powerhouse initiative and the UK economy?

Mark Garnier, the Parliamentary Under Secretary of State for the Department for International Trade, answered a series of questions posed to him by Super North editor Mike Cowley.

The Department for International Trade has recently undergone a major reorganisation. Why was this deemed necessary and how has this played out in the Northern Region?

When companies export, not only can this help them grow but it can also help them to learn about new technologies, new ways of doing things and new trends. The benefits are clear, yet in terms of the number of companies that export, the UK is not achieving its potential. This not only limits their potential growth, it also reduces their ability to face future shocks and reduces the robustness of our economy.

The formation of the Department for International Trade is a clear sign of the importance the government places on trade and we have organised our activity across the UK to ensure that we

have sufficient focus on getting new companies (often small and medium enterprises) exporting, alongside our work on getting larger and more established companies plugged into high value opportunities.

great.gov.uk is the new single digital destination for trade and investment,



Mark Garnier says the UK has still to achieve its export potential, which limits potential growth

bringing together and connecting UK businesses, international buyers and international investors. With this new approach and focus we believe the long-term benefits are already starting to show.

This has involved the setting up of a new management structure in the North. Again, why was this necessary and what are its objectives?

The appointment of a Regional Director to lead the team and the installation of new staff alongside refocusing existing staff allows us to be more pan-Northern in our approach and to use exports and investment to drive the creation of stronger supply chains across the North.

Why was it considered necessary to change the name from UKTI, which was well established, to the Department for International Trade, so creating a degree of confusion that still exists.

The creation of the Department for International Trade puts trade and investment at the heart of government policy making and for the first time brings together the core functions to ensure a coherent approach to trade.

That includes the functions of UKTI, trade policy making from the former Department for Business and credit support for UK businesses through UK Export Finance.

Through this elevated position, we can further champion UK businesses around the world, ensuring we boost exports, encourage both inward and outward investment, and prepare the ground for trade negotiations when we leave the EU.

How important are exports from the North in terms of building a strong UK economy?

The Northern region of England is a vital contributor to the UK economy. It has five of the UK's ten largest cities and boasts a wealth of world-class research expertise and business talent across numerous sectors. Its transport infrastructure provides a gateway to international markets and the region has a large skilled workforce.

It is also a global hub of commerce, science, technology, entrepreneurship and innovation, with over one million businesses located here. World-renowned brands have chosen the North as their

base and these international companies offer great opportunity for collaboration with similar companies, R&D and supply chain companies.

The North is also home to innovators of high quality, distinctive and sought after products and services from across many industries including food and drink, life sciences, advanced manufacturing, nuclear, offshore wind, renewables, financial services, professional services, creative and digital tech.

With seven international gateway airports located in Northern England, flying to 254 direct destinations and 12

With five of the UK's ten largest cities, the Northern region is a vital contributor to the economy



Crewe-headquartered Bentley Motors is among companies powering their way worldwide in the export market

East, with more AIM registrations than any region outside of London.

It also performs strongly in chemicals with over £10bn turnover and in the life sciences sector it is Europe's largest bio-manufacturing region plus the UK's largest exporter of pharmaceuticals.

The biggest single country markets for the North West last year were the US (£5.1bn), Germany (£2.9bn), China (£2.4bn), Netherlands (£1.8bn), France (£1.6bn) and the Republic of Ireland (£1.5bn). And the largest regional mar-

kets are the EU (£13.4bn), North America (£5.6bn), Asia & Oceania (£5.1bn) and Middle East & North Africa (£2.5bn). In terms of what goods are being exported from the region, machinery and transport equipment make up £13.6bn, chemicals £6.1bn and miscellaneous manufactured articles £3bn.

The North West also has 91 Export Champions, which are successful export companies who fly the flag for exporting in the region. One of these is What More Ltd, a Lancashire-based company

who export plastic boxes to China. Now in its 10th year of exports, What More UK recently added the Philippines to its growing list of export markets – the 71st country to receive its Wham® branded plastic homewares and storage products. It is also the holder of a Queen's Award for Enterprise in recognition of its outstanding achievements in international trade.

Another North West Export Champion, Kendal Nutricare, a pharmaceutical research company and healthcare product specialist owned by

coherent approach

major foreign trading ports it is a truly connected part of the UK. Grimsby for example handles nearly two million containers every year and Liverpool 2 is set to become one of the world's most modern container terminals.

The region is also well known for world-leading creativity and design and a heritage of manufacturing know-how to deliver global innovative products and an abundance of R&D, with six universities ranked in the top 20 for research excellence nationally.

There are 32,000 companies exporting over £53bn worth of goods every year, which represents 18% of the UK total of £290bn. And while there are hubs of excellence, overall less than 10% of companies export goods overseas, which highlights that there is work to do if we are to get more companies exporting. If we can get more companies to take that leap of faith and export that would bring more wealth into the region and increase the confidence and capabilities of its business base.

Where does the North sit in terms of the UK regional export league?

Here are the latest HMRC trade perfor-

mance statistics for (goods only). See table on right.

Where are exports from the North currently going – which are the main markets outside the EU in growth terms and are these on the increase?

The top export markets for the North of England are USA, Germany, Saudi Arabia, Netherlands, France, Republic of Ireland, China, Spain, Belgium and Italy. There has been an increase in exports to the EU and US and a slight decrease in exports to Saudi Arabia and China.

With Brexit looming and the uncertainty that currently surrounds it, what is the overriding message from DIT to exporters?

If you are new to exporting, visit www.great.gov.uk where you can get information and advice on how to export and find live export opportunities.

If you need some more personal support come along to one of our export seminars where our experienced staff will take you through how to prepare your company for success in exporting. If you are worried about being paid, talk with our export

The North in the UK's regional export league

	2016	2015
South East	£42bn	£38bn
London	£35bn	£34bn
West Midlands	£28bn	£25bn
North West	£29bn	£27bn
East England	£26bn	£24bn
Scotland	£25bn	£25bn
Unknown	£24bn	£23bn
South West	£22bn	£21bn
East Midlands	£16bn	£15bn
Yorkshire/Humber	£14bn	£14bn
Wales	£12bn	£12bn
North East	£11bn	£11bn
Northern Ireland	£8bn	£7bn
UK total	£291bn	£275bn

Source - HMRC Regional Trade Statistics

finance team. If you are already exporting and have concerns about how that will affect your future then do talk to your professional adviser – many have checklists to help you de-risk by planning ahead – and also tell us your concerns and we will build them into our thinking about future trade policy and agreements.

Tight focus on commercial acumen

A Cambridge graduate with an MBA, Marian Sudbury's background as a senior business leader means she brings commercial acumen to the role of Global Operations Director for the Department for International Trade in the Northern Powerhouse.

Marian has spent almost her entire working life in the North of England and has worked on behalf of major blue chip companies, charities and government, defining organisational direction and designing and delivering short and long-term commercial strategy.

Since January 2013 she has been working with DIT to lead global operations and has recently begun to focus specifically on the growth of



Marian Sudbury has spent almost her whole working life in the Northern Powerhouse

the Northern Powerhouse through exports and investment.

Her focus throughout is on growing the UK economy by helping high potential business in the Northern Powerhouse learn and grow through doing business overseas and high quality global businesses create wealth by investing in the UK.

managing director and entrepreneur Ross McMahon, pulled off a major coup by becoming the first and only UK company to gain CNCA (Certification and Accreditation Administration of the People's Republic of China) accreditation for infant milk formulas. This allows the company to export to China and launch and distribute its Kendamil products within the world's second largest economy. Exports to China continue to grow with the launch of the Kendamil Organic range at the CBME Trade Show in Shanghai this July.

It is now well documented that doing business overseas can lead directly to business growth, improvements in efficiency levels and ideas for new products and services. The UK accounts for just one 20th of the world's economy, so any business selling only in the UK is missing huge market potential. Research has identified that 85% of UK companies say exporting has led to a level of growth not otherwise possible.

That's why the Government has provided substantial support to Northern Powerhouse missions and given the region a strong presence at 10 key overseas events and bringing international delegations to the North.

All this has been spearheaded by the Department for International Trade (DIT), formerly known as UK Trade & Investment (UKTI) where the Northern Powerhouse team is now headed up by Marian Sudbury (see panel above) with three regional directors: David Coppock in the North East, Paul Stowers (acting) in the North West and Mark Robson in Yorkshire and the Humber.

To achieve the region's export goals, the Northern Powerhouse team are working closely with Mark Garnier, the Parliamentary Under Secretary of State for DIT, whose career before he became Tory MP for Wyre Forest in 2010 involved both working in the City and a spell as a small business adviser (see interview, left).

UK Export Finance is the UK's export credit agency and a government department. It exists to ensure that no viable UK export should fail for want of finance or insurance from the private market. It provides finance and insurance to help exporters win, fulfil and ensure they get paid for export contracts.

www.gov.uk/government/organisations/uk-export-finance

Single destination speeds connection

The UK's Department for International Trade (DIT) has overall responsibility for promoting UK trade across the world and attracting foreign investment to our economy. We are a specialised government body with responsibility for negotiating international trade policy and supporting business. great.gov.uk is the new single digital destination for trade and investment, bringing together and connecting UK businesses, international buyers and international investors. Whether businesses are new, occasional or frequent exporters, they will be able to take advantage of the

new suite of tools and exclusive deals on fees or commissions with some of world's leading online marketplaces.

By registering with the Find a Buyer service, businesses will become part of a brand new searchable directory of UK exporters which government will use to match their products and services with worldwide demand.

To sell online overseas, a new tool on great.gov.uk will help businesses access the best e-commerce opportunities via preferential deals with the world's largest online marketplaces.

