



York and North Yorkshire
Local Enterprise Partnership (LEP)
Internationalisation Strategy

Report 04
Internationalisation Strategy:
Objectives and Priorities
May 2021

For the York and North Yorkshire LEP
(managed by Enterprise Growth Solutions
on behalf of the Department for
International Trade)



Contents

1.	INTERNATIONALISATION STRATEGY INTRODUCTION.....	1
1.1.	CONTEXT.....	1
1.2.	WHAT CAN WE LEARN FROM OTHER REGIONS?.....	2
1.3.	BASELINING, MARKETS AND SECTORS.....	2
1.4.	STRATEGIC FRAMEWORK AND DELIVERY.....	2
1.5.	DELIVERY.....	3
1.6.	SUB-REGIONAL ECONOMIC CONTEXT.....	4
1.7.	DIT EXPORT PRIORITIES.....	4
2.	INTERNATIONALISATION STRATEGY.....	5
2.1.	OBJECTIVE 1: DEVELOP INTERNATIONALLY COMPETITIVE SECTORS:.....	5
2.1.1.	WHERE ARE WE NOW?.....	5
2.1.2.	WHAT DO YORK AND NORTH YORKSHIRE STAKEHOLDERS AND BUSINESSES THINK?.....	6
2.1.3.	WHERE DO WE WANT TO BE AND WHAT WILL WE DO?.....	7
2.2.	OBJECTIVE 2: MAXIMISING THE INTERNATIONAL POTENTIAL OF THE SUB-REGION'S RESEARCH, SCIENCE AND INNOVATION ASSETS:.....	7
2.2.1.	WHERE ARE WE NOW?.....	7
2.2.2.	WHAT DO YORK AND NORTH YORKSHIRE STAKEHOLDERS AND BUSINESSES THINK?.....	8
2.2.3.	WHERE DO WE WANT TO BE AND WHAT WILL WE DO?.....	9
2.3.	OBJECTIVE 3: TARGET STRATEGICALLY IMPORTANT COUNTRIES.....	10
2.3.1.	WHERE ARE WE NOW?.....	10
2.3.2.	WHAT DO YORK AND NORTH YORKSHIRE STAKEHOLDERS AND BUSINESSES THINK?.....	11
2.3.3.	WHERE DO WE WANT TO BE AND WHAT WILL WE DO?.....	12
2.4.	OBJECTIVE 4: PROMOTE YORK & NORTH YORKSHIRE ASSETS INTERNATIONALLY.....	13
2.4.1.	WHERE ARE WE NOW?.....	13
2.4.2.	WHAT DO YORK AND NORTH YORKSHIRE STAKEHOLDERS AND BUSINESSES THINK?.....	13
2.4.3.	WHERE DO WE WANT TO BE AND WHAT WILL WE DO?.....	14
2.5.	OBJECTIVE 5: GROW THE SUB-REGION'S INTERNATIONAL CONNECTIONS:.....	15
2.5.1.	WHERE ARE WE NOW?.....	15
2.5.2.	WHAT DO YORK AND NORTH YORKSHIRE STAKEHOLDERS AND BUSINESSES THINK?.....	15
2.5.3.	WHERE DO WE WANT TO BE AND WHAT WILL WE DO?.....	15
2.6.	OBJECTIVE 6: INFLUENCE AND EXPLOIT UK GOVERNMENT AND OTHER POLICIES AND PROGRAMMES:.....	16
2.6.1.	WHERE ARE WE NOW?.....	16
2.6.2.	WHAT DO YORK AND NORTH YORKSHIRE STAKEHOLDERS AND BUSINESSES THINK?.....	16
2.6.3.	WHERE DO WE WANT TO BE AND WHAT WILL WE DO?.....	16
3.	ANNEX 1: GLOBAL BEST PRACTICE EXAMPLES.....	18

1. INTERNATIONALISATION STRATEGY INTRODUCTION

This report is the culmination of a suite of reports informing a new internationalisation strategy for the York and North Yorkshire (Y&NY) Local Enterprise Partnership (LEP). The first report looks at inward investment and foreign-owned companies. It then discusses international connections as well as global and local strengths in key sectors. The second report summarises the findings of a business survey with 108 business and presents some internationalisation case studies. The third gives an overview of trade flows, EU dependency and trade partners more generally as well as the status of the new Free Trade Agreements. These three reports provide the 'building blocks' for the strategy. This initial chapter includes some suggested key objectives and elements for the new internationalisation strategy. Each of these is considered in detail along with some key priorities.

1.1. CONTEXT

The modern world is highly complex. Companies increasingly need support to make informed decisions about where they should expand internationally to get the best possible return on their investment. This is true for companies looking to both export from and invest in the UK. Covid-19 and the UK's exit from the EU have made this process even more challenging. We know that firms which trade internationally are more competitive, survive longer and, in the case of foreign investors, tend to pay higher wages.

The draft Local Industrial Strategy (LIS) for York and North Yorkshire sets an aim for the LEP area to become England's first carbon-negative economy.¹ The LEP's vision is for 'clean growth, enabled by the circular bio-economy'. The LIS outlines four priorities for the future:

- Priority 1 is 'connected and resilient places';
- Priority 2 is for 'people reaching their full potential';
- Priority 3 is 'an economy powered by good businesses'; and
- Priority 4 is to achieve 'world-leading land management'.

A key action of Priority 3 is to use bio-based inward investment to achieve higher value from exports and greater inward investment, in turn driving forward 'good growth'. The LEP has set an action to:

"Work with DIT and local partners to focus inward investment activity and export support to capitalise on our world leading food, agri-tech and circular bio-economy assets and opportunities." (Local Industrial Strategy, p. 19)

Recognising the market opportunity, Y&NY LEP is aiming to be the UK's first carbon-negative region by 2040. It will work with local authorities, businesses and communities to co-create a 'roadmap to carbon negative'. Several institutions in Yorkshire focus on the bioeconomy or produce outputs that can be

¹ Y&NY LEP Draft Local Industrial Strategy. [Available here.](#)

considered beneficial for the bioeconomy, under the banner of Biovale. Y&NY can achieve this aim while growing its economy by learning from cities such as Copenhagen, which has continuously attracted more international students, skilled professionals and innovative businesses to help maintain its high level of human capital, productivity growth and inward investment in a virtuous cycle of 'green growth'.

Priority 1 also includes the aim of using high-value tourism to increase the productivity in visitor economy businesses. This is also relevant to internationalisation strategy development, although the hospitality sector has faced considerable turbulence in recent months (this is discussed further in Report 1).

1.2. WHAT CAN WE LEARN FROM OTHER REGIONS?

Best practice indicates that the key elements in an internationalisation strategy focus on trade (mainly exports, but imports are also important); foreign direct investment (greenfield, expansion and new forms of FDI such as financial investment); R&D and university links (such as export competitiveness, FDI and overall territory attractiveness). Other forms of international connection drive economic development and internationalisation such as transport links (airports and ports), tourism, migration and workforce movement patterns as well as twinning arrangements (See Report 1: Sub-Regional Strengths). To maximise available resources, it is suggested that the strategy for Y&NY should focus on trade, FDI and R&D links, as these are the key drivers for internationalisation. Two regions that have focused on zero carbon ambitions are highlighted in Annex 1 – Copenhagen and New Zealand.

1.3. BASELINING, MARKETS AND SECTORS

A key requirement is to establish a clear baseline position around trade, FDI and R&D. This is important for analysing and understanding the current position and setting key performance indicators to measure progress as the strategy is executed. Report 3 (International Trade Data) summarises the sub-region's current performance and assesses the contribution of international trade to the wider economy. A survey has been conducted with 108 exporters, the results of which are presented in Report 2.

The region has decided to focus on three important and growing sectors – food and drink, agri-tech and the bioeconomy – which clearly support the vision of becoming the UK's first carbon-negative sub-region by 2040. These sectors will become increasingly important contributors to global economic growth. Through desk research and engagement with stakeholders and companies, we sought to identify the established markets for suppliers, as well as new market and growth opportunities. The sub-region's key assets and global opportunities for these sectors are considered in detail in Report 1.

1.4. STRATEGIC FRAMEWORK AND DELIVERY

A simple strategic framework upon which to hang the internationalisation strategy is illustrated below. This framework is designed to bring the various elements together. The strategy includes a *vision*, the overarching and guiding *international strategic objectives*, which link to local strategic priority areas, more detailed *objective areas* for key elements (sectors, markets and assets) and *key actions* with nominated *leads/partners*. The vision is for:

"A dynamic and sustainable low carbon driven international economy competing globally through knowledge, advanced technology and an exceptional quality of life for all".

International Vision for York and North Yorkshire

A dynamic, sustainable and low carbon driven international economy competing globally through knowledge, advanced technology and an exceptional quality of life for all.



The current position of each objective is considered in the subsequent chapters alongside stakeholder and business observations. Each objective concludes with a limited number of priorities and the suggested lead partner for each.

1.5. DELIVERY

There needs to be a significant level of new investment to support trade and FDI activities in the priority sectors to compete domestically and internationally. Investment will also be required to mitigate EU Exit challenges and opportunities, to enter new markets for instance. This will require staff and expertise to support this additional investment and achieve the LEPs international ambitions.

Given the level of opportunity identified globally for the sub-region in the three priority sectors and the current baseline position, there are several elements of this internationalisation strategy that require additional capacity:

- Staff and resources with trade expertise to support and develop international sectoral opportunities and target strategically important countries.
- Inward investment staff and resources to develop inward investment marketing collateral and undertake the proposed inward investment activities.
- A new R&D forum will be established to maximise the potential of the sub-region's research, science and innovation assets. This could be facilitated by the LEP initially but perhaps chaired by one of the research centres/university leads.

The above activity will need to be co-ordinated and supported with appropriate marketing, administrative and monitoring resources.

1.6. SUB-REGIONAL ECONOMIC CONTEXT

Green growth will be key to future success. A ten-year plan launched by the University of York and partners is intended to transform the region into a hub for green innovation and enterprise, drawing on world-class research and knowledge in crop science, agri-tech and industrial biology. 'BioYorkshire' is led by the University of York, Askham Bryan College and Fera Science. The project will harness scientific expertise to develop bio-based supplies of fuel, chemicals and materials. It will also work with the region's farmers and agricultural industries to drive innovation while enabling more productive and sustainable crop production and land use. Ultimately, the aim is to cement the region as the UK's centre of innovation and commercialisation in the bioeconomy.² The sub-region's assets are discussed in detail in Report 1.

Investments in digital infrastructure and smart technologies will help drive productivity and competitiveness, which will be critical for trading internationally and attracting new forms of inward investment. An emphasis on building stronger, more resilient local supply chains as well as adopting circular economy principles will help protect both the region and the UK from the increasing challenges witnessed in global supply chains. A proposed inward investment plan will help position the region to attract targeted investment in the three key growth sectors.

1.7. DIT EXPORT PRIORITIES

Since 2018, the UK has aimed to increase exports as a proportion of GDP from 30% to 35%³. New strategies are being rolled out to support trade and investment.

Key threads include the [levelling up](#) agenda, a new Office for Investment (OFI) and a move towards a greater focus on R&D intensive companies both in trade and FDI. The new [Office for Investment](#) will support investments in high-value, strategic opportunities which align with key UK Government priorities, such as reaching net-zero carbon, investment in infrastructure and advancing R&D.

The DIT is increasing emphasis on market access and trade policy (including Free Trade Agreements, or FTAs) as well as new mechanisms in the UK and internationally. Building on continuity type deals with Japan and Canada, the UK wishes to improve its position on digital trade when negotiating with partners, including data privacy and transfer. Tech Nation's [Digital Trade Network](#) in the Asia Pacific is an example of the development of new local networks.

The 'levelling up' agenda will continue to be a focus. This is manifested in extra support for more specialist sectoral resources in the regions and EU transition support monies.

²University of York, BioYorkshire. [Available here](#).

³ HMG Export Strategy (2018), [Available here](#).

2. INTERNATIONALISATION STRATEGY

This chapter presents each of the six suggested strategic objectives and asks:

- Where are we now?
- What do York and North Yorkshire Business and Stakeholders think?
- Where do we want to be and what will we do?

Priority activities and suggested outcome measures are set out for each.

2.1. OBJECTIVE 1: DEVELOP INTERNATIONALLY COMPETITIVE SECTORS:

2.1.1. WHERE ARE WE NOW?

Food and drink, agri-tech and the bioeconomy are seen as prospective growth sectors, with a total of 605, 7,475 and 3,125 companies employing 16,000, 28,000 and 23,000 people, respectively.⁴ The vast majority (94%) of these businesses are small or micro, with agri-tech comprising the most in this category. Only 35 businesses in agri-tech, 35 in bioeconomy and 45 in food and drink employ more than 50 people. Just five food and drink businesses employ more than 1000 people. Most of the region's employment falls within manufacturing, although Y&NY also has a strong food and drink sector. Regionally, this sector accounted for 42% of manufacturing GVA in 2017 – almost three times the national average.⁵ In the 12 months until September 2019, food and beverage exports from the Yorkshire and Humber region totalled £1 million. This is an increase of 5.0% on the 12 months until September 2018, and an increase of 27.1% over the past three years. That said, the Y&NY economy is dominated by small and micro businesses, with 39,840 or 98% reported as either small or micro.⁶

A global problem that needs solving is that the demand for food is growing. The world's population is on track to reach 9.7 billion by 2050, requiring a corresponding 70% increase in the calories available for consumption. The cost of the inputs needed to generate those calories is rising. By 2030, the water supply will fall 40% short of meeting global needs, while rising energy, labour and nutrient costs are putting increasing pressure on profit margins. At the same time, constraints on land and the supply of food are challenging supply chains, while uncertain trade policies and tariff regimes are increasing.⁷ In developing countries, this tends to shift towards an increase in demand for animal products such as meat. In the most developed countries, alternatives to meat and dairy are increasingly being sought for health, environmental and sustainability reasons. Consumer awareness of food safety is also growing⁸.

Approximately one-quarter of arable land globally is now degraded and needs significant restoration before it can sustain crops at scale again⁹. Constraints on global resources, including food and water,

⁴ York, North Yorkshire and East Riding figures, Kada Research.

⁵ LCR Brexit Impact Assessment, June 2019.

⁶ Y&NY LEP (October 2020), Greener, fairer, stronger report. [Available here.](#)

⁷ United Nations (June 2019), Growing at a slower pace, world population is expected to reach 9.7 billion in 2050 and could peak at nearly 11 billion around 2100. [Available here.](#)

⁸ See [here](#)

⁹ <https://www.ipcc.ch/srccl/chapter/chapter-4/>

will increasingly play into the global expansion of the knowledge-intensive bioeconomy. Environmental regulation will increase demand for, and investment in, low-carbon solutions.

These changes mean that key industry and agri-food players, from corporates to growers, are looking for new technologies and solutions that can give them an edge in terms of productivity and competitiveness. Digital transformation is driving new investment globally.

Major changes in consumer tastes, as well as concerns over sustainability and animal welfare, are driving new consumption profiles with profitable new market segments such as alternative proteins (plant-based meat and dairy), controlled environment agriculture (CEA) and bio-based additives (seaweed) growing strongly. Traditional geographic markets such as the EU and US will continue to be promising for Y&NY companies, despite current challenges around new EU-exit trade frictions. Looking ahead, newer markets in Asia, Latin America and Africa will open, while markets such as Japan could grow significantly on the back of the recent free trade agreement (FTA).

2.1.2. WHAT DO YORK AND NORTH YORKSHIRE STAKEHOLDERS AND BUSINESSES THINK?

- Macro trends are filtering through to businesses which include healthy eating and sustainability. Firms are open to advice on low carbon, waste, off-setting and so on.
- It makes sense to concentrate on innovation and productivity given the realignment of global supply chains in the food and drink sector that will take place over the next few years due to EU Exit and wider geopolitical tensions. Products that can command a premium and drive higher margins will help the region, whilst lower margin products that trade on price alone will struggle.
- The sub-region has specialised, niche food and drink offerings with global potential. Strengths include food processing and hand-crafted, strongly Yorkshire place-based food and drink identity brands (such as Wensleydale Cheese, Yorkshire Tea and Spring Water), as well as manufacturing and production-based speciality suppliers (alcohols, cereals, and smokehouses) which sell to global brands and major supermarkets.
- Y&NY has a growing strength in CEA/vertical farming (hydroponics, aquaponics and aeroponics). It is a major agriculture-focused region that has knowledge, skills and experience in growing outdoor crops that are transferable to indoor farming. This strength is focused on Selby and wider North Yorkshire and supported by the wider Leeds City Region. One challenge emerging for vertical farming is energy consumption, which could be an area of focus given the sub-region's carbon-negative ambitions.
- Given that nearly a quarter of the region's businesses are in the hospitality and retail sectors, which have been the hardest hit by Covid-19, the case for supporting new sectoral growth through an ambitious and realistic internationalisation plan has never been stronger.
- Covid-19 has led to significant shifts in investor preferences, with increased interest in cleantech, meditech and sustainability. The sub-region's focus is on agri-tech and sustainable technology. It could benefit from deepening this development given the shift in investment focus. It has also done well in food and drink investments recently.

2.1.3. WHERE DO WE WANT TO BE AND WHAT WILL WE DO?

Priority		Lead
P1	Target. Focus FDI activity around the CEA HPO targeting markets such as the US and Germany. Outline the size and potential of a limited number of other specific commercial opportunities (their supply chain, skills, sub-regional expertise and assets). Research and evaluate emerging markets, such as the alternative protein market, to see how the region can be used to attract new inward investors in such sectors, for example by promoting suitable employment sites and skills in science and manufacturing and so on.	LEP/DIT
P2	Prepare and Target. Consider a Northern Powerhouse agri-tech trade mission programme to explore the potential in new markets such as Africa, drawing in R&D-led initiatives in the public and private sector as well as commercial players. Engage with other UK regions, such as the East of England, which have a track record of winning business in this part of the world.	DIT/NPH
P3	Support. Identify and provide enhanced support for local digital and technology-based companies with the potential to scale in large but challenging global agri-tech markets, such as India, China and Latin America.	DIT
P4	Target. Using the improving trade, investment and R&D collaboration between India and the UK, pilot an aquaculture mission in collaboration with other regions to both test the demand for local products and market the region's offerings to prospective clients and investors. Feasibility/appetite to be tested first.	DIT/LEP
P5	Target. Exploit new distribution channels across the food and drink sector by tapping into the increasing use of e-commerce platforms in the US, Middle East and China as well as online purchasing by discerning customers globally. This will drive online growth as a key distribution channel, both B2B and B2C.	DIT/LEP

Suggested outcome measures:

- Outcomes resulting from between two and four new High Potential Opportunities in the next three years (P1).
- Number of companies attending African agri-tech missions and outcomes achieved (connections, business wins and so on) (P2).
- Number of digital and tech companies supported to exploit new global agri-markets (P3).
- Number of companies attending aquaculture mission and outcomes achieved (connections, business wins and so on) (P4).
- Number of businesses supported to develop and exploit new distribution channels (P5).

2.2. OBJECTIVE 2: MAXIMISING THE INTERNATIONAL POTENTIAL OF THE SUB-REGION'S RESEARCH, SCIENCE AND INNOVATION ASSETS:

2.2.1. WHERE ARE WE NOW?

The [UK Government plans](#) to cement the UK's status as a global leader in science and innovation by investing £14.6 billion in R&D in 2021 to 2022 and consolidating the UK's position as a science superpower, aiming to spend 2.4% of GDP on R&D by 2027. Future UK-wide innovation and R&D funding themes will include emerging technologies (such as quantum), new forms of mobility (drones, electric transport), cross cutting net-zero and low-carbon, novel and advanced materials as well as advanced communications and ICT technologies such as 5G and 6G, biosecurity, synthetic biology and advanced healthcare technologies.

The sub-region has set an ambition to become a more R&D-led economy, which it has the assets and sectoral strengths to do. These include Nestlé, Drax's work on alternative food sources, Fera's agri-food strengths, Biovale and so on. 'BioYorkshire' aims to position the region as the UK's centre of innovation and commercialisation in the [bioeconomy](#). With leading universities and assets in areas such as industrial robotics, data analytics, artificial intelligence, cybersecurity, crop science and animal health, the region is well-placed to capitalise on global opportunities. The development of new communications and digital technologies including AI, precision robotics, computer vision, sensors, autonomous systems and geospatial technology are set to revolutionise the fields of food and drink, agriculture and the bioeconomy. Reducing emissions from land use will be critical since agriculture plus forestry and land use account for 18.5% of global greenhouse gas emissions. Accordingly, technological solutions will need to reduce agriculture emissions and gain support in testing and commercialising those solutions globally.

Several local institutions focus on food and drink. The National Agri-Food Innovation Campus (NAFIC) in Sand Hutton, near York, was recently rebranded as the [York Biotech Campus](#). It has controlled environment rooms, glasshouses and workshop spaces. Others based at the Campus include the Crop Health and Protection Centre, the Food Innovation Network and Government agencies such as the [Animal and Plant Health Agency](#) and DEFRA. The co-location of so many agri-tech partners is highly advantageous for collaboration and an attractive proposition for inward investors.

In York, Nestlé runs a global [Product Development Centre](#) which employs 150 to 200 people. It includes a pilot factory that can trial new confectionary in small runs. There is a focus on low-sugar and other product innovations (packaging for instance). Nearby, the University of Leeds has global food science expertise around the quality, safety and sustainability of food and diets. These include the [School of Food Science and Nutrition](#) (SFSN) and the [Human Appetite Research Unit](#) (HARU).

2.2.2. WHAT DO YORK AND NORTH YORKSHIRE STAKEHOLDERS AND BUSINESSES THINK?

- Despite the strengths outlined above, the regional innovation ecosystem will need strengthening and a greater focus on R&D (both public and private) to drive innovation. Additionally, higher-margin activity and new funding will be needed to support international collaborations. A 10-year plan launched by the University of York and partners aims to transform the region into a hub for green innovation and enterprise, drawing on world-class research and knowledge in crop science, agri-tech, and industrial biology.
- The region should focus on increasing international R&D collaborations in this area and developing an ecosystem to support the commercialisation of new knowledge-based technologies with global partners. With the uncertainty surrounding future funding for consortia (following the EU Exit), the region must not lose the investments made to date.
- A greater emphasis on the successful commercialisation of new ideas and technologies is needed as well as a focus on go-to-market support, an area in which the UK has traditionally underperformed. Additionally, a greater share of investment finance and capital must be attracted into the region's ecosystem and companies to exploit global markets.
- The Y&NY LEP area could become a gateway for agri-tech research in the North of England. The University of York has several separate institutions focusing on agri-tech research into crop system innovation.
- Stakeholders believe we should exploit current links, including those in Africa (Kenya and sub-Saharan), China and the US (Midwest, Canada), bilateral links including Beijing and Chicago/N8,

York/Maastricht and project links such as pest management across Ghana, Nepal, Peru, Vietnam and Malawi.

- A greater focus on IP commercialisation, knowledge transfer and global partnerships. For example, closer collaboration with UKRI will help the region overcome the challenge of scale in global markets.
- New concepts such as CEA and vertical farming, in which the UK is developing a leading edge, are starting to gain traction in global cities where space is at a premium and workforce skills and mobility are increasingly constrained.
- There is potential to exploit educational links including language teaching, onward and outward knowledge exchange, international partners, network members and conferences.
- Digital expertise could be exploited internationally. Advances in remote sensing and diagnostic technology provide a wealth of data for predicting crop growth and pest and disease pressures.
- Internationalisation activity in the sub-region is fragmented. Some stakeholders claimed to be 'early on their internationalisation journey' and to have untapped, but capacity constrained, potential. Some research bodies are actively exploiting international partnerships/memberships. Stakeholders would welcome revenue and equipment investment to exploit international opportunities and links with local firms who are working internationally for applied research.
- Research facility consultees would welcome consortium links with others, collaboration pump priming, KTPs, IUK and so on, as well as awareness-raising, showcase and learning journeys.
- According to [Innovate UK data](#), recent recipients of R&D funding in the sub-region are spread across a relatively limited number of organisations and include the likes of CHAP, one of the UK's agri-tech innovation centres of excellence, which is funded by InnovateUK, Precision Decisions – a precision agriculture specialist – Sylatech Lusstech, McCain Foods and Abingdon Health. Funded projects include vertical farming, biopesticide technology, farming analytics, nutrient recovery from water, slug monitoring and potato crop protection (focused on Kenya).
- According to local stakeholder interviews, more innovation and funding are needed in food and drink to develop innovative new flavours using globally-inspired, new production and testing technologies. The focus for bioeconomy should be on industrial biotech and commercialising value streams from waste whilst also better promoting the region's local and international assets.
- Local SMEs could use commercial advisors to tap into R&D funding opportunities more readily. Advisors tend to know what the assessors are looking for, as well as having a broader understanding of which funding pots might be available for innovative companies to tap into.

2.2.3. WHERE DO WE WANT TO BE AND WHAT WILL WE DO?

Priority		Lead
P1	Support. For R&D centres to exploit existing and new international connections in priority areas such as crop health and protection, novel agricultural products, agri-food science, CEA/vertical farming (hydroponics, aquaponics, aeroponics) and food and drink technology. Suggested targets include Australia/New Zealand, North and South America or Central Asia. Vertical farm targets (Singapore), food security markets (Middle East) and markets with short growing seasons (Canada) should also be considered.	LEP/R&D Group
P2	Invest. Secure capital funding for new equipment, revenue funds and premises that can be used to exploit international collaboration, R&D and links with local firms who are working internationally for applied research.	LEP/UoY

P3	Connect. Identify inwards and outwards knowledge exchange opportunities on sustainable agriculture. For example, this could include collaborations between UK and Japan in which technical information is exchanged and best practice shared, supporting the Free Trade Agreement.	R&D Group
P4	Inspire and promote. Ensure the region's company and asset strengths feature prominently in initiatives such as DITs Developing Sector Knowledge (DSK). Proactively follow up with post, ITA network and sector teams.	DIT
P5	Support. New internationalisation collaborations via research, science and innovation assets. New educational links such as language teaching, international partnerships and links with international network members and alliances through conferences and applied research collaborations should be included.	R&D Group
P6	<p>Inspire and promote. Exploit public and private funding, collaboration and support programmes to develop and enhance internationalisation activities including:</p> <ul style="list-style-type: none"> Regional EU/International initiatives such as Horizon Europe¹⁰, EU Innovation Council, EU budget for the future, EC Participant Portal, Network of UK contact points, and Euratom Research & Training Programme 2021-25. National support programmes such as UKRI, UKRI Industrial Strategy Challenge Fund, UKRI Funding Finder, IUK Edge, KTN, UKTI International collaborations, the Global Challenges Research Fund, the Newton Fund and the Turing Scheme. Regional sub-regional activities such as Y&NYLEP, York University, Bioeconomy funding (anaerobic digestion), Biovale, CHAP, and the EGS/DIT Internationalisation Fund. <p>Enhance understanding of private-sector R&D support and opportunities by (a) inviting innovation intermediaries to promote support that can be used to access and apply for new international markets and opportunities and (b) promoting R&D grant funding calls.</p>	LEP/R&D Group

Suggested outcome measures:

- Number and scale of existing and new international connections in priority areas (P1).
- Capital funding (£) secured to exploit internationalisation activity (P2).
- Number of knowledge exchange opportunities on sustainable agriculture (P3).
- Amount of new coverage and exposure (P4).
- Number of new international alliances and collaborations (P5).
- Number of companies receiving public and private funding and participating in collaboration and support programmes (P6).

2.3. OBJECTIVE 3: TARGET STRATEGICALLY IMPORTANT COUNTRIES

2.3.1. WHERE ARE WE NOW?

Some 58% (£860m) of all sub-regional exports went to EU countries and 42% (£620m) to non-EU countries in 2019. Conversely, 58% (£2.1bn) of imports came from non-EU countries compared to 42%

¹⁰ Review sector-specific opportunities through Horizon Europe. Available [here](#).

(£1.5bn) from the EU. The USA is the most important trading partner for North Yorkshire, mainly due to imports totalling £1.05bn of trade (£135m export, £911m imports), followed by Germany – £526m of trade (£147m exports and £379m imports); and China – £414m (£50m exports and £364m imports).

New UK FTAs have been signed with markets representing about 10% of UK trade. This list is growing, with markets such as Switzerland, South Korea, Japan, and the EU adding credibility to the UK's ability to negotiate these. Whilst there are contrasting views about the benefits of the Japan deal, the agriculture, food and drink, manufacturing, and digital sectors are claimed to be among those set to benefit. Potential benefits for the sub-region, according to DIT, include exports (food and drink), agri-food products, pet foods, beef, pork and salmon, malt whisky export quotas and imports (noodles, tuna, beef and speciality alcohols).

Having exited the EU, the UK has now applied for access to [the Comprehensive and Progressive Agreement for Trans-Pacific Partnership](#) (CPTPP). This links to the wider UK Government and foreign policy agenda of working towards a so-called 'Indo-Pacific tilt' and so increasing its influence in this fast-growing area.

"CPTPP can open doors, in particular to the future of the digital economy where the 'drag of distance' is reduced so the UK can be a genuine player in the region." (Source: Chatham House, [available here](#)).

India is perhaps the largest market where there could be some real progress on the back of an Enhanced Trade Partnership, although this may take a considerable time to come to fruition. Brazil and other markets in Central and Latin America, such as Mexico ([TCA in December 20](#)), represent major opportunities for UK companies. Reductions to high-tariff barriers (up to 25%) on food and drink items would make the region's exporters more competitive and drive enhanced market access. The best prospects may come with Chile, which is also a member of the CPTPP.

2.3.2. WHAT DO YORK AND NORTH YORKSHIRE STAKEHOLDERS AND BUSINESSES THINK?

- There is a receptiveness from businesses who participated in the survey for intelligence on far-flung markets including Japan/South Korea, China and ASEAN markets (11%, 10% and 10% of survey respondents).
- Support is required on lead generation, digital marketing, web localisation and campaigns. Firms are open to online sessions and tools aimed at overseas markets with market/FTA knowledge and ideas on where to focus.
- Respondents also like 1-2-1s, but not everyone can afford paid advice. Firms welcomed introductions to distributors and representatives abroad as well as meet-the-buyer events and in-country advisors.
- Following Covid-19 supply chain disruption, firms are worried about customer retention, survival (stockpiling), and altering business models rather than new export clients. They want to see customers and suppliers in strategically key countries, either individually or at events and so on.
- Services have been less affected by EU Exit than those exporting goods, who have experienced increased costs, complexity and shipping delays. Consequently, there has been some pulling back for now (especially given the Covid-19 travel bans). Work is required to give customers and suppliers confidence that firms can comply with any new trade requirements.
- The loss of tourism and hospitality has affected many businesses in the sub-region, while there are fears that UK companies will not be asked to quote. Specific advice to overcome EU Exit barriers (such as EU certification and tax implications, especially in terms of VAT and food labelling) would be welcome.

- The Y&NY food and drink sector is probably one of those most impacted by the UK's EU Exit given the relatively high volume of trade the region does with that market.
- Traditional markets such as the EU and US will continue to be promising, whilst markets such as Japan could grow on the back of the recent FTA.
- The experience of dealing with the changing UK-EU trading arrangements may encourage companies to consider new markets outside Europe.

2.3.3. WHERE DO WE WANT TO BE AND WHAT WILL WE DO?

Priority		Lead
P1	Support. Signpost tailored and specialist export support over the 12-18 months to help businesses to adjust to and compete in the new post-EU Exit trading environment. Consider sessions on overcoming barriers and exploiting opportunities from the UK-EU Trade and Co-Operation Agreement. These could be aimed at helping those that have now learned to cope with EU barriers to apply themselves to new further afield markets.	DIT/ Growth Hub
P2	Inspire and promote. Promote the potential opportunities of FTAs/roll-over agreements to businesses and sectors by explaining what it means for them. Examples include: <ul style="list-style-type: none"> • Promoting the Japan FTA to companies importing and exporting agricultural, food and drink, manufacturing and digital goods and services. There are potential gains around rules of origin (cumulation) for manufacturers, as well as quicker/cheaper access for business visitors (visas), food and drink opportunities (especially whiskies, gins, speciality products) and agri-tech products. • Food and drink and agri-tech via the UK-Canada Trade Continuity Agreement. • Other markets such as Switzerland, South Korea and Turkey. 	DIT
P3	Inspire and promote. Promote potential opportunities of future markets where FTAs are in place or look promising (see also Objective 6, Priority 4) For example: <ul style="list-style-type: none"> • Longer-term prospects in digital trade and financial services as well as food and drink plus agriculture, environment and bio-safety standards in Australia and New Zealand. • India and Brazil and other markets in Central and Latin America, such as Mexico and Chile, which is a member of the CPTPP. 	DIT
P4	Target. Consider trade missions to the Irish Republic, Germany, the USA and China to build confidence and deepen existing ties, since these are the sub-regions' top import and export markets.	DIT

Suggested outcome measures:

- Number of businesses supported to adjust to new UK-EU trading arrangements (P1) and use these skills to exploit new opportunities (P1).
- Number of businesses supported (both light touch and intensive support) to understand the potential opportunities of *current* FTAs/roll-over agreements (P2).
- Number of businesses supported (both light touch and intensive support) to understand the potential opportunities of *future and potential* FTAs (P3).
- Number of trade missions (businesses attending and business wins generated) to top import and export markets (P4).

2.4. OBJECTIVE 4: PROMOTE YORK & NORTH YORKSHIRE ASSETS INTERNATIONALLY

2.4.1. WHERE ARE WE NOW?

The sub-region has global expertise on crop and soil productivity around the world and commercial food technology capabilities as well as world-class scientists, farmers, advisors and pioneers. The sub-region has global expertise on crop health and sustainable soils. There have been some substantial investments in food and drink in the region (see image).



2.4.2. WHAT DO YORK AND NORTH YORKSHIRE STAKEHOLDERS AND BUSINESSES THINK?

- The sub-region should better promote its internationalisation strengths.
- The sub-region has the potential to offer a gateway to agri-tech for firms and researchers looking to operate in the UK and test bed for trials, products and services. It is also an attractive location for investors from agri-engineering to precision agriculture.
- The area has a strong link to global food and drink and agri producers, a concentration of RD&I assets, a well-supported sector, established supply chains and a highly skilled workforce.
- Businesses think York and North Yorkshire has a compelling offer and exceptional quality of life for firms and individuals working in international business.
- Echoing the above point, the region has a beautiful landscape and natural environment and good tourist offerings (shopping, coast, heritage and history, scenery and so on). It is an attractive destination for 'relocators', with good HE/FE and research infrastructure as well as road and rail connectivity.
- York and Yorkshire are well-known brands internationally.

Local authorities highlighted some of their key inward investment and sector strengths (see below as well as local authority profiles).

Space and tranquility with businesses ranging from farming to artisan and large-scale food production, manufacturing to creative design and IT, independent shops to accommodation and tourism. **Richmondshire**

Diverse economy, globally connected - large, loyal FDIs, stunning heritage coast and scenery, 6000 new jobs in engineering, technology and construction and high quality of life. **Scarborough**

Strong financial and professional services sector, world class manufacturing, a flourishing life sciences sector and a vibrant entrepreneurial culture. **Harrogate**

“The mini metropolis has a rich history and grand ambitions to be one of the best-connected hubs in Europe, with cool cafés, destination restaurants and innovative companies.”
York: Best Place to Live in the UK 2018, The Sunday Times

York Central £750m 10-year opportunity, one of the largest brownfield UK EZ sites. **York**

Major investments – Sherburn2, Church Fenton studios, and Kellingley Business Park all with excellent connectivity. **Selby**

Breath-taking scenery, forward-thinking businesses **Craven**

Food cluster (proximity to raw materials and farms) including Europe’s biggest ice cream factory. Home to the historic market towns – each with their own unique qualities. **Hambleton**

Malton Yorkshire Food Capital - Impressive range, diversity and quality of producers. **Yorkshire’s First Circular Market Town (#CircularMaltonNorton)**

2.4.3. WHERE DO WE WANT TO BE AND WHAT WILL WE DO?

Priority		Lead
P1	Prepare. Develop inward investment marketing collateral to promote R&D assets and inward investment opportunities. Identify new export ambassadors, especially outside food and drink, which is less well represented. Use existing ambassadors to promote the sub-region, developing new collateral in priority sectors and other areas. Promote international careers options to young people.	DIT/EY/LEP/LAs
P2	Inspire and promote. Working intensively with key stakeholders like the Food and Drink Federation (FDF), Food and Drink Exporters Association (FDEA) and DIT initiatives, targeting major food and drink events such as SIAL (Paris 2022), Anuga (Cologne October 2021), Gulfood (Dubai February 2021). Presence at major events such as the World Bioeconomy Forum, with the support of DIT, will help the region and the UK promote its leadership in the bioeconomy	DIT/LEP
P3	Inspire and promote. Inward missions and learning journeys showcasing Y&NY as the Northern gateway to agri-tech for interested parties. Test bed for trials, products and services.	DIT/LAs/LEP
P4	Target. Key intermediaries to generate new FDI enquiries in target sectors.	LEP/DIT

Suggested outcome measures:

- New marketing collateral prepared (P1).
- Five new export ambassadors recruited, including agri-tech and bioeconomy (P1).
- Number of events held to promote international careers options to young people (P1).
- Two major events per year (P2).
- Six inward missions in three years (P3).
- Number of intermediaries targeted and FDI enquires generated/secured (P4).

2.5. OBJECTIVE 5: GROW THE SUB-REGION'S INTERNATIONAL CONNECTIONS:

The aim of this objective is to grow international connections by working with foreign-owned firms as well as supporting new exporters and other international connections (such as foreign student links and twinning, for example).

2.5.1. WHERE ARE WE NOW?

Since 2018, the UK's national ambition export performance ambition has been to increase exports as a proportion of GDP from 30% to 35%¹¹. This requires supporting and connecting more experienced and new exporters to grow on the world stage.

There is a substantial body of evidence showing that foreign-owned firms are more productive than domestically owned ones¹². There are seven foreign-owned companies with more than 500 employees in Y&NY, while five of the Y&NY's foreign-owned businesses have a turnover of more than £100 million.

Language remains a significant barrier to integration and cooperation. This study has highlighted some key language teaching facilities from the University of York, including their [Languages for All](#) offer and new [National Centre for Excellence for Language Pedagogy](#) as well as [York College](#), [York Chinese Community School](#) and [Language Matters Scarborough](#). North Yorkshire attracts more than 4,500 international students to the University of York and York St John University (YSJ).

2.5.2. WHAT DO YORK AND NORTH YORKSHIRE STAKEHOLDERS AND BUSINESSES THINK?

- Some 74% think encouraging more businesses to export should be prioritised, while 71% would like free advice. In terms of export advice, two-thirds (66%, 71) of respondents believe online tools would be useful.
- One of the barriers to exporting cited by businesses was lack of capacity.
- The presence of foreign language capabilities in the sub-region supports both potential exporters and inward investors to access the skills they need to promote international business activities. Post EU Exit, drawing out the region's language capabilities is even more important as many former EU nationals may have departed.
- More could be made of international students through placements, while language schools could be better promoted.
- There are strong twinning links – especially with France (four twin towns) and Germany (six twin towns) – which could be better exploited.

2.5.3. WHERE DO WE WANT TO BE AND WHAT WILL WE DO?

Priority		Lead
P1	Support . Encourage small and micro-businesses to sign up to the DIT's Export Academy so they can sell to customers around the world with confidence.	DIT/LEP
P2	Invest . Consider intensifying the reach of the Northern Powerhouse (NPH) Key Account Management Programme (KAM) programme to increase investment by foreign-owned businesses and strategically important businesses targeted in food and drink and agri-tech.	NP/LEP

¹¹ HM Government Export Strategy (2018). [Available here](#).

¹² See for example Griffith et al. (2004), Haskel et al. (2007) and Griffith et al. (2002). See also IFS Report [Foreign Ownership and Productivity: New Evidence from The Service Sector and the R&D Lab](#).

P3	Connect. Improve signposting to existing HE/FE language facilities and local pools of expertise. Identify opportunities for international students to engage with local exporters and investors. Target international alumni with messaging, developments on key subsectors, opportunities and involvements.	LEP/UoY
P4	Connect. Reignite twinning links as an opportunity to promote internationalisation collaborations.	LAs

Suggested outcome measures:

- Number of small and micro companies referred, linked to and taking up Export Academy support (P1).
- Number of NPH KAM managed companies increased by 30% per annum (P2).
- Number and amount of foreign-owned business and strategically important business investment in the sub-region (P2).
- Referrals to language facilities as well as numbers of international students and alumni engaged (P3).
- New twinning missions as well as resultant trade and activities generated (P4).

2.6. OBJECTIVE 6: INFLUENCE AND EXPLOIT UK GOVERNMENT AND OTHER POLICIES AND PROGRAMMES:

This objective is intended to ensure that York and North-Yorkshire firms can better influence and exploit HMG and other policies and programmes.

2.6.1. WHERE ARE WE NOW?

Since 2018, the UK's national ambition on export performance has been to increase exports as a proportion of GDP from 30% to 35%. The UK regions have an important part to play in this objective. Future HMG trade and investment priorities will focus on three key areas: (1) driving the new strategic foreign policy and commercial direction for the UK as part of the 'Indo-Pacific Tilt'; (2) securing substantial commercial benefits (trade and investment) from Free Trade Agreements through enhanced market access; (3) delivering on the UK Government's levelling up agenda.

2.6.2. WHAT DO YORK AND NORTH YORKSHIRE STAKEHOLDERS AND BUSINESSES THINK?

- Stakeholders wanted to ensure the region is front of mind with Whitehall and Government Departments, thus enhancing the presence and visibility of the sub-region's key sectors, companies and assets with decision-makers.
- Reiterating that point, there is a desire to raise the profile of the sub-region and sectors, showcasing success and raising its prospect of supporting the UK Government FTA agenda on trade and investment.
- Local authorities have highlighted many strengths and opportunities that could benefit from inward investment as well as Government promotion and support.

2.6.3. WHERE DO WE WANT TO BE AND WHAT WILL WE DO?

Priority		Lead
P1	Connect. Ensure the region is plugged into the cross-governmental initiatives happening in growth markets such as the US and emerging regions such as Africa. UK Govt departments and stakeholders such as UKRI should be aware of	LEP/DIT/HMG

	the sub-regional strengths offered for trade and FDI as well as where there may be further opportunities for collaboration. There should be close alignment with wider cross-government departments such as the Trade and Agriculture Commission, Agriculture and Horticulture Development Board (AHDB) and DEFRA. The new DIT Office for Investment supports investments in high value, strategic opportunities which align with key UK Government priorities, such as reaching net-zero carbon, investment in infrastructure and advancing R&D.	
P2	Inspire and Promote . Raise the profile of the bioeconomy offer by curating high-quality content for DIT sector teams as well as international network and target companies for inclusion in profile-raising programmes such as Tech Nation's 'Net Zero'.	LEP
P3	Inspire and Promote . Use the UK presidency of COP26 and other high profile global events as an opportunity to significantly raise the international profile of York and North Yorkshire's companies, innovation, and R&D with global policy-makers, investors and target partner countries such as the US and India.	LEP/DIT
P4	Target . Work upfront with select firms in advance of the future FTAs by identifying companies with interests to do more in markets where there are likely to be FTAs – US, India and Latin America – and use these to lobby HMG/DIT for support.	LEP/DIT
P5	Support . Improve the experience of businesses looking for support based on where they are in their export journey. Consider sign-posting support by export propensity, sector and market.	LEP/DIT

Suggested outcome measures:

- Number of companies referred, linked to and taking up MHG/DIT support (P1).
- Enhanced LEP/HMG links (P1).
- New bioeconomy promotional material produced (P2).
- Attendance at up to six high-profile events in the next three years (P3).
- Identify, target and work with up to 12 companies in three years for new FTA markets (P4).
- Enhance coordination, organisation and coherence of export support. Increase referrals (P5).

3. ANNEX 1: GLOBAL BEST PRACTICE EXAMPLES

Copenhagen – Increasing GVA whilst reducing carbon emissions

The Danish capital of Copenhagen first made a commitment to go carbon-neutral in 2010. Sustainable growth in Copenhagen’s metropolitan economy, measured as (GVA) per capita, grew by nearly 25% from 1994 to 2010, as shown in the chart below. Over the same period, greenhouse gas (GHG) emissions per capita in the City of Copenhagen decreased by 40% from 7.31 tCO₂e to 4.38 tCO₂e.¹

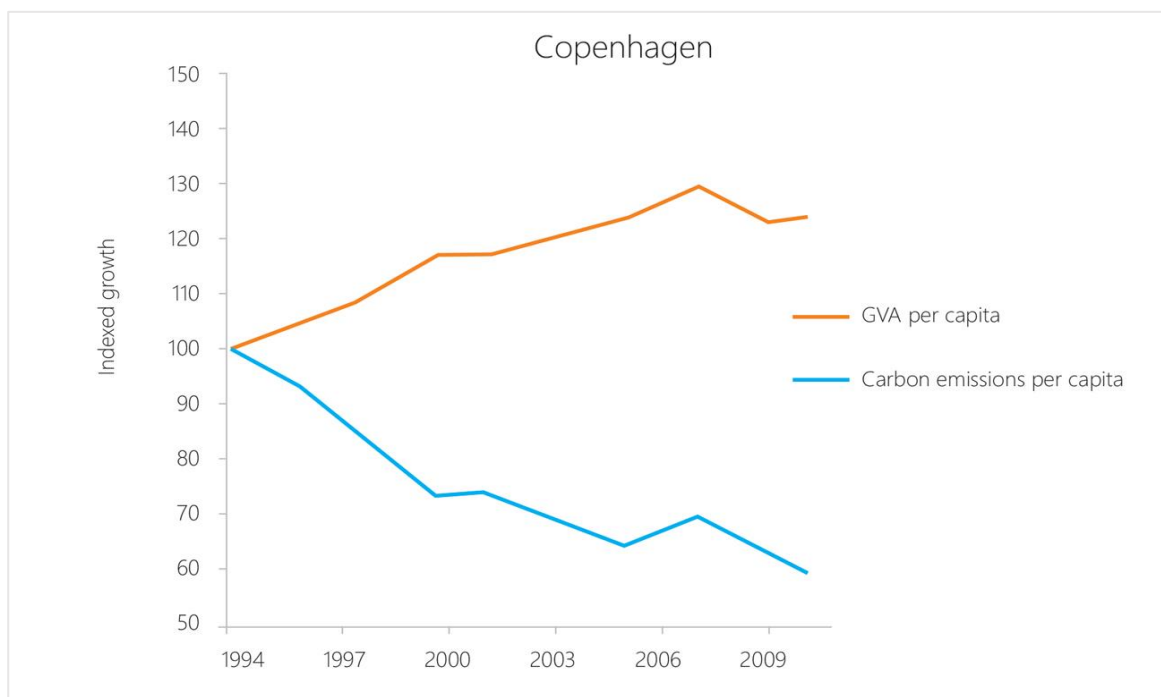


Table 1: Sustainable growth in Copenhagen, London School of Economics and Political Science

According to the city’s Executive Climate Programme Director, Jorgen Abildgaard, key drivers of the reduction in greenhouse gases have been maintaining energy and resource effectiveness and reducing carbon emissions through use of district heating and wind energy as well as improving air and water quality.

Part of Copenhagen’s success in reducing environmental impacts is likely to be due to its high levels of wealth, which have driven environmental improvements. However, as Copenhagen’s urban environment continues to become greener, the economic benefits have increased. As the city’s ‘green appeal’ has grown, it has attracted more of the international students, skilled professionals and innovative businesses that help maintain Copenhagen’s high level of human capital, productivity growth and inward investment in a virtuous cycle of green growth.

“This green appeal nests within Copenhagen’s broad strategy of using quality of life as a driver for economic growth, as many features of the two are synonymous.”²

¹ LSE Copenhagen Green Economy Leader Report. [Available here](#).

² Ibid

Competing at the edge through net zero – the New Zealand advantage

New Zealand has a large landmass and relatively small population size (like Y&NY), and has become one of the world's leaders in agri-tech innovation. This is partially due to the 'Zero Carbon Act' legislation passed by the New Zealand Government, which intends to make the country carbon-neutral by 2050 and penalise financial primary sector industries that pollute. This has encouraged even greater collaboration between industry, government and universities, which have come together to develop technologies for reducing emissions.

The support of New Zealand's research and innovation support body Callaghan Innovation and Agritech New Zealand has been helpful for positioning the country as a knowledge leader in international markets. This support has also been instrumental in helping local companies such as weed extraction specialists Greentech Robotics – who use camera, LIDAR and software technology – to penetrate the US.⁶⁹

⁶⁹ Callaghan Innovation, Customer stories, weed beaters. [Available here.](#)



Karl Dagleish
Director
Kada Research
10 South Street,
Park Hill,
Sheffield
S2 5QY.

T: 0114 350 3303

