

# **HUMBER LEVELLING UP STUDY STAKEHOLDER FINDINGS AND RECOMMENDED FURTHER ACTION**

**A Report for Hull and East Yorkshire  
Local Enterprise Partnership  
(HEY LEP)**



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## MANAGEMENT SUMMARY

This management summary sets out the main points from interviews with key stakeholders who have an interest in international trade, including export advisers, export champions, Department for International Trade (DIT) staff and other stakeholders. The report concludes with a comprehensive set of recommendations building on all four reports completed as part of this study.

The stakeholders were unanimous in stating that the Humber is an exceptional location for international trade with a deep trading heritage. Furthermore, they observed that it is outstandingly well placed to service investment in industrial decarbonisation and renewables, including the offshore wind supply chain. However, the sub-region needs to be promoted much more proactively (see recommendations). The area should build on and showcase its strengths in key sectors better. For instance, it has some high quality creative and digital technologies which, combined with high quality broadband, provide an attract proposition for investment and relocation, and has potential to exploit global opportunities and new markets.

The Humber has superclusters of food processing and production sites, particularly seafood, and has strong international links to Iceland, Norway, and, more recently, Dubai and New Zealand, with brands exported across the globe. These connections could be exploited further. The area offers attractive opportunities for advanced engineering and manufacturing investors, boasts a vehicle and caravan manufacturing sector on the North Bank, and a 'reshoring location' on the South Bank. The area is not as well known for engineering and manufacturing capabilities as it should be given the pipeline of major investment anticipated in this area.

The contextual report (03) notes Velocys' new waste-to-jet fuel plant, the UK's first clean hydrogen plant, and further potential to develop new low-carbon chemical products such as ammonia which has applications in decarbonising maritime transport. The recommendations suggest considering Germany and South Korea as international growth markets for hydrogen-related technologies.

Although international trade support is available, it can be difficult for businesses to find the best and most relevant intelligence. More signposting would help businesses, and a centralised source of clear information on trade would be beneficial and welcomed. The evidence indicates that there are firms which could be encouraged to export if appropriate signposting were in place. Some businesses would welcome further advice on the new EU arrangements and others would like advice on importing. Many small and medium enterprises (SMEs) report that welcome the tailored guidance received from trade advisers.

Better communication, coordination and knowledge sharing between providers and organisations is needed. This support needs to be tailored to SMEs' requirements, and be cost effective and convenient. There could

be more alignment between different business support offers to maximise opportunities for international trade development.

There is undoubtedly an opportunity to promote and raise the visibility of the Humber in international trade. Impactful measures could include appointing SME export champions and developing resources such as case studies and video diaries, clear messaging and signposting, and marketing and advice. These could be made available through platforms including podcasts, trade fairs and exhibitions, and by promoting the business and commercial benefits of trade development more explicitly to SMEs. The recent export videos are a good example of this activity.

Advice about export market potential needs to be tailored according to the maturity and profile of each business sector. COVID-19 and EU Exit have led companies to prioritise retaining current markets over gaining new ones, but as the situation stabilises there is likely to be increased uptake of advice on international trade.

There is a great deal of variation in how well-informed SMEs are about the opportunities associated with new Free Trade Agreements (FTAs) and there is a need to articulate the benefits of the relevant parts of FTAs clearly to Humber businesses.

COVID-19 has revealed the fragility of global supply chains. Certain sectors, manufacturing and food for instance, have not been severely impacted and have even experienced growth. Conversely, the hospitality, leisure and tourism industries have been particularly adversely affected and will require support to recover. Businesses are making increasing use of digital technologies and this could be exploited to grow the sub-region's exports and international trade.

The impact of EU transition on local companies varies according to company size, sector and export maturity. The new trade arrangements may make it harder to encourage SMEs to export, as the EU is no longer an easy-access 'export training ground'. Those companies that have managed to navigate the changes successfully are perhaps better placed to exploit new non-EU markets.

Stakeholders felt that the Humber could be better connected to wider national policy makers and initiatives, and better articulate its sub-regional trade policies. The Humber has a lot to contribute to the broader move to net-zero carbon, and this should be promoted more internationally to boost collaboration, trade and knowledge exchange. Although at an early stage, stakeholders see the Freeport as a substantial opportunity for the sub-region and an important way to stimulate inward investment and international trade, more clarity and detail are needed on the specific benefits and opportunities for SMEs.

There are nine priority recommendations for international trade that have been developed for stakeholders to consider. These build on the four reports which were written as part of this study. The detail appears in Section five.

- [Priority 1: Improve](#) support for Humber exporters
- [Priority 2: Invest](#) in boosting the international resilience of Humber firms

- [Priority 3: Promote](#) Humber international trade capabilities and potential
- [Priority 4: Inform](#) businesses and stakeholders about local and global strategic opportunities
- [Priority 5: Target](#) high-value sectoral opportunities for the Humber
- [Priority 6: Deepen](#) connections with existing markets
- [Priority 7: Understand](#) new potential markets
- [Priority 8: Promote](#) new market development including the potential opportunities of FTAs/Roll-over agreements for businesses and sectors. While the EU remains an important and historic trading partner, new geographic markets outside the EU urgently need to be tapped.
- [Priority 9: Connect](#): improve connections to wider policy makers and cross-governmental initiatives in growth markets.

# 1. INTRODUCTION

This report summarises interviews with key stakeholders who have an interest in international trade, including export advisers, export champions, DIT staff and other stakeholders. (a list of consultees is provided in Annex One.)<sup>1</sup> This first section looks at perceived trade capabilities including distinctive features and competitive sectors.

## 1.1 SUB-REGIONAL DISTINCTIVENESS

**Key Message:** The Humber is an exceptional location for international trade with a deep trading heritage. It is outstandingly well placed to service industrial decarbonisation investment and renewables, including the offshore wind supply chain. It offers Growth Zone opportunities combined with major international companies, university expertise, excellent digital connectivity and high quality of life and cultural offerings.

*'As a major energy and chemicals producer, international gateway and manufacturing economy, a significant part of the UK economy depends in some way on what happens in the Humber.'*<sup>2</sup>

The Humber is centrally located on the UK's east coast, equidistant from London and Edinburgh. It has an almost unique spatial configuration, dominated by the Humber estuary and its river systems. The 'Energy Estuary' acts as a major conduit of resources into the UK. The Humber economy is worth £19.37 billion, 12.2% (nearly £2.1 billion) more than in 2012.<sup>3</sup>

Stakeholders were asked about the sub-region's unique selling points regarding internationalisation. They highlighted the following:

- The area's exceptional and unique location in terms of access, particularly due to its ports in Hull, Immingham and Grimsby and its proximity to Western European markets, its trade heritage and the fact it is known as a trading city. The UK's busiest ports complex is at Immingham, with the Humber combined ports handling around 17% of the nation's trade and materials that fuel 10% of its energy and 25% of its vehicles. It also imports almost a third of the nation's timber supplies, and goods relating to the farming, food, retail, construction, automotive and pharmaceutical sectors.<sup>4</sup>
- The Humber is outstandingly well placed to service the growing interest in industrial decarbonisation and renewables, including the growing offshore wind sector. According to BBC News, "the Humber

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<sup>1</sup> It also draws on a limited amount of desk-based material.

<sup>2</sup> Humber Industrial Strategy Prospectus (humberlep.org), Humber LEP p3, June 2019

<sup>3</sup> 9 Humber LEP, op cit, p9

<sup>4</sup> [Humber's freepart bid goes to government this week as a catalyst for further green growth - Business Live \(business-live.co.uk\)](https://www.business-live.co.uk/news/humber-freepart-bid-goes-to-government-1011111)

is seen as the benchmark location for offshore wind - it's the envy of the world" and able to "support the manufacture, installation and servicing, or cradle-to-grave, of the offshore wind energy [sector]. There is now an ecostructure of investment across the Humber that covers the breadth of the sector."<sup>5</sup>

- Additionally, Hull and the Humber are promoting themselves as a major technology hub in the UK: 'we have the best fibre connectivity in the world – in a sense, we are way ahead of others.' KCOM completed the first stage of its Fibre to the Premises network in 2019, making Hull the UK's first 'full fibre' city.
- Both Hull and Lincoln Universities are essential in providing a strong skills base to the Humber, particularly in engineering and supply chain management. The Humber has some 24,900 students (Oct 2019 - Sep 2020).
- The Humber is home to some major international and foreign-owned companies, including many involved in renewables such as the Able Marine Energy site at Immingham and Siemens at Green Port Hull.
- 'The quality of life is high' and 'cultural offerings have improved immeasurably since Hull was named City of Culture in 2017.' The Humber has a diverse mix of industrial, urban, rural and coastal areas. It is surrounded by a Heritage Coastline to the east, an Area of Outstanding Natural Beauty (the Lincolnshire Wolds) to the south, the Yorkshire Moors and Yorkshire Wolds to the north, and the Yorkshire conurbations to the west.<sup>6</sup>
- The Humber has a number of growth zones and corridors, formed to a large extent by the path of the estuary, encompassing the major ports of Grimsby, Goole, Hull and Immingham, as well as the area's extensive wharves. Port and port-related developments constitute the most significant economic development and investment opportunity in the Humber, particularly regarding the development of manufacturing and servicing facilities for the offshore wind industry.

## 1.2 COMPETITIVE SECTORS IN THE SUB-REGION

Stakeholders were asked which were the sub-region's most competitive tradeable sectors and sub-sectors for driving growth from either a trade or a Foreign Direct Investment (FDI) perspective. These are also considered in the accompanying contextual report (03). Not surprisingly, they highlighted the sectors that have been prioritised within economic plans, including the growing interest in decarbonisation and net-zero-related activity, the digital sector, food production and manufacturing.

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<sup>5</sup> <https://www.bbc.co.uk/news/uk-england-humber-43808806>

<sup>6</sup> Strategic Economic Plan, 2014-2020, p18

**Key Message:** The sub-region is well-placed geographically to accelerate investment in decarbonisation and renewable energy technologies, including offshore wind.

The Humber is intensifying its decarbonisation and renewable energy activities. In November 2019, the Humber 'Clean Growth' local white paper confirmed the sub-region's ambition of achieving net-zero carbon emissions by 2040. The four local authorities will continue to work together under the umbrella of the strengthened joint committee, the Humber Leadership Board, focussing on the four key themes that are best dealt with at that level:

1. Energy and industrial decarbonisation: including positioning the Humber to benefit from the further expansion of offshore wind and attracting new investment in industrial decarbonisation, such as with carbon capture and storage, and hydrogen production.
2. Ports and related sectors: including the recently-announced multi-site Humber Freeport to expand value-added manufacturing activity in the sub-region.
3. Management of the Humber estuary asset: including the Humber 2100+ flood strategy and continuing the Single Conversation approach on major estuary-related investments.
4. External investment marketing: coordinating external marketing of the Joint Humber Proposition for investment in the energy and clean growth sectors, and on the Humber Freeport.

The Humber estuary has rapidly developed into the world's largest offshore windfarm, with 40 to 50 boats operating out of Grimsby to support it and foreign investment originating from countries such as Denmark, the US, Taiwan and South Korea. There is significant investment in on-shore renewables as well, with MyEnergi investing in Pioneer Park EZ to develop home charging for electric vehicles (EVs). The green technology and sustainable fuels company Velocys is proposing a new plant in the sub-region processing waste into jet fuel, which could be the first such plant in Europe.

*'When [offshore wind] started, nothing was made locally. Now we are at a point where off the Humber Estuary is the world's largest offshore windfarm- world leading! We need to build off this status and sell it, a whole sector that has emerged around this.'* (Export adviser)

*'There is growing potential for international partnerships with other countries to advise them on their own renewable projects. As part of Northern Powerhouse export activity with local partners, we attend international trade shows on renewables- over 50% of the people attending were from the Humber at recent events. Their events sell out within 2 weeks.'* (Export adviser)

On the other hand, the Humber is a highly industrialised area with concentrations of energy-intensive manufacturing of steel, chemicals and similar commodities, making it the UK's biggest carbon emitter. This provides an opportunity for decarbonisation technology at scale, with huge potential reductions in carbon emissions. There is already significant interest in Direct Air Capture technology in the sub-region with a two-year Government-funded pilot study currently underway. As the UK intends to reach net-zero carbon by

2050 and the Humber is such a concentrated emitter of carbon, the sub-region needs to capitalise on funding and increase research. Many high-calibre industrial companies with plants in the Humber are looking to develop and adopt decarbonisation technologies. Additionally, water-based transport incurs significantly lower carbon emissions per tonne of freight than land-based transport. Research by the University of Hull<sup>7</sup> shows that shipping via Hull rather than southern ports such as Dover significantly increases environmental efficiency due to the higher proportion of water-based transport legs. Re-routing just 10% of annual loads from Dover to Hull would save the CO<sub>2</sub> reduction equivalent of 'trees covering more than 20 times the size of Central Park.' These environmental benefits need to be capitalised on further.

*'[The] main opportunity for the Humber is around decarbonisation as it is the UK's biggest emitter with lots of energy-intensive manufacturing like steel, chemicals, mines, so technologies and skills that can be successfully proved in the UK have the potential for export in the future.'* (Stakeholder)

*'Hydrogen is a really big opportunity, lots of refineries already use the technology, but there is opportunity to capture and store it – e.g. Equinor at Saltend is an example - 5MW of hydrogen.'* (Stakeholder)

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## 1.2.2 DIGITAL SECTOR

**Key Message:** The Humber should build on and showcase its strengths in creative and digital technologies which, combined with high-quality broadband, provide an attract proposition for investment and relocation and for exploiting global opportunities and new markets.

*'With one of the fastest-growing digital sectors outside of London, Hull is a vital player in the UK's position as digital capital of Europe.'*<sup>8</sup>

There is a concentration of technology companies in Hull covering a diverse range of digital and creative industries. Investment in fibre optic broadband raises the prospect of attracting new businesses to the sub-region and helping local businesses across all sectors to operate more efficiently and take advantage of new technologies. Stakeholders mentioned firms working in collaboration with larger games studios and applications studios based elsewhere. These firms also act as enablers of growth in other sectors looking to apply digital technology. The £11 million C4DI digital hub was launched in 2015 to provide community working space, technology incubation and corporate innovation for start-ups. Successful businesses and micro-companies are already growing from the facility to join established businesses such as Trident, Summit and the ESP Group in the city's digital community.<sup>9</sup>

The University of Hull is developing digital skills in the sub-region, and has recently invested £200,000 in an emergent technology laboratory with state-of-the-art virtual and augmented reality equipment as part of the wider Yorkshire & Humber Institute of Technology.<sup>10</sup> The University recently secured £1m in funding as

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<sup>7</sup> <https://www.abports.co.uk/media/mmbffs2t/university-of-hull-logistics-institute-a-comparative-analysis-of-short-sea-import-and-export-routes-to-and-from-the-uk.pdf>

<sup>8</sup> <https://investhull.co.uk/sectors>

<sup>9</sup> <https://investhull.co.uk/sectors/digital-creative>

<sup>10</sup> <https://www.thebusinessdesk.com/yorkshire/news/2075021-university-unveils-200000-emergent-technologies-laboratory>

part of an EU-wide project to improve the future of computing in business by replacing the electrons in computers with photons to drastically improve their speed and power beyond what is currently physically possible.<sup>11</sup> Demand for technology skills is high, with much of the large-scale manufacturing in the area dependent on digital technologies.

Stakeholders noted that businesses in the sub-region were already exporting digital services, but felt more could be done to promote and showcase these capacities and the potential of digital technologies to 'reduce the drag of distance' in international trade. It was noted that local firms using technology as a consequence of the Pandemic could be assisted to identify global opportunities for the provision of digital solutions worldwide. Two local firms, Agencia and About Access, won new contracts and gained new customers during the pandemic by using digital technology.<sup>12</sup>

*'Technology is a key sector in itself and, of course, it is embedded across all of these other big industries in the sub-region. It is a catalyst.'* (Export champion)

*'More needs to be done to promote and showcase what the sub-region is capable of and encourage new investment in the region. [We] want to show that tech businesses are very agile and can trade all over the globe in an affordable sub-region like the Humber.'* (Export champion)

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### 1.2.3 FOOD PRODUCTION

**Key Message:** The Humber has superclusters of food processing and production sites, particularly seafood, and strong international links to Iceland, Norway, and, more recently, Dubai and New Zealand, with brands exported across the globe.

Large food production companies in the sub-region include McCain and Aunt Bessie's in Hull, with Aunt Bessie's Hull factory making their Yorkshire puddings. Cranswick has food processing plants in the sub-region, including their meat plant in Hull, which in 2021, was awarded a contract to produce bacon for McDonald's from their new £20m cooked bacon facility.<sup>13</sup> There is significant seafood processing capacity in Grimsby, which forms one of three superclusters in Europe alongside Bremerhaven and Boulogne-Sur-Mer. According to stakeholders, the Humber processes 70% of the UK's chilled and frozen seafood, with companies including Youngs, which is expanding,<sup>14</sup> and Hilton Seafood, Hane Daniels Group and Two Sisters Food Group, which are all successful exporters. Additionally, Seafish, the body promoting the seafood sector, which is funded by a levy on the first sale of all seafood products in the UK, is located here. International links are significant, as 90% of the seafood processed is sourced from Norway and Iceland. Icelandic fisheries are linked by sea to Immingham, from where fish is transported to Grimsby along the A180.

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<sup>11</sup> <https://www.business-live.co.uk/technology/1m-funding-win-university-hull-19590606>

<sup>12</sup> <https://heylep.com/employment-skills/humber-digital-skills-partnership/humber-dsp-case-studies/>

<sup>13</sup> <https://www.business-live.co.uk/manufacturing/100-new-jobs-cranswick-brings-19334137>

<sup>14</sup> <https://www.foodmanufacture.co.uk/Article/2021/05/07/Young-s-Seafood-announces-400-new-jobs-across-Grimsby-estate>

The Humber is home to the £5.6M Humber Seafood Institute, the first of its kind in the UK. The sub-region has a number of location advantages for food and seafood companies:<sup>15</sup>

- Direct port access, providing sea freight connectivity to European and global markets.
- Fast access to UK food production areas and consumer markets, from a 'north-south central' location, within 1 HGV driver shift.
- Specialist services including process and refrigeration, plant engineering and maintenance. This seafood cluster is supported by Grimsby's deep cold storage complex, which is the biggest in Europe.
- Specialist food storage and distribution, including 230,000 tonnes of on-port or adjacent cold storage capacity in Grimsby.
- Specialist expertise including packaging, food waste management and sustainable energy.
- Recognised excellence in the production of chilled, prepared meals and soups.
- Grimsby Fish Market is a European leader, handling around 20,000 tonnes of fresh fish per annum.
- Grimsby Seafood Village, which incorporates 21 seafood processing units within the Port of Grimsby.
- Combining food with technology, Hull-based Electronic Point of Sale (EPOS) company Tevalis supplies restaurants worldwide, including in Dubai and New Zealand.

*'Food processing is very big in this sub-region. Grimsby is the "seafood capital of the UK"; there are 5000 jobs in fishing and [the] seafood processing sector.'* (Export adviser)

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#### 1.2.4 ADVANCED ENGINEERING AND MANUFACTURING

Key Message: The area offers attractive opportunities for advanced engineering and manufacturing investors, boasting a vehicle and caravan manufacturing sector on the North Bank and a 'reshoring location' on the South Bank.

Several stakeholders mentioned advanced engineering and manufacturing as a key strength in the Humber. More than 54,000 people work in the wider engineering and manufacturing sectors in Hull, with a GVA (Gross Value Added) totalling £3.7 billion, while 25,000 people are employed in advanced engineering in Hull, according to the Humber Local Enterprise Partnership.<sup>16</sup>

*'If you are going to build caravans, you can only build in Hull because of the supply chain and workforce,'<sup>17</sup>*

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<sup>15</sup> <https://www.southhumber.co.uk/food-manufacturing/>

<sup>16</sup> <https://investhull.co.uk/sectors/manufacturing>

<sup>17</sup> <https://www.business-live.co.uk/manufacturing/20-jobs-created-new-caravan-19137877>

This sector includes vehicle and caravan manufacturing, which, although they have been affected by supply challenges as a result of the pandemic, are now benefiting from a surge in UK staycations, exports and on-line shopping. For example, Paneltex in Hull supplies home delivery van manufacturers in the UK, Europe and the US. Hull's Willerby Limited is one of the UK's largest manufacturers of holiday homes and lodges, with a £147 million turnover and more than 1,100 employees. East Yorkshire's Swift Group is among the UK's largest manufacturers of touring caravans, motor homes and holiday homes, with a turnover of £250 million and more than 1,200 employees. Other companies based in the area include ABI, Atlas,<sup>18</sup> Delta (which exports static caravans to the Benelux countries), Coachman (which exports globally), Europa (which exports to Europe), Sunseeker,<sup>19</sup> and Victory.<sup>20</sup>

Manufacturing firm Croda has made a £27 million capital investment in the production of a new polymer, while Tricoya Technologies' £50 million wood chip production facility represents a significant investment for Saltend Chemicals Park. The Hull site is one of Croda's three polymer additive manufacturing plants, with the others located in Gouda in the Netherlands and Mianyang in China. Paneltex are looking to expand and will be taking on between 80 and 90 new employees to meet demand from the UK market. They manufacture panels for refrigerated home delivery vans in Hull for companies such as supermarkets and have experienced a massive increase in demand this year due to COVID-19 and the resulting increase in home deliveries during lockdown.

One stakeholder spoke of the recent development of precision engineering and tool manufacturing in the area and said that advanced manufacturing was key in Hull, but also in Scunthorpe and Grimsby. The South Humber is marketing itself as the UK's most exciting 'reshoring location' for expanding advanced manufacturing companies. It offers fast access to UK and international markets, a highly skilled technical workforce, substantial labour and property cost savings and development-ready, incentivised enterprise zone sites to rival and surpass many of the UK's established advanced manufacturing locations.<sup>21</sup> As well as labour and land costs savings it offers fully-serviced, development-ready sites with Enterprise Zone financial incentives and extensive power supplies. It can offer fast road access to England's major manufacturing locations, from a north-south central location, within 1 HGV driver shift (4.5 hours' driving time) and, of course, direct port access, providing comprehensive sea-freight connectivity to European and global markets. Finally, there is engineering research, education and training provision available from the Grimsby Institute and the University of Hull.

*'Advanced manufacturing is an unspoken strength. Particularly in Hull but also in Scunthorpe and Grimsby. Really blended and diverse economy in the Humber compared to other regions in the UK.'* (Stakeholder)

## CHEMICALS

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<sup>18</sup> <https://www.business-live.co.uk/manufacturing/80-jobs-created-atlas-adds-19278713>

<sup>19</sup> <https://www.business-live.co.uk/manufacturing/20-jobs-created-new-caravan-19137877>

<sup>20</sup> <https://www.business-live.co.uk/manufacturing/victory-over-pandemic-how-holiday-20297997>

<sup>21</sup> <https://www.southhumber.co.uk/advanced-manufacturing/>

Key Message: The Humber's chemicals sector is of European scale. It is worth an estimated £6bn to the economy and is supported by the Humber ports. The sub-region is home to one of the UK's four main petrochemical clusters, with two oil refineries: Phillips 66 and Total Lindsey Oil Refinery, which provide 27% of the UK's refinery capacity. Both are located on the Humber South Bank.

The contextual report (03) notes that the area's chemicals cluster includes expertise in petrochemical refining, personal care, pigments and colours, agrochemicals, fine chemicals, paint and coatings, surface treatments, speciality chemicals, and inorganic and organic commodities. Saltend Chemicals Park in Hedon, Hull, has seen investment from 8 multi-national companies totalling over £500 million. Companies which are active locally include Croda, Air Products, BP Chemicals, Nippon Gohsei, BASF, Phillips 66, Cristal, Knauf, Tricoya, Total and Synthomer.<sup>22</sup>

The contextual report (03) notes Velocys' new waste-to-jet fuel plant, the UK's first clean hydrogen plant, and the potential to develop new low-carbon chemical products such as ammonia which has applications in decarbonising maritime transport.<sup>23</sup> The recommendations include considering Germany and South Korea as possible growth markets for hydrogen-related technologies.

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#### 1.2.5 OTHER SECTORS

Other sectors mentioned included chemicals, logistics and energy. Global opportunities in these sectors are discussed in the contextual review (Report 03).

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<sup>22</sup> <https://investhumber.com/growth-sectors/chemicals>

<sup>23</sup> <https://www.itv.com/news/calendar/2021-03-17/uks-first-clean-hydrogen-plant-set-for-saltend>

## 2 TRADE SUPPORT

This chapter discusses stakeholder views on sources of business support for exporters, business support needs and gaps in support, with views on how to fill those gaps and where priorities should lie. It complements the views of businesses captured in the business survey (Report 02).

### 2.1 SOURCES OF SUPPORT

**Key Message:** The DIT and its network are recognised at the go-to destinations for existing and serial exporters. However, advice for new exporters could be made much more prominent.

Stakeholders cited a wide range of support sources for businesses considering export or already exporting, including:

- The Department of International Trade (DIT) and its international trade advisers (ITAs) and contractors (Enterprise Growth Solutions Ltd (EGSL))
- Local Chamber of Commerce
- Trade Organisations and Industry Groups, including the Federation of Small Businesses (FSB)
- Local Economic Partnerships (LEP) and Growth Hubs
- Professional services e.g. accountancy firms (such as RSM)
- Independent advisers and specialists

The DIT and ITAs were acknowledged as central sources of support for established businesses, with one stakeholder saying that ‘businesses that already export and those that know what they’re doing and want to start’ were very well served by the DIT and their ITAs. Growth Hubs were another key source of export support and referral mentioned, and Growth Hub frequently refers people to the DIT and the ITAs and local DIT contractors such as Enterprise Growth Solutions Ltd. Experienced exporters are able to access the global growth programme, and occasional exporters are signposted to a range of events (workshops, seminars and webinar) covering topics such as developing your export strategy, finding routes to market, exhibiting overseas, intellectual property, managing agents and distributors, and selling online overseas. Both experienced and occasional exporters can access the overseas market introduction services which help them find overseas contacts, get market advice and introductions, set up meetings with key business contacts, and arrange overseas events to showcase their products.

The Hull and Humber Chamber of Commerce has an international trade team, making it ‘well versed for technical support for import/export documentation and processes’, having supported the Growth Hub with an EU transition help desk. The International Trade Centre team offers an extensive range of products and services which are available through its overseas networks, including market research, overseas visits, trade

fairs and trade missions. It provides a full export documentation service, a translation and interpreting service and monthly international trade networking events.

Stakeholders stated that international trade advice was harder to access for aspiring or new exporter businesses. There was thought to be some latent demand here. In the words of one respondent: 'Many companies produce goods/services which could be exported and for which there is a demand overseas but don't currently export, perhaps because they don't want to deal with the hassle, have not considered it, have financial or technical barriers, for example.' There is therefore a gap in support for these companies, and a 'need to think about how to engage more with those SMEs and stimulate demand.' One of the export champions agreed that 'support is available, but it is not that well-known or publicised. Unless you're already exporting or thinking of exporting you might never know the support is there.' One adviser suggested that the lack of financial support for new exporters was restricting proactive targeting of SMEs: 'financial support for trade development has been virtually non-existent financially for a while, but we know costs is a key export barrier for many SMEs.'

Stakeholders felt that industry groups and independent advisers could offer useful tailored support, with one export adviser saying that 'if you want to work on specific strategies and business development, you go to trade organisations.' An export champion gave the Society of Motor Manufacturers and Traders as an example of a sector-specific industry group which could give concrete international trade support. Another local adviser had experience of exporting products related to decorating, such as wall and floor coverings, tools and protective clothing.

## 2.2 EASE OF FINDING SUPPORT

**Key Message:** Although support is available, it can be difficult for businesses to find. In some cases this is due to an overwhelming amount of available support which makes it difficult to locate the best and most relevant information or expertise. More signposting would help businesses, and a centralised source of clear information on trade would be beneficial and welcomed.

Stakeholders broadly agreed that while information on trading internationally was available, it was not always easily accessible: 'there is information out there but it's as not as easy as it could be to find it.' Individual websites such as the Growth Hub and the DIT were reported to provide a wide range of resources on import and export, but there was perhaps too much available: 'government sources are overcrowded and a challenge.' Respondents suggested that there was a need to 'help companies navigate better.' As one export adviser put it, it 'would be a lot easier if there was a central hub people could go to or be signposted to.'

Intelligence on international trade needs to be understandable and easily digestible, particularly for companies with no experience in international trade. One stakeholder described the benefit of clear, simple explanations as 'presenting [companies] with both the opportunity and a "lightbulb" moment to help them make the leap into exporting.'

From the perspective of exporters, one export champion thought the variety and depth of support was a problem, particularly in more specialised areas: there was ‘no real maturity in the tech offer around international trade’, for example, and a ‘real mixed range and depth of advice available from the public sector.’

## 2.3 CURRENT GAPS IN SUPPORT

**Key Message:** It is thought that there are some firms who could export if appropriate signposting were in place. Some businesses would welcome further advice on the new EU arrangements and others would like advice on importing. SMEs prefer tailored guidance from trade advisers.

The general message from stakeholders was that there was plenty of general advice available for those able to seek it out. However, there was a lack of more tailored and specific support, and a missed opportunity in terms of actively seeking out those companies who could export if guided towards appropriate support. Examples of this more tailored advice included ‘more in-depth planning, market appraisal and selection, due diligence, routes to market,’ and ‘how to deal with cultural differences.’ When businesses might not be aware of support they could benefit from. As one respondent put it: ‘ITA’s need to be more proactive and assist businesses in navigating changes to any policy, structures, new sources of support etc.’ Others mentioned a need to ‘direct people to the support and potential funding to start exporting.’

Although there was an initial flood of advice regarding EU Exit and the new relationship, much of this has now been withdrawn. In the words of one stakeholder, ‘the Growth Hub offered EU transition support from December to March which has now wound down, but we are still getting enquiries from SMEs saying that they don’t know what to do in order to export to the EU now.’ Advice on working under the new Co-operation Agreement will need to be available for longer, as businesses are ‘not yet all fully up to speed with new changes in trading’.

COVID-19 has stifled demand for export support, as businesses have been unable to make use of the available funding. For instance, applications to the Exporting for Growth scheme were about 20% of what they normally were before the Pandemic, because much of the funding was used for ‘air fares, hotels, exhibitions,’ and other travel-related expenses.

One export adviser explained that the ‘DIT aren’t currently allowed to help businesses with sourcing raw materials and imports,’ but that businesses did ask for that support. This can be problematic, particularly for businesses dealing with rapid growth and trying to meet demand while adhering to restrictions.

## 2.4 DEMAND STIMULATION, PROMOTION AND COORDINATION

**Key Message:** Better communication, coordination and knowledge sharing between providers and organisations is needed. Support needs to be tailored to SMEs’ requirements and be cost effective and convenient. There could be more alignment between business support offers and opportunities for international trade development. There is an opportunity to promote and raise the visibility of the sub-region

in international trade. Impactful measures include case studies and video diaries, SME export champions, clear messaging and signposting, marketing and advice including podcasts and trade fairs and exhibitions and promoting the business and commercial benefits of trade development more explicitly to SMEs.

One export adviser felt that support providers 'could do more to get the message out to those wishing to trade internationally', and that there should be coordination of support between different providers with sharing of information and knowledge. It was reported that while the DIT might be able to provide the most tailored and widest-ranging export advice, many SMEs initially approached their Growth Hubs to be signposted onwards. As one stakeholder put it, 'although there is a significant amount of collaboration and referral between DIT and the Growth Hubs operationally, more could be done strategically to align and combine business support offers.' For instance, Information and Communication Technologies (ICT) support offered by the Growth Hub could be also used to exploit international opportunities.

*'On the ground, the division of responsibilities is well delineated. However, on a strategic level there could perhaps be better coordination of respective priorities [for the DIT and the Growth Hub] and new opportunities for collaboration where there is alignment.'*

Two key export barriers for SMEs are lack of time and resource. These can inhibit their capacity to engage with available support. 'They could do more events like webinars,' suggested one export adviser, 'but a lot of the SMEs they might want to engage with don't have the time to attend.' It is important to make advice easy to access and clearly relevant to the SME, and to have those providers most engaged with SMEs, such as Growth Hubs, signpost to that advice. As one stakeholder summarised, there is 'lots more the LEP can do in terms of promoting available international support through its Growth Hub and via other partners.' It was also suggested that trade associations could be more involved in export support, and the Humber sub-region could be more heavily promoted in Northern Powerhouse (NPH) publications.

More coordination is required to market export support to non-exporting companies with export potential. 'The DIT and partners could help by participating and playing a key role in local events like Tech Week to better showcase to people that support is available and where people can get it.' It was felt this could 'get them in front of the non-exporting businesses.' One stakeholder wondered whether there could be more SME export ambassadors, as this would raise the visibility of international trade and encourage greater SME uptake and engagement. Given the points raised, early demand stimulation would need to be matched with an offer of business support for new and aspiring exporters.

Looking at the Humber more widely, one export adviser suggested that the sub-region did not 'market itself adequately with the export section of the Tech Nation report' (in which Hull was ranked third). This respondent also suggested the report needed to be 'better promoted.' Additionally, Hull was 'often not mentioned in NPH standard publicity and documentation,' something which stakeholders felt needed to change. The responses suggest there is an opportunity to promote and raise the visibility of sub-region in international trade.

The key to stimulating demand for trade support among SMEs, stakeholders suggested, is to make export advice resonate locally by making it relatively straightforward and demonstrating clear benefits. 'Exporting is a big concept and not a tangible thing to a lot of businesses,' noted one stakeholder. 'Case studies can be very powerful' in getting the message across, 'particularly video case studies or business-led talks and panels at events.'

*'You want a local SME that has been successful in exports in the past 3 to 5 years that can articulate the business benefits. You get a lot more attention if you're telling businesses how much financial gain, they might expect from developing new export markets.'*

Another way to promote success stories among SMEs is to make more small businesses export champions. Support providers need to 'work with local businesses that are locally known to get local people to engage.'

In terms of more general marketing, stakeholders felt there should be more representation at events relevant to local SMEs with export potential. One export champion mentioned Tech Week as an event where businesses 'are already coming to network and find new opportunities', which export support providers could capitalise on. According to another stakeholder, resources should be spent on 'focused events with qualified customers.'

One DIT staff member mentioned podcasts as a potential avenue to explore. They also noted that there were currently no Humber MPs signed up to the Parliamentary Export Programme, an event series with 100 MPs across the UK. This would be an opportunity to explain what the DIT can do locally and to let local constituents engage with their MPs. More generally, respondents felt it was important that international trade be given a high profile at LEP board level, particularly in the newly-formed Hull and East Yorkshire LEP.

## 3 GEOGRAPHIC MARKETS AND POTENTIAL

This chapter summarises stakeholder observations on the geographic markets with the most potential for international trade for Humber business, and considers whether there are emerging markets aligning with the sub-region's strengths and ambitions. It complements the detailed desk review of global markets and opportunities featured in Report 03.

### 3.1 CURRENT AND POTENTIAL AND EMERGING MARKETS

**Key Message:** Advice on export market potential needs to be tailored to sectoral requirements and export maturity and propensity. COVID-19 and EU Exit have led companies to prioritise retaining current markets over gaining new ones, but as the situation stabilises there is likely to be increased uptake in international development advice. Newer exporters, it was suggested, might prefer easily-accessible countries such as the Netherlands, Scandinavia, Ireland and some Mediterranean markets. Stakeholders mentioned agritech and renewables in emerging markets including Africa. There is scope to build on strong Chamber of Commerce links with the Caribbean.

Stakeholders felt that the potential of different export markets was dependent on different company requirements, with export advisers encouraging new companies to expand into countries like the Netherlands or the Republic of Ireland because of 'ease of access, cultural similarity, and same language or high levels of English,' which made them 'very attractive.' Other good markets for newer exporters mentioned were some of the Mediterranean markets such as Gibraltar, Cyprus and Malta, which are 'keen on British products.' However, it was also suggested that the new UK-EU Trade and Co-operation Agreement now make the EU 'a less useful training ground' for those taking a first step in exporting.

*'[The] first export market suggested is always Ireland- similar market, same language, similar culture and tastes. A good place to 'dip your toe in the water' and get started. Next places we typically suggest are Mediterranean markets.'* (Export adviser)

As well as export maturity, market potential also varies considerably by sector. Associated British Port's (ABP's) Humber ports alone offer over 70 regular sailings per week between the UK and mainland Europe. Trade by sea tends not to go to the US or Asia directly, but rather to Europe, Scandinavia and the Baltic. Hull also has twinning relationships with Reykjavik and Sierra Leone. Sectors engaging with oil and gas customers are naturally likely to trade with markets such as the Middle East or the United States. For one technology export champion, 'the main focus is currently the Middle East,' having established links with a government entity there to support trade between the Humber and the United Arab Emirates.

*'We have direct links to Scandinavia and [the] Baltics via ports and good connections through [the] Grimsby fishing community. Also, the Grimsby Fish Merchants' Association was instrumental in rebuilding the relationship with Iceland after the financial crash.'* (Stakeholder)

Despite the new arrangements, stakeholders said that the EU remained a huge consumer market for Humber businesses: 'the similarity in business culture still makes things easier.' The DIT is engaging with overseas posts in France, Germany and Spain on a European technology collaboration around Smart Cities. Eastern Europe remained 'one of the easiest markets for British products to get into,' according to an export adviser.

Outside Europe, 'a lot of future potential will depend on the form of new Free Trade Agreements,' and 'it will be good when you can give people tangible business opportunities that align with specific market interests' said one export adviser. Larger companies with more resources were already reported to be looking into FTA countries for opportunities. From an inward investment perspective, one export adviser said they were focusing on Japan and South Korea, 'working with a Korean investor in offshore wind.'

'Many markets are fragile, complex and affected by COVID-19 in a major way,' said one stakeholder, with some 'suffering from big issues like war crimes, cyber-related crimes, financial and economic crimes, chemical weapons.' Situations such as these can make it significantly more difficult for more inexperienced traders to export to more exotic or far-flung destinations, particularly without support. Further analysis of current and potential markets is provided in Report 03.

Stakeholders were asked whether there were any underserved or emerging market areas which aligned with the sub-region's strengths and ambitions. Several focused on agritech and agriculture as key sectors with newly developing markets. Africa was 'very exciting from an agritech, agriculture and renewables perspective' according to one export champion who was looking at opportunities in Angola, South Africa, Kenya, Mozambique, Zambia and Zimbabwe. Others reported that: 'tech is only just taking off as an industry in Africa but the opportunities and potential over the next few years are massive.' Renewables were another key industry for emerging markets, 'growing massively worldwide.'

Malaysia and Singapore also present potential as they are experiencing strong economic growth. One of the export champions suggested inviting businesses there to connect with the Humber to facilitate trade opportunities. One export adviser mentioned South America as a high-potential area, particularly Brazil.

The British Caribbean Chamber of Commerce (BCCC) was founded in 2001 and is managed by the Hull & Humber Chamber of Commerce, making it the only Chamber in the UK to directly run a British bi-lateral Chamber of Commerce. The BCCC established a second Chapter in Saint Lucia in 2015 which works alongside the original centre in Port of Spain, Trinidad. Humberside firms have had success in the Caribbean, with high numbers of British people visiting the area each year and a high demand for British products.

### 3.2 EXPORTER CAPABILITIES IN HIGH GROWTH MARKETS

**Key Message:** Although there are many opportunities for Humber exporters in high-growth markets, it can be difficult for businesses to take advantage of them. Stakeholders consider more established exporters to be in a better position to do this.

Stakeholders were asked how well equipped they felt the sub-region's exporters were to tackle high-growth markets such as Southeast Asia, China and India. Several stakeholders noted that 'some of these markets place a lot on being experienced and established,' citing South Korea as a particular example. Similarly, one export adviser said that 'breaking into China is a nightmare' due to a 'very different market, mindset and culture which can be hard to understand as an outsider.' In terms of potential solutions to this issue, one export adviser suggested market understanding events for businesses looking to expand into these markets. Another mentioned that for China, 'working with distributors in Hong Kong was ... helpful ... to bridge the gap between European and Chinese market differences.'

For China and India, one export adviser suggested a particular need to 'invest upfront' in intellectual property (IP) protection and 'understand all the rules and regulations,' as IP can be a major issue in these markets. Companies, particularly smaller and less experienced companies, 'don't have the resource to do it correctly.' As another stakeholder explained, there is a fear of making mistakes with tariffs and incurring losses, particularly for companies with high-volume, low-margin business models.

*'Larger companies are well equipped to deal with emerging markets, harder for smaller ones, and many don't know until they try.'* (Stakeholder)

*'India can be an issue due to customs duties, but if you have a good product, you can break into that market. Not recommended for smaller or less-experienced exporters as it can be challenging even if you are successful.'* (Export adviser)

### 3.3 HOW INFORMED ARE SMES ABOUT FTA OPPORTUNITIES?

**Key Message:** There is a great degree of variation in how well-informed SMEs are about the opportunities of new Free Trade Agreements. There is a need to clearly articulate the benefits of relevant parts FTAs to Humber businesses.

Stakeholders were asked how well-informed SMEs were about the opportunities of new Free Trade Agreements globally and in the UK, and whether firms were actively considering increasing their trade with existing non-EU market partners as a result of the EU Exit, including exploiting new trade deals. The consensus was that this 'very much depends on the business in question', as many companies 'don't know what it means for them.' Report 02 (the business survey report) confirmed that a large proportion of businesses (42%) were unsure of what impact the new Free Trade Agreements the UK is negotiating could have on their business.

Several stakeholders spoke about how difficult it was to engage SMEs, particularly regarding complex issues such as FTAs. 'Capturing the attention and interest of an SME manager is actually quite hard due to lack of time,' explained one stakeholder; 'SMEs don't have the time.' An export adviser said that many SMEs found FTAs confusing and did not know what they meant for them: 'if someone could come up with a simplified version, that would be helpful.'

Regarding current promotion of FTAs, a DIT staff member spoke about events being run to inform SMEs, including a 'Doing Business in Japan' event explaining the impacts of the FTA on Yorkshire-based companies. An upcoming event will focus on the energy sector, promoting trade with Chile to the NPH region. However, such events vary in popularity, with online events, in particular, showing a wide disparity between signups and attendance. One export adviser said that FTAs were 'not so well promoted yet' but that they would be a 'focus of activity in the next financial year'. This is covered in the recommendations.

There could be opportunities to target Humber SMEs more directly on FTAs rather than relying heavily on national-level communication. According to one stakeholder, lot of businesses were 'more likely to connect to a tailored local event rather than a national one.' 'Running a campaign on a more local level could be good,' according to another consultee, who added that there was a 'need to more clearly demonstrate the benefits of the FTAs, especially to smaller companies.' It would therefore be especially useful to set up events which demonstrate good practice working within FTA countries.

The survey in Report 02 indicates that some firms are open to the potential of FTAs. 'Many companies are facing red tape in the EU now,' according to one export adviser, 'and may well be more willing to consider other non-EU markets.' Their newfound experience with export paperwork could stand companies in good stead, as they 'may find [non-EU markets] not as difficult as they thought.'

*'FTAs – companies don't know what it means for them.'* (Stakeholder)

*'There have been announcements regarding FTAs but there has not been a lot of 'meat on the bones' about the specifics of how these agreements will work in practice for local firms.'* (Export adviser)

### 3.4 GLOBAL CHALLENGES INCLUDING THOSE ARISING FROM COVID-19 AND THE EU TRANSITION

Key Message: COVID-19 has revealed the fragility of global supply chains. Some sectors, such as manufacturing and food, have not been majorly impacted and have even experienced growth. Conversely, the hospitality, leisure and tourism industries have been adversely impacted and will require support to recover. Businesses' increasing use of digital technologies could be beneficial for international trade.

Stakeholders were asked what challenges businesses had faced, including COVID-19. Taking COVID first, it was clear that some sectors had been impacted more than others, particularly hospitality, leisure and tourism. One export adviser mentioned a fish exporter which previously specialised in supplying cruise ships and has been struggling due to the collapse of the tourism industry. More generally, companies which relied heavily on face-to-face meetings to build trust before engaging in export arrangements have had to find new ways

of working. For many sectors, supply chain issues caused delays and backlogs at the beginning of the pandemic, particularly where factories were shut down due to the restrictions.

Despite this, some companies profited from the pandemic, particularly those engaged in the pharmaceutical industry, chemicals or in technology. ('Most of these sites were deemed essential and kept operating.') Smith and Nephew, the Hull-based global medical technology business, contracted with the UK Government to build ventilators. Additionally, 'industries like fertilisers and paints saw a massive boom, in part because some other global plants were struggling, and also [because of] the surge in DIY and painting/home improvement-related activities.'

While businesses had to rapidly adjust to digital technologies, this has now led to many small businesses suddenly finding themselves with a global reach due their new online presence. Humber Tech Week managed to increase its reach by going fully digital.

*'COVID has hit everyone hard who is even remotely involved in hospitality, leisure, and tourism.'* (Export adviser)

*'[The] biggest challenge is now COVID-19 and not knowing when companies can visit partners and export prospects. Many won't take on new business until they meet a partner face-to-face and can have a proper conversation and build a relationship, which is difficult to do online.'* (Stakeholder)

*'[COVID] has had a big effect on businesses having to pivot and go through the digital transformation far quicker than anticipated. But this has benefits- a small business in the Humber can now sell all over the world using new digital technologies and their enhanced online presence.'* (Export champion)

The EU Exit has also impacted some companies, particularly through supply chain blockages. One export champion said that it had been difficult for them, with 'difficulties getting certain materials in from the EU.' One export adviser had worked with a company which lost work because they were 'perceived as less attractive to European partners or weren't eligible for some of the EU-funded work.' However, several stakeholders felt that many companies would absorb the impacts and move on from both COVID-19 and the EU Exit and expected the impacts to be absorbed.

*'No major lasting changes from either COVID or EU Exit, though short-term disturbances for sure.'* (Stakeholder)

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#### 3.4.1 IMPACT OF EU TRANSITION ON LOCAL COMPANIES

**Key Message:** The impact of EU transition on local companies varies according to company size, sectors and export maturity. The new trade arrangements may make it harder to encourage SMEs to export, as the EU is no longer an easy-access 'export training ground.' Those companies that have managed to navigate the changes are better placed to exploit new non-EU markets.

Stakeholders were asked how big an impact EU transition had had on local companies, and what the key issues and concerns were. They were also asked how well SMEs were managing with the new UK-EU trading

relationship. The key requirements for companies are discussed in Report 03. It notes that importers must become familiar with the key issues of Incoterms, Rules of Origin and import VAT, and re-visit the fundamental issue of 'total cost of importing versus buying from the UK.' Exporters, the report notes, must understand the impact on customers, ensure they retain those customers, and perhaps look at non-EU opportunities in the light of the trade deals recently agreed. Businesses, it was noted, must keep abreast of ongoing changes to IP, data regulation, packaging and labelling.

In the earlier section on suitable markets for Humber companies, stakeholders spoke about the EU being a good 'training ground' or first step. A major impact of the EU transition is that this is no longer necessarily the case. 'It is now a lot more complicated to trade with these markets,' said one stakeholder, adding that 'it does not seem to just be teething issues.' Previously, export advisers have encouraged companies with no export experience but plenty of potential, often SMEs, to try exports to the EU first. Many prolific exporters started as EU-only exporters before trading further afield.

Stakeholders highlighted the introduction of new export regulations and a lack of consistency in their application and implementation across the EU. This had resulted in some delays due to processing and 'delays of 3 to 4 hours for those consignments that are stopped.' Other significant issues impacting local companies are increased freight delays and spiralling costs. Even where those costs can be met, the delays can make some business exports such as shellfish unviable ('one firm has struggled to overcome the export delays with fresh produce and could no longer easily serve high-end restaurants in France and Spain.')

Larger and better-resourced businesses seem generally better equipped and prepared, as was confirmed by the analysis of preparedness by size in Report 02 (the business survey findings). Stakeholders noted that some firms had set up a registered office in the EU, with the Netherlands being a common location for Humber firms. Others were using bulked consignments or 'third party warehouses to deliver goods to EU customers.' 'I've had one retail client that has just temporarily switched off EU business', said one export adviser, but that they were intending to 'try and set up properly in the EU.'

Fortunately, many of the more experienced exporters are not so easily discouraged. As one export champion said, 'Brexit has caused headaches, but it hasn't stopped us from exporting.' Particularly for larger and better-resourced companies, and for those with global export experience, the challenges have not been unsurmountable. The survey confirms this, with Humber businesses generally faring better than other locations in Yorkshire.

However, some sectors in the Humber are experiencing significantly more impact than others, and Report 02 looks at how well different sectors have coped in more detail. As mentioned above, fresh seafood exports, in particular, are struggling. There are also more general issues in the food and drink industry, not only due to the longer freight times for fresh food, but also to the more stringent regulations regarding food exports to the EU. One export adviser observed that some businesses were unable to afford the costs of meeting new paperwork requirements against 'tight margins.' According to others, there has been a 'massive

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<sup>24</sup> See also here - <https://www.bbc.co.uk/news/uk-england-humber-55987138>

realignment of supply chains.’ Some firms in the food sector have had to import (mainly from Europe) for six months of the year and have relied heavily on migrant labour for picking, and so on. (See Report 03 for further discussion.)

While technology companies are less likely to be impacted by export problems, one technology-based export champion expects a significant skills shortage, with more problems in accessing skilled staff from the EU. It is possible that technology companies in particular, will begin hiring people globally without requiring them to move countries, as they ‘don’t have to be in the UK to do the job.’ Additionally, technology companies face an uncertain future regarding cross-border data transfers and data protection. If the equivalency decision is approved, then businesses in the UK will be able to continue to operate as if the GDPR legislation still applied, without taking further action. However, if the deadline passes without approval, then companies and organisations will need to be prepared, noted one stakeholder.

The higher education industry is facing much lower student numbers from the EU and is particularly impacted by the ending of the Erasmus scheme. One stakeholder from that sector described how institutions were ‘reimagining engagement with the EU and looking at options for transnational links,’ but this was proving difficult without the previous structures in place. There may be an impact on knowledge exchange, with fewer co-operative cross-national research programmes leading to less sharing of intelligence. More generally, having more limited access to talented international students could have a knock-on effect on local businesses, particularly if there is also less funding for research facilities.

One potentially positive impact for the Humber is the potential for backlogs in southern ferry ports resulting from the new regulations. ‘Ironically, the Humber stands to benefit,’ said one stakeholder, ‘as the impact will be bigger on ports like Dover which operate on fast turnaround and have no place to hold lorries and cargo.’ If the delays at Dover are significant, it will become less attractive: ‘although the sea crossing is longer to the Humber, it may save overall time.’

*‘European markets are no longer somewhere to start out and test the waters.’ (Stakeholder)*

*‘There’s been a lot of difficulty and frustration due to a lack of consistency surrounding regulations. There’s a lot of bad feeling in Europe towards British imports at the moment.’ (Export adviser)*

*‘Long term, the situation will adjust, but there will be some short-term challenges to come.’ (Stakeholder)*

The issues raised by the EU Exit for business are discussed in much more detail in Report 03.

## 4 TECHNOLOGY, CONNECTIVITY AND LOW CARBON, FREEPORT

This chapter discusses the current strategic importance placed on internationalisation and export in the sub-region, considering how well business support is marketed and where there may be room for improvement.

### 4.1 MARKETING EXPORT SUCCESS

**Key Message:** Stakeholders believe there could be a more unified approach to the promotion of international trade in the Humber.

Stakeholders felt that the Humber was ‘currently not marketing itself globally as well as it might,’ with one export champion citing Leeds and Manchester as examples of locations which marketed their export credentials more routinely.

*‘We don’t promote ourselves enough given our heritage of being a trading sub-region.’ (Export adviser)*

There was a consensus among stakeholders that the approach towards marketing could be less fragmented and more cohesive. ‘There is no overarching body overseeing Humber marketing,’ explained one stakeholder. Local organisations promote the sub-region individually or in silos. For instance, each local authority has its own marketing teams, strategies and priorities. The Marketing Humber Bondholders and Chamber of Commerce represent private sector and member interests, and the LEPs have only recently been reconfigured. There could be better coordination in promoting international trade within the Humber. This is discussed in the recommendations.

*‘We need to get out there and bang the drum on Humber exports.’ (Export advisor)*

### 4.2 CONNECTIVITY OF THE SUB-REGION TO WIDER POLICY MAKERS, STAKEHOLDERS AND INITIATIVES

**Key Message:** Stakeholders felt that the Humber could be better connected to wider policy makers and initiatives, and articulate trade policies.

Stakeholders referred to opportunities for further engagement of the Humber in internationalisation initiatives. One stakeholder suggested that competition between cities for funding and infrastructure was a reason why the Humber was not as well connected as it could be with city regions such as Leeds and Sheffield.

An export champion felt that internationalisation was generally not well-integrated into local government policy, with other regions managing their relationships with other government stakeholders better. This is not just a resource and capacity issue, but also one of messaging; it is important to highlight the importance

of internationalisation and export between government bodies. Currently, stakeholders feel that the Government 'tend to rely on CATCH<sup>25</sup> and Bondholders' for messaging around investment, rather than building on internal networks or looking to the LEP. There is scope for HEY LEP and Greater Lincolnshire LEP to enhance their visibility on international trade matters.

*'Not well connected, from personal experience senior government officials are not [as] interested as they could be despite the work around Freeports that is happening at the moment. We need more support from within government to support our international trade agenda.'* (Export champion)

Stakeholders were asked separately how well internationalisation was integrated into local economic strategies. Views were divided, with one export adviser saying that the FDI was well integrated with local economic policies, while trade was less so. Another said that neither trade, the FDI nor research and development (R&D) were well integrated, and they should be more prominent. There is an opportunity to articulate sub-regional trade priorities and ensure they are integral to local economic strategies, as well as clearly communicated to key stakeholders and business organisations. This is covered in the recommendations.

*'[We] need an international strategy – get stakeholders together who have skills to digest and bring a trade strategy forward.'* (Export adviser)

#### 4.3 THE PROMOTION OF KNOWLEDGE EXCHANGE AND R&D

**Key Message:** The Humber needs to promote awareness of R&D to companies, including the benefits SMEs can take from university collaborations. There is a need to increase the recognition of local R&D capabilities at international events.

Stakeholders were asked how the sub-region might improve the promotion of its R&D and technology strengths in international trade. They found this question quite hard to answer and some were unsure how R&D could be promoted in an international context. It is telling that only a few of the stakeholders interviewed felt they had much knowledge of local R&D opportunities, with several saying they had nothing to add.

It was thought there could be more promotion of R&D programmes and advice. Some firms, it was suggested, might not be aware that their research activities already qualified for R&D tax credits, for example. One export adviser felt that manufacturers in particular, often did not realise that much of their activity was R&D-related.

For companies wishing to engage in international research collaborations, it was thought that finding a suitable partner could be difficult. The University of Hull is utilising its international teaching and research collaborations to identify and develop opportunities for effective knowledge exchange, and this has had a

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<sup>25</sup> Industry led partnership supporting the process, energy, engineering and renewable industries in the Humber region.

positive impact on economies and communities.<sup>26</sup> The University also aims to develop and strengthen high-quality relationships with external stakeholders and position itself as a partner of choice regionally, nationally and internationally.

*'We know that we can make the greatest contribution regionally by continuing to enhance our international reputation and by connecting our work with businesses, communities, the third sector and government.'*<sup>27</sup>

One export champion said they were not really involved in external R&D and tended to do their research internally with apprentices and in-house engineers. In general, it was said that there was 'not a culture of R&D and innovation locally.'

However, there is certainly potential. It is important to promote R&D within the sub-region as a realistic and practical option for local businesses, and to raise levels of awareness around what constitutes R&D. It was thought the Humber was not viewed internationally as an area of high innovation. One export champion said that there should be more promotion of R&D activity and collaboration at international events to raise the profile of the potential of such collaborations.

*'R&D is not well-represented in discussions across the sub-region, generally, awareness on what constitutes R&D for many companies is low.'* (Export Adviser)

*'[We] don't do enough locally with Universities and local businesses, [there is] not a culture of R&D and innovation locally.'* (Stakeholder)

#### 4.4 EMBEDDING LOW CARBON AND DECARBONISATION IN INTERNATIONAL ACTIVITIES

**Key Message:** The Humber's ambitions and capabilities around net zero need to be promoted more internationally to boost collaboration and trade and knowledge sharing.

With the UK-wide goal of net-zero carbon, there are opportunities for entrepreneurs and organisations in the Humber to exploit its international potential in renewables and low-carbon activities.

The Humber is one of the most energy-intensive regions in the UK, and many of the larger polluters such as British Steel are already involved in carbon capture programmes. Its high proportion of industry and manufacturing makes the Humber a key sub-region for testing and developing carbon technologies, and this potential should be capitalised on further. One export champion said they were looking at 'changing manufacturing processes to reduce waste and lower carbon usage,' and in particular were 'working on electric vehicle projects.'

The low carbon agenda forms a central part of the University of Hull's strategy. The University's ambitious commitment for its campus to be carbon neutral by 2027 is set out in its [Strategy 2030](#) (page 7). This work

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<sup>26</sup> <https://www.hull.ac.uk/work-with-us/business/editor-assets/docs/knowledge-exchange-strategy-2020-2025.pdf>

<sup>27</sup> <https://www.hull.ac.uk/work-with-us/business/editor-assets/docs/knowledge-exchange-strategy-2020-2025.pdf>

is helping to drive low-carbon innovation in the sub-region and beyond. The University leads [Aura](#), a catalyst for collaboration which brings together partners from industry and other universities as well as local, sub-regional and national government with a mission to deliver low-carbon innovation through collaboration. It fosters world-leading multidisciplinary innovation and research, combined with a deep understanding of the skills required to support the sector's development, enhancing the UK's international leadership position in the sector. Aura is at the heart of the Humber Advanced Cluster and is identified as a key delivery partner in the UK Government's Offshore Wind Sector Deal. The Aura Innovation Centre, a new £12m low-carbon innovation facility at Bridgehead, supports businesses of all sizes to accelerate low-carbon projects, drive green innovation and deliver clean business growth.

Given the increasing global focus on sustainability, the zero-carbon ambitions of the Humber sub-region should be promoted more widely and internationally. One export advisor mentioned that while the high number of local wind turbines was often promoted, this was 'at the expense of other initiatives and awareness of what else is happening.'

*'Net zero needs to be front and centre in marketing the Humber globally.'* (Stakeholder)

*'Low carbon is just about on the radar, but many companies are just focused on surviving at the moment so it might not be the highest priority.'* (Export adviser)

*'Low carbon is starting to filter down to companies that are starting with little things like plastics recycling, saving on energy costs. For the bigger companies having greener credentials is becoming more critical from many perspectives including governance and commercial.'* (Export Adviser)

#### 4.5 PROMOTING THE HUMBER FREEPORT AND ENTERPRISE ZONES TO SMES

**Key Message:** Even at this early stage, stakeholders see the Freeport as a substantial opportunity for the sub-region and an important way to stimulate inward investment and international trade. More clarity and detail is required on the impact and opportunities for SMEs.

The majority of stakeholders were generally positive about the Humber Freeport initiative but were unsure what it could mean concretely for SMEs and for particular industries. One export champion said it was 'early days,' and they had 'no idea what it means for us or our sector.' Another stakeholder said that the freeport was 'probably a good idea' but that they did not know what it meant for SMEs, and that the sector needed 'clarity, for instance on tax and customs freedoms that might result.'

One export champion felt that the Freeport was a 'big opportunity for the sub-region and the technology sector' and could bring in more inward investment and economic impacts realised in the surrounding areas. The Government's vision is for Freeports to become international hubs for manufacturing and innovation, with the tariff and customs benefits on offer incentivising businesses to locate manufacturing and processing of imported goods to the sites, and with streamlined customs procedures reducing administrative costs for businesses. Several export champions consulted said they would consider investing in the Freeport.

Given the lack of current lack clarity among SMEs on what the Freeport means for them, messaging is key. One stakeholder suggested an 'education piece' to clarify 'what they are and what the benefits are,' as there was currently no real targeted messaging for SMEs. Among local communities, there was a perception that the Freeport was for large corporations and constituted an opportunity for them to depress wages; real clarification is needed.

One export advisor felt that the Enterprise Zones might be more appealing to SMEs, as the cost would be lower and more local interest was likely to be attracted. Regardless, local SMEs need to be informed as to what these developments mean for them.

As one stakeholder pointed out, the Freeport has been a success in terms of the collaboration mobilised to attract and win the bid, and 'it is an achievement'. The next priority is to clarify to local businesses how they stand to benefit. This was echoed in the business survey (see Report 02). While many businesses were not sure what the Freeport meant for them or felt it was not relevant, over a third of respondents would be or might be interested.

*'There is no-one going round approaching companies and stakeholders and saying these are the opportunities.'* (Export champion)

*'[It] needs to be explained what is in it for the SMEs in concrete terms and what are the advantages on the bottom line.'* (Stakeholder)

## 5 RECOMMENDATIONS

This final section includes key recommendations for international trade in the Humber, building on the four reports undertaken for the study.

Partners and stakeholders may wish to consider the following priorities and recommendations.

### Priority 1: Improve support for Humber exporters

- I. Develop a more unified approach to the promotion and coordination of international trade. Ensure that the most relevant intelligence and support is easy for businesses to find, with a centralised source of clear trade information and effective signposting by export propensity, sector and market.
- II. Better communication between providers and organisations: alignment, coordination and knowledge sharing regarding trade opportunities and business trade support offers is essential. The support needs to be tailored to SMEs' requirements, and must also be cost effective and convenient.
- III. Ensure advice for new exporters is more visible.
- IV. Encourage small and micro-businesses to sign up to the DIT's Export Academy so they can sell to customers around the world with greater levels of confidence. Consider some new 'easy first steps' for exporters, given that working with the EU is a not as straightforward as it was.
- V. Signpost tailored and specialist export support over the next 12 to 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 learned to cope with EU barriers to apply themselves to more distant markets.
- VI. Consider organising events tailored to female-owned and led enterprises to explore new markets outside the EU.
- VII. Consider arranging introductions to customers and contacts abroad to secure access to new markets, peer networks with companies in similar areas of interest, and the trade sector specialists. These subjects were highlighted by businesses in the survey. Online tools were cited as the most useful delivery means for businesses, followed by meetings, information events and articles or videos.

### Priority 2: Invest in boosting the international resilience of Humber firms

- I. Consider assembling a programme of activity around supply chain resilience. *69% of survey respondents mentioned supply chain disruptions.*
- II. Support digital transformation and new technology applications (AI, IoT, 5G and robotics) as well as additive manufacturing, novel coatings and materials, support for export growth and inward investment.
- III. Ensure firms have COVID-19-related technologies and solutions to diversify quickly into new international markets. Ensuring firms have up-to-date health protocols in place, safe and secure working practices, and relevant testing certificates will be important. Demonstrating country/market

compliance, and contingency plans for employees travelling and working overseas will be increasingly important for safe international travel and doing business responsibly overseas.

### **Priority 3: Promote** Humber international trade capabilities and potential

- I. Articulate sub-regional trade priorities and ensure they are integral to local economic strategies and clearly communicated to key stakeholders and business organisations.
- II. A captivating international trade proposition is required for the Humber. Highlight the Humber as an exceptional location for international trade with net zero opportunities with a deep trading heritage. Promote its outstanding location for industrial decarbonisation investment and renewables, including the offshore wind supply chain. Promote Growth Zone opportunities, combined with the presence of major international companies, university expertise, excellent digital connectivity and a high quality of life and cultural offering.
- III. Build on and showcase Humber strengths in creative and digital technologies which, combined with high quality broadband, provide an attractive proposition for investment, relocation and new markets.
- IV. Promote and disseminate the findings of the four reports produced for this study through the micro site and via the new dashboard of trade statistics that has been created.
- V. Ensure international trade has a high profile at the LEP board level, particularly in the newly-formed Hull and East Yorkshire LEP.
- VI. Promote and raise the visibility of the sub-region in international trade. Impactful measures include case studies and video diaries, SME export champions, clear messaging and signposting, marketing and advice provided through podcasts, trade fairs and exhibitions. Promote the business and commercial benefits of trade development more explicitly to SMEs.

### **Priority 4: Inform** businesses and stakeholders about local and global strategic opportunities

- I. Provide more clarity and detail about the impact and opportunities of the Humber Freeport for SMEs. Promote the benefits of the Freeport to investors outside the sub-region, especially in food and energy/renewables and larger firms where there is more interest. *34% of survey respondents would consider investing in the Humber Freeport and or Enterprise Zones now or in the future.*
- II. Work with select firms in advance of the future FTAs by identifying companies interested in being more active in these markets where there are likely to be FTAs, such as the US, India and Latin America, and use these to lobby HMG/DIT for support. *44% of businesses surveyed think the impact of the new FTAs will be positive but 42% do not know what they are or what their impact will be. Engineering, manufacturing, digital and food firms showed the most interest in FTAs. (Also see priority 8.)*

### **Priority 5: Target** high-value sectoral opportunities for the Humber

- I. Build on Pensana's rare earth separation facility at PX Group's Saltend Chemicals Park.
- II. Support Velocys' new waste-to-jet fuel plant in Immingham and UK's first clean hydrogen plant following investment from Equinor in Saltend. Develop new low-carbon chemical products such as

ammonia to decarbonise maritime transport.<sup>28</sup> Consider Germany and South Korea as possible markets for hydrogen-related technologies and know-how.

- III. Consider e-commerce and digital opportunities in the US and Asia, both in terms of end products (food and drink and other products via market-places) and selling supply-side e-commerce solutions (supply chain automation, packaging, optimisation, logistics, returns software).
- IV. Consider large-scale manufacturing, R&D and investment linked to the decarbonisation agenda, for example, new battery technology for EVs.
- V. Consider opportunities for advanced engineering and manufacturing investors, including the vehicle and caravan manufacturing sectors on the North Bank and a 'challenger location' on the South Bank.
- VI. Consider further investment in port development to benefit from the overflow from overcrowded southern UK ports.
- VII. Target Germany, Japan, South Korea and India for offshore wind FDI opportunities.

#### Priority 6: Deepen connections with existing markets

- I. Consider trade missions to the sub-region's top importers (Norway, Russia and the Netherlands) and export markets (the Netherlands, Belgium and France) to build confidence and deepen existing ties. *In relation to EU countries, the survey showed that next year 31% of businesses expect their trade with the EU to increase significantly, by over 10% (5%) or up to 10% (24%), compared to 2020 levels.*
- II. Working intensively with key stakeholders such as the Food and Drink Federation, Food and Drink Exporters Association and DIT initiatives, target major food and seafood events such as SIAL (Paris 2022), Anuga (Cologne October 2021), and Gulfood (Dubai February 2022).

#### Priority 7: Understand new potential markets

- I. Undertake market development work in recycling, waste reduction and renewables; the top zero-carbon technologies identified by the company survey. Include electric and zero-emission vehicle propulsion systems. Outline market size and potential, supply chains, skills, sub-regional expertise and assets, and consider any high-potential opportunities.
- II. Help companies understand the key trends, market drivers and global opportunities in the mining sector and supply chain, for example, with Anglo American and/or relevant DIT sector teams. Also, spotlight key markets such as mining in Latin America, Australia and Africa.
- III. Consider new IP, manufacturing and chemicals opportunities outside the EU, where a balance between regulation and innovation favours speed-to-market.
- IV. Consider investment in batteries and battery technology, and opportunities for firms that have digital and materials technologies providing monitoring solutions for EV battery usage and range extension.
- V. Commission a follow-on export opportunity study for the Humber, building on the global analysis in Report 03, for the creative and digital sectors, covering smart, resilient and efficient cities, e-commerce, media and entertainment, edtech, fintech and payments, and digital health.

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<sup>28</sup> <https://www.itv.com/news/calendar/2021-03-17/uks-first-clean-hydrogen-plant-set-for-saltend>

- VI. Consider cyber security opportunities in the EU, North America and Asia (excluding China). In particular, those connected to critical national infrastructure such as energy and renewables such as wind.

**Priority 8: Promote** new market development including the potential opportunities of FTAs/Roll-Over agreements to businesses and sectors. *While the EU remains an important and historic trading partner, new geographic markets outside the EU urgently need to be tapped.*

- I. Consider a mission programme to explore potential new markets. A third of local firms have their sights on India, North America, Australia/New Zealand and Japan/South Korea.
- II. Promote the Japan FTA to companies importing and exporting agricultural products, food and drink, manufacturing, and digital goods and services. There are potential gains around rules of origin (cumulation) for manufacturers, as well as quicker and cheaper access for business visitors (visas), food and drink opportunities (especially whiskies, gins, speciality products) and agritech products.
- III. Promote food and drink opportunities via the UK-Canada Trade Continuity Agreement.
- IV. Promote potential opportunities in markets where FTAs are in place or look promising. For example:
  - a. 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.
  - b. India, Brazil and other markets in Central and Latin America, such as Mexico and Chile, which is a member of the CPTPP.

**Priority 9: Connect:** improve connections to wider policy makers and cross-governmental initiatives in high-growth markets.

- I. Make links with the new DIT [Office for Investment](#) supporting 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.
- II. Build on strong, local Chamber of Commerce links with the Caribbean.
- III. Ensure that the sub-region's company strengths feature prominently in initiatives such as the DIT's Developing Sector Knowledge initiatives. Proactively follow up with the ITA network and sector teams.
- IV. Ensure that Humber firms can better influence and exploit HMG and other policies or programmes. Curate high-quality content on the zero-carbon economy for DIT sector teams, international networks and target companies for inclusion in profile-raising programmes such as Tech Nation's 'Net Zero'.
- V. 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 key sectors including renewables. (Foreign-owned companies had high expectations for the value of their exports.)

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