

To: Business, Economy and Enterprise Scrutiny Board (3)

Date: 2 December 2020

Subject: Report Back on 2019 Thuringia, Germany Visit

1 Purpose of the Note

To provide a report following the Coventry & Warwickshire partnership visit to the Thuringia region in Germany. The partnership delegation consisted of representatives from Coventry City Council, Coventry & Warwickshire Chamber, Coventry & Warwickshire Growth Hub and Warwickshire County Council.

2 Recommendations

The Business, Economy and Enterprise Scrutiny Board (3) is recommended to endorse this report and confirm its continued support of the work being undertaken by the Economic Development Service in partnership to enhance Coventry's international profile, secure Foreign Direct Investment (FDI), Capital Investment (CI) and support local companies to access new markets.

3 Information / Background

3.1 Background / Purpose:

Thuringia is a central region in Germany with a population of 2.14 million. The area has been identified as a key area of central / eastern Germany that could provide opportunity through the development of a relationship with Coventry & Warwickshire.

Thuringia is an area where:

- Automotive is a priority sector
- Has a mixture of key automotive Original Equipment Manufacturers (OEM's), tier 1's and a long tail of SME suppliers
- Has a focus on innovation and R&D
- Thuringia has recently secured a successful investment from a Chinese Battery Manufacturer

This partnership fact finding visit to the region served to develop the potential relationship with a view to establishing a collaborative approach to bi-lateral trade and investment.

Key activities to be undertaken as part of the visit were:

- To understand the Thuringia region with a focus on the automotive industry and the opportunities it presents for trade & investment.
- To present Coventry & Warwickshire as a key location for automotive activity, R&D and business location.
- Explore opportunities for business, political and academic links both ways
- Learn from battery manufacturer case study
- Consider a future programme of mutually beneficial activity

3.2 Delegation:

- **John Norton**, Business Development Manager (Investment & Skills), Coventry City Council
- **James Ahearne**, International Trade Hub Manager, Coventry & Warwickshire Chamber of Commerce
- **Ian Flynn**, Inward Investment Manager, Warwickshire County Council
- **Sarah Pagan**, Business Development Manager, Coventry & Warwickshire Local Enterprise Growth Hub

3.3 Dates of visit:

Tuesday 24th September to Thursday 26th September 2019

3.4 Itinerary:

Tuesday 24th September	<ul style="list-style-type: none"> • Afternoon flight, Birmingham to Frankfurt • Train from Frankfurt Airport to Erfurt • Evening arrival at hotel and welcome by LEG Thüringen
Wednesday 25th September	<ul style="list-style-type: none"> • Meeting at LEG Thüringen, Erfurt <ul style="list-style-type: none"> - Introduction to LEG Thüringen and its investment, export and cluster promotion teams - Coventry & Warwickshire presentation (sector specialisms, opportunities and investment support services) - Information exchange: expectations, challenges, Brexit, synergies for mutual co-operation - Introduction to Automotive Thüringen, the local automotive cluster - CATL case study: attracting a chinese battery manufacturer to Thuringia. • Visit to Ilmenau University of Technology <ul style="list-style-type: none"> - Thuringian Innovation Centre for Mobility. • Meeting with Thuringia Tourism Office <ul style="list-style-type: none"> - Evening tour of Erfurt
Thursday 25th September	<ul style="list-style-type: none"> • Visit to N3 Engine Overhaul Services <ul style="list-style-type: none"> ○ Example of successful business investment support • Visit to Centre for Energy and Environmental Chemistry (CEEC), Jena <ul style="list-style-type: none"> ○ R&D centre developing next generation battery technology ○ Opportunity to present UK Battery Industrialisation Centre (UKBIC) specialisms • Train from Erfurt to Frankfurt Airport • Return Flight, Frankfurt to Birmingham

4 Cost of Attending

	Costs Approved by Cabinet/Cabinet Member	Total of Actual Costs
Accommodation (2 nights)	£180.00	£179.88
Travel (Flights, Train, Parking)	£440.00	£461.83
Subsistence / other	£80.00	£8.03
Total	£700.00	£649.74

The above table outlines the total cost of Coventry City Council's involvement in supporting this visit. Actual costs were £50.26 under the costs approved. Flight costs increased slightly between approval and actual booking hence the slight overspend in this category.

5 Findings & Opportunities

LEG Thüringen:

The economic development agency for Thuringia. A useful agency to develop an ongoing relationship with. Thuringia is very similar to Coventry & Warwickshire in terms of sector specialisms, automotive supply chain and R&D activity. Such a relationship would provide a platform to develop future activity that could support bi-lateral trade and investment. The relationship would also provide valuable links and information that could benefit activity post-brexit.

CATL Case Study:

CATL is a Chinese company that is one of the world's leading battery manufacturers producing lithium-ion batteries primarily for use in electric vehicles. CATL has committed to a \$2 billion investment at a 70-hectare site on Thuringia's largest industrial area at Arnstadt. The facility is a phased development that will create 2000 jobs by 2024.

Key success criteria for winning the investment:

- A readily available site for sale with appropriate planning permissions
- Readily available power supply for initial requirements, that can be upgraded as development phases progress
- Proximity to OEM's and key transport links (Arnstadt is at a crossroads of two of Germany's main motorways)

Engagement with CATL was at the highest level in terms of local ministers and company management. The engagement process took approximately 12 months to secure the initial commitment and required several visits to the company HQ in China before a deal was finalised.

Key elements of support included:

- Links to local R&D
- Links to OEM demand
- A funded training programme for employees

The successful investment has generated additional interest in the area as an investment location from companies with activities ranging from parts and component suppliers through to recyclers.

In addition to the direct company engagement and support provided to CATL, LEG Thüringen is also ensuring existing companies in the locality are being engaged and briefed on the activity ahead of the CATL arrival. There has been concerns from the local business community

regarding the potential drain on skilled labour and increases in traffic. Regular briefings / clinics are held with the companies locally to alleviate these concerns.

The case study is a valuable example of the engagement process and support required to secure a key strategic investment of this type. It is an example of best practice that is being used to inform activity to bring a similar investment of this type to Coventry & Warwickshire.

Automotive Cluster: Automotive Thüringen is a network of 92 companies that is managed by a single cluster manager. Key objectives for the cluster are:

- Supporting the global competitiveness of the local automotive sector
- Knowledge exchange and events
- Managing the network and supporting its access to national and international networks and OEMS
- Managing the presence of the local automotive sector at national and international events and trade fairs
- Training and development
- Coordination of pilot projects and collaborations in sector specialist and local working groups

The cluster is similar to the Drive Midlands network that represented automotive companies in the Midlands. There could be an opportunity for Coventry & Warwickshire, as the key automotive region in the UK, to develop a similar style of cluster.

University / R&D strengths:

Thuringia is home to 10 HE facilities with 55,000 students attending in total.

- TU Ilmenau is completing extensive research in signalling, 5G networks and Connected Autonomous Vehicle (CAV) testing
- The University of Jena is a highly recognised institution that is completing pioneering research in polymer battery development.
- The R&D capabilities in Thuringia are complimentary to those in Coventry & Warwickshire. The UK Battery Industrialisation Centre is of key interest to specialists in the area and an introduction has been made.

Tourism:

Whilst there is no direct economic development opportunity it was noted that tourism is a growing opportunity for the Thuringia area. There is a clearly marked “package” trip for visitors looking to visit the region: Eisenach – Gotha – Erfurt – Weimar. Erfurt has also been voted as the prettiest Christmas Market in Germany.

6. Follow up work and future activity

Since the visit took place work has continued to develop the relationship with LEG Thuringen and the Thuringia region. LEG Thuringen representatives visited Coventry & Warwickshire in February 2020 and met with several local companies that are looking for opportunities to export goods to the German region. The Thuringian delegation also met with representatives from UKBIC to learn more about the facility and the specialisms that are being developed locally.

Ongoing engagement has slowed somewhat due to the unforeseen coronavirus circumstances. However, communication is being maintained and opportunities are being considered for future activity that can take place as and when the global health circumstances allow. This would initially be a visit of companies from the Automotive Cluster in Thuringia as a trade delegation – providing the opportunity for the businesses to visit and link up with local automotive companies to discuss potential trade. It would also provide the opportunity to promote Coventry & Warwickshire as a potential investment location should a UK facility be required.

List of background papers

Proper Officer:

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Papers open to public inspection:

Description of paper:

Attendance at Conference/Seminar

Approved by Cabinet Member 9th September 2019

Location of paper: CH79