



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

Date: 2 December 2020

Subject: International Investment, Trade and Overseas Markets

1 Purpose of the Note

1.1 This briefing note has been produced at the request of the Chair of Business, Economy and Enterprise Scrutiny Board (3). The note aims to detail the following, related to Coventry City Council and partnership activity designed to attract international investment and support international trade:

- Previous visit reports:
 1. Germany – Thuringia, September 2019 (Appendix 1 of this report)
 2. MIPIM Asia / China, November 2019 (Appendix 2 of this report)
- Priority International Markets: Investment and Export successes
- Scope of operations to bring investment and jobs into the city
- International Trade: Support work led by Department of International Trade / Chamber of Commerce

2 Recommendations

The Business, Economy and Enterprise Scrutiny Board (3) is recommended to:

- 2.1) Endorse this report
- 2.2) Endorse the Germany Thuringia visit report (Appendix 1 of this report)
- 2.3) Endorse the MIPIM Asia / China visit report (Appendix 2 of this report)

By endorsing these reports the Business, Economy and Enterprise Scrutiny Board (3) confirms its continued support of the work being undertaken by the Economic Development Service to enhance Coventry's international profile, secure Foreign Direct Investment (FDI) and support local companies to access new markets.

3 Background and Information

3.1 Previous visit reports

Appended to this briefing note are two reports detailing the activities and outcomes of previous overseas visits that Coventry City Council staff have participated in.

3.1.1 Germany – Thuringia, September 2019 (Appendix 1)

Please refer to full report back as detailed in Appendix 1 of this report.

3.1.2 MIPIM Asia / China, November 2019 (Appendix 2)

Please refer to full report back as detailed in Appendix 2 of this report.

These visits were completed in 2019. Due to the partnership nature of the visits it took some time to resolve the associated finances in order to ensure an accurate reporting position. This, together with formal meeting and reporting delays enforced by the coronavirus situation accounts for the prolonged period between the visits taking place and the reports being submitted.

3.2 Priority International Markets: Investment and Export analysis

International markets for prioritised activity can be challenging to identify. Analysis of recent successes in terms of source FDI and Export destinations provides an evidence base for regions and markets that have proved beneficial to the Coventry & Warwickshire economy.

3.2.1 Foreign Direct Investment Successes

FDI statistics are reported annually by the Department of International Trade (DIT). Over the last 5 reporting years Foreign Direct Investment has accounted for over 13,000 new jobs being created from over 220 successful investments in Coventry & Warwickshire.

Top 10 source markets for FDI in Coventry & Warwickshire:

| Country | Jobs Created | Projects |
|---------------|--------------|----------|
| United States | 4048 | 43 |
| India | 3072 | 26 |
| Germany | 2158 | 31 |
| China | 1393 | 14 |
| Japan | 518 | 19 |
| Italy | 359 | 13 |
| Switzerland | 230 | 2 |
| Ireland | 151 | 2 |
| Austria | 142 | 3 |
| Sweden | 130 | 7 |

Source: Department for international Trade 2015-2020

3.2.2 Exports

Export intelligence identifies the markets where Coventry & Warwickshire businesses have strong trading relationships. In addition, it is widely accepted that trade is often a pre-cursor to investment. As trade relationships develop, further opportunities for growth and investment follow. The following details the key export markets for Coventry & Warwickshire businesses:

| Market |
|----------------|
| France |
| Germany |
| USA |
| Irish Republic |
| Worldwide |
| Spain |
| Italy |
| Netherlands |
| Australia |
| Canada |

Source: Midlands Engine Export Survey 2019

3.3 Scope of operations to bring investment and jobs into the City

[The Economic Growth and Prosperity Strategy for Coventry](#) details the following headline objective under the 'Business' theme:

Promote Coventry to a national and global audience to attract UK and Foreign Investment.

Inward investment attraction is a key activity that sits within the Economic Development Service of Coventry City Council. The primary objective of the Inward Investment service is to attract new business investment and job creation to the City.

The Inward Investment function works to achieve these objectives by:

1. *Actively promoting Coventry as a dynamic and attractive place for investment.*
2. *Identifying and securing beneficial new inward investment through bespoke enquiry management and lead generation.*
3. *Maintaining dialogue with existing investors, providing on-going support through effective account management.*

3.3.1 International Engagement

International activity and representation, either direct or through working with partners is a key tool when promoting the City as an investment destination and generating inward investment leads. This section details some of the foreign direct investment engagement activity undertaken by Coventry City Council and partners:

3.3.1a Department of International Trade

The Department of International Trade (DIT) secures UK and global prosperity by promoting and financing international trade and investment and championing free trade.

From an FDI perspective working in partnership with DIT is essential to ensure maximum exposure for Coventry as an investment destination on a global basis. Through a network of embassies and overseas offices DIT has representatives operating in over 100 markets throughout the world. DIT will lead the engagement and representation in those source markets identified in section 3.2 of the report. This approach maintains overall effective engagement and allows detailed Coventry resource to be directed to specific leads, enquiries and opportunities.

DIT information is constantly reviewed and updated to ensure that their network and the investors they engage with have the latest information regarding sector specialisms, incentives and opportunities in the Coventry area.

When leads and opportunities are generated through the DIT global network we work collaboratively as part of a global virtual team to ensure investor enquiries are responded to in a timely and accurate manner. Bespoke enquiry responses are created for each opportunity to ensure that any foreign investor has the information required to make an informed investment decision. Information examples provided can consist of site and premises searches, labour market information and skills supply, supply chain analysis / contacts, incentive information and soft landing support.

The virtual team then supports the investment process through to completion to ensure the investor benefits from all necessary and relevant support services when establishing their UK investment.

3.3.1b Targeted International Visits / Delegations

International visits are identified on a pragmatic basis and are recommended based on market opportunity, ongoing relationship development or the opportunity to engage directly with a potential investor. Detailed reports for two such examples are highlighted in appendices 1 & 2 of the report.

Such visits are in addition to the regular international commitment at MIPIM. Coventry City Council has been attending the world's leading property development show either in its own right or with the Coventry & Warwickshire partnership for over 25 years. This activity has significantly increased the profile of Coventry with key developers and has been instrumental in delivering positive investments and regeneration schemes within the City.

3.3.1c Twin City relationship development

Coventry has 26 twin city relationships that provide the opportunity for international engagement where activity can be mutually beneficial.

In recent years Coventry has engaged a number of twin cities with a view to exploring economic opportunities, in 2018 and 2019 delegations from Dresden, Cork and neighbouring cities have been welcomed to Coventry to discuss potential collaboration and trade links post Brexit. The most active twin city relationship resulting in economic gain for Coventry is with Jinan, China, which has helped develop our relationship with Geely (parent company of London Electric Vehicle Company, Lotus, Geely Design and Polestar). Geely has continued to be a major investor in the city/region, through the establishment of its new Global HQ for LEVC at Ansty and development of new product lines which now totals over £600m. Geely continues to invest in its other UK automotive brands with the announcement of a new specialist advanced technology centre for Lotus at University of Warwick

Wellesbourne Campus, creating new jobs and keeping the Coventry & Warwickshire at the heart of its UK expansion.

Some twin city relationships are dormant or purely civic, work is now underway to engage with each twin city in the run up to Coventry becoming UK City of Culture. This process will seek to establish where twinning relationships can provide mutually beneficial economic activity going forwards.

3.3.1d Challenges and considerations:

There are several challenges and considerations that will be monitored and influence international engagement activity in the short to medium term. These include:

- **Coronavirus** – when will international activity re-commence in terms of travel, event commitments etc?
- **Brexit / EU Transition** – what will the transition terms be and what will be the associated implications on trade and investment?
- **US election outcome** – what will the UK relationship with the US and will there be a corresponding trade deal?

3.3.1e Opportunities

Given the challenges identified in section 3.3.3d the ongoing approach to international activity to support FDI needs to be pragmatic and agile with the ability to direct resources wherever significant opportunities present themselves.

In order to identify and proactively develop opportunities work must continue to promote Coventry, its sector strengths and investment opportunities either through direct marketing or through key partners and intermediaries.

International markets with sector specialisms aligned to Coventry will also be engaged through partners, intermediaries and direct engagement where possible.

Key activities will also be aligned to target sectors and priorities. One such example would be the commitment to secure a major Gigafactory investment in Coventry & Warwickshire. The engagements and knowledge derived from the two visits detailed in appendices 1 & 2 and associated follow-up has provided invaluable information in developing our understanding of what battery manufacturers require in a site selection process. This is now a key strategic priority for Coventry and we are well equipped to deliver a significant investment of this type. Here, probable investors will be global businesses and it will be vital to engage these businesses in their home markets in order to secure an investment commitment.

3.4 Trade Support: DIT / Chamber of Commerce

Export support and advice is provided to Coventry businesses in partnership through DIT advisors based at the Coventry and Warwickshire Chamber of Commerce. This section provides an update on activities and services offered as supplied by James Ahearne, Export Academy Team Leader – Coventry & Warwickshire:

DIT maintains its existing complement of International Trade Advisers' in Coventry and Warwickshire who are on hand to support businesses to help them develop export markets and access the DIT Global Networks.

As a result of the Covid-19 situation planned events and activities for the year have largely been moved to an online digital format.

3.4.1 'Levelling Up' – new support available from DIT

Under the UK Governments 'Levelling Up' agenda £38 million is being made available to support nearly 8000 small UK businesses to sell their products and services around the world. This will see a number of service enhancements in Coventry & Warwickshire and the wider West Midlands. Such as:

3.4.2 The Export Academy

The new Export Academy from the Department for International Trade (DIT) gives small and micro-businesses the chance to learn how to sell to customers around the world with confidence. Learning directly from experts in international trade, this free course will help businesses to grow their international sales. Support available via the scheme includes:

- 1:1 support to develop an export action plan
- Access to the export academy series of online webinars
- Access to a series of more intensive half-day workshops and 1:1 support covering key issues: market research, international marketing and getting goods to market (export procedures)

DIT are actively consulting with Coventry City Council, Warwickshire County Council and the Coventry & Warwickshire Growth Hub on a locally based event for new exporters that is tailored to the sector priorities for Coventry & Warwickshire. In the context of Covid-19 recovery and the end of the Transition Period this will support and encourage firms to look for business opportunities in international markets.

3.4.3 New Sector and Specialist Advisers

A number of new sector and specialist advisers have been recruited for the West Midlands region to assist businesses on critical issues in 2020 and beyond:

Specialist Advisers:

- **Customs & Logistics Adviser (C&W based)**
- Complex Markets Adviser
- FMCG Sector Adviser
- Digital Advisers
- Future Mobility Sector Adviser
- Language & Culture
- Service Sector Adviser

LEP Cluster Advisers:

- **Coventry & Warwickshire – Advanced Manufacturing**
- Gtr Birmingham - Business & Prof
- Worcestershire – Food & Drink

- Black Country – Clean Growth
- Staffs & Stoke on Trent – Advanced Manufacturing
- Defence & Cyber Security

3.4.3 Transition:

DIT continues to work to raise awareness of the changes to be expected at the end of the Transition period in January 2021. Locally, we are actively engaging with businesses to help them prepare for whatever outcome we face in January.

It is worth noting that regardless of the outcome of trade talks there are a number of clear steps businesses can take now to get ready such as registering for an Economic Operators Registration and Identification (EORI) number (needed to move goods between the UK and non-EU countries), preparing to make customs declarations and reviewing their International Commercial Terms (Incoterms). We are encouraging as many businesses as possible to take these steps now.

3.4.4 Chamber of Commerce Developments:

Coventry & Warwickshire Chamber of Commerce has launched its new Customs Declaration Service. This is anticipation of an expected increase in demand for customs declarations when the UK leaves the Single Market and Customs Union in January 2021. This is available through their website and at the address below.

<https://www.cw-chamber.co.uk/international-trade/coventry-warwickshire-eu-transition-hub/customs-declaration-services/>

Name of Author: John Norton

Job Title: Business Development Manager – Inward Investment

Organisation: Coventry City Council

Contact details: Tel: 024 7697 1063, Email: john.norton@coventry.gov.uk