The Midlands is contributing £90bn to the national economy through its international activities and is in a strong position to achieve even more.

The Midlands has key strengths and enjoys success across a number of international domains:

- **In 2017**, the Midlands accounted for **22% of England’s total exports**.
- **Second largest region overall in terms of % international students from outside the EU**.
- **Selected to host Commonwealth Games (Birmingham 2022) and Coventry City of Culture (2021)**.
- **Opportunity to leverage strong presence in key markets across different domains**.
- **In 2017**, the Midlands accounted for **one-third of all UK FDI projects and jobs in manufacturing**.
- **It is the fastest growing UK region for international tourism (9.2% growth over 5 years)**.
- **Our sector strengths are underpinned by technology and innovation**.

With more success stories underway...

- East Midlands Airport is **UK’s busiest pure cargo airport and UK hub** for DHL and UPS.
- **£4.8m grant for Worcestershire 5G testbed**.
- Birmingham had **more start ups registered in 2017** than anywhere outside London.
- Marketing Derby was ranked second for attracting FDI of all small cities in Europe by FT in 2018.
- Significant investments from Amazon for two shipping and distribution centres in Coventry (£27m) and Rugby (£59m).

Note: Statistics shown are based on analysis using publicly available information. Sources include DIT, HMRC Regional Trade Statistics, Visit England, and Higher Education Statistics Agency (HESA).
In line with national ambition, we are seeking to capture the economic potential of international activities, increasing their value by 29% to £116bn per annum

We are doing our part to...

- support the Government’s Export Strategy to realise our vision of a Global Britain
- Building on the UK’s Industrial Strategy and Midlands Engine’s Vision for Growth to realise the potential of our regional economy
- Delivering on our ambition to match or exceed the national average in GVA per capita by 2030. This means adding £54bn to the size of our regional and UK economy

As a region, we aim to...

- increase the value of international activities by £26bn, contributing half of our £54bn growth target for 2030
- In line with the UK’s ambition, we will support Midlands businesses to grow exports in goods and services by £20bn.
- We will continue to attract investors into the Midlands, increasing the contribution of FDI to our regional economy by £4bn
- We will grow our tourism and higher education offers, adding up to £2bn in additional GVA to the region

We are taking the lead to...

- show how the national strategy can be operationalised and its financial objectives delivered, an exemplar region for trade and investment
- Empowering local players whilst targeting strategic gaps in the regional ecosystem; creating a multiplier effect by working with national, regional and local tiers of trade and investment support
- Many regional partners – including universities and successful business exporters – have said they want to contribute and support the region to succeed in the international arena
We will leverage the critical role of our R&D strengths to amplify our regional sector offers for internationalisation.

**High Value Manufacturing Catapults**

- **Manufacturing Technology Centre (Coventry)** – assembly / manufacturing data systems
- **WMG (University of Warwick)** - Low carbon mobility and lightweight tech

**Technology and Innovation**

- **Advanced manufacturing**
- **Battery storage**
- **Autonomous vehicles**
- **Low carbon**
- **Energy**
- **Med- & Bio-tech**
- **Smart energy systems**
- **Advanced Propulsion Centre** – R&D centre to facilitate low-carbon emission propulsion tech for the auto industry based in University of Warwick

**Transport**

- **Transport**
- **Robots**
- **Energy Research Accelerator** – £180m energy research partnership among six Midlands universities

**Food & Drink**

- **Mondelēz** – Chocolate R&D in Bournville
- **PepsiCo** – R&D in Leicester

**Life Sciences**

- **NHS Biomedical Research Centres, Cancer Research UK** – World-leading research institutes in Leicester and Nottingham focusing on biomedical areas ranging from next gen medicine to targeted therapeutics

Note: Examples shown are illustrative and based on publicly available information. It does not reflect the full scope of research, technology and corporate assets in the region. It is not meant to represent any formal alliances or relationships between the Midlands Engine and the named organisations.
A number of headwinds are reinforcing our desire to do internationalisation differently

“A bad Brexit deal would cost Jaguar Land Rover more than £1.2bn profit each year. As a result, we would have to drastically adjust our...plans for a further £80bn [investment] in the next five [years]. We will have to close plants here in the UK... I hope it’s an option we never have to go for”

Quoted by BBC, 5 July 2018

“If this continues to escalate it’s a disaster,’ said Peter Davies, who runs Brockhouse, which has been forging steel components since 1885. ‘We would be out of business.’ Davis has been forced to shelve plans to buy £300,000-worth of hi-tech machinery for the factory, and worries about the future of his 80 staff.”

Quoted by Sunday Times, 1 July 2018

Current tranche of £5m ERDF funding to various agencies in the Midlands winding up and due to end in 2020; opportunity to bid for a further tranche of funding for another 3 years but uncertainty beyond that period

“Over one-third of investors globally expect the UK’s attractiveness to deteriorate over the coming three years”

EY Attractiveness Survey, June 2018

Note: Unless otherwise stated, quotes are based on interviews undertaken in relation to this report.
Businesses see an opportunity for the region to lead change and are keen to play their part

**The region to lead on seizing the opportunities post Brexit**

- Many SMEs see the hiatus created by Brexit as a good catalyst to drive export growth
- They believe an empowered region is the best way to realise that potential - by interpreting and translating local wishes in a form that is understandable by national policymakers, and similarly translating national policy into local actions

  "We need to show some leadership before Brexit; capture the opportunity and help the region and the UK to declare victory"

**Greater regional focus and targeting in trade and investment**

- Some businesses were confused by the roles of different agencies, and had not received any support
- Some businesses that had received support felt it was too cumbersome and difficult to navigate
- Individuals involved in trade and investment promotion cited a lack of focus and coherence, pursuing too many different things with no clear strategy

  "The current system is not working; there is no focus, we do not know where the expertise is scattered, and trade missions have to be much better executed"

**A desire to strengthen peer to peer networks**

- Without exception, businesses said that they value peer-to-peer support – learning from the first hand experience of fellow business people, as well as practical advice such as sharing logistics networks and local distributors in overseas markets
- Many successful exporters are keen to champion the region and the opportunities for growth brought about by international expansion

  "It can be quite lonely for small businesses... In Germany, you can imagine the CEOs of all the automotive businesses have each other on speed dial... We need to get to that level"

**Bolster the role of the private sector**

- Some businesses feel the support available through public sector bodies is somewhat out of touch and old fashioned
- It is noted that some high growth, tech-led businesses do not tend to engage with mainstream services
- They point to a lack of business voices in discussions around support to reflect actual needs on the ground

  "There is a lack of practitioner’s input in the existing trade and investment activities; they are mostly run by civil servants"

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Note: Comments are from consultation with more than 15 stakeholders conducted in relation to this report, including owners of businesses in the region and professionals involved in trade, investment and business support services. More details available in Appendix B.
The Midlands is at a tipping point, needing to tackle the immediate challenges and capture opportunities

As a region, we are looking to ...

Create **new ways of working** as a region and with national partners on trade and investment promotion to promote greater internationalisation

Strengthen the **Midlands brand proposition** for internationalisation – create a buzz around trade and investment

Build capacity in the region to **tackle strategic gaps** in the ecosystem for internationalisation

Harness latent capabilities from regional actors, especially universities and the private sector, as launch pads for internationalisation growth

Align targets, transform governance, and **work towards shared outcomes** in capturing the benefits of internationalisation

By doing so, we will be able to ...

Be clear about what we need from Central Government and business and vice-versa. Clearly articulate our **shared strategic goals** and how to pursue them as a region

**Empower local players** with the funding and resources to create new growth areas for internationalisation

**Improve accountability and transparency** of trade and investment promotion activities across the region

Have the **confidence to compete internationally** and deal with the headwinds of the wider environment

Become an **exemplar** of regional-national trade and investment promotion collaboration for the rest of the country
The Midlands will pursue international opportunities through six strategic pillars

We will focus on making existing infrastructure work more effectively for the region, driving greater focus and coherence
Appendix A: Sectors and Markets Analysis
The Midlands needs to target Opportunity and Growth Markets and emerging sector expertise, as well as build on existing areas of strength.

<table>
<thead>
<tr>
<th>International Activities</th>
<th>Sectors</th>
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<tr>
<td>Trade</td>
<td>Advanced manufacturing / engineering</td>
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<td>Life and health sciences</td>
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<td>Foreign Direct Inv.</td>
<td>Creative, Digital and Design</td>
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<td>Foreign Capital Inv.</td>
<td>Professional services</td>
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<tr>
<td>Higher Education</td>
<td>Others</td>
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<td>Tourism</td>
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**EXISTING DOMINANT MARKETS**

| European Union |       |       |       |       |       |       |       |

**OPPORTUNITY MARKETS**

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<th>China</th>
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**GROWTH MARKETS**

| United Arab Emirates |       |       |       |       |       |       |       |
| South Korea          |       |       |       |       |       |       |       |
| Turkey               |       |       |       |       |       |       |       |
| Saudi Arabia         |       |       |       |       |       |       |       |
| South Africa         |       |       |       |       |       |       |       |
| Indonesia            |       |       |       |       |       |       |       |
| Brazil               |       |       |       |       |       |       |       |
| Nigeria              |       |       |       |       |       |       |       |
| Vietnam              |       |       |       |       |       |       |       |
| Egypt                |       |       |       |       |       |       |       |

Note: Sectors are selected based on priorities as identified in local industrial and economic development strategies across the region. Darker shading indicates strong existing links and/or strong potential for growth; results are based on preliminary assessment only.
There are a number of ‘Opportunity Markets’ where the Midlands should start focusing its trade and investment growth, while maintaining links to ‘Dominant Markets’

A number of ‘Opportunity Markets’ have been identified, where the Midlands should prioritise its broad international efforts across a range of activities.

These have been identified on the basis there is an existing foundation of linkages with the Midlands and strong near-term growth potential for trade, investment, higher education and tourism links. This includes several countries in the Commonwealth.

In addition, a collection of ‘Growth Markets’ are identified, where there is considered to be an opportunity to grow links over a more extended timescale. The Midlands should monitor but not prioritise these markets in the near term.

Note: Countries shown are indicative. Results are based on preliminary assessments on trade, FDI, foreign capital investment and tourism links with the region, as well as the overall growth potential of international activities in each respective market.
Appendix B: Progress to date and Data Sources
We are developing an internationalisation strategy for the Midlands Engine

For the purpose of developing this report, the Midlands Engine has adopted a working definition of internationalisation as follows:

- The overall aim of internationalisation is to drive growth and prosperity in the Midlands and wider UK economies.
- Internationalisation may include:
  - Increasing the involvement of businesses in international markets (through trade and investment).
  - Increasing the inward investment of capital and resources from international markets.
  - Integrating more international/intercultural dimensions into education, research and development.
  - Increasing the international dimension of travel and tourism.
  - Increasing collaboration and sharing of cultural and sporting experiences.

In 2018, the Midlands Engine initiated plans to begin work on developing a regional internationalisation strategy to support the growth of international activities to drive growth and prosperity.

- Since then, the Midlands Engine:
  - Has formed an ambition and vision for internationalisation aligned to The Midlands Engine Vision for Growth;
  - Has established a baseline of Midlands Engine’s internationalisation activities and performance;
  - Is developing a plan to improve coordination and collaboration on internationalisation activities among regional stakeholders; and
  - Is working towards gaining agreement on an explicit international focus among stakeholders to make the Midlands Engine’s internationalisation activities more than the sum of its parts on an international stage.
The strategy is being developed through stakeholder consultation, supported by analysis on open data sources.

**Open source data**

To maintain data consistency on a pan-regional basis, desk research was conducted using the following sources to establish a basis on the region’s performance:

- **Trade:**
  - HMRC Regional Trade Statistics
  - Office for National Statistics
  - MIT Observatory of Economic Complexity
  - UN Trade Statistics
- **FDI:**
  - Department for International Trade
  - FDI Markets
- **Higher Education:**
  - Higher Education Statistics Agency
- **Tourism**
  - VisitBritain

**Stakeholder consultation**

During the development of this report, we conducted consultation with over 70 stakeholders from more than 50 regional organisations, including (in alphabetical order):

- Businesses based in the Midlands
- Chambers of Commerce
- DIT and UKEF
- Local authorities, including city councils, local councils and combined authorities
- Local Enterprise Partnerships
- Place marketing organisations
- Universities and Further Education colleges

**Important note:**

- The data sources and stakeholders listed above does not include those stated in each page of the document when referencing specific data points.
- Analysis using open source data uses standard ONS regional definitions:
  - ‘Midlands Engine’ is based on East Midlands and West Midlands, which includes Northamptonshire, even though it is not formally part of the Midlands Engine partnership.
  - Most recent data available is used throughout; however, this may differ between different data points.