

Item 3

Council's role in supporting International Trade and Investment

Purpose of report

For discussion and direction.

Summary

This paper provides an update on the work to support councils' role in trade and investment being led through the LGAs' European and International Board and Economy and Transport Board. The project seeks to align local council's international trade and inward investment activity with the national role of UK Trade and Investment (UKTI), the UK's international trade and inward investment promotion organisation.

Recommendation

Members are invited to note the progress of the project and to provide comment and direction as necessary.

Action

Officers to take actions as directed.

Contact officer: Russell Reefer
Position: Adviser
Phone no: 020 7664 3209
E-mail: russell.reefer@local.gov.uk

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Introduction

1. Increasing the UK's exports and attracting more inward investment are a key part of the Government's plans to return the economy to sustained and balanced growth.
2. Lobbying and campaigning work led by the European and International Board and Economy and Transport Board has demonstrated council's excellent record in helping to attract inward investment opportunities and supporting export activity. For example, as part of the LGA's series of town hall summits, Councillor Dave Wilcox OBE (Chair of the LGA European and International Board) met with representatives of the city of Bonn in German to discuss the key role played by leaders and mayors in attracting inward investment; such as presenting business case to overseas investors and coordinating efficient decision-making between council departments. This was presented as evidence in the LGA Conference report 'Local leadership, Local Growth'.
3. Each Board's work has highlighted that it is often the case that foreign investors approach local councils first when considering new investments. There is also firm evidence of councils abroad (especially in the developing economies) using UK councils as a conduit to UK firms when they are considering public/private partnerships for domestic public services.
4. Due to the combined activities of the Boards, there is now strong and active interest from UK Trade and Investment (UKTI) to work with the LGA on this issue. It has therefore been agreed to combine activities of the two Boards under a single programme and progress on this programme will be reported to two Boards individually. The lead members of the Boards will convene to approve key principles.
5. Members are invited to note the progress of the project and to provide comment and direction as necessary.

Update the direction of future work

6. The lead members of both Boards met on 10 January to discuss consolidating LGA's activity on international trade and investment under a single programme. Members were invited to comment on possible activity for the next 6-12 months.
7. The lead members suggested that the focus of work with UKTI should be to identify those areas where councils can be most effective in supporting the drive for new inward investment and external trade. This could include:
 - 7.1. Tapping into the demand from devolved regions and administrations in developing economies for clear trade links with their peers in the UK.
 - 7.2. Identifying where UK firms could be supported to break into new markets below the national level through local-to-local government work.

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- 7.3. Identifying where state purchasing powers have been localised abroad and identifying where local-to-local work would be more effective than national diplomatic relations in building trade links.
8. Board leaders were also keen that the programme should aim to deliver practical benefits to local councils. Suggestions included:
 - 8.1. The LGA could provide a service for local authorities and Local Enterprise Partnership (LEPs) by signposting them to UKTI senior officials and their programmes and disseminating examples of good council/UKTI work.
 - 8.2. The LGA in partnership with UKTI should seek to encourage LEPs to be more active in securing international inward investment.

Developing the work streams

9. LGA members and officers have met with UKTI regional directors to follow-up discussions at UKTI London headquarters. The objective of this meeting was to:
 - 9.1. Emphasise councils' commitment to working with UKTI to support the drive for economic growth and to agree tangible actions.
 - 9.2. Showcase local council's track-record of attracting inward investment opportunities and supporting export activity.
 - 9.3. Discuss how councils and UKTI might work together to jointly promote issues of common interest such as identifying where local (rather than national) players may have a greater impact on future trade and investment.
10. The discussions were positive and consensus was reached on key areas of principle. It was agreed that these would be developed into a tangible work stream by late March. Areas to be considered include:
 - 10.1. The range of council led support that UKTI could consider in the UK (for example, civic greeting of foreign trade delegations, supporting work with diaspora communities, continued relationships with ex-students and local trade fairs).
 - 10.2. UKTI investigating cities and regions in developing economies where UK needed better trade relationships. We would consider where such cities had strong local government and whether trade relationships were best developed at the local level.
 - 10.3. The support that is being requested from elected politicians in developing economies who are considering commercialising their services and whether the type of peer support utilised by English councils could be made available.
11. Members are asked to consider the proposals in this paper and provide suggestions to further this work.