

Trade and Investment Update

Purpose

For discussion and direction.

Summary

Following discussion with members at the last Board meeting this paper sets out the headline elements of a survey of council trade and investment activity and asks Members to agree next steps regarding timing and outputs.

Recommendations

Members of the City Regions Board are asked to:

1. **Note** the context for the LGA's work relating to trade and investment – **paragraphs 1- 4.**
2. **Consider and comment** on the focus and timing of the proposed survey of council trade and investment activity – **paragraphs 5 - 6.**

Action

Subject to the comments of Members and the comments of Members from the People and Places Board, officers will undertake a survey of the LGA's membership regarding council led trade and investment activity and report back to the next board meeting.

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Trade and Investment Update

Overview

1. The Draft Agreement on the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union, endorsed in part by the leaders of the EU 27 on 23 March, sets out arrangements for a transition period of 21 months following the UK's departure from the EU on 29 March 2019.
2. As it stands, the UK will be able to negotiate and ratify new trade agreements during the transition period, but these cannot be implemented until 2021. Furthermore, notwithstanding the parameters of the trade deal the UK strikes with the EU 27, it has been estimated that the government may need to conclude at least 56 free trade agreements (FTAs) with countries across the world in order to maintain the status quo as achieved through EU membership.
3. It is currently anticipated that formal agreement on the terms of the UK's withdrawal will emerge at the meeting of EU leaders in October. However, the UK Government has indicated it intends to publish a detailed and wide ranging policy paper in advance of a similar meeting in mid July, which may significantly alter the timing and parameters of the withdrawal negotiation.
4. Nevertheless, in anticipation of an eventual shift in national focus from negotiating the UK's withdrawal to developing Britain's future trading relationship with the rest of the world, at the last meeting of the City Regions Board members proposed that a survey be carried out across the LGA's membership to highlight the depth and diversity of trade and other international links established between councils and global partners, with a view to strengthening the role of sub-national government in future trade and investment activity.
5. Following a subsequent discussion with Lead Members a survey has been drafted with a view to exploring three aspects of this issue:

5.1 Economic profile of local trade and investment activity:

- 5.1.1 What are the key export sectors in the local area and which markets do they export to?
- 5.1.2 Are there any examples of significant foreign direct investment where the council has played a key role in facilitating this?
- 5.1.3 Has there been any local evidence to suggest that either trade or investment activity is likely to alter as a result of the UK's departure from the EU?

5.2 Local institutional arrangements:

- 5.2.1 Which institution takes the lead for promoting trade and investment locally?
- 5.2.2 Does the council have a specific resource dedicated to trade and investment activity?
- 5.2.3 Do these local activities form part of a wider sub-national partnership?

5.2.4 Does your area have an Enterprise Zone, with a specific focus on attracting international investment?

5.2.5 Has your area developed a Joint Export Plan or similar with the Department of International Trade as part of a devolution deal?

5.3 Strategic international links:

5.3.1 How and with which countries have local institutions developed international links?

5.3.2 Has the council established an overseas 'international office' for the purposes of trade and investment?

5.3.3 Have there been any council led trade missions recently?

6 Work has now begun on the detailed commissioning of the survey using the LGA's research and information service. It is proposed that data collection and analysis will take place over the summer, with a view to presenting the findings at the first board meeting of the next political cycle.

7 Members are asked to note the context set out above and consider the proposal for a survey to be undertaken as described with a report brought to the next board meeting.