

EXPORTING EXCELLENCE



SPOTLIGHT ON THE
EAST MIDLANDS

JANUARY 2024

Heathrow

Contents

| | |
|---|---|
| Executive summary | 3 |
| Exporting Excellence – Heathrow’s plan for growth | 4 |
| Putting sustainability at the heart of trade and export policy | 4 |
| Making the UK the global leader in customs modernisation and digitalisation | 5 |
| Getting export skills to take-off | 5 |
| Case studies | 6 |
| Conclusion | 7 |
| References | 8 |

Executive summary

Exporting is vital to the East Midlands economy and its future growth. From automotive manufacturers in Derby, to aerospace companies in Nottingham, the East Midlands exports over £24 billion¹ of goods every year, supporting 384,000 jobs².

In the East Midlands, 10.3% of the population are employed in manufacturing, one of the highest proportions across the UK³. The region's almost 9,000 goods exporters need rapid access to global markets, with air cargo generating an additional £7.7 billion of economic growth in the region each year.

As the UK's only hub airport, Heathrow is a vital partner to businesses across the East Midlands, helping connect them to 239 destinations in 89 countries and 95% of the global economy within a direct flight from Heathrow. Using Heathrow's global network, UK exports to non-EU nations via the airport were worth over £100 billion in 2023 alone.

This is linked to Heathrow's hub model, that enables the airport to pool passenger and cargo demand to increase route capacity and optimise opportunities for UK exporters, with 95% of the airport's air cargo travelling in the belly hold of passenger aircraft.

While the UK export market grows and evolves there is a wealth of untapped potential. In the East Midlands alone, there are an additional 13,400 SMEs which do not currently export but could be exporting goods. Unlocking that capacity would increase the number of exporters in the region by 150%⁴.

Across the UK, that shortfall amounts to £290bn of potential export revenue a year⁵. Unlocking just 10% of this capacity could create 215,000 jobs, with an additional 50,000 jobs in the professional and scientific sectors alone. This will build on the 46,000 jobs that aviation supports in the East Midlands today⁶. Currently, each exporting job in the region generates £63,000 of exports⁷.

After consulting with businesses across the country about the challenges and opportunities they face, Heathrow has published its national [Exporting Excellence report](#). The national report recommends actionable solutions which could boost exports, and starts a conversation on how government, industry, SMEs and Heathrow can work together to boost growth.

This Spotlight on the East Midlands focuses on the great work of exporting businesses in the East Midlands and how the exporting potential of the region can be unlocked with the right support.

EAST MIDLANDS EXPORTER SPOTLIGHT



Exporting excellence – Heathrow's plan for growth

Putting sustainability at the heart of trade and export policy

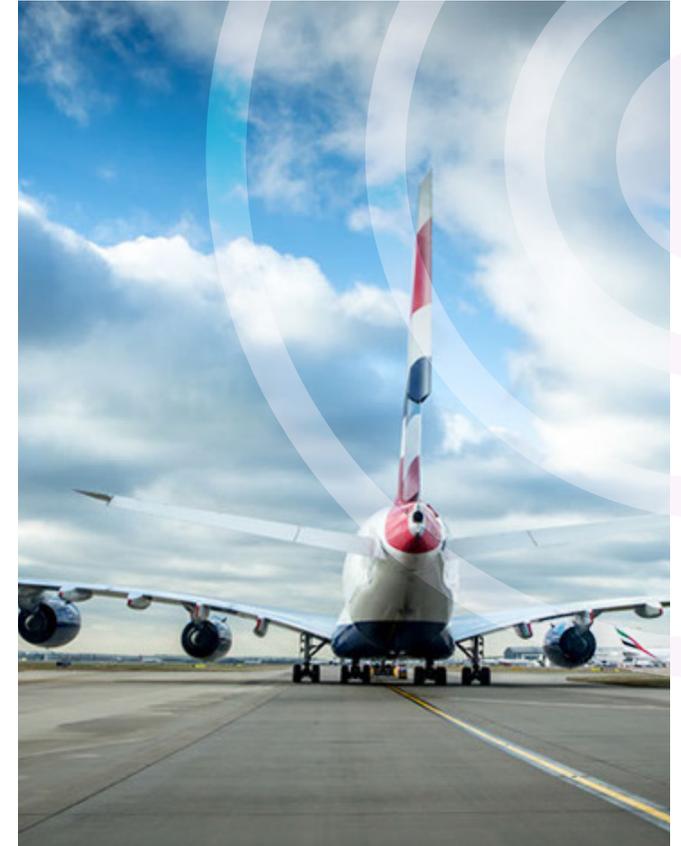
Businesses in the East Midlands are working hard to reduce their carbon footprint. At Heathrow's Exporting Excellence roundtables, the businesses we spoke to explicitly called for government to support SMEs to export sustainably, whilst minimising extra burdens and costs.



Exporting Excellence: Spotlight on the East Midlands

Air cargo can have up to 70% reduction in emissions if sustainable aviation fuel (SAF) is used. SAF is derived from non-fossil carbon resources, such as cooking oil and household waste. Heathrow is encouraging airlines to use SAF through its incentive scheme, which roughly halves the price gap between kerosene and SAF. This helps deliver the airport's sustainability plan which aims to cut carbon on the ground at Heathrow by at least 45%, and by 15% in the air by 2030. However, the UK may become reliant on imported SAF unless further efforts are made to unlock private investments in domestic SAF production. Supporting the UK's SAF industry could create 10,300 jobs and generate nearly £1.8bn of GVA by 2030, rising to 60,000 jobs and over £10bn GVA by 2050.

The government has started to introduce policies which drive demand for SAF and address the price gap between SAF and traditional jet fuel. However, these policies will not start to take effect until 2025 at the earliest. There is significant appetite to invest in SAF in the UK, but investors want certainty in the longer-term uptake of this technology before pouring in their capital. This can be achieved by introducing a price support mechanism – a solution which would help to cut the price premium and was successfully used to boost solar and wind technologies in the UK. Heathrow believes that this mechanism will reduce costs and the environmental impact of their exports. But it must be delivered urgently to have the impact needed.



Making the UK the global leader in customs modernisation and digitalisation

Exporting involves extensive paperwork. While exporters are constantly innovating, the exporting process has not kept pace. In 2022, exporters submitted 95.1 million customs declarations potentially spanning up to 12 pages each. If stacked, this pile of paperwork would reach six times higher than a plane's standard cruising altitude. Adopting a digital-first system under the UK's Border Target Operating Model could save businesses £190 million in importing costs alone.

There are clear actions the government can take straightaway. Moving towards a paperless system with a 'once-and-done' data approach will simplify exporting and reduce costs for businesses and their customers. Rolling out the national pilot 'ecosystem of trust' model and using digital means to avoid unnecessary rescanning of previously screened air cargo is crucial for efficient trade. Exempting securely trucked air cargo from current Department for Transport rescreening rules at UK airports would enhance border efficiency. These measures will cut costs and boost the global competitiveness of UK exporters.

Getting export skills to take-off

The UK cannot achieve its economic potential if the country does not have the right mix of skills to handle the complexities of compliance and logistics. During its tour of the UK, Heathrow witnessed new initiatives being developed to tackle the export skills shortage, many of them driven by businesses themselves.

But there is a consensus that the country needs to go further and faster. The UK needs a national campaign to highlight the potential a career in exports could offer. A campaign would combine the efforts of industry, government and business groups to encourage more people to join the sector. Delivering this campaign would involve local chambers of commerce, further education colleges, and government departments all working together to create the right UK skills mix. This campaign would secure the future skills pipeline for exporters, while creating opportunities for young people in the East Midlands to build aspirational careers in international trade.



CASE STUDY

Micro-Mesh Engineering

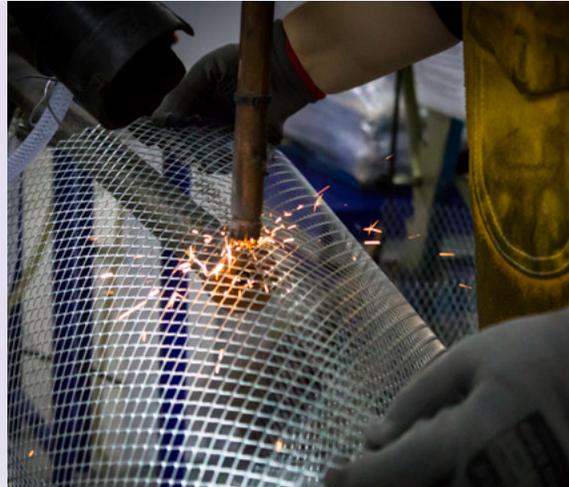
Micro-Mesh Engineering is one the UK's largest producers of air-filtration solutions. In 2020 the company founded its online division, FilterFinder. FilterFinder takes its products to global businesses, such as Rolls Royce, Boeing, Ryanair and other household names.

FilterFinder has a global footprint, and now exports to over 60 countries. Heathrow is at the heart of this international logistics operation. It serves as a critical hub, and ensures that FilterFinder products are delivered promptly and efficiently. Heathrow helps to maintain the integrity of customer supply chains and the company's reputation for reliability.

“ For us Heathrow is a key part in maintaining our global presence. It's our bridge to the rest of the world and our customers overseas, not just in transporting our cargo but our people too. Heathrow has been instrumental in helping grow our business globally.”

Elliott Underwood

Head of Online Sales, Micro-Mesh Engineering, Nottingham



CASE STUDY

RISA

Founded in 2001, British-owned RISA is an award-winning international freight forwarder, based in the East Midlands.

RISA serves businesses across the UK by collecting their export goods, then splitting and consolidating into bigger consignments destined for major global cities. The speed and reliability of Heathrow means that high-value goods reach their destinations swiftly and securely. Its infrastructure allows RISA to fly out urgent orders separately for even faster deliveries.

Heathrow is the backbone of RISA's airfreight business, facilitating global exports and growth for its clients.

“ London Heathrow's strategic location serves as the backbone of RISA's airfreight business, facilitating global expansion for its clients.”

Sara Hutchinson

Managing Director, RISA, Grantham



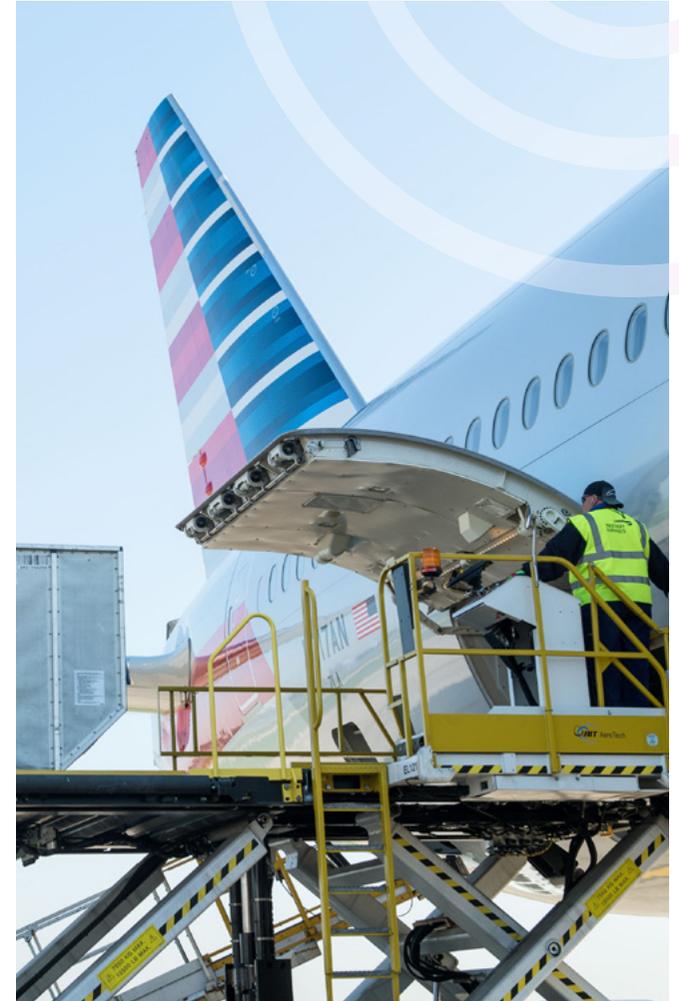
Conclusion

Implementing these solutions will be crucial to unlocking the full potential of the East Midlands economy and helping the region's over 8,000 goods exporters grow and succeed alongside new exporters and their supply chains. This will help boost exports, drive up jobs in the region and accelerate growth across the UK.

Find out more

If you have any questions or queries on how Heathrow can work with decision-makers and industry to unlock the opportunities of growing exports in the East Midlands, please contact:

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