

EXPORTING EXCELLENCE



SPOTLIGHT
ON WALES

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Heathrow

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Executive summary

Exporting is vital to the Welsh economy and its future growth. From aerospace engineering and nuclear energy industries to famed Welsh agricultural produce, the nation exports £20.5 billion¹ of goods per year, supporting 196,000 jobs alone².

One in ten workers in Wales is employed in manufacturing, a higher proportion than the national UK average³. Because of this, the Welsh industrial base of over 3,000 goods exporters need rapid access to global markets, with air cargo generating an additional £5.1 billion of economic growth in the nation each year.

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

This is a result of 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 Wales alone, there are an additional 4,300 SMEs which do not currently export goods but could be exporting. Unlocking that capacity would increase the number of exporters in the nation by 135%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 21,000 jobs that aviation supports in Wales today⁶. Currently, each exporting job in the nation generates £105,000 of exports⁷.

To understand how to overcome the challenges businesses are facing – and what is needed to help them to realise their potential – Heathrow visited Chambers Wales to hear from businesses first-hand. Using the feedback from these discussions, we published our 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 Wales* focuses on the great work of exporting businesses in Wales and how the exporting potential of the nation can be unlocked with the right support.

WALES EXPORTER SPOTLIGHT



Exporting excellence – Heathrow's plan for growth

Putting sustainability at the heart of trade and export policy

Businesses in Wales 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.

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

“ In the last few years, a lot more businesses have put their hand up and now need a lot of support.”

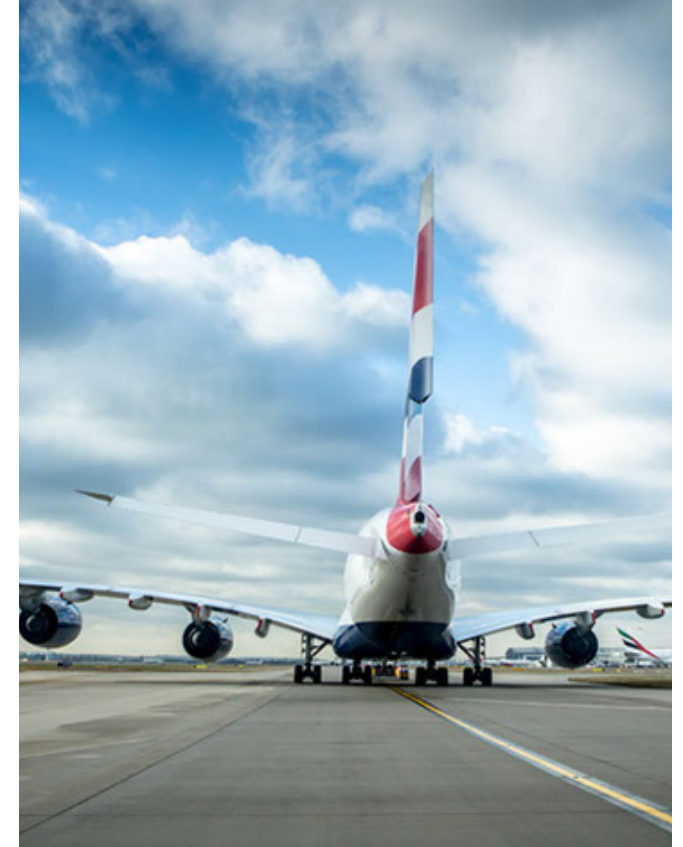
Roundtable attendee

may become reliant on imported SAF unless further efforts are made to unlock private investments in domestic SAF production. In Wales, the potential SAF plant in South Wales could unlock up to £146m GVA per annum, and up to 1,020 jobs.

“ There's lots of mechanisms, digitalisation enables funding mechanisms for businesses to conduct their trade. The real issue is that a lot of businesses don't know. There needs to be education.”

Roundtable attendee

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 South West to build aspirational careers in international trade.

“ A lot of companies will, if they don't already, have to report some of their carbon footprint. SAF is about a 65% reduction in carbon emissions, if you could show businesses using SAF would help meet requirements they would be on board.”

Roundtable attendee



CASE STUDY

Radnor Preserves

Radnor Preserves, nestled in Newtown (Wales), is one of the best artisan marmalade makers in the world, using high-quality ingredients to produce handmade marmalades, preserves and chutneys. Radnor’s international reputation - having won the Double Gold Prize at the World Marmalade Awards in 2015 - has allowed it to export its artisan Welsh produce through Heathrow to a global customer base.

Radnor’s international customers rely on Heathrow’s air freight capabilities. The company is able to fly samples and orders to international buyers at short notice, with its Welsh produce proudly featuring in Tokyo’s 2022 British Fair, as well as in Heathrow’s own terminals.

“*Heathrow has the best international connections so if we need to get samples to people quickly we are able to do that. During Covid, exporting played an essential role in our business growth and we look forward to continuing to expand our exports with Heathrow’s help.*”

Joanna Morgan,
Director, Radnor Preserves, Newtown



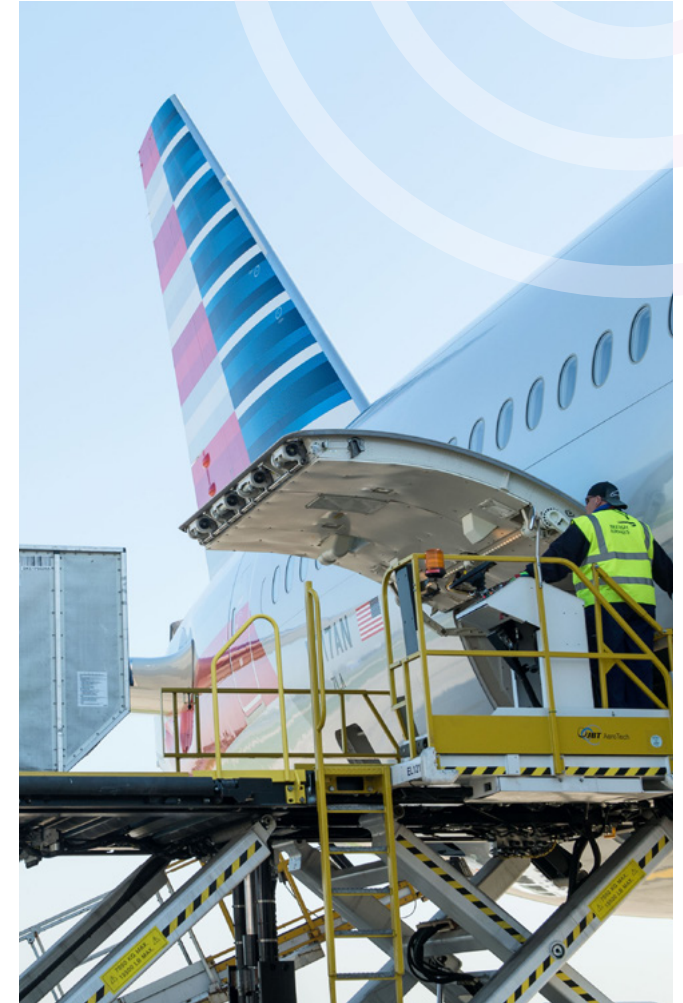
Conclusion

Implementing these solutions will be crucial to unlocking the full potential of the Welsh economy and helping the nation's over 3,000 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 Wales, please contact:

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