

WEST MIDLANDS

INTERNATIONAL STRATEGY

GREEN PAPER

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INTRODUCTION

In the long shadow cast by the Covid-19 pandemic, the West Midlands' globally orientated economy was hit particularly hard. The region had made great strides to become the fastest growing region in the UK by 2019 and generating £100 billion in economic output. More recently, the region has topped regional rankings for foreign direct investment, welcomed a record 141m visitors, and saw exports grow by £6.8bn to £33.3bn (a year-on-year increase of 25.8% - beating the national average of 12%).

Whilst the recovery from the pandemic is ongoing, the global challenges, risks and uncertainties remain – but the region has shown what can be achieved, in partnership with Government, when it came together to deliver and leverage the opportunities presented by the Birmingham 2022 Commonwealth Games. It is that success and the positive momentum that has been built that provides the rationale for the development of an International Strategy.

With the recent Deeper Devolution Deal for the West Midlands, the region committed to co-developing an International Strategy with the Department for Business & Trade. This Strategy will build on what has been achieved and create a unique West Midlands approach to our place in the world in a way that brings jobs, growth and prosperity to the region, and builds stronger, more sustainable links to new markets and opportunities.

The West Midlands International Strategy is intended to bring together the good work, ambition, and obvious regional strengths together to further develop and enhance the West Midlands' reputation in the world. Linked to this, the Strategy will contribute to the delivery of the West Midlands Combined Authority's Plan for Growth and support the regional economy through increased trade, investment, innovation, talent attraction and growth of the visitor economy.

The purpose of this Green Paper is to gather the views and opinions from a targeted group of stakeholders – including the business community, higher education institutions, and the region's anchor, sporting and cultural institutions – on the core elements of an International Strategy. This Green Paper was developed following an extensive research and stakeholder engagement process which has sought to establish the baseline evidence and data for this paper. It has been developed in close partnership between the West Midlands Combined Authority, the seven Metropolitan authorities, the West Midlands Growth Company and the Department for Business & Trade and was approved for consultation by the region's Economic Growth Board on 16th November 2023.

The consultation period will run to 9th February 2024. Following this, the feedback will be utilised to develop this Green Paper into the West Midlands International Strategy, with a delivery plan for 2024/25. It is intended that both are circulated to the region's Economic Growth Board for its meeting on 6th March 2024.

DEFINING A WEST MIDLANDS INTERNATIONAL STRATEGY

The development of the West Midlands International Strategy is an opportunity to clearly articulate the region's place within the global economy.

Overall, we should recognise there has been good progress as a region on the global stage. We have some incredibly powerful brands and industries whose global presence is a part of the region's success story. In particular, the way in which the region came together to capitalise on the connections and inroads made following the Commonwealth Games has shown what can be achieved when the region works together.

However, within the region different geographies and partners start from different levels of experience and expertise. This variation limits both the extent to which we can drive trade, investment, innovation, talent, and visitor attraction, and the extent to which the benefits are shared across the region's economy.

An International Strategy is intended to enable the region to be bold and clear about the initial opportunities it will pursue proactively and collectively, from strategy to execution, with close collaboration between key partners locally, regionally, nationally and internationally. This initial focus is about demonstrating what we can deliver as a region and identifying how we can utilise our strategic levers to create the capacity we need in the future.

Our long-term aim is to position the West Midlands to take advantage of major and emerging global market opportunities, utilising our industrial strengths, assets, networks, and soft power.

International Outcomes

The West Midlands International Strategy aims to bring together the partnerships, resources, and capacity to meet the following strategic outcomes:

- Enhancing the West Midlands' place in the global economy and community
- Securing investment and growing trade for our economy
- Creating a global home for innovation through research & development and attracting global talent and students
- Attracting visitors to the region and utilising our globally renowned brands

These outcomes reflect the broader needs of the region, and are closely aligned with the eight key clusters from the West Midlands Combined Authority's *Plan for Growth*. In addition, we have identified a set of strategic objectives which define how the West Midlands will utilise its strategic enablers to deliver our strategic outcomes.

Strategic objectives

Relationships & Partnerships

Strengthen our external relationships, roles, and networks to utilise the West Midlands' assets and opportunities by:

- Developing ecosystems and partnerships within the region which support trade & innovation, Investment and Visitor Economy.
- Increasing support for local firms to encourage exports especially within the SMEs of our key sectors.
- Contributing to the delivery of the Plan for Growth by supporting established clusters and developing a forward view to help nascent clusters grow.

Reputation & Attractiveness

Build our reputation and international attractiveness to investors, innovators, talent and visitors by:

- Increasing the value of our trade within global value chains and supporting the specialisation of our exporters.
- Attracting investment through both Foreign Direct Investment and Foreign Capital Investment to the region in support of economic priorities.
- Supporting the attraction of global talent into regional higher education institutions and fast-growing firms.
- Supporting the growth of tourism and the wider visitor economy.

Enabling a Global Outlook

Creating the mechanisms to support growth in established markets and access new markets for trade, investment, innovation and tourism by:

- Utilising the region's reputation and our soft power to evolve our global reputation, both within the UK and abroad.
- Building a truly global region through knowledge sharing and capacity building.
- Harnessing our global linkages to solve regional and local challenges

Strategy pillars

Bringing this together, the strategy will be constructed upon a set of four 'pillars' of Trade, Investment, Innovation, and the Visitor Economy; each with a set of initial priorities around markets, strategic propositions, and overall objectives.

The following diagram provides an overview of how the International Strategy will be structured. The aim here is to create a structure which can articulate the overall aims, support prioritisation, and support the development of an effective implementation plan. The pillars each represent a core part of the international strategy. The following sections provides a summary of the key markets, cluster links and the strategic propositions. Further details are within the appendices.

STRATEGIC OUTCOMES			
Enhancing the West Midlands' place in the global economy and community	Securing investment and growing trade for our economy	Creating a global home for innovation through research & development and attracting global talent and students	Attracting visitors to the region and utilising our globally renowned brands
STRATEGIC OBJECTIVES			
Relationships & Partnerships Strengthen our external relationships, roles and networks to utilise the West Midlands assets and opportunities	Reputation & Attractiveness Build our reputation and international attractiveness to investors, innovators, talent and visitors	Enabling a Global outlook Creating the mechanisms to support growth in established markets and access new markets for trade, investment, innovation and tourism.	
PILLARS			
Trade	Investment	Innovation	Visitor economy
Trade with and export to markets outside of the UK	Foreign direct investment by businesses and capital investment in land, property and infrastructure	R&D activity and international research partnerships, attracting international talent and students, and innovation-led venture capital and equity investment	Leisure and business tourism, major conferences and sports events, culture and heritage
STRATEGIC PROPOSITIONS			
See page 9	See page 11	See page 13	See page 15
STRATEGIC ENABLERS			
Brand & narrative – see page 17	Ways of working – see page 17	Regional coordination – see page 18	Our assets – see page 18

Market profile

The following table maps all priority markets identified through analysis for this strategy, showing which markets present opportunities across the multiple pillars. It is no surprise to see the US and France feature strong potential all four pillars, with potential opportunities also in less obvious locations such as United Arab Emirates, Poland, Singapore and Nigeria. This reinforces the potential to scale a regional offer and increase impact through bringing together a breadth of interventions in a coherent, coordinated and focused way around a specific target market.

Market	Trade	Investment		Innovation	Visitor Economy
		FDI	FCI		
United States					
France					
Germany					
China					
India					
UAE					
Canada					
Japan					
Poland					
Spain					
Australia					

Proposed short-to-medium term priority

Proposed medium-to-long term priority markets

Strategic questions

1. To what extent do you agree that the strategic objectives are the right ones?
2. Recognising that this strategy will need to prioritise the region's efforts, what is the relative importance of the pillars?
3. What do you think the balance should be between growing existing markets and prioritising the development of new markets?
4. What are the barriers and challenges the region faces in delivering an International Strategy?
5. Do you agree that the timeframe for this Strategy should mirror the Plan for Growth to 2023?

TRADE

One key element an international strategy is the extent to which it can be used to enable trade. Our view is that a West Midlands International Strategy has two broad opportunities; firstly, growing the value and depth of current trade relationships, and second looking to market development which can be undertaken to identify new opportunities for trade.

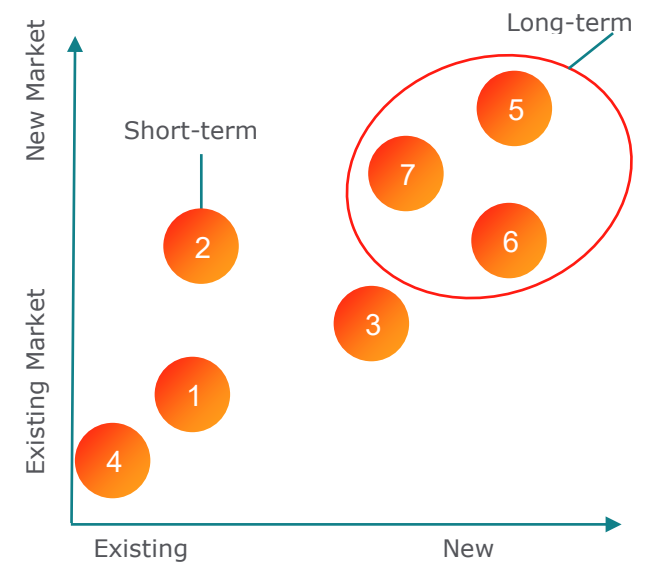
Opportunities

The key opportunities we have identified are to:

- Increase the percentage of SMEs within the West Midlands who are exporting
- Increase the average value of exports which includes increasing our presence in global value chains
- Support the development of closer partnerships with markets outside of the current “top ten” through a mixture of trade missions, corridors and partnerships.

Strategic propositions

1. Work closely with the Department for Business and Trade to understand the needs of exporters in the region and feed into nationally led initiatives such as the Export Academy
2. Align activity with DBT particularly across key markets and regions – particularly where the DBT trade team has a specific presence such as Africa, Eastern Europe, Latin America and India.
3. Monitor the implications of national export strategies as well as the impact of areas such as Trade Agreements and geopolitical events.
4. Continue to pursue markets that are known to be successful with current exporters and are easy to access for new exporters.
5. Diversify towards non-traditional markets that demonstrate good potential outside of the region’s top 10 destinations.
6. Focus on supporting more businesses to export to target markets, especially supply chain SMEs and businesses outside of our major OEM exporters.
7. Pivot the region’s broad range of assets, from international innovation assets to city diplomatic links and internationally recognised sport club brands, to build relationships and make connections that will open target markets.



Trade questions

1. To what extent do you agree with the trade opportunities we have identified?
2. Are there any alternatives or additional trade opportunities?
3. Which are the top five import markets for you?
4. Which are the top five export markets for you?
5. Do you agree with the strategic propositions for trade?
6. What other strategic propositions would you suggest for trade?

INVESTMENT

A thriving regional economy relies upon investment to drive the development of new goods and services, improvements to productivity and the aim of increasing the value of the goods and services which are produced and exported within the region. Investment is about everything from foreign direct investment through to capital investment projects, and as such represents a broad category of varying levels of actions.

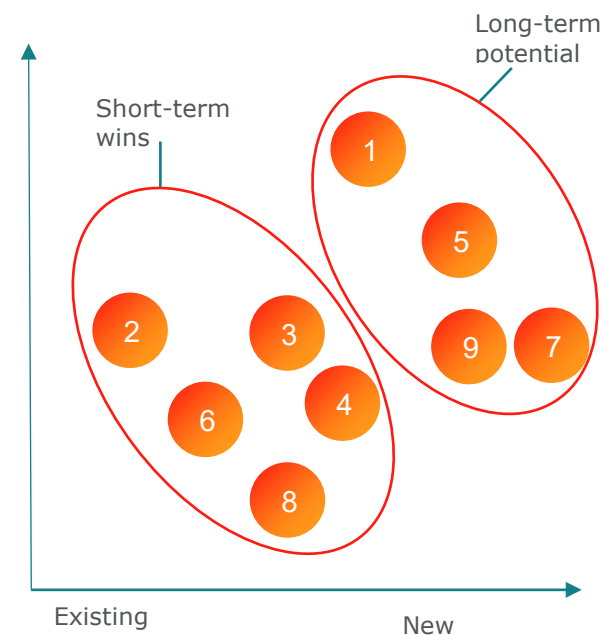
Opportunities

The key opportunities we have identified are to:

- Increase the number of high-value FDI projects landing in the West Midlands – classified by high-employing, R&D focused or sustainability driven.
- Continue growth with India and Indian regions – the largest source of Inbound FDI to the West Midlands in 2022 – to become a top destination market for Indian FDI.
- Support regional growth through attracting projects outside of the traditional FDI destinations in the West Midlands.
- Increase foreign capital investment (FCI) into the West Midlands start-up and scale-up ecosystem.
- Improve West Midlands infrastructure across the region through the attractiveness of inclusive and sustainable capital investment.

Strategic propositions

1. Take early advantage of emerging FDI and FCI markets through purposeful and proactive programmes that are planned, structured and resourced
2. Use the Plan for Growth as a basis for driving investment into the West Midlands' key sector clusters, in particular those with an innovation or sustainability angle
3. Take advantage of macro trends and play to existing and growing sector strengths in net zero and a truly regional approach to FDI attraction.
4. Aim to encourage more inclusive growth by broadening our FDI offer beyond the cities and developing a truly regional approach to FDI attraction.
5. Leverage research connections and civic links as well as recognisable West Midlands brands as assets to build relationships and open opportunities with international markets.
6. Work closely with DBT and regional partners to take a strong strategic relationship management and key account management approach to pursuing investment opportunities.
7. Ensure that existing investors are well serviced, including those SMEs who may not be covered by other programmes.



8. Continue to offer a comprehensive soft-landing package for new investors into the region.
9. Create a regional prospectus and pipeline across emerging levelling up zones and identify specialist international investors to invest in more challenging sites.

Investment questions

1. To what extent do you agree with the investment opportunities we have identified?
2. Are there any alternative or additional investment opportunities we should consider?
3. Based on your sector or opinion, which are the top five places for inward investment?
4. Based on your sector or opinion, which are the top five places for capital investment?
5. Do you agree with the strategic propositions for investment?
6. What other strategic propositions would you suggest for investment?

INNOVATION

If investment is a driving force for a regional economy, innovation is an even greater force for supporting the future growth of a region. Whilst the region has a plethora of globally renowned higher education institutions with clear leadership in areas such as health tech, automotive and advanced engineering, there is an opportunity to bring together the wider region to focus on a selection of opportunities.

Opportunities

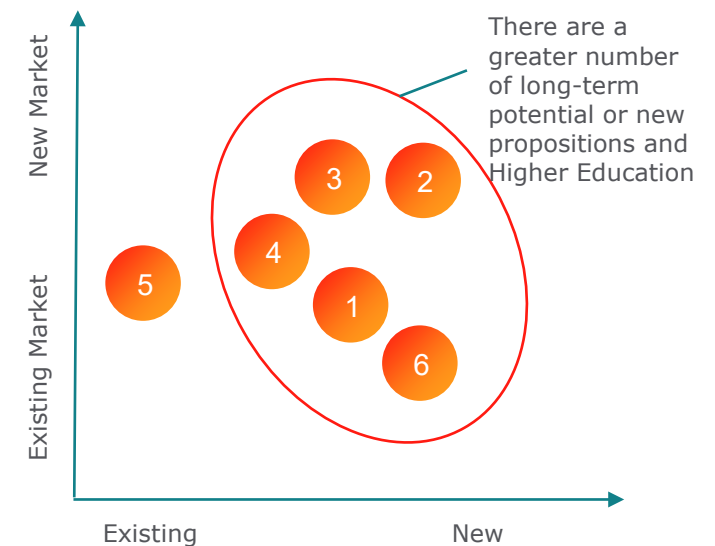
The key opportunities we have identified are to:

- Increase public sector funding through programs such as Horizon to further improve the region's innovation ecosystem.
- Position the region as a national and global leader in research across key clusters.
- Attract more international talent and students from key markets to the West Midlands.
- Work with inward investment teams to prioritise attracting FDI with an R&D focus.

Linked to these are the opportunities in Plan for Growth clusters including Health and Med-tech, Aerospace, Logistics & Distribution, Future Housing and Electric Light Vehicles and Batteries.

Strategic propositions

1. Work closely with the Department for Business and Trade to understand the needs of exporters in the region and feed into nationally led initiatives such as the Export Academy.
2. Collaborate as a region to promote the West Midlands assets to national level bodies such as Innovate UK in strategically important sectors such as clean mobility, renewables and HealthTech.
3. Target opportunities, such as Horizon Europe, to bring in more international public funding into regional R&D projects and programmes. Horizon provides collaboration opportunities with key markets in the EU as well as other countries such as South Korea and Israel who are world leaders in R&D.
4. Leverage existing partnerships held by universities to create innovation corridors with these markets.
5. Target innovation-led venture capital investment from key source markets such as the Middle East and Scandinavia to drive the commercialisation of R&D and business innovation.
6. Collaborate as a region to position the West Midlands as an attractive location for international students with a view to further increasing student numbers but also to promote talent retention post-graduation.



7. Pivot existing international research collaborations to support and enable increased trade and investment where there is market and sector alignment with a view to becoming a market leader in specific sectors such as clean mobility.

Innovation questions

1. To what extent do you agree with the innovation opportunities we have identified?
2. Do you have any alternatives or additional innovation opportunities we should consider?
3. Based on your sector or opinion, which are the top five places for innovation?
4. Do you agree with the strategic propositions for innovation?
5. What other strategic propositions would you suggest for innovation?
6. What role is there for higher education institutions within this pillar?

VISITOR ECONOMY

One key part of the International Strategy is how we can draw visitors to our region, utilising the power of our various assets and brands. In turn, this both benefits our local economies and further enhances the attractiveness of the region as a destination for global talent. Getting the balance right must reflect a set of priorities whilst also being clear about the key markets that will drive a supply of visitors, and those markets which will supply investment into the capacity of our visitor economy.

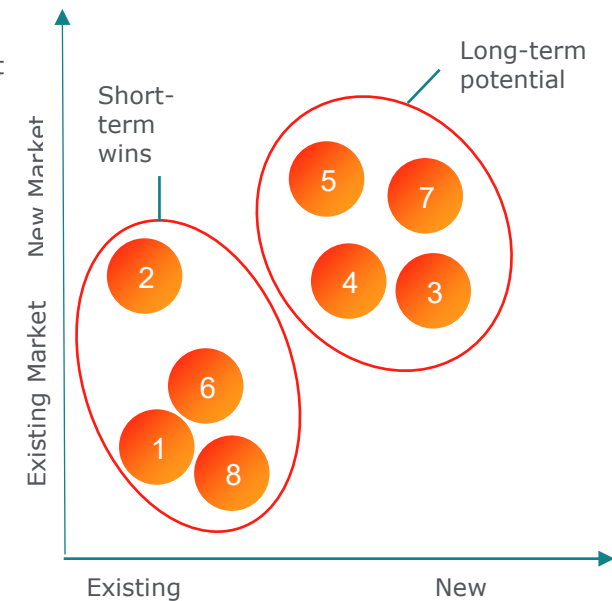
Opportunities

The key opportunities we have identified are to:

- Increase the number of international overnight stays in the West Midlands.
- Work with Birmingham Airport to increase the number of international arrivals into the West Midlands through more flight links with target markets.
- Increase the number of international trade shows and exhibitions hosted in the West Midlands.
- Continue growing the legacy of the Commonwealth Games to improve both the visibility of the region and positive perception.

Strategic propositions

1. Use the momentum of the Commonwealth Games to conduct further programmes such as the Business and Tourism Business Programme which demonstrated success in attracting more visitors and investment from Commonwealth companies.
2. Work regionally to promote the West Midlands internationally as a historic, cultural, and sporting hub in the UK with globally significant tourism assets.
3. Given the importance of business tourism as a high-value add area of the visitor economy with tangible multiplier effect, mobilise a region-wide programme to attract and host more international business events.
4. Collaboratively develop a prospectus for hosting events in the West Midlands that brings together the breadth and depth of the region's strengths and assets including road, rail and air connectivity, event locations and business links.
5. Work closely with the Airport to understand existing and new routes as well as trends in visitor data to increase the number of international passengers coming through Birmingham Airport.
6. Continue to work with VisitBritain to leverage national tourism campaigns and initiatives as well as alignment with priority markets.
7. Align business events targets with wider trade and investments markets and sectors, and anchor investment and trade promotion activity around events themselves to increase economic impact when hosting.



8. Acknowledge the importance of diaspora markets as sources of regular visits but focus primarily on overnight tourism, be that leisure or business.

Visitor Economy questions

1. To what extent do you agree with the visitor economy opportunities we have identified?
2. Are there any additional or alternative opportunities for the visitor economy we should consider?
3. Based on your sector or opinion, which are the top five markets from which the West Midlands should seek to attract visitors?
4. Do you agree with the strategic propositions for the visitor economy?
5. What other strategic propositions would you suggest for the visitor economy?

STRATEGIC ENABLERS

The delivery of the International Strategy will depend on the commitment and organisation of the West Midlands and its partners, including the Government, to scale up its approach to trade, investment, innovation, and the visitor economy. This will require enhanced collaboration, effective partnership working and integrated approaches to ensure that we can develop and deploy a critical mass which allows the region to stand out both within the UK and globally.

To support this commitment, the following five enablers have been identified. These form the basis from which delivery will be shaped and aligned, and reflect the current arrangements and resources available.

Brand and Narrative

The development of a clear regional brand is a key priority which, if used consistently, can create the penetration and resonance within both established and target markets that will enable efforts to engage around trade, investment, and innovation.

Linked to this the narrative must convey the depth and breadth of the region's offer in a way which the West Midlands is known and understood as place to do business, invest, develop new goods & services, undertake Research & Development and as a place to visit and study.

This is not about the imposition of a single brand for the region which is applied in all circumstances but rather developing a strategic approach to brand and narrative which partners and Government can support and utilise in various forms of marketing and engagement.

Regional Ways of Working

Developing the governance, management, communication, and processes to maximise the use of resources is fundamental to the delivery of a collective regional international programme. Building on the Brand & Narrative, this process should focus on the development of mechanisms to ensure that regional activities are identified, aligned where helpful and built into an overall support model including:

- Soft-landing and wider customer journey service
- Support for new market exploration
- Support for trade and investment missions
- Key Account Management
- Clarity about provider responsibilities and linkages with key Government Departments and Agencies
- Development of linkages with relevant national bodies and other partners

Regional Co-ordination

They need to align current activity and create the conditions for additional scale will require the means to bring together a variety of voices and insights, as well as identify specific opportunities and risks. There is also a need to bring together the examples of best practice which will exist within the clusters and organisations across the region, which will provide the basis around which to build critical masses of international activity.

Balancing the need for system leadership, an overview of shifts in global contexts, the ability to maintain a region wide overview of assets and resources and develop the support systems will require a strategic convening role to be played. Feedback from stakeholders has indicated that WMGC is well placed to offer such a role through its ability to convene regional partners, provide a link between international and regional activities, and work with partners to develop and articulate a single voice back to partners and government.

West Midlands Strategic Levers

Beyond the direct levers to be utilised in support of this strategy, the Plan for growth has identified the core strategic levers which have a considerable role to play in supporting any international strategy.

- Transport and infrastructure
- Delivery sites, Investment Zones and Levelling Up Zones
- Early Growth Fund
- Future Skills pathway
- Business support

Whilst progress is being made against these, the value of them to supporting the conditions for trade, investment, innovation and the visitor economy are key and must be seen alongside the delivery of the international strategy as being at the heart of ensuring the success of the region and its global identity.

Our Assets

One critical element to any international strategy is our ability to utilise the assets we have as a region. From our ability to draw investment and visions, to the reputation that follows our exports, the West Midlands assets represent the foundation of the region's competitive position on the global stage.

In developing a regional International Strategy there is a need to distinguish between our different assets:

- **Historical & reputational assets** – these are assets which contribute to our reputation and soft power – from global brands like Cadburys & Bournville, Jaguar Land Rover, and others, through to regional sporting venues & events and cultural organisations & phenomena such as Peaky Blinders, these assets underline our narratives and brands which we use to talk about ourselves and attract interest on the region.
- **Economic assets** – these assets draw investment and trade to our region; they underpin our international competitive advantage. Whether it is transport infrastructure, centres of excellence based in our universities or our areas of economic expertise they are the array of assets which hold tangible value to our local economy.

- **Collective assets** – these are the various assets we have from regional governance and leadership within the Combined Authority, the role played by anchor institutions such as our hospitals and universities in local places, and less tangible assets such as the networks created by our diaspora communities and global alumni from our universities. These assets underpin the ability of the region to come together to deliver and support the success of an international strategy.

Better, more strategic utilisation of the region’s assets, from the shaping of the region’s brand and narrative to market penetration and development strategies, will be the foundation of our International Strategy.

Strategic Enabler questions

1. To what extent do you agree with the enablers identified?
2. To deliver this strategy, what role should be played by West Midlands Combined Authority; West Midland Growth Company; the Department for Business & Trade and others, in trade missions, convening and partnerships; research; resources; events; and business engagement?
3. The wider levers identified in the *Plan for Growth* also have an impact on the delivery of an international strategy. Which of the following are the top three for delivery of an international strategy?
 - Transport and infrastructure
 - Delivery sites, Investment Zones and Levelling Up Zones
 - Early Growth Fund
 - Future Skills pathway
 - Business support
4. What in your opinion are the five most significant assets that the region should leverage to achieve its international objectives?

Summary of consultation questions

Strategic questions

1. To what extent do you agree that the strategic objectives are the right ones?
2. Recognising that this strategy will need to prioritise the region's efforts, what is the relative importance of the pillars?
3. What do you think the balance should be between growing existing markets and prioritising the development of new markets?
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5. Do you agree that the timeframe for this Strategy should mirror the *Plan for Growth* to 2023?

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5. What other strategic propositions would you suggest for the visitor economy?

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 - Delivery sites, Investment Zones and Levelling Up Zones
 - Early Growth Fund
 - Future Skills pathway
 - Business support
4. What in your opinion are the five most significant assets that the region should leverage to achieve its international objectives?