

EXPORTING EXCELLENCE

SPOTLIGHT ON
THE NORTH EAST

JANUARY 2024

Heathrow

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Executive summary

Exporting is vital to the economy of the North East and its future growth. From a booming automotive industry on the Tyne to advanced engineering on Teesside, the region exports £12.9 billion¹ of goods per year, supporting 168,000 jobs².

Over 25% of businesses in the North East currently export, and the region's continued growth in high-value manufacturing benefits from its domestic and international connectivity via Heathrow³. In 2019, 85,000 leisure passengers travelled to the North East via Heathrow, spending £61 billion in the region. Business passengers also generated over £150 million in trade and investment⁴.

As the UK's only hub airport, Heathrow is a vital partner to businesses across the North East, 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 North East alone, there are an additional 3,600 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%⁵.

Across the UK, that shortfall amounts to £290bn of potential export revenue a year⁶. 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 10,000 jobs that aviation supports in the North East today⁷. Currently, each exporting job in the region generates £77,000 of exports⁸.

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

NORTH EAST EXPORTER SPOTLIGHT



Exporting excellence – Heathrow's plan for growth

Putting sustainability at the heart of trade and export policy

Businesses in the North East 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

“ I would prefer to use more sustainable mechanisms for exporting, but ultimately the bottom line wins out. ”

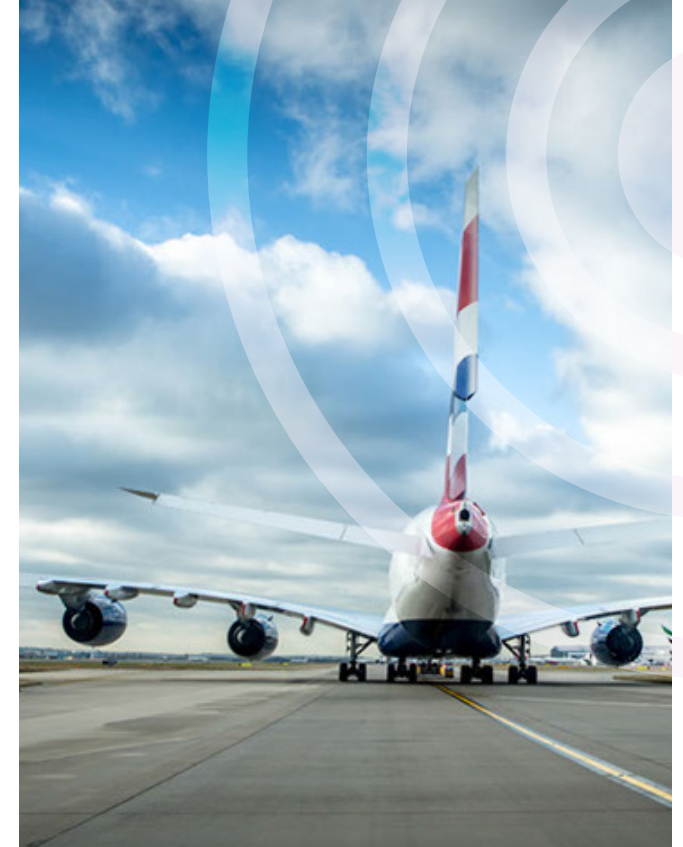
Roundtable attendee

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. In the North East the potential SAF plant in Teesside could unlock up to £162m GVA per annum and 1,130 jobs.

“ There is a lot of paperwork - a vast amount. You've just got to research what their rules are, what documents they require and there's additional admin time in doing all that. ”

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 take up 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 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 North East to build aspirational careers in international trade.

“ If the Government is putting in place incentives for sustainable exports, well, there may be a higher cost, but then there's a benefit associated with it as well.”

Roundtable attendee



CASE STUDY

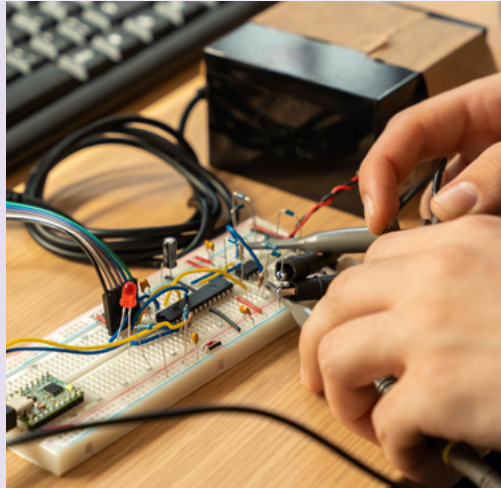
Coltraco Ultrasonics

Manufacturing advanced technology systems in the North East, Coltraco Ultrasonics relies on Heathrow to rapidly transport its bespoke British technology to customers in over 120 countries worldwide.

Thanks to Heathrow's regional connections, Coltraco Ultrasonics can calibrate their technology in their Durham research facility and fly their exports through Heathrow to international customers in under 24 hours. Regional connectivity is at the core of their competitive business model, with offices in the North East, South West and London.

“ We export 90% of our manufactured output to 120 countries, covering continents including Asia, Europe and the Middle East. We have exported through Heathrow for 30 years as the single most powerful logistic multiplier to our exporting success. Heathrow also played a vital role in Coltraco winning our second Queen's Award for Enterprise in International Trade.”

Professor Carl Stephen Patrick Hunter OBE,
Chairman Coltraco Ultrasonics, Durham



CASE STUDY

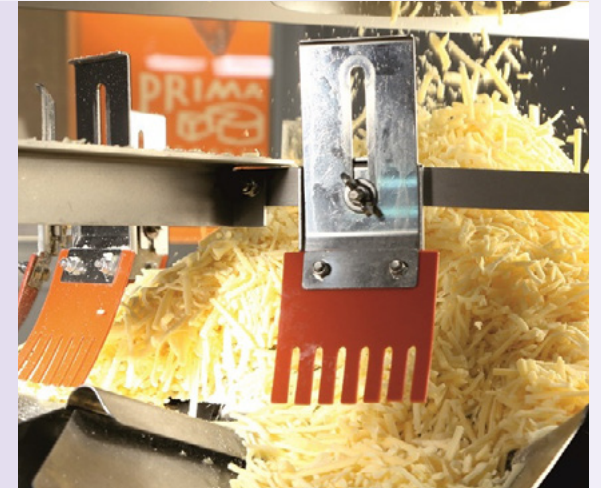
Prima Cheese

Prima Cheese is one of the biggest cheese processors in the UK, a leading brand in the UK food industry. It is a dairy processing company specialising in the cheese used predominantly in the pizza market, as well as creating dairy solutions used in the foodservice and food manufacturing sectors.

Prima Cheese exports to over 50 countries worldwide, exclusively supplying wholesalers and specialist food service distributors to ensure the best restaurants, takeaways and catering kitchens have their dairy requirements met and can create a variety of foods.

“ HHeathrow's connectivity is an asset to Britain's businesses, providing access to numerous destinations across the world. Heathrow's connectivity has been helpful in supporting our business fulfil urgent requests from our customers.”

Nagma Ebanks Beni MBE,
Co-CEO, Prima Cheese, Seaham



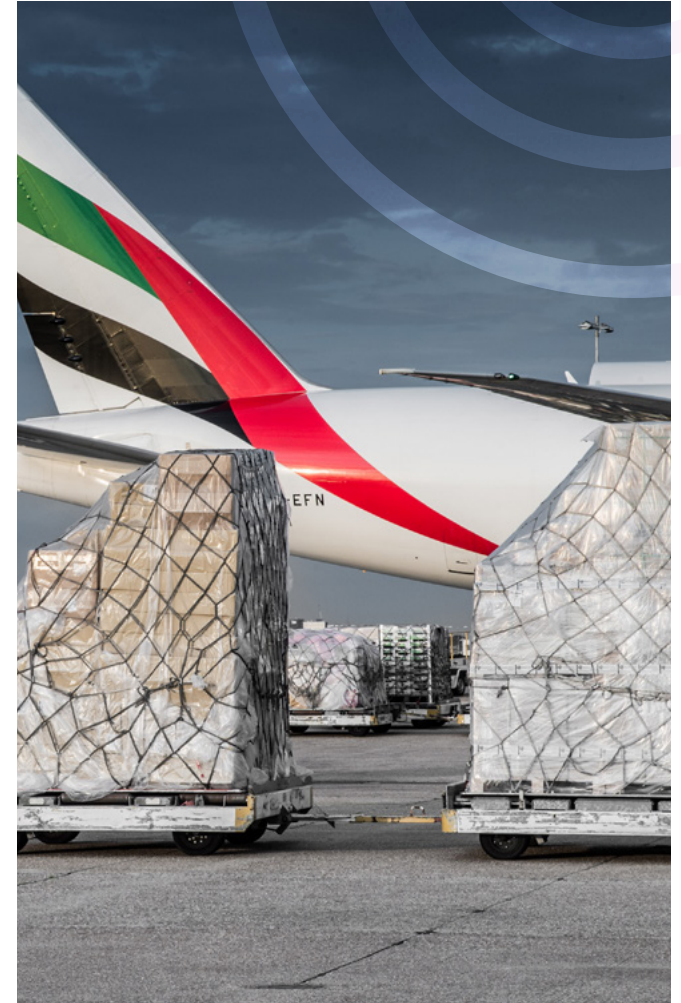
Conclusion

Implementing these solutions will be crucial to unlocking the full potential of the North East economy and helping the region's 2,300 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 North East, please contact:

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