



Llywodraeth Cymru
Welsh Government

Export Action Plan for Wales



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Foreword by the Minister for Economy, Transport and North Wales



Ken Skates MS

Minister for Economy,
Transport and North Wales

Earlier this year, Welsh Government launched its first International Strategy which set out our ambition to raise our international profile; grow our economy, including increasing our exports; and establishing Wales as a globally responsible nation. This strategy reinforced the principles of our Economic Action Plan which committed us to prioritising exports and trade, specifically supporting Welsh exporters to find new markets globally. This Export Action Plan therefore sets out the specific actions we will be taking to deliver those commitments in relation to supporting Welsh exports.

I am launching this Plan at a time when the global economy has changed beyond all recognition, particularly with the unprecedented COVID-19 crisis. Whilst the full impact on our economy (and our exports) is not yet fully known, there is no doubt that they will be significant. This also comes at a time when EU Transition will bring further challenges for businesses to overcome.

These factors are and will continue to affect and challenge our businesses' ability to effectively trade internationally, therefore, through this Export Action Plan, we will put in place comprehensive support for our exporters to recover and rebuild, providing immediate support to business, and to reinvent and adapt our support for a future 'new normal' for our exporters.

It forms part of our wider approach to support the prosperity of Welsh businesses to build the resilience of the Welsh economy in the face of coronavirus and the end of the EU Transition Period as part of our reconstruction plans to build a new future. Through this Plan, we want to maximise the potential that exporting can bring to transform businesses, drive innovation and adaptability, increase resilience and support businesses to provide long term, sustainable employment.

We have engaged with our key partners in the development of this Plan and it is important that we continue to work closely with our partners and networks to maximise our efforts to support and deliver export development together. The UK government's Department for International Trade (DIT) provides export support services for businesses across the UK, and we will continue working in partnership and ensure Wales receives its fair share of UK Government support for businesses and representation in overseas export markets, complementing our own overseas operations.

Overall, this period in our history will undoubtedly be one of the most challenging for our businesses and workers, particularly when trading internationally. I believe, however, our new Export Action Plan is the most ambitious and most comprehensive programme of export support ever put in place in Wales and will support our people and economy to face the challenges now and in the future.

Summary and Priorities

Wales has long been a successful trading nation. Our award winning goods and services continue to be exported all over the world and, given we are a small nation of three million people, we have excelled on the world stage.

The Welsh Government's *Taking Wales Forward* and *Prosperity for All*: the national strategy provide the strategic context for driving improvement in our economy and raising Wales' profile globally as a preferred location to do business, invest, visit, study and to live. This is reinforced in both the Economic Action Plan that was published in December 2017 and the *International Strategy*¹ published in January 2020, which set our clear ambition to grow our economy by **increasing our exports**.

In recent years, our performance has been positive with the value of Welsh goods exports for the year ending 2019 reaching 17.8bn, an increase of 34% since 2015. Exports of goods were equivalent to 23% of Wales' GDP in 2018.

Exports are important for a resilient economy, helping to offset domestic market downturn and resulting in more productive businesses².

During 2020, the global economy has changed dramatically. Although there is uncertainty on the extent of the impact from the current COVID-19 pandemic, its long term economic effect and the timescale and degree of recovery; we do know that exports will have an important part to play in recovery. As a key part of our overall efforts to support economic recovery in Wales, this **Export Action Plan** sets out the specific actions we will take to assist businesses to recover and rebuild their exports and to adapt to any associated new processes and trade agreements. It also sets out the actions we will take to drive the growth of Welsh exports in the longer term and how we will reinvent and adapt our support to promote Welsh strengths and expertise in traditional, new and emerging markets.

Our Vision is:

To create a strong, vibrant and sustainable exporting sector to help strengthen the economy to safeguard existing and create new jobs and opportunities for people in Wales.

Our Mission is to:

- Deliver a series of measures to support businesses to export during and in the immediate aftermath of COVID-19 to support them to **recover** and **rebuild**;
- Ensure our exporters are prepared for any new trading environment (requirements) with the EU, following the ending of the **transition** phase following the UKs exit from the EU and any other new free trade agreements;
- **Reinvent** our export support programmes to adapt to the 'new normal' post COVID-19;
- Drive the **growth** of Welsh exports in the longer term, increasing the contribution that exports make to the Welsh economy, including by broadening our exporter base.

¹ International Strategy for Wales: gov.wales/sites/default/files/publications/2020-02/international-strategy-for-wales.pdf

² ONS, UK trade in goods and productivity: new findings (2018), www.escoe.ac.uk/wp-content/uploads/2018/07/ESCoE-DP-2018-09.pdf



The key to realising our Vision and Mission will be the delivery of a number of specific actions detailed in this Plan, which will set out our focus on:

- Reaching out to more businesses in Wales (producing goods and services) on a 'one-to-many basis', particularly those businesses with a potential to export, and inspire them to take up the 'export journey' to contribute to our goal of increasing the numbers of Welsh businesses exporting internationally on a regular and sustainable basis;
- Targeting the amount and type of support for businesses to develop their exports, given our limited resource, depending on where those companies are on their export journey;
- Building capacity and capability for exporting to ensure our businesses have the right skills, know-how and confidence to be successful exporters;
- Adapting our existing 'one-to-one' programmes of export support to be fit for a future 'normal' for international trade and in line with changing needs of business, including areas where we can maximise opportunities to become more sustainable;
- Developing new and innovative export support programmes, including establishing Export Clusters to facilitate strong networks of support for key business sectors in Wales, as well as a dedicated New Exporter Programme;
- Helping businesses to help themselves, particularly through online/digital/virtual support, including for example, a comprehensive new online Export Hub for Welsh businesses; and
- Focusing our support and overseas activity on key markets and matching these opportunities for sectors where we have particular strengths.
- Supporting businesses to take advantage of opportunities that new free trade agreements will bring.

This Plan is underpinned by our core values and principles set out in the International Strategy, including raising Wales' profile, and establishing Wales as a globally responsible nation and aligns closely with the principles of the *Prosperity for All: Economic Action Plan* where businesses seeking investment must demonstrate a commitment to growth, fair work, employee health and skills and reducing their carbon footprint. This Export Action Plan aims to deliver for all regions of Wales and supports the ambition to establish a firm base of medium sized Welsh businesses which are capable of selling outside Wales but have decision making rooted firmly in our communities. This will unlock the immense potential in Welsh businesses to export more to established and to new markets, in addition to broadening the base of businesses that export.

In delivering this Export Action Plan, we will maximise our own overseas teams across the globe and work closely with our partners across the public and private sectors and wider stakeholder networks in Wales and internationally.

The UK government has key areas of responsibility which impact on international trade (for example, negotiating free trade agreements, state aid, customs, VAT, export controls, market access etc.) and also provides areas of export support which is available to all businesses in the UK, including Wales. As governments, we share common goals and face many of the same challenges when trading internationally and this plan has much in common with the UK government's current strategy and focus for the future. At an operational level, we will work with the Department of International Trade to encourage and maximise support available to Welsh businesses through the UK government's overseas networks and where appropriate collaborate on joint events and activities to deliver export opportunities for Welsh companies.

Against this backdrop, it is important to recognise that our current support and funding may change and therefore the actions in this plan will depend on future funding decisions, therefore the scope for the actions in this Plan should be considered 'scalable'. Planning in the context of uncertainty is difficult but essential, therefore, our plans must be flexible and responsive.

The foundations of the plan

In developing this Plan we have reviewed the available evidence base to understand the key economic data about Welsh exports. We have used this, and considered other influencing factors, to make strategic choices about where we will direct our efforts and activities, including the key markets and sectors to target.

The evidence base

Goods exports

The value of goods exports from Wales in 2019 was £17.8 billion, a 3% increase on the previous year. Welsh goods exports have grown at a faster rate than the UK between 2015 and 2019. The increase between 2015 and 2019 was 8 percentage points higher for Wales (34%) than the UK (26%). This figure of 34% is the fourth highest among the 12 UK countries and regions. Higher than Northern Ireland (28%) but lower than Scotland (42%).

Goods exports contribute more to the Welsh economy than in any other UK country or region. In 2018 goods exports were equivalent to 23% of GDP. This is higher than the UK equivalent of 16% and the highest of all the 12 UK countries and regions.

The statistics show that half of the value of goods exported from Wales are in the machinery and transport equipment category. This is a broad category and includes a wide range of products for aerospace, automotive, oil and gas, rail, power, construction and other engineering applications.

Service exports

The evidence base on service exports is less well developed, but the latest estimates from ONS suggest the value of service exports from Wales in 2018 was around £7.4bn³. This is calculated using different methodology from goods exports and should not be added to get a total figure. However, it is clear that service exports make a contribution to the value of exports from Wales. Services can be a 'hidden' aspect of exports but in terms of value are extremely important. They are characterised by their breadth and diversity: they include sectors as varied as IT and legal, management consultancy and HR, accountancy and audit, architecture and the arts, health services, education and financial and insurance services.

In addition to definition by sector, services are also defined by their method or 'mode' of supply, whether it be data crossing borders, services purchased in one country and consumed in another, establishment of a subsidiary abroad or a person crossing a border for short term business needs.

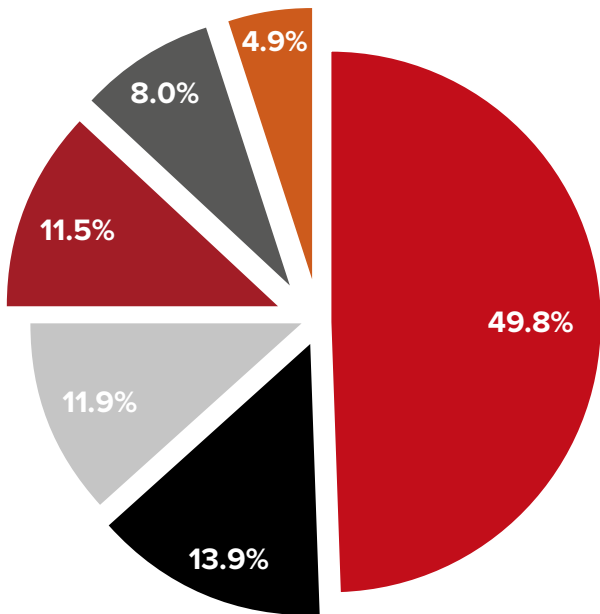
Manufacturing services, commonly referred to as 'Mode 5' are service exports that are linked to goods, and are believed to be disproportionately important to Wales compared to the UK as a whole. Analysis by the UK Trade Policy Observatory (UKTPO) has shown that they accounted for nearly 40% of Welsh service exports in 2017.⁴

ONS identified the top service exports from Wales in 2018 were in Financial and Insurance services (£2.04bn) and Manufacturing (£2.02bn), each accounting for around 27% of total Welsh service exports.

³ International trade in services by subnational areas of the UK: 2018 (ONS)

www.ons.gov.uk/businessindustryandtrade/internationaltrade/articles/internationaltradeinservicesbysubnationalareasoftheuk/2018

⁴ Reference: UKTPO: [/blogs.sussex.ac.uk/uktpo/files/2018/01/Briefing-paper-14-Heatmap-final.pdf](https://blogs.sussex.ac.uk/uktpo/files/2018/01/Briefing-paper-14-Heatmap-final.pdf)



Welsh goods exports by product, 2019

- Machinery and Transport Equipment
- Minerals, Fuels, Lubricants etc.
- Manufactured Goods
- Chemicals and Related Products
- Miscellaneous Manufactured Goods
- Other Products

Source: Welsh Government Analysis of HMRC Regional Trade in Goods Statistics

Exporters in Wales

ONS estimates that 4,300 businesses⁵ in Wales exported goods and/or services in 2018. The Welsh Government business demography⁶ suggests that the total number of enterprises active in Wales during 2018 was 105,360. Exporters would therefore account for around four per cent of the entire business population of Wales. In addition to this, HMRC data shows around 80% of Welsh goods exporters exported to the EU in 2019, whilst closer to 50% exported to non-EU markets⁷.

Importantly, we know that a large proportion of exports from Wales will come from a relatively small number of large companies. A study of seven European countries found that the top 5% of a country's exporters account for 69-86% of total exports⁸ and from our experience of working with Welsh businesses, the position is similar in Wales. Based on this, it is clear we need to 'reach out' to more businesses to broaden our overall exporter base.

BEIS' Longitudinal Small Business Survey⁹ estimated that Wales had the lowest proportion of exporting SMEs across the UK devolved administrations in 2019 with some 13% exporting goods or services, compared to a UK average of 20%. The breakdowns show that SMEs in Wales exported a similar proportion of goods, but they exported a much smaller proportion of services when compared against the average SME in the UK. Of those that had exported, in the 12 months prior to the survey, 85% of Wales' SMEs had exported goods or services to the European Union, while 56% said they exported to the USA.

Trade Survey for Wales

To supplement the existing export statistics which are routinely published, Welsh Government undertook a pilot Trade Survey for Wales in 2019, inviting 8,000 businesses with operations in Wales to provide 2018 information on sales and purchases of goods and services. The results of the survey have been published¹⁰. The key findings for sales of goods and services in 2018 are:

- Businesses in Wales sold goods and services to the value of £72.1bn and £29.2bn respectively.
- The European Union (excluding UK) accounted for 12% the value of sales and the rest of the world accounted for 8%.
- 30% of sales went to other parts of the UK.

These are 'Experimental Statistics' as the method employed is still in development and there are some issues with data quality, highlighted throughout the report. A follow up to the survey covering sales and purchases in 2019 commenced in Autumn 2020.

⁵ Exporters and importers by regional breakdown <https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/datasets/annualbusinesssurveyimportersandexportersregionalbreakdown> (Annual Business Survey) – Release Date 25/11/2019

⁶ <https://gov.wales/business-demography>

⁷ WG analysis of HMRC RTS, 2019 <https://www.gov.uk/government/statistical-data-sets/regional-trade-statistics-interactive-analysis-fourth-quarter-2019>

⁸ 'EUROPE'S EXPORT SUPERSTARS – IT'S THE ORGANISATION!', Bruegel, 2015, available at: http://bruegel.org/wp-content/uploads/2015/07/Europe_-export_superstar.pdf

⁹ BEIS (2019). Longitudinal Small Business Survey 2018: SME employers (businesses with 1-249 employees) – UK 2018. Available here https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/803646/LSBS_2018_employers_-_data_tables.xlsx

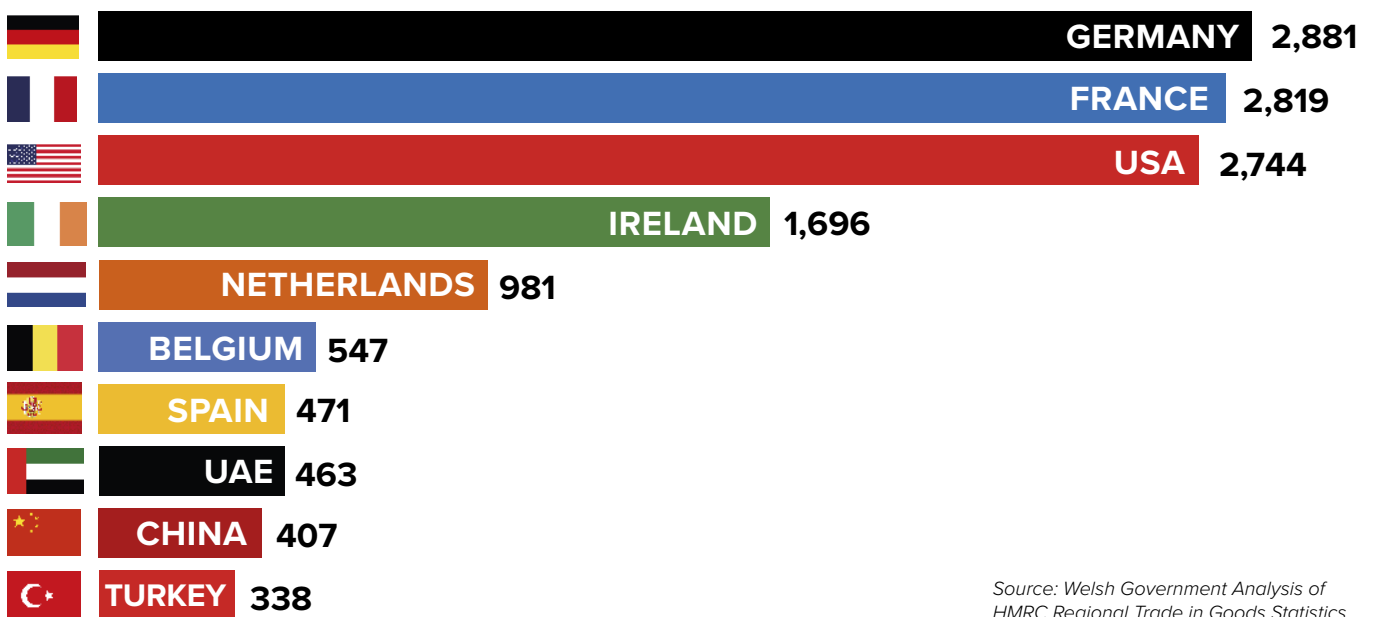
¹⁰ Trade Survey for Wales: 2018 <https://gov.wales/trade-survey-wales-2018>

Export markets

The EU is Wales’ most significant trading partner. HMRC’s Regional Trade Statistics show that exports to the EU accounted for 60.5% of all goods exports, compared with 48.4% for the UK.¹¹

It is important to note that, in the preparation of these statistics, export values are allocated to a UK region based on the proportion of employees in that region. This means that the figures may not reflect accurately the dependency of Welsh business units on specific export markets or the market segments where export promotion may have most potential. There is no market information available on service exports.

Welsh goods exports by country, 2019 (£million)



Source: Welsh Government Analysis of HMRC Regional Trade in Goods Statistics

Comparative Advantage

To better understand within which sectors Wales’ strength lies in the exports of goods, Wales’ recent export performance has been examined by Welsh Government analysts to establish ‘comparative advantage’. Initial results indicate Wales outperforms the world average in exporting products in several categories, including¹²:

- Commodities – in particular ‘coin (other than gold coin)’
- Machinery and transport – in particular ‘other transport equipment’ and ‘power generating machinery and equipment’
- Manufactured goods classified by material – in particular ‘iron and steel’
- Food and live animals – in particular ‘dairy products and birds’ eggs’

- Chemicals and related products – in particular ‘plastics in non-primary forms’
- Miscellaneous manufactured articles – in particular ‘furniture and parts thereof; bedding, mattresses etc’.

From this, Wales’ export performance across sectors and markets can be compared with other global competitors to identify potential areas of opportunity for Welsh export, otherwise known as ‘export value gaps’. This analysis can be used to help determine our target priority countries for Welsh exports. For example, for Germany, value gaps have been identified across multiple sectors, including iron and steel, furniture and plastics; for the USA, value gaps have been identified across multiple sectors, including other transport equipment, where Wales has a strong comparative advantage etc. Further information on Comparative Advantage is included at Annex C.

¹¹ Statistical Bulletin, Welsh goods exports 2019 gov.wales/sites/default/files/statistics-and-research/2020-03/welsh-exports-2019-917.pdf

¹² Source: WG analysis of HMRC Regional Trade statistics and UN comtrade

CASE STUDY



Atlantic Service Company has been manufacturing high quality bandsaw blades for cutting meat, fish and bread since 1901. Its range includes bandsaw coil and blades, stainless-steel handsaw frames and blades, mincer plates and knives, and butchery equipment.

From its headquarters in South Wales, its customer base includes local family run-butchers as well as large scale meat processors around the world. It exports to markets across Europe, Africa, South and Central America, Asia, Indian Subcontinent and Middle East. Exports are a core part of Atlantic Service's business growth, and the wide range of markets has helped spread the risk against market fluctuations.

"Exporting is core to our business growth, and has helped us become more resilient to market changes. We have recently broken into new markets in South East Asia, India and Africa, with the help of Welsh Government export support. Its network of trade advisors has provided invaluable advice and support to enter new markets, and identify new business partners."

"Our aim is to build on this growth and to expand our export business in new markets. It is reassuring that we can access Welsh Government support to help us achieve this."

**Elena Harries, International Sales Manager,
Atlantic Service Company**

Other influencing factors

Impact of COVID-19

At the time of publishing this Export Action Plan, it is too early to accurately determine the full and long-term impact of COVID-19 on the economy. It is however clear that the economic shock caused by the pandemic was the largest seen in recent times, with record broad-based contractions in manufacturing and services activity seen across the major economies. Despite promising early signs of recovery, there is a broad consensus amongst economists that the economic recovery both within the UK and across the globe will be highly dependent upon the extent to which lock-down measures are re-introduced. Since the start of the pandemic institutions have revised down forecasts for global and UK growth, with recently revised WTO forecasts showing a -9.2% decline in the volume of world merchandise trade for 2020, followed by a 7.2% rise in 2021.

In delivering this Plan, we recognise that individual markets will recover and rebuild at a different pace and will continue to monitor signs of recovery and opportunity as they emerge in key markets and sectors in order to adapt as needed.

Impact of EU Exit

The economy of Wales is deeply embedded within that of the wider UK and EU and 'trade gravity' helps explain why Wales trades more with the rest of the UK and Europe given the close geographical proximity.

Analysis¹³ shows that any significant reduction in access to the EU's single market through the introduction of tariffs and/or non-tariff measures following EU exit will be damaging, with the extent of damage linked to the level of reduction in market access. This evidence also suggests that signing free trade deals with other trading partners is unlikely to compensate for the loss of access to EU markets.

Trade Policy

It is important that Wales is fully engaged by the UK government in developing trade policy for the UK to maximise opportunities for future Welsh exports. With the UK leaving the EU, the negotiation of Free Trade Agreements (FTA) with countries across the globe will play a vital part in developing our future export opportunities for Wales. To inform our understanding of the potential impact of these negotiations on Wales, we have established a Trade Policy Advisory Group, made up of representatives from key industry sectors in Wales, to provide expert strategic advice to the Welsh Government.

¹³ HM Government, Long-term economic analysis of EU Exit, November 2018: assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/760484/28_November_EU_Exit_-_Long-term_economic_analysis__1_.pdf

Our international offices and networks

When considering target markets to direct our actions and activities, our network of 21 Welsh Government overseas offices (in 12 countries) will be a key focus in supporting export development and delivering in-market export activity (see Annex B). The published remit for each office will ensure export support will continue to be a priority focus. In particular, our Overseas Offices will work with in-market partners such as the Department for International Trade (DIT), local chambers of commerce, Welsh diaspora and other partners to pro-actively identify export opportunities that are aligned to areas of Welsh export strength and capability.

Through our offices, our annual St David's Day celebrations will also provide a focal point for Wales to raise its profile around the world and we intend to use our national day as a platform to promote our exports (as well as many other assets) in key countries and regions across the world through a series of celebratory events.

We are also keen to use our strong relationship with our nearest European Union neighbour, Ireland, building on the statement of intent that we are developing, which highlights the significant levels of export between us and includes trade as one area of co-operation. We will also take full advantage of our relations with EU regions including Brittany, the Basque Country, Catalonia, Flanders and Baden-Württemberg to develop trade activities where it is mutually beneficial to do so. We also have growing relationships with other regions in Germany, including North Rhein-Westphalia and Bavaria, where we are also keen to explore exporting opportunities. In terms of relationships with non-EU regions, we have an established relationship with Quebec and the Welsh Government signed a Declaration of Intent with the province in 2020. All of these relationships offer an opportunity for greater export development.



CASE STUDY



Based in Mid-Wales, **CellPath** is an independent family-run company specialising in the manufacture and supply of products, consumables and services to the Histopathology and Cytology markets which are used in the diagnosis of cancer.

CellPath's business continues to grow, with exports playing an increasingly important role.

The company now supplies markets across Europe, North America, Middle East and Far East, with exports accounting for over a quarter of the company's turnover. The growth in exports has also seen CellPath continue its innovative approach to product development, ensuring products meet customer demands. Over the last couple of years, the company has won numerous awards in its industry for product innovation and export achievements and in 2018 was crowned Welsh Business of the Year.

In growing its export business, CellPath has benefitted from Welsh Government's export support, enabling visits to key markets to undertake product training and develop key distributor relationships, as well as attending major trade shows around the world such as Medica in Germany and USCAP in the USA.

"Export has been key to our business growth. It not only helped us expand our business, but it drives our innovation to ensure we stay competitive and offer the best products to our customers. We have attended a number of trade shows with support from Welsh Government, and this has enabled us to raise our profile, develop good business relationships, and enter key export markets."

Simon Owen, International Business Manager, CellPath

Our strategic choices

To determine our priority markets to target and our sector strengths to promote we have taken into account the available evidence and other influencing factors including intelligence gained from interaction with exporting businesses.

Priority Target Markets

Our priority markets for our programme of overseas activities and market awareness promotion will be:

- **European Union** – in particular Germany, France, Ireland, Netherlands, Belgium, Spain and Italy
- **North America** – USA and Canada
- **Middle East** – Gulf Cooperation Council (GCC) countries
- **Asia** – China, India, Japan, Malaysia, Singapore and South Korea.

Whilst the above will be the main focus of our activity, we will also undertake activity in other markets where appropriate and where there may be opportunities for Welsh exporters, including:

- **Asia** – Rest of the Association of Southeast Asian Nations (ASEAN)
- **Australasia** – Australia and New Zealand
- **European Union** – Czech Republic, Denmark, Poland, Sweden
- **Other European** – Norway, Turkey, Switzerland
- **Latin America** – where there are emerging opportunities for businesses, particularly in markets where there is a comparative advantage, for example Brazil.

We will regularly review our priority markets and respond to new and emerging opportunities that may arise in the future.



CASE STUDY

The Anglesey Sea Salt Company

is a producer of Halen Môn sea salt established in 1998.

Halen Môn is made from 100% pure Anglesey seawater, sourced from a designated area of the Menai Strait. In 2014, it was granted Protected Designation of Origin (PDO) status meaning no other company or country can 'pass off' their product under the Halen Môn name.

The company now produces hand-harvested Halen Môn sea salts, smoked water, condiments, spreads and a salt-distilled gin Jin Mor.

Export has been key part of the companies' growth strategy, and now accounts for 15% of turnover with export to markets across the EU, North America, Asia and most recently Oceania.

The Welsh Government's Export Support has assisted in a number of areas including:

- Information on which markets to prioritise
- Support from other Welsh exporters via the Food & Drink Wales Export Club
- Meetings with international buyers and distributors
- Exhibition opportunities at major global trade shows

"Welsh Government has provided advice and support which has helped us to export to a wide range of markets across Europe, North America and Asia. Exporting to a wide range of markets has helped us spread our risk, which has been particularly important over the last few months with COVID-19. The recent introduction of Virtual Trade Development Visits has been excellent and enabled us to secure new international markets whilst remaining on Anglesey. Export has been key to growing our business and remains a key part of our future growth ambitions."

**Alison Lea-Wilson, Managing Director,
The Anglesey Sea Salt Company**

Priority Sectors

Our focus will be on the following areas where we have export strengths:



High value manufacturing – Accounting for more than half of the value of exports from Wales, manufacturers supply engineering products and services to a wide range of industries including aerospace, automotive, oil and gas, rail, power (including nuclear), and construction.



Life sciences – Established sub-sectors include medical technology ('med-tech') and diagnostics with emerging strengths in personalised medicine, cell and gene therapy and E-Health.



Food and drink – a dynamic industry with businesses ranging from the micro, artisan through a range of SMEs to larger food companies, producing a wide range of products from speciality items for niche markets to high volume items for major distribution networks.



Consumer products – From fashion and jewellery to furniture and cosmetics, Wales counts a number of internationally recognised consumer products brands amongst our key exporters and there are many more businesses with the potential to compete on the world stage.

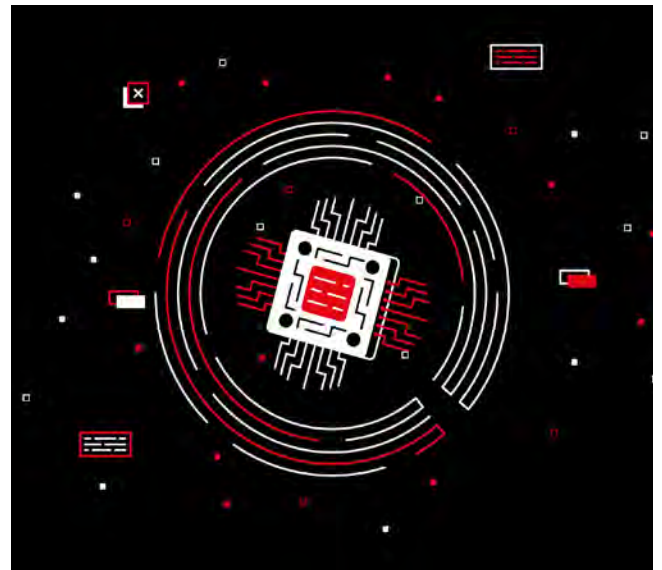


Technology – Ranging from world-leading innovation in semi-conductors to a growing cyber security and fintech industry this sector will be at the forefront of a new industrial revolution.



Clean Energy/Renewables – Wales is working to eliminate landfill by 2050 and Welsh Government has pledged to make the country a low carbon economy. Rapid innovation is taking place in areas of marine energy initiatives, circular economy and low-carbon projects.

Other 'enabling' sectors such as **Tourism, Creative Industries** and **Education** add value to our international reputation and engagement as well as to the economy. These sectors have been severely affected by COVID-19 and existing strategies are being revised to help them rebuild. This includes the recently launched 'Welcome to Wales' which set out the priorities for the visitor economy; whilst the newly formed Creative Wales has introduced specific support to help businesses in this industry.



CASE STUDY



Based in North Wales, **Wrexham Mineral Cables (WMC)** is one of the world's leading manufacturers of fire survival cables. Its products are used in safety-critical electrical circuits in fire alarm, smoke detection/

extraction, emergency lighting and sprinkler systems for public and commercial buildings, public arenas, shopping centres, railways, tunnels or any other structure where extended evacuation time may be required in the event of a fire.

WMC has sold more than 175 million metres of cable, with zero fails reported in the field. All of its products are supported by a 30-year warranty. The company is an approved supplier to the National Trust and its cabling also protects national treasures such as the Houses of Parliament and the British Museum.

"Over the past decade, Wrexham Mineral Cables (WMC) has grown export sales from 10% of turnover to 80%. In recent years we have been given many opportunities to accompany Welsh Government on trade missions to Australia, Hong Kong, UAE and Saudi Arabia. It is these opportunities that has put us in contact with potential distributors, specifiers and contractors which otherwise prove extremely difficult.

The events are extremely well organised and extremely informative. It is also a great opportunity to see the presence of exceptional talent our wonderful country has to offer the world"

**Steve Williams, Commercial Manager,
Wrexham Mineral Cables**

Supporting the export journey

Introduction

Our key pillars in this Export Action Plan will centre on the 'export journey' for businesses in Wales. They will include actions to underpin the recovery and rebuilding of exports; help to identify and capitalise on new opportunities; and reinventing our support to adapt to the longer term trading environment.

This Plan is squarely focused on our International Strategy's priority of improving Wales' export performance in order to help grow our overall economy. In doing so, this requires us to make choices about how we target our efforts and prioritise our available resources. Attempting to work with all exporters, or potential exporters, in the same way would dilute our ability to achieve meaningful impact and would therefore not make best use of resources or yield optimum results.

The needs of businesses in Wales for export support will vary depending on a range of factors including size and experience as well as their capacity, capability and appetite to export. For example, many of our top exporters (usually large enterprises employing over 250) will need little or no support whereas other businesses, generally SMEs and high-growth (born global) companies, that have the potential to deliver significant increases to their exports will need more intensive and targeted support to achieve this growth and realise their full export potential. At the other end of the scale, new exporters, micro businesses and aspirational exporters will require more developmental support and access to 'one-to-many' support and self-help tools.

Support and advice will be available to any business in Wales that requires our help ranging from existing, successful exporters through to those with the ambition to export for the first time, but the amount and type of support will vary. The support will be tailored to suit the needs of a particular business depending on where they are on their own 'export journey'.

Our focus will be on:

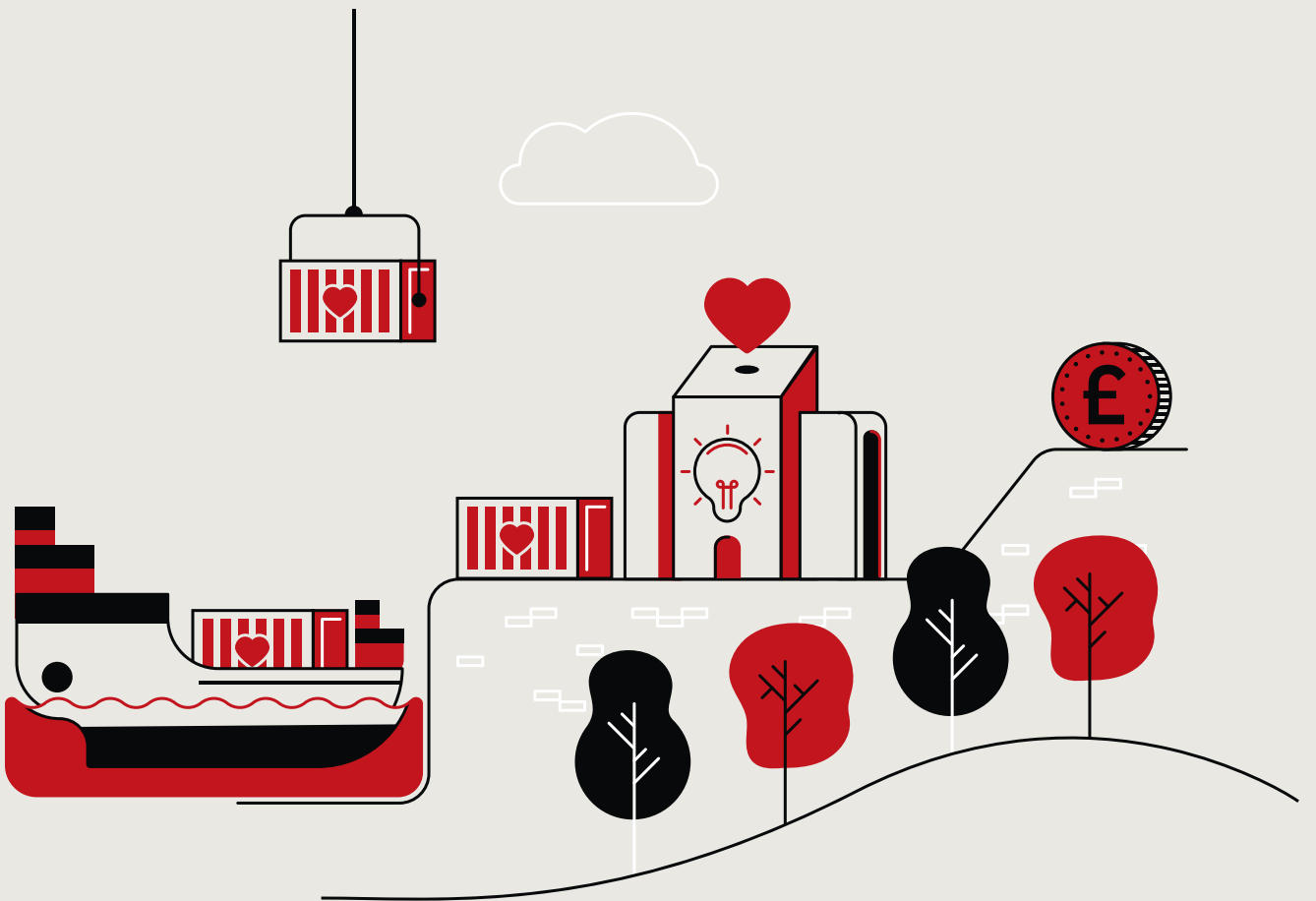
New Exporters – those businesses that are new to exporting, including start-ups and micro businesses;

High Export Growth Potential – those SMEs that are often dubbed as 'born global' where international sales are likely to exceed 25% of turnover within 3 years of start-up;

Untapped Export Potential – those established businesses that are successful in the UK but with the potential to export. They are likely to be larger SMEs and may be exporting on a small scale; infrequently or by 'accident';

Established Exporters – those businesses that are already exporting, mostly SMEs and are actively pursuing growth through exporting; and

Major Exporters – those businesses that are already operating at a global level, adding a significant contribution to the Welsh economy.



The steps on the export journey

In this section, we will set out our specific actions for each step of the 'export journey' in the immediate term (remainder of financial year 2020/21) and the medium/longer term (up to 2025, in line with the timeframe of the International Strategy).

Step 1 – Inspiring Exports

Whilst we will tailor our support to suit the needs of individual businesses, it will also be important to **inspire** a culture of exporting and internationalisation within the business community in Wales (particularly with New Exporters, High Export Growth Potential and Untapped Potential Exporters) in addition to encouraging Established Exporters to expand into new overseas markets. This will enable us to achieve a central commitment in our International Strategy – to increase the numbers of Welsh businesses exporting on a regular and sustainable basis.

We will 'reach out' to more businesses in Wales (particularly on a one-to-many basis) to promote the benefits of exporting and support our efforts to broaden our overall exporter base. The benefits for businesses in taking up exporting include increased sales and growth opportunities; greater flexibility as they respond to different markets; encouraging creativity and innovation in adapting services or products; increased productivity and efficiencies through higher volumes and lower costs; extended product life cycles; and balancing risk across different markets.

In the **immediate term**, we will:

- Make our temporarily expanded network of International Trade Advisers (ITA), a permanent feature of our team in Wales. The network is based pan-Wales and will ensure there are experts 'on the ground' in all parts of Wales providing advice and support on exports to businesses.
- Through our overseas based staff, promote their respective markets, the export opportunities available to Welsh businesses and the support they can provide via a new and ongoing programme of one-to-many webinars and one-to-one video conferences with Wales based companies.
- Ensure the ITA network works alongside our Business Wales service, which provides support to micro business, SMEs business with high growth potential who have exporting as a business priority.
- Continue to provide a telephone helpline service and digital platform for all in-bound micro and SME enquiries including exporting, through our Business Wales service.
- Deliver a renewed export exemplar marketing campaign showcasing our successful exporters to inspire other businesses.
- Follow up with businesses which have received support from the Welsh Government Economy Futures Fund under the Exports and Trade Call to Action to ensure export support is readily available to them to support achievement of their objectives.
- Ensure our support for exports (across all export journey steps) will be conditional and we will be clear from the outset our expectation that in return for our support, businesses will need to provide a return on investment as well as supporting our efforts to broaden our reach to other businesses in Wales.

In the **medium/longer term**, we will:

- Proactively identify businesses with 'untapped export potential' (including through our Business and Regions Teams) to encourage exporting.
- Pilot an innovative 'new exporter' programme to provide intensive support to a small number of businesses with the ambition and potential to become new exporting businesses from Wales (as a means to grow the number of businesses exporting in Wales on a regular and sustainable basis).
- Deliver an annual Export Conference to promote the benefits of exporting to businesses across Wales, providing an opportunity for them to find out about market opportunities, export procedures and the support available from Welsh Government and our delivery partners.
- Increase the number of businesses that we are engaging with on exports.

CASE STUDY



Based in the Amman Valley, West Wales, **Corgi** began life making socks for coal miners. Today, Corgi is one of the UK's best known luxury knitwear manufacturers and its products can be found in leading department stores and fashion shops in over 30 countries around the world.

In 1989 Corgi was awarded a 'Royal Warrant' by his Royal Highness, the Prince of Wales. This has become a mark of quality for Corgi's products across the world.

Exporting is a core part of Corgi's business growth and, as the business is deeply embedded in the local community, its growth in exports has directly benefitted the area. Through exports, Corgi has not only seen a significant growth in turnover, but has also seen an expansion in its workforce.

"Exporting has been a key driver for our business growth and now accounts for 70% of turnover. In addition to selling into leading department stores in over 30 markets, we have recently opened our own store in China. Welsh Government has supported our export growth by enabling us to visit key markets and providing advice and information on entering new markets. Our aim is to continue to increase our exports and it's good to know we can access Welsh Government support to achieve this."

Chris Jones, Co Managing Director, Corgi

Step 2 – Building Capability

The Department for International Trade (DIT)'s National Survey of Registered Business identified that, in terms of barriers to exporting, less than half of respondents in Wales reported that they had enough capability to undertake an export market research study. Just over half of respondents reported they had enough managerial time to focus on exporting. Across all other barriers, Wales' respondents reported slightly less capability or capacity compared to the UK average. This included having the capability to develop an export business plan; having the capability to assess the costs of exporting; having enough capability to assess international competition for their product or service; and having enough staff capacity to focus on exporting.

For service exports, additional barriers to trade often occur when domestic regulations are either difficult to understand or purposely benefit the domestic market of a country. This could extend to difficulties in achieving recognition of professional qualifications, obtaining visas or making business investments in a foreign country.

In order to increase Welsh exports, especially in the SME segment, it will be vital to build **capacity and capability** for exporting. One of our key messages to businesses in Wales is that exporting in itself is not difficult but that it is different; will require resource and a need to build in-house knowledge and skills to prepare for and effectively manage these differences.

Research conducted by OMB¹⁴ on behalf of UK government showed that two-thirds of exporters have experienced at least one significant barrier, confirming that there is a clear need for external assistance to help businesses successfully trade overseas and overcome these barriers, including an understanding of areas such as legal, tax and regulatory standards; customs procedures and paperwork; payments and contracts; and language and culture issues.

The research also found that two-thirds of businesses had been put off from entering an overseas market due to the risks involved, including for example, securing payment, political or economic instability and intellectual property theft.

Our actions will therefore focus on supporting businesses to develop the knowledge, skills and know-how and this building of capacity and capabilities. This will be particularly relevant to SMEs that are entering new markets and to those businesses that have untapped export potential.

In the **immediate term**, we will:

- Increase our capacity to support exporters through EU Transition, using in-house, outsourced and partner expertise to help resolve both short and longer term issues and challenges.
- Undertake a proactive and targeted campaign to contact existing Welsh exporters (including our Major Exporters) to ascertain the impact of COVID-19 on their export business and put in place an appropriate package of export programme support.
- Continue to deliver our International Trade Development (ITD) programme to support market research/qualification, and ensure it is adapted to ascertain the post COVID-19 markets landscape, what it means for businesses, and thereby providing vital intelligence on how to prepare for the future.
- Develop a new framework for 'Export Clusters' in Wales to systematically build capacity and capability for exporting on a one-to-many basis. This will initially be a pilot programme for one of our key sectors and will build on the model of the Food and Drink Wales Export Club.
- Deliver (in conjunction with delivery partners) a structured programme of in-Wales events/seminars (on a virtual basis in the immediate term) to raise awareness of market opportunities and export processes on a one-to-many basis.
- Bolster our digital support for exports by introducing new online 'bite-size' training modules on export topics within the Business Wales Business Online Support Service (BOSS) for businesses that are new to exporting; and our Export Zone, including our new Export Hub providing in-depth guidance on all aspects of exporting.
- Deliver dedicated support to exporters through our International Manager for Hire (IM4H) grant programme which will help mitigate the risks of exiting the EU and build resilience capability to help safeguard existing business with the EU and/or identify further opportunities in non-EU markets.
- Help and encourage companies to develop their export capabilities through an Export Training Grant providing targeted support for staff to undertake accredited export-related training.
- Expand our International Trade Development (ITD) programme to include e-commerce advice for exporters, particularly to support online platforms for selling and marketing.

In the **medium/longer term**, we will:

- (subject to a successful pilot) Expand our Export Cluster programme to include more key sectors.
- Encourage SMEs to use Welsh Government's SMARTCymru programme to 'innovate to export' in order to improve market readiness and strengthen intellectual property.
- Deliver targeted and regular communication/newsletter updates as a means to further 'reach out' to our Welsh businesses, providing regular updates on market trends and emerging opportunities.

¹⁴ Internationalisation Strategies, Barriers and Awareness Survey 2014 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/358353/Internationalisation_Strategies__Barriers__Awareness_Survey_2014_-_Full...pdf

Step 3 – Finding customers

Finding the right contacts in overseas markets is a common barrier to entering new export markets, especially for SMEs. Therefore, our actions will support businesses to identify potential partners/customers in market (particularly supporting businesses categorised as Untapped potential and Established exporters).

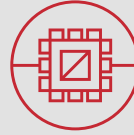
In the **immediate term**, we will:

- Continue to deliver our International Trade Opportunities (ITO) programme to support businesses in identifying suitable in-market customers. We will ensure the programme is adapted to support businesses which may have lost significant international sales due to COVID-19, to help them 're-connect' with international customers or find new ones to 'replace' those lost. We will also offer the ITO programme on a fully subsidised basis for a time limited period.
- Introduce a new 'virtual meeting arranging' service through the ITO programme as a means to further enable businesses to meet with potential customers/partners in overseas markets.
- Place a greater emphasis on our Welsh Government Overseas Offices identifying potential business opportunities in their respective markets that could be matched with and contested by Wales based businesses.
- Ensure our London office will facilitate connections with representatives from overseas markets including embassies, high commissions and chambers of commerce to support Welsh exporters.

In the **medium/longer term**, we will:

- Deliver a new online 'Buy from Wales' directory that will enable overseas buyers to contact Welsh suppliers more easily as a means to facilitate greater trading opportunities.
- Support major exporters by providing strategic intelligence and insight, introductions and advice to exploit opportunities in new markets.
- Maximise our cultural and sporting relations, soft power and economic diplomacy to full effect to showcase our major exporters in their strategic markets.

CASE STUDY



W2 Global Data is a RegTech company based in South Wales, providing a wide range of screening tools and services to help organisations to check who they are interacting with. W2 enables organisations to achieve regulatory compliance by conducting Know Your Customer (KYC), Anti Money Laundering (AML) and Fraud prevention due diligence. Including, but not limited to, Age and ID verification, PEP and Sanctions screening, Enhanced Due Diligence, device location and a wide range of professional services.

W2 provides its services to online retailers and payment providers in markets across Europe, North America, Asia and Africa. These exports have fuelled W2's growth, enabling the company to double its workforce.

"We have a large customer base in the UK, which has been great for our business, but to take us to the next level, we needed to export. The issues facing companies around fraud and compliance are the same around the world and we want to make sure that companies see us as their preferred partner in addressing these issues. The advice and support provided by the Welsh Government's export team has enabled us to identify partners and customers in our target markets, attend key trade shows and grow our exports."

Warren Russell, CEO, W2 Global Data.

Step 4 – Getting to market

Attendance at targeted international trade exhibitions and trade development visits/missions has been a key component for growing exports and improving the competitiveness of businesses in Wales. Whilst attendance at trade events results in direct benefits to our businesses (through the development of new business contacts and new business secured/identified), the overseas trade events programme (promoted under the Cymru/Wales brand) also supports our wider efforts to raise the profile of Wales on a global stage as a key location for quality production, inward investment and, despite the UK withdrawal from the EU, demonstrating Wales remains an outward and welcoming nation and an essential partner to our target markets.

The target markets and sectors set out earlier in this document will be the prime focus for our comprehensive programme of overseas trade events/exhibitions. With the onset of COVID-19, however, large numbers of trade exhibitions have been cancelled or postponed, due to the restrictions on international travel and large scale gatherings.

CASE STUDY



Econotherm manufactures heat pipes and heat pipe heat exchangers used primarily for industrial waste heat recovery. These exchangers are used to recover waste heat from

furnace, boiler, engine and incinerator exhaust. The recovered heat is converted to usable hot air or water for use in space heating and electrical generation to significantly reduce clients fuel costs and corresponding CO2 emissions.

From its base in South Wales, the company has seen rapid growth, moving in to larger facilities in 2019. Exports have played a key role in this growth, accounting for over 70% of its turnover. Econotherm's products can be found in markets across Europe and Asia.

“As the world addresses climate change, our products can assist industry to reduce their CO2 emissions. By exporting, we can assist those markets that are seeking to reduce their carbon footprint. Exporting has driven our business growth, and we plan to build on that success. Welsh Government export support has helped us to understand and visit overseas markets, enabling us to develop partnerships and demonstrate how our products can be used to combat climate change”

**Mark Boocock, Managing Director,
Econotherm (UK)**

In the **immediate** (and potentially medium/longer) **term**, we will:

- Review our overseas trade events programme to focus on the markets and sectors outlined earlier in this plan whilst also embracing those major cultural and sporting events that can provide opportunities for our exporters.
- Introduce the delivery of new ‘virtual market visits’ working closely with our Overseas Offices and where necessary with other in-market partners including DIT and Chambers of Commerce. This will further support our broader commitments on sustainability and encouraging less international travel.
- Continue to offer our Overseas Business Development Visit (OBDV) grant support to assist businesses to travel independently to develop new export business. In the immediate term, we expect a reduction in the demand for this, given travel restrictions, however, where businesses are able to travel, we will expand the eligibility for the grant (for a limited period) to support businesses to recover business in existing markets (as well as for new business opportunities) as a means to further support export recovery.
- Through our Overseas Offices, deliver in-market events and activities, for example, briefings, making in-market contacts (DIT, chambers, clusters, networks), online pre-mission webinars to support businesses preparation.
- Through our Overseas Offices, provide ‘on the ground’ support to Welsh businesses undertaking export focused visits to their region whether as part of a visiting trade delegation or independently.

In the **medium/longer term**, we will:

- Use any presence at overseas exhibitions as a means to also promote Wales as a premier location for inward investment, particularly where there is alignment between either the sector focus of the event or the market where the event is held with Wales’ core investment propositions.
- Through our Overseas Offices, identify in market export activities within their regions, to directly inform overall planning for trade events and particularly in conjunction with other in-market partners, such as DIT, chambers, and cluster networks.
- Through our Overseas Offices, showcase products and services and use office facilities (where possible) to facilitate in-market meetings and events.
- Commission future research on priority target export markets and sectors to ensure that our activity, including our events programme, is focused on the right markets and opportunities (particularly to better understand the post-COVID-19 landscape). This will also take into account opportunities linked to the UK’s developing trade policy and future trade agreements.

Working with others to deliver

This is an ambitious Plan and it is not one that we can deliver without support from others. We need an export support eco-system to ensure that exporters are able to access support and advice on various aspects of exporting, including finance, export documentation, logistics and legal issues, as well as training and skills development.

We are fortunate to have an extensive, ready-made, network here in Wales equipped with the type of expertise needed to help us deliver the ambitions of both the International Strategy and this Export Action Plan. These organisations are often the first point of contact for businesses and it is important that we encourage seamless cross referral and signposting between our partners.

We have an impressive network of contacts in Wales, but also in the UK and Overseas that can facilitate access to markets and opportunities for Welsh exporters. The Department for International Trade (DIT) is a valuable and important partner in overseas markets including those where Welsh Government has a presence. Indeed that is why many of our Overseas Offices are co-located with DIT, to amplify our message in key markets.

We are further strengthening this network through a new diaspora initiative which will include a small number of 'hand-picked' envoys as well as business people in key markets who can support 'opening doors' to export opportunities for Welsh businesses, by identifying potential in-market opportunities and supporting Welsh business interests in overseas markets.

We want to join up better with these networks to ensure that we work together to maximise the impact that we can have on Welsh exports.

In the **immediate term**, we will:

- Engage regularly with DIT in the UK and overseas to share best practice and align delivery of support.
- As part of our Diaspora Plan, work with the business focussed diaspora in key markets who can support 'opening doors' to export opportunities for Welsh businesses, by identifying potential in-market opportunities and supporting Welsh business interests in overseas markets.
- Work with partners including Chambers of Commerce; representative bodies such as the Federation of Small Businesses (FSB), Institute of Directors (IOD) and the Confederation of British Industry (CBI), and intermediaries including accountancy and legal firms to deliver events and awareness sessions.
- Work with UK Export Finance (UKEF), the Development Bank of Wales and others to ensure that exporters in Wales have access to finance for their export contracts.
- Ensure that Welsh businesses have sight of and access to supply chain opportunities generated by UKEF's support for major overseas projects.
- Work with sector organisations in Wales and across the UK to deliver our Export Cluster programme.

In the **medium/longer term**, we will:

- Bring partners together periodically and as part of our Export Conference to share experiences of supporting exporters and to explore opportunities to refine our support to meet current and future needs.
- Host UK government staff and teams (including DIT) visits to Wales to raise awareness of Welsh export capabilities.



Conclusion

Exports of goods and services already contribute a significant amount to the economy of Wales. It is vital that we are able to maintain, and grow, this contribution in order to meet the challenges that we face now and in the future.

This Export Action Plan is ambitious but it is also realistic. It includes specific actions that we will take to support and promote exports but it is also flexible enough to adapt to meet the needs of businesses and the economy as they evolve and change.

As we move towards new trading arrangements with our major export partners, our ability to prepare for change and to capitalise on new opportunities will be fundamental to our success. We will continue to gather intelligence through research and analysis to ensure that we are well placed to anticipate and respond to emerging trends.

In parallel, we will also undertake additional work to strengthen our understanding of how our support will contribute to increasing the contribution that exports make to the Welsh economy. This will be used to refine our support as needed and to develop appropriate performance measures and indicators.

Throughout the Plan we have emphasised the need to work with partners to support businesses to export and we will work in partnership to ensure we multiply our efforts to achieve our common goals. Wales achieves most when we work together as a team.

We need Welsh businesses to meet and embrace the challenges of tomorrow and to put exporting at the heart of their plans to sustain and grow.

We have set out our high-level target to increase the contribution that exports make to the economy of Wales. As we start to implement the Plan, we will track and measure the effectiveness of our activities and support at a company level basis by recording:

- The number of businesses that we engage with
- The number of events organised in Wales and Overseas
- The value of new export orders, in new and existing markets, won by businesses that we have supported.

Export support – at a glance

The table below shows the Welsh Government's support for exporters with an indication of the type of exporter that might benefit from that support.

		Exporter Type				
		New Exporter	High Export Growth Potential	Untapped Export Potential	Established Exporter	Major Exporter
Online	BOSS	●	●	●	●	
	ExportZone	●	●	●	●	
	Export Hub	●	●	●	●	●
One to Many	Workshops and Webinars	●	●	●	●	
	Events (Conference)	●	●	●	●	
	Export Cluster Programme		●	●	●	
	New Exporter Programme	●				
	Market Visits (physical)	●	●	●	●	●
	Market Visits (virtual)		●	●	●	●
	Exhibitions		●	●	●	●
One to One	Economic Diplomacy			●	●	●
	International Trade Adviser		●	●	●	●
	ITD		●	●	●	
	ITO		●	●	●	
	OBDV		●	●	●	
	IM4H		●	●	●	
	Training Support	●	●	●	●	

Eligibility¹⁵:

Support is available to businesses that are based in and substantially operating in Wales that:

- have a product or service to export that originates in Wales, or
- are adding significant value to a product or service of non-Welsh origin.

The company must own the intellectual property (IP) to the product or service, or have permission from the IP owner to sell the product or service in overseas markets.

The company must be seeking export opportunities and its product or service must be ready/almost ready for export. In all cases, support must be proportionate and reflect the likely return on investment to the Welsh economy. The company will be required to provide details of the benefits that the support has helped to generate.

This Plan sits alongside Welsh Government's Economic Action Plan that was published in 2017 and set out a framework for a new relationship with businesses – an Economic Contract – requiring them to demonstrate commitment to growth, fair work, employee health and skills and reducing their carbon footprint.

¹⁵ These criteria apply to all of Welsh Government's export support, however, some individual programmes may have additional eligibility requirements.

Location of Welsh Government's International Offices

India

New Delhi, Mumbai and Bangalore

Japan

Tokyo

Europe

Dublin, Paris, Brussels, Dusseldorf, Berlin and London

MENA

Dubai and Doha

North America

New York, Washington DC, Atlanta, Chicago, San Francisco, Montreal

China

Chongqing, Beijing and Shanghai



¹⁵ These criteria apply to all of Welsh Government's export support, however, some individual programmes may have additional eligibility requirements.

Comparative Advantage Analysis

The principle of comparative advantage can be used to determine which goods a country should specialise in producing. It argues that countries should focus their resources on producing goods for which they have a comparative cost advantage. The theory posits that trade patterns between countries are governed by differences in productivity. Trade data can be examined to reveal these differences in productivity and the relative advantage or disadvantage a country has in a certain class of goods.

In order to better understand Wales' strengths in the export of goods, Wales' recent export performance has been analysed to establish key areas of comparative advantage i.e where Wales outperforms the world average in terms of exports in specific sectors. This analysis was conducted using HMRC Regional Trade Statistics for Wales' exports and UN COMTRADE for world imports, with a three year (2015-17) average used to counteract trade data volatility.

Initial results indicate Wales outperforms the world average in exporting within 8 of the 98 broad product groups as outlined below.

Goods	Normalised Revealed Comparative Advantage (2015-17 average)
96 – Coin (other than gold coin), not being of legal tender	0.91
79 – Other transport equipment	0.86
71 – Power generating machinery and equipment	0.66
67 – Iron and steel	0.41
35 – Electric current	0.20
02 – Dairy products and birds' eggs	0.19
58 – Plastics in non-primary forms	0.15
82 – Furniture and parts thereof; bedding, mattresses etc	0.12

Source: WG analysis of HMRC Regional Trade statistics and UN comtrade

Note – these are normalised values therefore a positive value indicates a comparative advantage, with the strength of advantage increasing as the value approaches 1.

From here, Wales' export performance across sectors and markets was compared with other global comparators (including Norway, Finland, Denmark, Ireland, and Scotland), to identify potential areas of opportunity for Welsh exports, otherwise known as 'export value gaps'. Due to difficulties in identifying comparators of a similar size to Wales, those chosen were done so based primarily on export mix and trading conditions. To ensure fair comparison, the export value gaps were adjusted to account for size differentials between Wales and the chosen comparator country.

This analysis was used alongside other factors - such as the top 10 export markets, and countries with a Welsh Government office - to help determine the key priority countries for Welsh exports. The analysis also identified top sectoral opportunities within chosen countries. Further details of this analysis will be published in a statistical article in January 2021.

- **Germany** – Top destination for Welsh goods exports (£2.87bn). Value gaps identified across multiple sectors, including *Iron and steel*, *Furniture* and *Plastics* where Wales has a moderate comparative advantage.
- **France** – No. 2 destination for Welsh goods exports (2.81bn). Value gaps identified across multiple sectors, including *Power generating machinery* where Wales has a strong comparative advantage.
- **United States of America** – No.3 destination for Welsh goods exports (2.74bn). Value gaps identified across multiple sectors, including *Other transport equipment* where Wales has a strong comparative advantage and *Plastics* with a moderate comparative advantage.
- **Ireland** – No.4 destination for Welsh exports (£1.69bn). Value gaps identified across multiple sectors, including *Other transport equipment* and *Power generating machinery* where Wales has a strong comparative advantage.
- **Netherlands** – No.5 destination for Welsh exports (£0.97bn). Value gaps identified across multiple sectors. *Iron and steel* exports to The Netherlands has the largest value gap across all market-sector combinations. *Power generating machinery*, where Wales has a strong comparative advantage, also shows a value gap.

Annex C

- **Belgium** – No.6 destination for Welsh exports (£0.54bn). Value gaps identified across multiple sectors, including *Power generating machinery* where Wales has a strong comparative.
- **Spain** – No.7 destination for Welsh goods exports (£0.46bn). Value gaps identified across multiple sectors, including *Plastics* and *Furniture* where Wales has a moderate comparative advantage.
- **United Arab Emirates** – No.8 destination for Welsh goods exports (£0.46bn). Value gaps identified across multiple sectors, including *Other transport equipment* where Wales has a strong comparative advantage and *Iron and steel* with a moderate comparative advantage.
- **China** – No.9 destination for Welsh goods exports (£0.41bn). Value gaps identified across multiple sectors, including *Power generating machinery* where Wales has a strong comparative and *Iron and steel* with a moderate comparative advantage.
- **Turkey** – No.10 destination for Welsh goods exports (0.34bn). Value gaps identified across multiple sectors, including *Other transport equipment* where Wales has a strong comparative advantage and *Iron and steel* with a moderate comparative advantage.
- **Japan** – No.11 destination for Welsh goods exports (£0.30bn). Value gaps identified across multiple sectors, including *Power generating machinery* where Wales has a strong comparative and *Iron and steel* with a moderate comparative advantage.
- **Canada** – No.14 destination for Welsh goods exports (£0.23bn). Value gaps identified across multiple sectors, including *Power generating machinery* and *Other transport equipment* where Wales has a strong comparative advantage.
- **Qatar** – No.17 destination for Welsh exports (£0.20bn). Export performance already exceeds our competitors in sectors where we have a comparative advantage. Multiple other sectors show a value gap against our competitors.
- **India** – No.21 destination for Welsh goods exports (£0.13bn). Value gaps identified across multiple sectors, including *Power generating machinery* and *Other transport equipment* where Wales has a strong comparative advantage.

Other countries to consider from export value gap analysis. Looking at selected sectors where Wales has a comparative advantage reveals export value gaps with the following countries:

- **Iron and steel** (Wales has a moderate comparative advantage) – Comparing to Finland, our most similar competitor, reveals export value gaps > £10million for these additional countries; **Italy, Russia, Poland, Denmark, Norway.**
- **Power generating machinery** (Wales has a strong comparative advantage) – Comparing to Scotland, our most similar competitor, reveals export value gaps > £10million for these additional countries; **Singapore, Malaysia, Hong Kong, Thailand, Norway.**
- **Other transport equipment** (Wales has a strong comparative advantage) – Comparing to Scotland, our most similar competitor, reveals export value gaps > £10million for these additional countries; **Norway, Saudi Arabia, Brazil, Oman, Italy, Malaysia, Turkey.**

