

North West Exports:

**A comparative analysis of
export performance in the
North West of England and
Local Enterprise Partnership areas**

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Executive Summary

- This paper focuses on the North West's goods exports, making use of export data made available by HMRC for the first time at the LEP level to assess the performance of the North West and 38 LEPs in England. It looks at the value of North West's exports, the North West's key export markets, and the sector breakdown of exports, as well as the potential impact of Brexit on exporters.
- The total value of goods exports from North West firms was £19,138 million in 2015, which accounted for 8% of total exports across all LEPs. Within the North West, Cheshire & Warrington contributed the greatest share of exports in terms of value, with 40%.
- Export value per working age population in the North West was below the average export value per working age population across all LEPs. Of the five LEPs within the North West, only Cheshire & Warrington was above the national average.
- The EU accounted for 51% of exports (in value terms) from North West firms in 2015, which represents a greater reliance on the EU as an export market than the England average. This reliance rises further, if we exclude Cheshire and Warrington, as on average the EU accounted for 60% of exports for the 4 remaining LEPs.
- As a single destination, the USA was the largest purchaser of exports from North West firms in 2015. However, of the top ten destinations for North West exports, seven were located within the EU. This underscores the importance of the EU as a trading bloc for the North West.
- Chemicals were the North West's biggest export in terms of value in 2015, followed by Machinery and Transport. Other significant export industries in the North West were Manufactured Goods and Miscellaneous Manufactures.
- Export performance has come under increasing scrutiny in the wake of the referendum result and the impact on EU-UK trade will depend on the relationship brokered between the UK and the EU through the negotiation process. Whatever arrangements are agreed upon, most economic forecasters do agree that the costs of trade between the UK and the EU are likely to increase. That said, the decision to leave the EU also provides an opportunity for the UK to negotiate new and potentially better and/or more ambitious deals with its trading partners.
- Analysis by the Government assessing alternatives to EU membership¹ considers three possible scenarios:
 - A. Membership of the European Economic Area (EEA), like Norway;
 - B. A negotiated bilateral agreement, such as that between the EU and Switzerland, Turkey or Canada; and

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/504604/Alternatives_to_memberships_-_possible_models_for_the_UK_outside_the_EU.pdf

C. World Trade Organization (WTO) membership without any form of specific agreement with the EU, like Russia or Brazil.

- The outcomes of scenarios A and B would need to be negotiated with the UK's European partners and therefore, at the time of writing, it is difficult to model their potential impact at a UK or NW scale. Scenario C, as it is effectively 'a no deal' outcome in which the UK leaves the EU with no trade deal in place, can be modelled and work by Civitas has done this at a UK level. This paper briefly outlines work by GMCA to assess the potential impact for the NW based upon the UK analysis.
- Scenario C, assumes that trade is conducted under WTO Most Favoured Nations (MFN), as no deal is assumed to have been struck between EU and UK which would align with scenario A or B. Under this scenario, which can be viewed as a 'worst case scenario, it is estimated that the North West could be impacted by over £800 million in tariffs, with an average rate of 4.6% across all goods. Food and Live Animals (including meat and dairy), with an average tariff of 19.6% would be most impacted. Despite facing relatively low average tariffs, North West exports of Chemicals (including pharmaceuticals), Machinery and Transport (including motor cars and motor vehicles), and Miscellaneous Manufactures could be expected to face similarly large tariffs, due to the large value of exports from these sectors.
- It is important to note that this dataset whilst providing for the first time greater intelligence on NW goods exports at a consistent LEP geography, does not represent the totality of exports from the NW. It excludes services exports which are difficult to capture. Goods exporting data is allocated to the Head Office of the company and this could also under-represent local non HQ activity. Any potentially disclosive data has been removed from this dataset and HMRC also estimate that approximately 3% of all EU export goods trade has not been accounted across the UK as not all transactions are required to submit a full trade declaration.

1 Introduction

- 1.1 This paper focuses on the North West's exports, and makes use of export data made available by HMRC for the first time at the LEP level to assess the performance of the North West compared across the 38 LEPs. It looks at the value of North West exports, North West's key export markets, and the sector breakdown of North West exports, as well as the potential impact of Brexit on North West exporters.
- 1.2 It is important to note that this dataset whilst providing for the first time greater intelligence on NW goods exports at a consistent LEP geography, does not represent the totality of exports from the NW. It excludes services exports which are difficult to capture. Goods exporting data is allocated to the Head Office of the company and this could also under-represent local non HQ activity. Any potentially disclosive data has been removed from this dataset and HMRC also estimate that approximately 3% of all EU export goods trade has not been accounted across the UK as not all transactions are required to submit a full trade declaration.
- 1.3 Strong exports are crucial for delivering strong, sustainable and balanced economic growth. Furthermore, it is now widely accepted (in several studies) that exporting companies:
 - Are more productive than non-exporters;
 - Achieve stronger financial performance;
 - Are more resilient and are more likely to stay in business;
 - Achieve economies of scale not possible domestically; and
 - Increase the returns on their R&D investment.²
- 1.4 However, exporting is not without risk. Export firms often have to adjust to new markets with different regulations, tax systems and cultures from what they are used to. The credit risk of a customer not paying is often higher when exporting. There are also exchange rate risks to consider - because it cannot be known with certainty what the value of future foreign currency payment will be when it is converted into domestic currency. For all these and other reasons, many rational and capable firms, especially SMEs, may be discouraged from exporting.³
- 1.5 Export performance has come under increasing scrutiny in the wake of the referendum to decide whether the UK should leave or remain in the European Union held on 23 June 2016. As part of the EU, the UK has been part of a single market in which there is free movement of goods, capital, and labour, and reduced barriers to trade in services. This includes the absence of duties and quotas for EU Member States doing business and trading in the EU. The principle of free movement of people also facilitates access for workers and services. In addition, simplified customs procedures reduce the administrative burden for companies trading within the EU to a minimum.

² Various sources cited in the Manchester, North East, and Northern Powerhouse, Independent Economic Reviews – see MIER Inward and Indigenous Investment; and MIER Innovation, Trade and Connectivity reports, MIER 2009

³ CIVITAS (2013): Developing a Proactive Export Policy

1.6 The impact on EU-UK trade will depend on the relationship between the UK and the EU after Brexit; at present, this is highly uncertain. Although tentative early steps have been made towards agreeing upon the terms of the UK's exit from the EU, little detail is available as to what post-Brexit arrangements are likely to be in place. Whatever arrangements are agreed upon, the majority of economic forecaster agree that the costs of trade between the UK and the EU are set to increase, thus impacting the region's exports. That said, it also provides an opportunity for the UK to negotiate new and potentially better and/or more ambitious deals with its trading partners.

2 Export Performance

Key messages

- The total value of exports from North West firms was £19,138 million in 2015, which accounted for 8% of total exports across all LEPs. Within the North West, Cheshire & Warrington contributed the greatest share of exports in terms of value, with 40%.
- Export value per working age population in the North West was below the average export value per working age population across all LEPs. Of the five LEPs within the North West, only Cheshire & Warrington was above the national average.
- The EU accounted for 51% of exports (in value terms) from North West firms in 2015, which represents a greater reliance on the EU as an export market than the England average. This reliance rises further, if we exclude Cheshire and Warrington, as on average the EU accounted for 60% of exports for the 4 remaining LEPs.
- The USA was the largest purchaser of exports from North West firms in 2015. However, of the top ten destinations for North West exports, seven were located within the EU. This underscores the importance of the EU as a trading bloc for the North West.
- Chemicals were the North West's biggest export in terms of value in 2015, followed by Machinery and Transport. Other significant export industries in the North West were Manufactured Goods and Miscellaneous Manufactures.
- The majority of North West exporters have a fairly high dependency on a relatively narrow number of countries for their exports. However, the export profile of the North West is broadly in line with the average for all LEPs.

Value of exports

- 2.1 The total value of exports from North West firms was £19,138 million in 2015, which accounted for 8% of total exports across all LEPs. Within the North West, Cheshire & Warrington contributed the greatest share of exports in terms of value, with 40%.
- 2.2 Export value per working age population in the North West was £4,235 in 2015, 37% below the average export value per working age population across all LEPs of £6,733. Of the five LEPs within the North West, only Cheshire & Warrington was above the national average.

Figure 1: Export of Goods, 2015

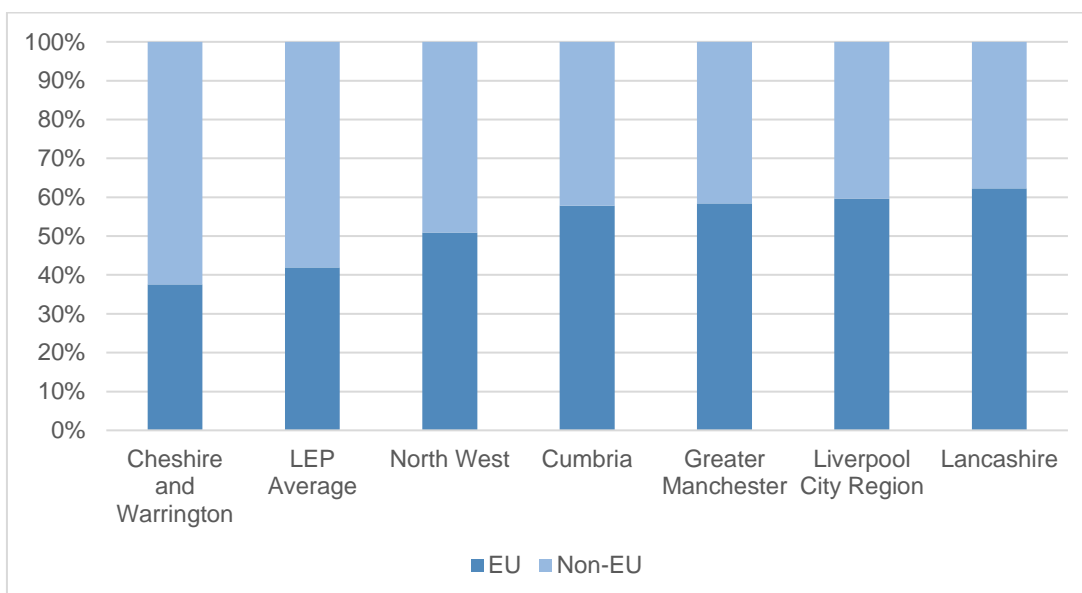
LEP	Value (£m)	Value per head of working age population (£)
Cheshire and Warrington	7,590	13,441
Cumbria	726	2,411
Greater Manchester	5,497	3,108
Lancashire	3,011	3,294
Liverpool City Region	2,314	2,384
North West	19,138	4,235
LEP Average	249,703	6,733

Source: HMRC

Sources of Trade

2.3 The EU accounted for 51% of exports (in value terms) from North West firms in 2015, which represents a greater reliance on the EU as an export market than the average for England (42%). This reliance rises further, if we exclude Cheshire and Warrington, as on average the EU accounted for 60% of exports for the 4 remaining LEPs.

Figure 2: Share of EU and Non-EU Exports by LEP area, 2015



Source: HMRC

2.4 The USA was the largest purchaser of exports (in value terms) from North West firms in 2015, with £2,723 million (14%) worth of exports heading to the USA. However, of the top ten destinations for North West exports, seven were located within the EU, with China (£1,299 million, 7%) and Turkey (£512 million, 3%) the only other top-10 partners besides the USA outside of the EU. This underscores the importance of the EU as a trading bloc for the North West.

2.5 Among the five LEPs comprising the North West, the USA was the single biggest export market for both Cheshire & Warrington and Greater Manchester. Germany was the biggest market for Cumbria and Liverpool City Region, and France was Lancashire's biggest market.

Figure 3: Major Export Destinations, 2015

	Partner Country	Export Value (£mn)	Share
1	USA	2,723	14%
2	Germany	2,042	11%
3	Netherlands	1,323	7%
4	China	1,299	7%
5	France	1,214	6%
6	Irish Republic	1,182	6%
7	Belgium	804	4%
8	Spain	777	4%
9	Italy	549	3%
10	Turkey	512	3%

Source: HMRC

- 2.6 The top five purchasers of North West exports in value terms in 2015 accounted for 45% of total export values for the North West; the top ten purchasers accounted for 65% of total export values.
- 2.7 This means that North West export markets are slightly less concentrated than the average across LEPs, where the five- and ten-country concentration ratios in 2015 were 49% and 64% respectively. The main results by country are as follows:
- Germany featured in the top three biggest export markets for all five LEPs, while the USA featured in four out of the five (Lancashire being the exception).
 - France was among the three biggest export markets for two LEPs (Cumbria and Lancashire), with the Irish Republic also making the top three markets for two LEPs (Greater Manchester and Liverpool City Region).
 - China (Cheshire & Warrington) and Spain (Lancashire) were the other two countries which featured in the top three individual export markets across the North West LEPs.

Exports by sector

- 2.8 *Chemicals* (including pharmaceuticals) – as defined by UN Standard International Trade Classification (SITC) – were the North West’s biggest export in terms of value in 2015, accounting for £6,849 million or 36%. The next biggest export by value was *Machinery and Transport* (including motor cars and motor vehicles) (£4,577m or 24%).
- 2.9 Other significant export industries in the North West in 2015 were *Manufactured Goods* (£2,176m or 11%).and *Miscellaneous Manufactures* (£2,008m or 10%).
- 2.10 Three LEPs exhibited notable differences from the regional average export profile:
- 2.11 Liverpool City Region – *Food and Live Animals* (including meat and dairy) (19% vs regional average of 6%)
- Cumbria – *Manufactured Goods* (28% vs regional average of 11%)
 - Greater Manchester – *Manufactured Goods* (25% vs regional average of 36%) and *Miscellaneous Manufactures* (23% vs regional average of 10%); this could potentially be explained by differences in how manufactured exports are classified – that is, more likely to be recorded as miscellaneous manufactures than other areas in the North West.

Figure 4: Exports by Sector, 2015

LEP	Sector										
	Food and Live Animals	Beverages and Tobacco	Crude Materials	Mineral Fuels	Animal and Vegetable Oils	Chemicals	Manufactured Goods	Machinery and Transport	Miscellaneous Manufactures	Other commodities	Not Classified
Cheshire and Warrington	4%	0%	0%	0%	0%	44%	7%	24%	3%	0%	19%
Cumbria	0%	0%	0%	0%	0%	34%	28%	20%	4%	0%	15%
Greater Manchester	5%	0%	4%	1%	0%	25%	14%	24%	23%	0%	3%
Lancashire	7%	0%	1%	0%	0%	40%	14%	26%	10%	0%	0%
Liverpool City Region	19%	0%	7%	2%	0%	30%	11%	22%	8%	0%	2%
North West	6%	0%	2%	0%	0%	36%	11%	24%	10%	0%	9%
LEP Average	3%	1%	1%	2%	0%	16%	8%	31%	14%	10%	17%

Source: HMRC

Profile of exporters

2.12 In terms of the number of exporters (rather than value), the 2015 data shows that:

- 2,462 (20%) North West exporters exported to only one country;
- 2,720 (22%) exported to between 2 and 9 countries;
- 871 (7%) exporters exported to between 10 and 24 countries; and
- 645 (5%) exported to 25 or more countries.

2.13 This suggests that the majority of North West exporters have a fairly high dependency on a relatively narrow number of countries for their exports. However this profile is not dissimilar to the average across all LEPs in England (22% one, 24% 2 to 9, 7% 10 to 24, and 5% exporting to 25 or more countries). It should be noted that not all exporters submitted full declaration of the number of countries they export to.

Figure 5: Number of Export Partners per Trader, 2015

LEP	Number of partner countries				Number of exporters	Value of exports/exporter	Exporters/10,000 Working age population
	1	2 to 9	10 to 24	25+			
Cheshire and Warrington	425	467	136	106	2,220	3,419	24
Cumbria	111	141	30	30	580	1,252	12
Greater Manchester	1,048	1,172	378	270	5,120	1,074	19
Lancashire	542	574	175	147	2,710	1,111	18
Liverpool City Region	336	366	152	92	1,640	1,411	11
North West	2,462	2,720	871	645	12,270	1,560	17
LEP Average	27,516	29,598	8,301	5,871	124,270	2,009	21

Source: HMRC

Figure 6: Number of Export Partners per Trader, Share of Total, 2015

LEP	Number of partner countries				
	1	2 to 9	10 to 24	25+	Unknown
Cheshire and Warrington	19%	21%	6%	5%	49%
Cumbria	19%	24%	5%	5%	46%
Greater Manchester	20%	23%	7%	5%	44%
Lancashire	20%	21%	6%	5%	47%
Liverpool City Region	20%	22%	9%	6%	42%
North West	20%	22%	7%	5%	45%
LEP Average	22%	24%	7%	5%	43%

Source: HMRC

- 2.14** The average value of exports per exporter in the North West was £1,560 in 2015, which was 22% below the LEP average. Of the five LEPs within the North West, only Cheshire and Warrington was above the national average value of exports per exporter. This implies that, with the exception of Cheshire and Warrington, export are of relatively low-value in the North West compared to other LEPs.
- 2.15** The average number of exporters per 10,000 working age population in the North West was 17 in 2015, below the LEP average of 21. This perhaps implies a lower propensity to export than the national average.

3 Exploring Potential Implications of Brexit for the North West

Key messages

- Export performance has come under increasing scrutiny in the wake of the referendum result and the impact on EU-UK trade will depend on the relationship brokered between the UK and the EU through the negotiation process. Whatever arrangements are agreed upon, most economic forecasters do agree that the costs of trade between the UK and the EU are likely to increase. That said, the decision to leave the EU also provides an opportunity for the UK to negotiate new and potentially better and/or more ambitious deals with its trading partners.
- Analysis by the Government assessing alternatives to EU membership⁴ considers three possible scenarios:
 - A. Membership of the European Economic Area (EEA), like Norway;
 - B. A negotiated bilateral agreement, such as that between the EU and Switzerland, Turkey or Canada; and
 - C. World Trade Organization (WTO) membership without any form of specific agreement with the EU, like Russia or Brazil.
- The outcomes of scenarios A and B would need to be negotiated with the UK's European partners and therefore, at the time of writing, it is difficult to model their potential impact at a UK or NW scale. Scenario C, as it is effectively 'a no deal' outcome in which the UK leaves the EU with no trade deal in place, can be modelled and work by Civitas has done this at a UK level. This paper briefly outlines work by GMCA to assess the potential impact for the NW based upon the UK analysis.
- Scenario C, assumes that trade is conducted under WTO Most Favoured Nations (MFN) as no deal is assumed to have been struck between EU and UK which would align with scenario A or B. Under this scenario, which can be viewed as a 'worst case scenario' it is estimated that the North West could be impacted by over £800 million in tariffs, with an average rate of 4.6% across all goods.
- The industry which is expected to be impacted the most under Scenario C is Food and Live Animals, with an average tariff of 19.6%. Food and Live Animals exports from the North West accounted for £1,208 million, or 6% of total exports in 2015, but due to the high average tariff, could be expected to face a total tariff bill of £237 million should no trade deal be agreed. Despite facing relatively low average tariffs, North West exports of Chemicals, Machinery and Transport, and Miscellaneous Manufactures could be expected to face similarly large tariffs, due to the large value of exports from these sectors.
- It is also important to consider 'non-tariff barriers' to trade. Academic studies generally show the cost of other barriers to trade is two or three times as large as tariff barriers.

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/504604/Alternatives_to_membership_-_possible_models_for_the_UK_outside_the_EU.pdf

- 3.1 Export performance has come under increasing scrutiny in the wake of the referendum to decide whether the UK should leave or remain in the European Union held on 23 June 2016. As part of the EU, the UK has been part of a single market in which there is free movement of goods, capital, and labour, and reduced barriers to trade in services. This includes the absence of duties and quotas for EU Member States doing business and trading throughout the EU. The principle of free movement of people also facilitates access for workers and services. In addition, simplified customs procedures reduce the administrative burden for companies trading within the EU to a minimum.
- 3.2 The impact on EU-UK trade will depend on the relationship between the UK and the EU after Brexit; at present, this is highly uncertain. Although tentative early steps have been made towards agreeing upon the terms of the UK's exit from the EU (see Box 1 below), little detail is available as to what post-Brexit arrangements are likely to be in place making it difficult to assess what the impact might be for NW. That said, whatever arrangements are agreed upon, the costs of trade between the UK and the EU are set to increase. These costs can be broadly defined as:
- Market access measures (tariffs and quotas);
 - Increased administrative burdens (including customs formalities and VAT);
 - Non-tariff barriers (NTBs) to trade, such as health, safety, and environment standards, and well as rules of origin requirements⁵.

Box 1: Brexit Negotiations

Negotiations between the UK and the EU over the terms under which the UK will leave the EU are set to begin just over one year on from the referendum. Article 50 of the Lisbon Treaty, which gives the two sides two years to agree the terms of the split, was triggered by the Government on 29 March 2017, formally beginning the process of the UK leaving the EU. This means that the UK is scheduled to leave on Friday, 29 March 2019, although this deadline can be extended if all 28 EU members agree.

On 29 April 2017, twenty-seven European Union leaders met in Brussels to formally endorse the EU's guidelines on negotiating the UK's exit from the Union. The guidelines define the framework for negotiations under Article 50, and set out the overall positions and principles that the EU will pursue throughout the negotiation.

The core principles outlined in the EU's guidelines are:

- Preserving the integrity of the Single Market excludes participation on a sector-by-sector approach.
- The four freedoms of the Single Market are indivisible; as such there can be no "cherry picking".
- In accordance with the principle that nothing is agreed until everything is agreed, individual items cannot be settled separately.
- There will be no separate negotiations between individual Member States and the United Kingdom on matters pertaining to the withdrawal of the United Kingdom from the Union.
- An agreement on a future relationship between the Union and the United Kingdom as such can only be finalised and concluded once the United Kingdom has become a third country.

The first phase of negotiations will aim to:

- Provide as much clarity and legal certainty as possible to citizens, businesses, stakeholders and international partners on the immediate effects of the United Kingdom's withdrawal from the Union.
- Settle the disentanglement of the United Kingdom from the Union and from all the rights and obligations the United Kingdom derives from commitments undertaken as Member State.

⁵ <https://www.pwc.nl/nl/brexit/documents/pwc-brexit-monitor-trade.pdf>

- 3.3 Brexit will also affect the UK's trade with the rest of the world. When Britain formally leaves the EU in 2019, it will not only be direct arrangements with the EU that cease to be valid – by law, Britain will also be excluded from EU arrangements with “third countries”.
- 3.4 According to Financial Times research of the EU treaty database, this amounts to 759 separate EU bilateral agreements spanning 168 non-EU countries with potential relevance to Britain, covering trade in: nuclear goods, customs, fisheries, trade, transport and regulatory co-operation in areas such as antitrust or financial services.
- 3.5 Whilst the costs of trade may increase, the decision to leave the EU also provides an opportunity for the UK to negotiate new and potentially better and/or more ambitious deals with its trading partners, and the importance of each of these agreements to the UK varies widely. That said, many countries will likely want to know the outcome of EU-UK talks before making their own commitments.⁶

Estimated Tariff Costs

- 3.6 With negotiations to leave the EU yet to be detailed, it is difficult to assess how leaving the EU will affect exports in the UK and the North West.
- 3.7 Analysis by the Government assessing alternatives to EU membership⁷ considers three possible scenarios:
- A. Membership of the European Economic Area (EEA), like Norway;
 - B. A negotiated bilateral agreement, such as that between the EU and Switzerland, Turkey or Canada; and
 - C. World Trade Organization (WTO) membership without any form of specific agreement with the EU, like Russia or Brazil.
- 3.8 Since scenarios A and B would need to be negotiated with the UK's European partners, it is very difficult to assess their potential impacts on exports as the possible outcomes are too uncertain. As such, this paper focuses on scenario C. According to the Government's analysis of alternatives to EU membership, scenario C is likely to have the greatest negative impact, and therefore the quantitative analysis presented here represents a 'worst case scenario'
- 3.9 Recent research from independent think tank Civitas⁸ has estimated that if the UK were to leave the EU without a trade deal, and thus trade between the UK and EU was conducted under WTO Most Favoured Nations (MFN) terms, UK exporters could face the potential impact of £5.2 billion in tariffs on goods being sold to the EU.
- 3.10 Building on Civitas' analysis, it is estimated that under the scenario where the UK leaves the EU with no trade deal in place, the North West could be impacted by just over £800 million in tariffs, with an average rate of 4.6% across all goods.

⁶ <https://www.ft.com/content/f1435a8e-372b-11e7-bce4-9023f8c0fd2e>

⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/504604/Alternatives_to_membership_-_possible_models_for_the_UK_outside_the_EU.pdf

⁸ http://civitas.org.uk/reports_articles/potential-post-brex-it-tariff-costs-for-eu-uk-trade/

Figure 7: Estimated Tariff Costs Under ‘No Trade Deal’ Scenario

SITC Section ⁹	Statistical Value (£ million)	Average Tariff	Tariffs Payable Estimate (£ million)
Food and Live Animals	1,208	19.6%	237
Beverages and Tobacco	0	6.4%	0
Crude Materials	425	3.2%	14
Mineral Fuels	79	1.1%	1
Animal and Vegetable Oils	0	8.8%	0
Chemicals	6,849	3.0%	209
Manufactured Goods	2,176	1.9%	42
Machinery and Transport	4,577	4.3%	198
Miscellaneous Manufactures	2,008	5.1%	102
Other commodities	23	2.1%	0
TOTAL	17,345	4.6%	802

Source: GMCA applying assumptions from Civitas national work

- 3.11** The industry which is expected to be impacted the most under the no trade deal scenario is *Food and Live Animals*, with an average tariff of 19.6%. *Food and Live Animals* exports from the North West accounted for £1,208 million, or 6% of total exports in 2015, but due to the high average tariff, could be expected to face a total tariff bill of £237 million should no trade deal be agreed.
- 3.12** Of the five LEPs within the region, Liverpool City Region’s exports have the greatest exposure to potential tariffs related to *Food and Live Animals*, with 19% of its exports from this industry in 2015.
- 3.13** Conversely, despite facing relatively low average tariffs, North West exports of *Chemicals*, *Machinery and Transport*, and *Miscellaneous Manufactures* could be expected to face similarly large tariffs, due to the large value of exports from these sectors.
- 3.14** *Chemicals* exports from the North West accounted for £6,849 million, or 36% of total exports in 2015, and with an estimated average tariff of 3.0%, total tariffs could be £209 million. The third most affected sector is anticipated to be *Machinery and Transport*, £198 million. The fourth is expected to be *Miscellaneous Manufactures*, with estimated total tariffs of £102 million.
- 3.15** It is also important to consider ‘non-tariff barriers’ to trade. A non-tariff barrier is any measure, other than a customs tariff, that acts as a barrier to international trade, including regulations, rules of origin, and quotas. Non-tariff barriers can be more restrictive for trade than actual tariffs; with the exception of a few sensitive products where tariffs remain high, it is non-tariff barriers that are the real impediment to international trade today.
- 3.16** Similar to scenarios A and B, non-tariff barriers would need to be negotiated with the UK’s European partners and therefore, at the time of writing, it is difficult to model their potential impact at a UK or NW scale. Non-tariff barriers are therefore not

⁹ Industry definitions are taken from the UN’s Standard International Trade Classification, which can be found at: <https://unstats.un.org/unsd/cr/registry/regdnld.asp?Lq=1> (SITC Rev. 3). The Civitas Analysis uses the World Commodity Organisations (WCO)’s Harmonised system, so some assumptions have been made to align the two.

considered in the Civitas analysis cited here. However, the Institute for Government¹⁰ cites studies that suggest non-tariff barriers contribute more than twice as much as tariffs to overall market access trade restrictiveness and that non-tariff barriers could be equivalent to a 12% tariff barrier; as a comparison, the average EU tariff is 5.3%.

¹⁰ <https://www.instituteforgovernment.org.uk/brexit-explained/brexit-explained-non-tariff-barriers>

ANNEX A: EXPORTS TO EU AND NON-EU MARKETS, AND EXPORTS PER WORKING AGE POPULATION, 2015

LEP		£mn			%		Per working age population (£)
		EU	non-EU	Total	EU	non-EU	
001	Black Country	1,130	740	1,870	60%	40%	2,591
002	Buckinghamshire Thames Valley	903	1,138	2,042	44%	56%	6,283
003	Cheshire and Warrington	2,853	4,738	7,590	38%	62%	13,441
004	Coast to Capital	3,077	3,565	6,642	46%	54%	5,332
005	Cornwall and Isles of Scilly	197	241	439	45%	55%	1,346
006	Coventry and Warwickshire	5,218	12,586	17,804	29%	71%	31,230
007	Cumbria	420	306	726	58%	42%	2,411
008	Derby, Derbyshire, Nottingham and Nottinghamshire	4,858	6,852	11,710	41%	59%	8,560
009	Dorset	628	796	1,424	44%	56%	3,128
010	Enterprise M3	5,922	8,694	14,616	41%	59%	14,183
011	Gloucestershire	1,256	6,230	7,486	17%	83%	19,679
012	Greater Birmingham and Solihull	3,393	4,196	7,589	45%	55%	6,049
013	Greater Cambridge and Greater Peterborough	2,546	2,596	5,142	50%	50%	5,799
014	Greater Lincolnshire	1,831	1,078	2,909	63%	37%	4,503
015	Greater Manchester	3,210	2,287	5,497	58%	42%	3,108
016	Heart of the South West	1,655	1,301	2,955	56%	44%	2,880
017	Hertfordshire	3,470	2,005	5,474	63%	37%	7,439
018	Humber	1,933	1,115	3,048	63%	37%	5,326
019	Lancashire	1,876	1,135	3,011	62%	38%	3,294
020	Leeds City Region	3,077	5,115	8,192	38%	62%	4,268
021	Leicester and Leicestershire	1,088	788	1,876	58%	42%	2,881
022	Liverpool City Region	1,381	933	2,314	60%	40%	2,384
023	London	14,686	47,596	62,283	24%	76%	10,543
024	New Anglia	1,611	1,286	2,897	56%	44%	2,991
025	North East	4,768	2,668	7,437	64%	36%	5,976

026	Oxfordshire	2,505	2,543	5,048	50%	50%	11,656
027	Solent	1,809	1,557	3,366	54%	46%	5,020
028	South East	4,662	6,383	11,045	42%	58%	4,374
029	South East Midlands	4,656	3,416	8,071	58%	42%	6,469
030	Stoke-on-Trent and Staffordshire	1,664	1,509	3,174	52%	48%	4,579
031	Swindon and Wiltshire	641	588	1,229	52%	48%	2,825
032	Tees Valley	1,201	1,633	2,835	42%	58%	6,817
033	Thames Valley Berkshire	4,345	2,974	7,319	59%	41%	12,863
034	The Marches	1,341	428	1,769	76%	24%	4,340
035	West of England	5,114	689	5,803	88%	12%	8,039
036	Worcestershire	893	1,032	1,925	46%	54%	5,475
037	York, North Yorkshire and East Riding	1,036	656	1,692	61%	39%	2,431
038	Sheffield City Region	1,920	1,534	3,454	56%	44%	2,969
	LEP Average	104,774	144,927	249,703	42%	58%	6,733
	North West	9,740	9,399	19,138	51%	49%	4,235

ANNEX B: NORTH WEST LEP KEY EXPORT MARKETS, 2015

Rank	Cheshire and Warrington		Cumbria		Greater Manchester		Lancashire		Liverpool City Region	
	Partner Country	Statistical Value (£ million)	Partner Country	Statistical Value (£ million)	Partner Country	Statistical Value (£ million)	Partner Country	Statistical Value (£ million)	Partner Country	Statistical Value (£ million)
1	USA	1,500	Germany	88	USA	603	France	367	Germany	393
2	China	910	USA	87	Germany	551	Spain	350	Irish Republic	272
3	Germany	684	France	84	Irish Republic	521	Germany	326	USA	233
4	Netherlands	553	Poland	42	Netherlands	411	USA	300	Netherlands	134
5	Belgium	329	Netherlands	38	France	398	Netherlands	187	France	125
6	Japan	279	Italy	29	Belgium	312	Irish Republic	143	Turkey	113
7	France	240	Irish Republic	27	China	223	Italy	127	Italy	104
8	Irish Republic	219	Belgium	26	Italy	192	China	98	Spain	80
9	Turkey	217	Spain	20	Spain	177	South Korea	87	Belgium	80
10	UAE	167	China	18	Poland	156	Belgium	57	UAE	56
11	Hong Kong	154	Japan	16	Turkey	139	Sweden	54	China	50
12	Spain	150	Switzerland	16	UAE	122	Poland	52	Saudi Arabia	41
13	Switzerland	142	Sweden	13	Switzerland	100	UAE	51	Australia	38
14	India	140	Turkey	11	Sweden	91	Saudi Arabia	46	Sweden	37
15	Saudi Arabia	117	Australia	10	Australia	80	Denmark	37	Egypt	32
16	South Korea	102	South Korea	9	Hong Kong	69	Japan	36	Poland	27
17	Italy	97	UAE	9	Saudi Arabia	69	Turkey	32	Denmark	26
18	Finland	80	Norway	8	Denmark	67	Hong Kong	31	Japan	26
19	Sweden	79	Canada	7	Singapore	54	Canada	29	India	23
20	Taiwan	74	Hong Kong	6	India	52	Singapore	28	Canada	23
21	Canada	71	India	5	South Africa	51	India	28	Czech Republic	22
22	Poland	70	Austria	S	Canada	49	Norway	28	Nigeria	21
23	Hungary	69	Azerbaijan	S	Japan	47	Finland	26	Hong Kong	19
24	Brazil	65	Brazil	S	Austria	44	Czech Republic	25	Portugal	18
25	Singapore	55	Finland	S	Norway	41	South Africa	25	Brazil	16
26	Austria	50	Malaysia	S	Russia	40	Switzerland	25	Switzerland	16
27	Russia	50	Mexico	S	Czech Republic	37	Austria	23	Norway	16
28	Australia	49	Portugal	S	Romania	36	Morocco	23	Singapore	15
29	Denmark	41	Russia	S	South Korea	36	Australia	22	Finland	13
30	Romania	S	Saudi Arabia	S	Philippines	35	Brazil	21	Austria	13

ANNEX C: PARTNERS PER TRADER, 2015

LEP		Number of partner countries				Number of exporters	Value/ exporters	Exporters/10,000 Working age population
		1	2 to 9	10 to 24	25+			
001	Black Country	435	565	215	124	2,170	862	19
002	Buckinghamshire Thames Valley	393	453	119	85	1,770	1,154	33
003	Cheshire and Warrington	425	467	136	106	2,220	3,419	24
004	Coast to Capital	974	959	294	187	4,380	1,516	22
005	Cornwall and Isles of Scilly	155	179	37	30	850	516	15
006	Coventry and Warwickshire	455	547	131	110	2,230	7,984	25
007	Cumbria	111	141	30	30	580	1,252	12
008	Derby, Derbyshire, Nottingham and Nottinghamshire	810	893	289	203	3,540	3,308	16
009	Dorset	380	385	100	87	1,680	848	22
010	Enterprise M3	973	1,174	335	240	4,860	3,007	29
011	Gloucestershire	376	397	115	91	1,750	4,278	28
012	Greater Birmingham and Solihull	759	868	254	177	3,010	2,521	15
013	Greater Cambridge and Greater Peterborough	795	921	298	244	3,480	1,478	24
014	Greater Lincolnshire	329	388	122	64	1,590	1,830	15
015	Greater Manchester	1,048	1,172	378	270	5,120	1,074	19
016	Heart of the South West	615	602	165	138	2,900	1,019	17
017	Hertfordshire	726	793	268	182	3,540	1,546	30
018	Humber	275	314	94	53	1,110	2,746	12
019	Lancashire	542	574	175	147	2,710	1,111	18
020	Leeds City Region	1,099	1,235	417	314	5,160	1,588	17
021	Leicester and Leicestershire	596	660	169	117	2,660	705	26
022	Liverpool City Region	336	366	152	92	1,640	1,411	11
023	London	6,272	5,839	1,180	670	24,820	2,509	29
024	New Anglia	660	697	233	155	3,120	929	19
025	North East	416	469	164	97	1,970	3,775	10
026	Oxfordshire	438	459	128	112	1,960	2,576	29

027	Solent	457	531	127	124	2,100	1,603	20
028	South East	1,721	1,791	436	375	8,040	1,374	19
029	South East Midlands	1,348	1,700	513	358	6,080	1,327	31
030	Stoke-on-Trent and Staffordshire	457	560	166	97	2,110	1,504	19
031	Swindon and Wiltshire	338	360	108	64	1,610	763	23
032	Tees Valley	111	135	45	29	570	4,974	9
033	Thames Valley Berkshire	615	640	222	167	2,890	2,533	32
034	The Marches	354	358	96	63	1,660	1,066	25
035	West of England	404	399	103	92	2,020	2,873	18
036	Worcestershire	309	375	118	88	1,500	1,283	26
037	York, North Yorkshire and East Riding	413	474	132	77	1,990	850	17
038	Sheffield City Region	596	758	237	212	2,880	1,199	16
	LEP Average	27,516	29,598	8,301	5,871	124,270	2,009	21
	North West	2,462	2,720	871	645	12,270	1,560	17

ANNEX D: EXPORTS BY SITC CODE, 2015

LEP		0	1	2	3	4	5	6	7	8	9	Not Classified
001	Black Country	2%	0%	6%	1%	0%	13%	36%	33%	9%	0%	1%
002	Buckinghamshire Thames Valley	5%	0%	0%	0%	0%	43%	3%	35%	13%	0%	1%
003	Cheshire and Warrington	4%	0%	0%	0%	0%	44%	7%	24%	3%	0%	19%
004	Coast to Capital	9%	0%	2%	0%	0%	19%	2%	31%	11%	1%	24%
005	Cornwall and Isles of Scilly	12%	0%	0%	0%	0%	7%	4%	39%	12%	0%	26%
006	Coventry and Warwickshire	1%	0%	0%	0%	0%	1%	2%	0%	2%	0%	94%
007	Cumbria	0%	0%	0%	0%	0%	34%	28%	20%	4%	0%	15%
008	Derby, Derbyshire, Nottingham and Nottinghamshire	1%	0%	2%	0%	0%	6%	8%	77%	6%	0%	0%
009	Dorset	3%	0%	0%	0%	0%	14%	7%	53%	21%	0%	1%
010	Enterprise M3	3%	0%	0%	0%	0%	22%	4%	42%	13%	0%	16%
011	Gloucestershire	1%	0%	0%	0%	0%	1%	6%	83%	9%	0%	0%
012	Greater Birmingham and Solihull	3%	0%	1%	0%	0%	6%	12%	63%	12%	2%	1%
013	Greater Cambridge and Greater Peterborough	12%	0%	1%	0%	0%	26%	4%	40%	16%	0%	0%
014	Greater Lincolnshire	13%	0%	5%	0%	0%	22%	6%	18%	7%	0%	29%
015	Greater Manchester	5%	0%	4%	1%	0%	25%	14%	24%	23%	0%	3%
016	Heart of the South West	7%	0%	2%	0%	0%	3%	10%	55%	21%	1%	1%
017	Hertfordshire	6%	0%	1%	0%	0%	45%	6%	21%	19%	0%	2%
018	Humber	7%	0%	4%	0%	0%	36%	7%	11%	6%	0%	30%
019	Lancashire	7%	0%	1%	0%	0%	40%	14%	26%	10%	0%	0%
020	Leeds City Region	4%	0%	3%	0%	1%	37%	13%	29%	13%	0%	0%
021	Leicester and Leicestershire	2%	0%	2%	0%	0%	12%	14%	38%	30%	1%	1%
022	Liverpool City Region	19%	0%	7%	2%	0%	30%	11%	22%	8%	0%	2%
023	London	2%	5%	1%	8%	0%	9%	9%	7%	20%	39%	0%
024	New Anglia	17%	1%	2%	0%	0%	25%	10%	31%	13%	1%	0%
025	North East	1%	0%	0%	0%	0%	18%	5%	69%	6%	0%	1%
026	Oxfordshire	2%	0%	1%	0%	0%	9%	4%	67%	17%	0%	0%

027	Solent	1%	0%	0%	0%	0%	8%	6%	53%	27%	1%	4%
028	South East	3%	0%	2%	0%	0%	35%	3%	42%	14%	1%	0%
029	South East Midlands	6%	1%	1%	0%	0%	7%	8%	54%	22%	0%	0%
030	Stoke-on-Trent and Staffordshire	3%	0%	2%	0%	0%	9%	26%	54%	4%	0%	2%
031	Swindon and Wiltshire	3%	0%	1%	0%	0%	20%	13%	41%	21%	0%	1%
032	Tees Valley	0%	0%	0%	0%	0%	32%	19%	0%	1%	0%	48%
033	Thames Valley Berkshire	3%	0%	1%	0%	0%	20%	5%	50%	19%	0%	0%
034	The Marches	8%	0%	1%	0%	0%	4%	21%	32%	32%	0%	2%
035	West of England	1%	0%	0%	0%	0%	2%	2%	0%	4%	0%	90%
036	Worcestershire	3%	0%	0%	0%	0%	4%	11%	45%	18%	0%	19%
037	York, North Yorkshire and East Riding	12%	0%	1%	0%	0%	22%	7%	43%	10%	0%	4%
038	Sheffield City Region	6%	0%	1%	0%	0%	11%	4%	21%	5%	0%	53%
	TOTAL	3%	1%	1%	2%	0%	16%	8%	31%	14%	10%	17%
	North West	6%	0%	2%	0%	0%	36%	11%	24%	10%	0%	9%