

Inward Investment Strand - Report on Hull & Humber Chamber Activity

The Chamber is in the early stages of developing a programme of activity to enhance GPH's visibility in international markets as part of the Inward Investment Strand of the Green Port Hull Programme led by Hull City Council. Participation by the Chamber in a trade mission organised by the Enterprise Europe Network to Esbjerg, Denmark, was authorised by Mark Jones, Economic Development Director, Hull City Council and is the first activity undertaken by the Chamber to explore opportunities to "internationalise" GPH and strengthen collaboration with Denmark in the first instance.

Pauline Wade, Director of International Trade, Hull & Humber Chamber of Commerce, participated in the mission, visiting Esbjerg between the 3rd and 5th September and Copenhagen on the 6th September, where she met with the British Chamber of Commerce in Denmark and the trade team at the British Embassy Copenhagen.

Esbjerg Activities:

Siemens

The Esbjerg programme included a tour of the Siemens Wind Power Site in Brande, followed by presentation from the Siemens team led by Peter Gregerson, one of the Siemens VP's. Key messages from Siemens were noted.

- Siemens are looking to drive costs out of the supply chain.
- Siemens are looking to reduce costs via three levels, innovation, industrialization and strategic alliances and by building a long terms relationship with suppliers.
- Suppliers terms captured by the note taker during the presentation that would influence Siemens decisions are:-

- Price
- 75 days payment terms
- Global footprint for supply
- Technology capabilities
- On time delivery of more than 90%
- Share risk model
- Raw material – 3rd party sourcing
- Open book policy
- Optimized cost out
- Storage & logistics
- Investment requirement based on sharing risk

Esbjerg Business Development Centre (EBDC)

A public private sector partnership organisation with a vision to establish Esbjerg as Denmark's centre for energy technology based on strong business clusters, education and research, by 2015. While there is no Chamber of Commerce in Esbjerg, this organisation is endorsed and supported by the Federation of Danish Chamber of Commerce to co-ordinate the energy sector. In loose terms, this model could be compared to the working relationship between the 6 GPH strands that are and will be delivered in partnership between the public and private sector.

The EBDC is primarily a co-ordinator and lead on inward investment e.g. coordinates co-operation between the ports of Stavanger, Aberdeen and Esbjerg, between companies and regions and is responsible for driving inward investment initiatives overseas.

Offshore Wind Denmark (OWD)

This is a 4 year project started in 2013 with a goal to internationalise and export Danish renewable energy competencies. Could be loosely compared to this sub-strand of the RGF inward investment strand, in terms of its aims to internationalise companies and promote the region in international markets. Other strands of the RGF GPH are delivering some of the support provided by OWD. It slightly overlaps with the work of EBDC above in the same way that there is overlap within the 6 strands of RGF –GPH.

OWD supports the Danish offshore wind cluster:-

- One point of contact for the Danish offshore wind industry
- International branding of the Danish offshore wind cluster
- International branding of the industry
- Analyses of value chain and business models
- Mapping of competences and matchmaking
- Concept and business development
- Development of cluster competitiveness
- Themes based network groups (Offshore Wind Denmark, OWD – net)
- Joint sales and marketing activities.

Along with the direct support listed above, Offshore Wind Denmark methodology is to target and deliver export drives. Currently leading on an export drive in France.

Copenhagen:

British Chambers of Commerce in Denmark (BCCD)

BCCD is part of the bilateral chambers of commerce global network that can be accessed via the Hull & Humber Chamber of Commerce. In essence the bilateral chambers of commerce will partner British Embassies and High Commission to deliver support services for trade missions, visiting British businesses, including programme arranging services and introductions to in market networks and companies. The Hull & Humber Chamber of Commerce is evaluated and accredited with a five star rating for its international work and is one of the key UK Chambers steering this initiative. It has also been nominated the lead chamber to co-ordinate the project in the Yorkshire & Humber Region. Therefore, well placed, to access international networks to assist GPH to penetrate global markets.

The BCCD offices are in Copenhagen, the British Ambassador is a patron and member of the BCCD board and the Chamber can facilitate introductions to key decision makers, and signpost to key organisations in the renewable energy sector. BCCD could assist GPH to improve its reputation as a place to do business and to broker commercial partnerships and increase Danish inward investment in GPH and energy companies and projects. Could host a GPH desk.

British Embassy Copenhagen

Met with the UKTI team based at the British Embassy in Copenhagen. While enthusiastic to co-operate they made it clear that they see the renewable energy offer being a UK wide offer and would not be favouring any region over another. They did see opportunities to promote the UK Renewables

Sector by way of low key inward trade mission from Denmark to the UK. They feed in directly to UKTI's National Inward Investment Team.

Conclusions

It is fair to say that the Humber may not have first mover advantage and there is some catching up to be done re engagement with supply chains that can be facilitated in partnership and cooperation with Denmark in the first instance. Despite difficult and at times discriminatory conditions in some markets, European component suppliers are reaping significant benefits from the development of the global wind industry, particularly in China, the US, India and South America. At the same time European countries such as Denmark that are supplying the developing markets are forming alliances and are raising awareness in the inward investment opportunities in their own markets. Examples are, Denmark has recently opened country desks in Shanghai and Dubai and are scoping the relevance of desks in Japan, South Korea and India.

Recommendations

Key recommendation

Until there is commitment from Siemens, it is recommended that the Chamber conducts some ground work and gathers information on the pathway to the supply chain and key markets for inward investment activity by focusing on Denmark and North Germany and mapping activities and opportunities, facilitating introductions and networking between key people as required by GPHB:

How

Denmark:

- Engaging with and establish a working relationship with the Esbjerg Business Development Centre (EBDC) and explore opportunities to facilitate collaboration in the North Sea with Danish partners. Much of this ground work can be done by the Chamber (keeping low key) by looking at best practice models.
- Map EBDC activity in international markets. Information gathered can later be refined depending on the level of detail required to identify markets that would be attractive in terms of setting up GPH awareness desks in international markets. Through EBDC map Off-Shore Energy Denmark (export) activities. EBDC indicated that they would be happy to share information with the Chamber in this respect. They see us as much of an opportunity as a threat, particularly in terms of forming partnership to strengthen collaboration in the North Sea.

- Engage with and establish a working relationship, between the Hull & Humber Chamber of Commerce and the British Danish Chamber of Commerce, Copenhagen, to promote the region in Denmark. This is particularly relevant in the light of the new airline service connecting Humberside by way of regular direct flight to Copenhagen. Specifics re GPH may be included later, if and when Siemens sign up and the GPHB decide to move to implementation. This organisation could host a GPH desk.

North Germany:

It is recommended that similar methodology be applied to engaging with North Germany. The GPH Board is requested to consider authorising a scoping visit to North Germany by the Chamber to assess and engage with potential networking partners and to identify best practice.

Europe:

It is recommended that GPH through this strand engage with the European Wind Energy Association to monitor and identify international activity and opportunities.

*Notes: *In 2010 The wind energy sector exported Euros 8.8bn worth of products and services, an increase of 33% since 2007. Wind Energy value chain exports to the rest of the world can be categories as developers, wind turbine manufacturers, component manufacturers and services, with the greatest share of sub-sectors going to wind turbine manufacturers with component manufacturers coming second. European players mainly export added value equipment and services, wind turbines, technology engineering services, controlling software and hardware, electrical equipment, rotors, transformers and financial services. (ewea.org/green growth).*

Analysis of information gathered and of the activities of wind energy companies based in the EU shows that 48.6 per cent are doing business outside the EU, 33% have business in North America, 18.6% in China, 11% in India and 9% in Brazil. The global leaders are Vestas Denmark; Sinovel China; GE Energy US; Goldwind China; Enercon Germany; Suzion India; Dongfang, China; Gamesa Spain; Siemens Germany; and Guodian United Power China; (Deloitte Supply Side report June 2011). This information is not new to GPHB but is relevant in the context of this report to determine the "way forward".

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