

COTN 2025: Trade and Investment Discussion Paper

This policy paper is intended to support discussion at Convention of the North 2025, which is taking place in Preston on the 27th and 28th of February. It is one of six policy papers; the full set includes Transport, Trade and Investment, Net Zero, Place and Culture, Innovation, and the cross-cutting theme of Skills and Healthy Work.

Proposals included within these drafts have been collectively developed by working groups consisting of local and combined authority officials and key Northern partners. **They represent a draft programme only; they will be taken in draft form for co-development and iteration at the Convention policy sessions, and confirmed by Northern leaders following the Convention.**

The North is already demonstrating visible policy leadership across diverse areas, from trade and investment collaboration to bus re-regulation, and pan-Northern programmes to grow the creative industries. In the run-up to the 2025 Convention of the North, it's clear that the region has a twin-track opportunity to help the new UK Government deliver against its objectives, based on the North's specific opportunities and challenges.

- The North can **deliver growth at scale** to support the national mission of increasing living standards across all regions of the UK.
- The North faces serious, long running challenges to unlocking the potential of its people, held back by poverty, inequality, and health challenges. By **investing in the North's people**, we can underpin and strengthen the activities of growth and improve the lives and lived experience of our residents.

To make the most of this opportunity, Northern leaders and mayors have agreed to prioritise resources and capacity in the areas where there is the greatest opportunity to add value to the ongoing work of Northern places, communities and businesses:

The North's draft delivery programme

Twin-track opportunity	Pan-Northern Delivery Priorities				
The North meeting the national Growth Mission	Trade and Investment	Transport	Net Zero	Culture and Place	Innovation
Meeting the inclusion challenge in the North	Skills and Healthy Work				

1. Our gamechanger propositions

Building on the Manifesto for the North, this paper sets out a draft work programme for Northern collaboration, case-making and partnership delivery. This is intended to form the basis of pan-Northern collaboration into the medium-term, continuing the priorities of each subsequent Convention of the North in the interim between each event with an active programme of policy development, collaboration and implementation.

This ongoing collaboration is the focus of the discussions at the Convention policy sessions: to address what the priorities for the North to deliver together.

Additionally, a small number of gamechanger propositions have emerged through a structured policy development process that reflects the North's long-term strategic ambitions. They build upon the foundations set by the Northern Powerhouse Independent Economic Review and the 2024 Manifesto for the North, aligning with the evolving institutional and policy landscape. These gamechangers have been shaped through collaboration between Northern leaders, local and combined authorities, and key stakeholders.

While the gamechangers for the 2025 Convention intersect with multiple policy themes, one with particular relevance for the Trade and Investment theme is the **Clean Energy gamechanger**:



Making the North a global leader in Clean Energy investment, by co-development of a Net Zero Trade and Investment Prospectus with Government, co-investment with GB Energy in key Northern energy opportunities, and building a Clean Energy market that works for Northern businesses and people by rolling out locational pricing.

The **Clean Energy gamechanger** is key to the North's trade and investment strategy, positioning the region as a global hub for clean energy innovation and manufacturing. By co-developing a Net Zero Trade and Investment Prospectus, the North can attract FDI into offshore wind, hydrogen, CCUS, and small modular reactors, securing investment in high-growth net zero industries. Co-investment with GB Energy will accelerate commercialisation, strengthen supply chains, and create export opportunities. Meanwhile, locational pricing reforms will enhance the North's competitiveness, attracting energy-intensive industries. This gamechanger directly supports the pan-Northern trade and investment agenda, ensuring clean energy becomes a major driver of economic growth, inward investment, and global trade opportunities for Northern businesses.

2. Why Trade and Investment?

Trade and Investment is a long-standing Northern policy priority, and one of the four policy themes highlighted in the 2024 Manifesto for the North. There is a strong desire from stakeholders across regional and central government for a unified Northern narrative and collaborative sector propositions, addressing fragmented collaboration and coordination. By working collaboratively, the North can present a united front, making a compelling case for investment. The Northern Mayors and Leaders' Summit in September 2024 reaffirmed the North's commitment to strengthened collaboration and coordination across the North. Since its inception in 2018, the Convention of the North has evolved significantly. It has grown from an annual event into a respected institution and a powerful advocate for the North. This progress presents a unique opportunity to build on the foundation laid over the past years, enhancing the effectiveness of our propositions and driving further regional development.

A coordinated Northern approach can help harness regional strengths and foster alignment where it matters most, particularly in high-potential sectors like clean energy industries and life sciences. Acting at a unified Northern footprint in agreed sectors would help attract investments that align with the UK's broader economic goals. Mayors and regional leaders have the unique ability to bring regions together and attract international investment, promote exports, and shape government priorities with regional aspirations.

The North's opportunities in Trade and Investment

The North is home to around 1.1 million businesses, with distinctive strengths in advanced manufacturing, health innovation, digital, financial and professional services, and energy sectors. These businesses are integral parts of interconnected and complex global value chains, significantly contributing to the UK's export and Foreign Direct Investment (FDI) landscape. In 2021 alone, foreign-owned businesses in the North generated £71 billion in Gross Value Added (GVA), and the total value of goods and services exports from the region was £98.5 billion, highlighting its economic significance and potential to drive further national growth.

The North boasts a substantial asset base including world-class universities and institutes such as the Advanced Manufacturing Research Centre (AMRC) in Sheffield and Lancashire, the National Innovation Centre for Data in Newcastle, the Liverpool School of Tropical Medicine, the Offshore Renewable Energy Catapult in Blyth, and the National Graphene Institute in Manchester, to name but a few. One of the North's greatest strengths is its liveability. The region offers affordable living costs, access to nature, a high quality of life, and a rich distinctiveness and culture.

Challenges the North faces in Trade and Investment

Despite these strengths, the North faces significant challenges in productivity, public and private investment, and R&D. Chronic underinvestment, decline in traditional heavy industries, and a mismatch between available skills and those in demand have constrained productivity. Business growth has been limited by inadequate infrastructure, a centralised economic focus, recent policy instability, and difficulties in securing funding for SMEs. Additionally, R&D efforts have been hampered by uneven funding distribution, skills gaps, limited collaboration, and insufficient infrastructure. Due to these challenges, the productivity of both domestic and foreign-owned firms in the North is lower than desired, and exports lag the national average. Addressing these issues is essential to enhance the region's competitiveness and attract high-value investments.

3. Delivering policy change in the North

With a new parliament, the national policy landscape is rapidly evolving, while Northern places are already leading delivery, policy innovation and investment. This will have substantial implications for pan-Northern delivery. Some of the most relevant examples are highlighted below.

Greater devolution and regional collaboration

The new Government's focus on regional collaboration and decentralised decision-making aims to create tailored trade and investment policies leveraging local strengths. The Autumn Budget announced Integrated Settlements across the North, providing greater flexibility. Local Growth Plans present Combined Authorities with an opportunity to encourage regional collaboration where appropriate, and leverage sectoral strengths aligned with the Industrial Strategy Green Paper, such as advanced manufacturing, digital, energy, life sciences, financial services, professional and business services, and creative industries. The Autumn 2024 Budget also emphasised sustainable growth, allocating substantial capital to infrastructure, transport, and R&D, alongside support for Freeports and Investment Zones. The English Devolution White Paper underlines this approach by setting out a framework to strengthen the role of local leaders and communities, enabling them to shape economic growth and innovation through enhanced fiscal and decision-making responsibilities.

Investment

The new Government's support for the Harrington Review shows a commitment to attracting FDI into key growth sectors. By fostering stronger partnerships between central and local governments, tailored investment strategies can leverage the North's unique strengths. The Office for Investments (OFI) will focus on attracting international finance, with strong coordination with regional bodies. The National Wealth Fund (NWF), based in Leeds, will support the wider industrial strategy and provides an opportunity to unlock an influx of investment in green technologies and sustainable industries, allowing the North to position itself as a leader in the transition to a net zero economy.

Trade

The Government's Trade Strategy has committed to renewing the UK's commitment to free and open trade, including closer ties with the EU and via new trade deals, such as accession to the CPTPP. These agreements will open new markets, providing Northern businesses with greater opportunities to expand and increase exports. Streamlined business operations from these deals can enhance the competitiveness of Northern businesses.

Business support commitments

Key business support commitments include the Small Business Review Command Paper, which outlines plans to reduce regulatory burdens and improve access to finance. The government has backed Growth Hubs to offer more comprehensive services, aiming to empower small businesses, drive economic growth, and enhance the UK's competitive edge globally.

4. Alignment with other pan-Northern policy themes

We can't see policy priorities in isolation, and there are strong links and inter-dependencies between each theme. There are opportunities to explore connections and crossovers that enhance outcomes across multiple agendas. Recognising these links ensures a more comprehensive approach to addressing the North's challenges and opportunities.

Trade and Investment and Transport:

Airports and ports are the North's international gateways – facilitating the international flows of people and trade in goods. Improved international connectivity, as well as surface connectivity within and to/from the North, are fundamental to realising the North's trade and investment potential, enabling the efficient movement of goods, services, and talent. Enhanced surface transport infrastructure, including major projects like the Transpennine Route Upgrade and local transport investment, is expected to support economic agglomeration, boost productivity, attract investment, and create new business opportunities.

Trade and Investment and Net Zero:

Achieving net zero will require significant investment to bridge the existing funding gap. Developing a compelling narrative and attractive investment pipeline can attract additional funding. Furthermore, by pioneering new technologies, the North can establish a globally competitive supply chain in net zero technologies, not only providing the North with a competitive edge to achieve net zero but also drive exports in tradeable services and technologies.

Trade and Investment and Innovation:

The North hosts universities with globally significant R&D strengths, creating a strategic opportunity to attract FDI and draw innovation-intensive investments to the region. Enabling policies must support this potential by bolstering the North's competitive edge in export-led growth. By effectively coordinating with national trade policies and aligning Northern innovation assets with national and global investment priorities, the region can significantly enhance its businesses' competitive advantage. Targeted investment in infrastructure and strategic promotion of Northern 'products' in sectors like life sciences and digital technology can help commercialise research capabilities within the Northern business base, increasing the region's contribution to global value chains and driving export growth.

Trade and Investment and Skills and Healthy Work

In addition to the five key themes for the 2025 Convention, Skills and Healthy Work has been incorporated as a cross-cutting and enabling theme across all policy areas. This reflects the importance of fostering Northern cooperation on skills, health, and social policy to support sustainable and inclusive economic growth. By embedding these considerations into each policy area, the Convention aims to create a holistic framework for driving transformative change in the North.

The integration of Skills and Healthy Work with Trade and Investment manifests in several key ways across the North:

- Enabling the North's trade and investment goals requires a workforce with relevant skills, particularly in high-growth sectors. Addressing skills gaps in these areas is essential for sustainable economic growth, especially as Northern industries transition to net zero.
- The North's ability to expand trade relies on a workforce that is both skilled and supported to remain in good work. Ensuring that workplace health, fair employment conditions, and progression opportunities are embedded within trade-related growth will help sustain workforce participation and productivity in key exporting sectors.
- Attracting investment into the North will only deliver long-term benefits if accompanied by a healthy, well-supported workforce. Aligning investment with skills pathways and workforce wellbeing ensures that new and growing industries have the labour market capacity needed to sustain economic growth.

5. Developing a pan-Northern policy programme

Over the past decade, the North has fostered collaboration on trade and investment, an ambition that Northern mayors and leaders have strongly reaffirmed. With the evolving political landscape, including new government priorities and increased devolution, the North has an opportunity to organise itself on trade and investment to be greater than the sum of its parts. As new Northern structures for collaboration emerge, agreeing trade and investment functions will enhance coordination and collaboration across the North, leveraging political support and resource to create a robust network that connects key stakeholders. This will foster best practice and align strategic initiatives. We propose the following actions, which consider the key functions of Northern collaboration on trade and investment, the development of a shared plan, and its implementation.

The headline policy priorities listed are from the Manifesto of the North.

Policy Priority 1: Agree Trade and Investment Functions with Northern Regions and Government

The North is essential to the UK's trade and investment success and future growth. Recognising this importance and agreeing areas of Northern collaboration is necessary in unlocking the North's potential.

Proposal 1a: Facilitating Coordination and Collaboration Across the North

In line with political priorities, the T&I Forum of Northern Strategic Authorities will continue to meet regularly and act as a pivotal platform for fostering collaboration, sharing best practice and aligning strategic initiatives across the North. A repurposed Northern T&I Forum can facilitate coordination and collaboration on trade and investment that allow the North to utilise its strategic strengths and address shared challenges.

Leveraging the role of Mayors and Leaders, along with the devolution process, presents an opportunity to bring together diverse stakeholders, coordinate regional efforts, and advocate for the North's interests at the national level.

Proposal 1b: Coordinating Northern Proposals and Propositions with the Government

We will engage with Northern stakeholders to develop a comprehensive and prioritised list of trade and investment proposals and propositions. This collaborative approach should include identifying specific areas where increased devolution and sustained collaboration regionally, pan-regionally and with government could drive growth. Additionally, we will identify barriers to growth and propose solutions that align with both regional aspirations and national priorities.

Proposal 1c: Demonstrating Impact

We will clearly communicate the economic benefits and success stories that trade and investment bring to the region, to build strong support among stakeholders, including businesses, central and regional government, and investors. This could include showcasing the region's achievements in attracting FDI, expanding export markets, and developing key sectors such as advanced manufacturing, digital industries, clean energy, and health

innovation. Recognising that the North is relatively small on a global scale, collaboration in the international arena enhances our influence when marketing to major global economies like India, China, and the US.

Policy Priority 2: A Northern Owned Trade and Investment Plan and Evidence Base

Trade and investment data in the UK faces serious limitations, which is holding back the North's ability to understand and make the most of its own economy. Considering activity at the Northern level also offers the chance to engage with international investors at a compelling scale relative to other opportunities.

Proposal 2a: Developing an Evidence Base

We will review Local Growth Plans to understand the priorities and strategies of different areas, identifying common themes that align with the North's and wider UK's economic priorities. Further sectoral and market priorities will also be analysed, including reviewing economic indicators, industry trends, trade and investment trends and market demand for priority Northern sectors. This will include a matrix to identify areas of overlap among regions, focusing on sub-sectoral areas of work, highlighting opportunities for complementary propositions. It is important however to recognise that not all activity will be cross-boundary and will often be pursued at a sub-regional level.

Proposal 2b: Trade and Investment Plan Development

Outline strategic goals, priorities, and actions based on a robust evidence base. By leveraging data on trade and investment trends, opportunities, and challenges, we can align our activity with the North's economic strengths and potential.

This should include consulting regional representatives, businesses, industry experts, research institutions, and other relevant parties to identify distinct strengths, opportunities, and gather insights and feedback.

To facilitate Northern collaboration, we will consolidate a list of planned annual sub-regional in-market activity, including key events and trade missions. This shared calendar will support appropriate sub-regional collaboration in market and help identify opportunities for joint Northern activity on agreed sectors. We will explore where it is possible to align local, regional, and national outcomes with economic goals.

Proposal 2c: Secure Additional Tools and Resources

To maximise devolution, we should collaborate to identify and secure additional tools and resources for the North, ensuring effective delivery. This includes, but is not limited to:

- **Long-term Funding for Key Account Management:** Secure sustained financial support to maintain and enhance key account management, ensuring stakeholders receive consistent and high-quality assistance.
- **Devolution of Export Support to Regions:** Explore the potential for devolving export support services to regions. This would empower places to provide tailored export advice and support, fostering regional business growth and international trade.
- **Enhance Regional Trade and Investment Data:** Improve the collection and analysis of trade and investment data at a regional/city-region level. This will provide

more accurate insights into regional economic performance and help tailor strategies to local needs.

- **Secure Investment Incentives:** Identify, obtain and implement incentives designed to attract new investments into the North. These incentives could include tax breaks, grants, or other financial benefits to make the region more attractive to investors.

Policy Priority 3: Promote Distinctive Northern Specialisms

The North should seek to attract investment and enhance the visibility of its key sectors and specialisms, aiming for national and international recognition. The North can achieve this by working together as a region to develop compelling and complementary propositions to promote the North's world-leading assets and prime capabilities, working in partnership with wider UK regions and helping to deliver national sectoral and industrial policy.

Proposal 3a: Investment Narrative

Build on previous work undertaken on the investment narrative to further develop 'Northern Products' for high-potential sectors and sub-sectors that align with the wider national context, such as those associated with net zero and life sciences. Additionally, identify and align with emerging markets and specialisms that meet the needs of international partners.

Proposal 3b: In-Market Campaign Activation

Identify and attend appropriate flagship events as the North to deliver agreed priorities and promote complimentary specialisms to a wide audience.

This will create a platform for Northern regions to form strategic partnerships with overseas stakeholders, including businesses, industry associations, and government agencies, utilising the influence of mayors and regional leaders.

Proposal 3c: Collaborate with Key Stakeholders

Work with the OFI to develop and jointly market investible propositions for significant, commercially viable opportunities, in order to land key strategic investments. Additionally, leverage the NWF by working closely with Northern regions to identify sectors that are vital for economic development but lack sufficient private investment.

Annex: Draft Trade and Investment delivery programme

As part of the focus on delivery for COTN 2025, the policy programme is designed to focus on activities that the North can deliver in partnership between places, with Government, and with the private sector, Northern institutions and our communities, as outlined below:

Pan-Northern and Intra-Northern collaboration	Greater devolution to Northern Places	Business, investment and institutional activity
<p>1a: Agree the functions of T&I at a Northern level through a re-purposed T&I Forum</p> <p>2a: Develop a shared evidence base to inform a Northern Trade and Investment Plan and shared T&I outcomes framework</p> <p>3a: Finalise investment narrative, further develop 'Northern Sector Products' and develop a landing page to host these</p> <p>3b: Host/attend events in market and at home, including joint Northern attendance where appropriate</p>	<p>1a: Leverage the role of mayors, leaders and the devolution process to coordinate regional efforts</p> <p>1b: Coordinate Northern asks with Government</p> <p>2c: Leveraging devolution to unlock access to new data sources in partnership with government</p> <p>2c: Devolution of export support to regions, aligned to backed and well-resourced growth hubs</p> <p>2c: Secure additional buy-in and resource for joint Northern activity</p>	<p>2c: Secure long-term funding commitment to KAM</p> <p>2c: Roll out place-based export support to all Northern regions</p> <p>2c: Obtain and implement investment incentives</p> <p>3c: Work with the OFI to identify and unlock strategic sites in the North</p> <p>3c: Work with Northern regions to utilise NWF to drive investment in key sectors with private finance undersupply</p> <p>1c: Communicate the economic benefits and success stories that trade and investment bring to the region</p>