



Rail Supply Group



RAIL SECTOR DEAL

UK EXPORTS SURVEY REPORT

October 2020



CONTENTS

EXECUTIVE SUMMARY	1
SURVEY RESULTS	3
INDUSTRY QUESTIONS	11
EXPORT HELP AND SUPPORT	17



EXECUTIVE SUMMARY

The Rail Sector Deal set out a new approach to the rail industry and government working in partnership to transform the rail sector.

It includes taking actions to increase the use of digital technology, boost productivity, improve the service received by those who use our railways and build the skills of the UK workforce to capitalise on these opportunities.

At the outset, in December 2018, the Exports and Inward Investment industry goal was to double the value of exports by 2025.

To achieve this, the industry's supply chain agreed a number of Industry 'Offers':

- Provide a UK Rail Supply Chain capability map to identify its strengths and weaknesses in relation to export;
- Provide an analysis of overseas opportunities, barriers to entry and regional market rail sector overviews; and
- Create and run an export mentoring and secondment for businesses looking to enter overseas markets for the first time.

In addition, the Industry 'Ask' of government was:

- Examine how public sector organisations could better support UK rail exporters, and to provide ongoing access to government decision making for industry leaders – through an exports consultation.

Whilst the original goal of improving exports is unchanged, the export landscape has altered significantly. Exporters will need to navigate the impact of the Covid-19 pandemic on the global economy and operate through the future trade deal with the European Union and new trade deals around the world.

As part of its work prior to the onset of the pandemic, the Rail Supply Group sought views on what specific support and advice suppliers needed to increase exports. Whilst acknowledging the subsequent change in the business environment, the survey findings, which included inputs from 140 suppliers, are still relevant.

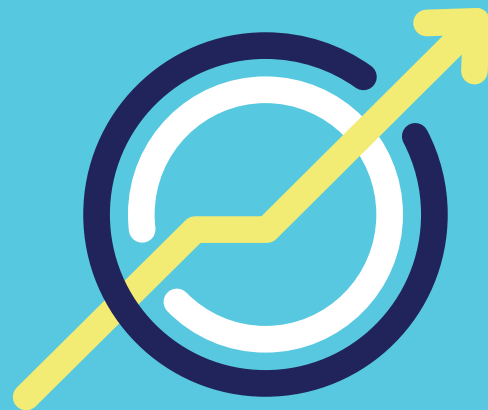
Many businesses are seeking to recover or grow through increasing exports; the Sector Deal 'Offers' and Asks' remain important enablers to success. The key findings show that we need to understand more about which SMEs and larger companies are active in the rail export market, and which markets are priorities so that suppliers can gain targeted support and assistance from across industry and Government.

I would like to thank all the UK suppliers who took part in this survey, the Railway Industry Association (RIA) for hosting the survey and those companies and government officials who have worked, and are continuing to work behind the scenes, to deliver the Rail Sector Deal.

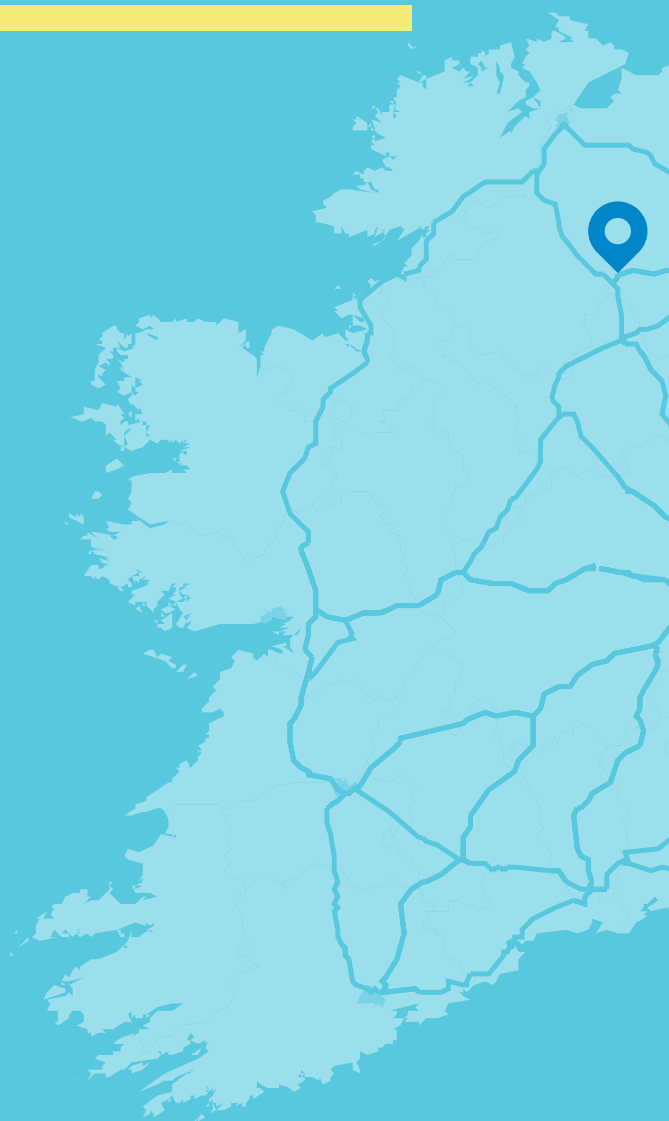


Anna Ince
Vice Chair
Rail Supply Group

SURVEY RESULTS



140 Companies
took part in the
Export Survey,
130 supplied Post
Codes and are
located as follows:





Kirkcaldy
Glasgow
Edinburgh

Belfast

Douglas

Dublin

Leeds

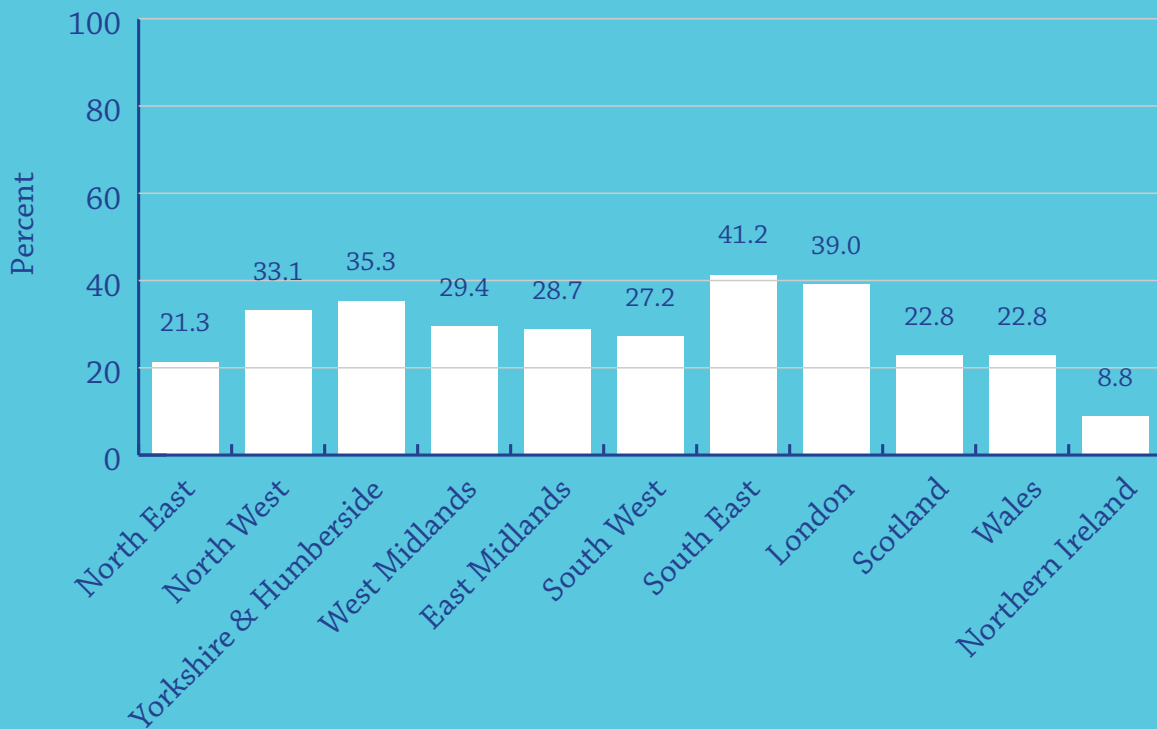
Manchester

Birmingham

Cardiff

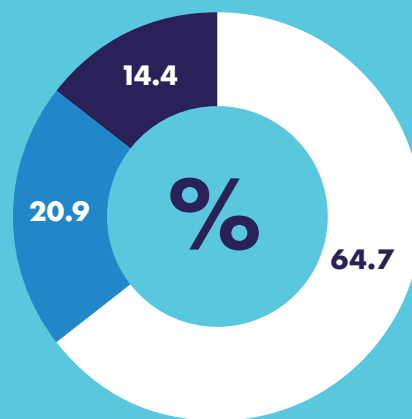
London

136 companies responded that they **are in the following regions of the UK:**

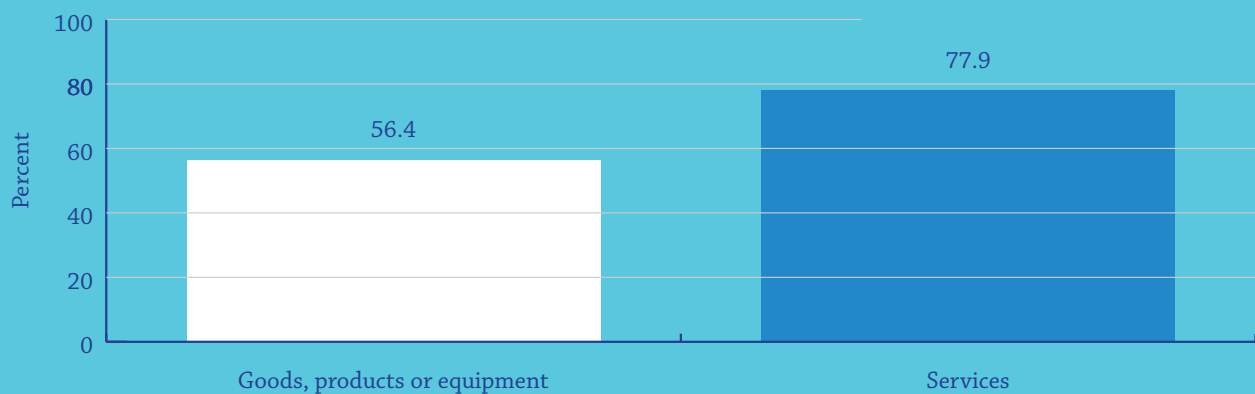


139 companies indicated their approximate **size of total UK company operation** (last available year) as follows:

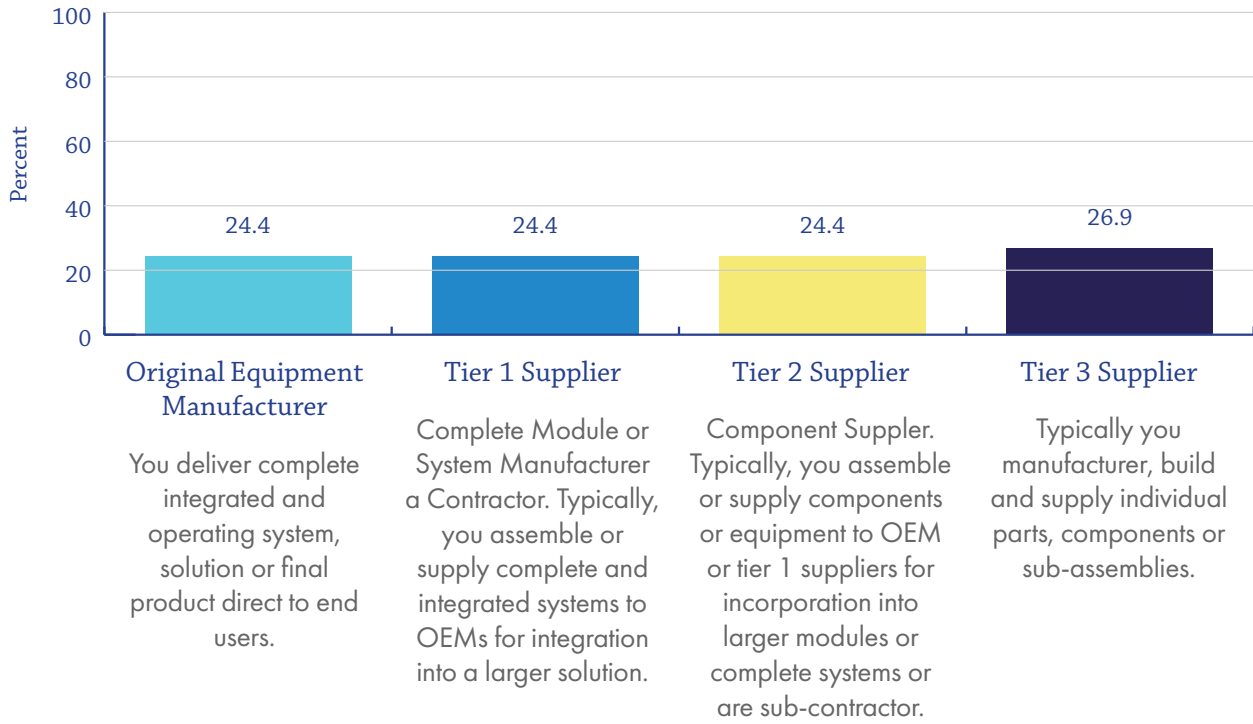
- Small**
(turnover up to £10M)
- Medium**
(turnover £10M - £50M)
- Large**
(turnover over £50M)



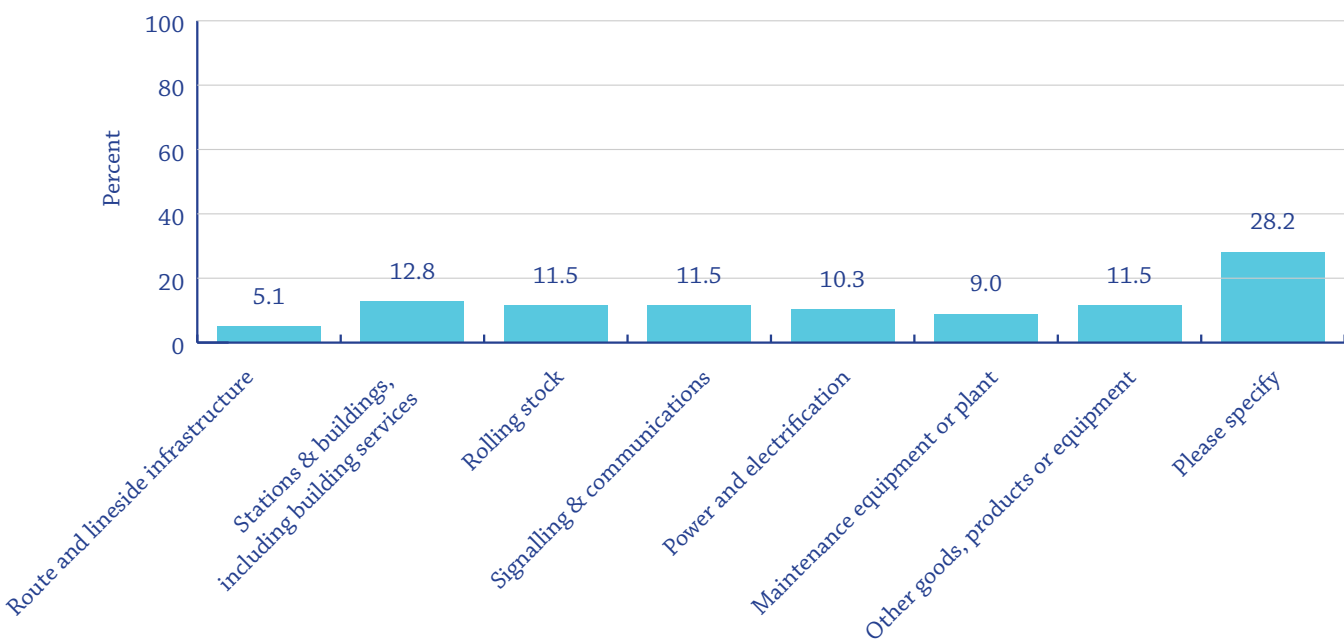
All **140** companies responded that their UK operations **deliver goods or services to the rail sector as follows:**



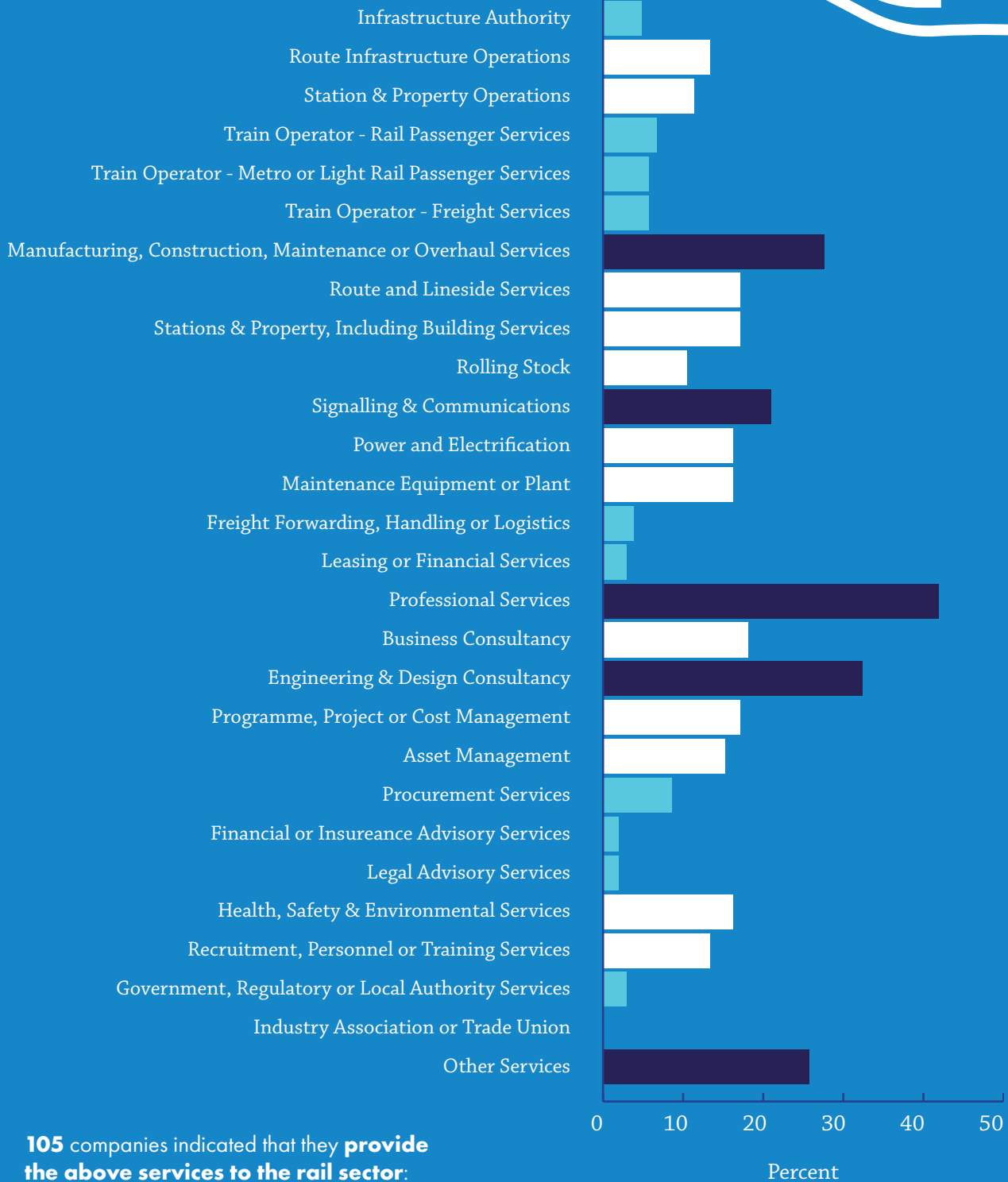
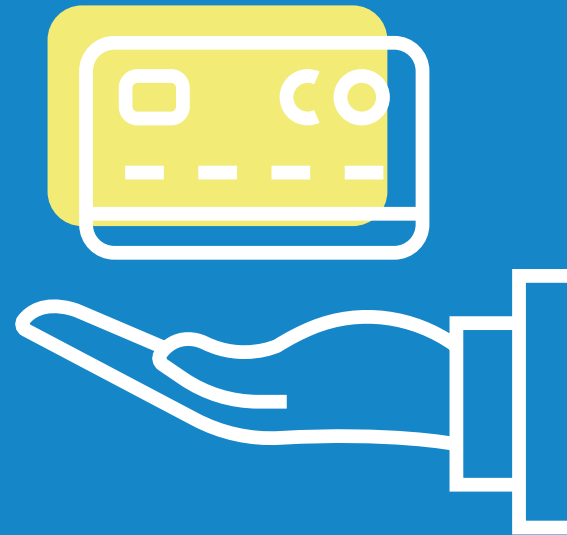
78 companies responded how their UK operations and **supply goods, products or equipment to the rail sector as follows:**



78 companies responded that the **category** of goods, products, or equipment **that their UK company provides to the rail sector is as follows:**



SERVICES PROVIDED TO THE RAIL SECTOR

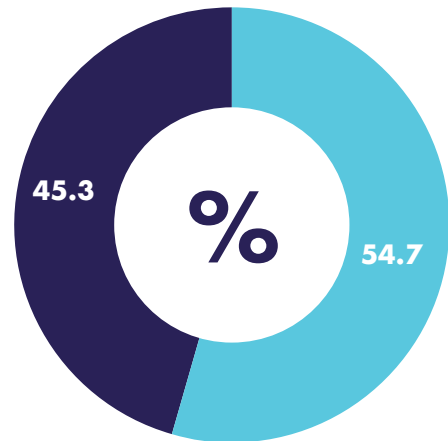


105 companies indicated that they **provide the above services to the rail sector:**

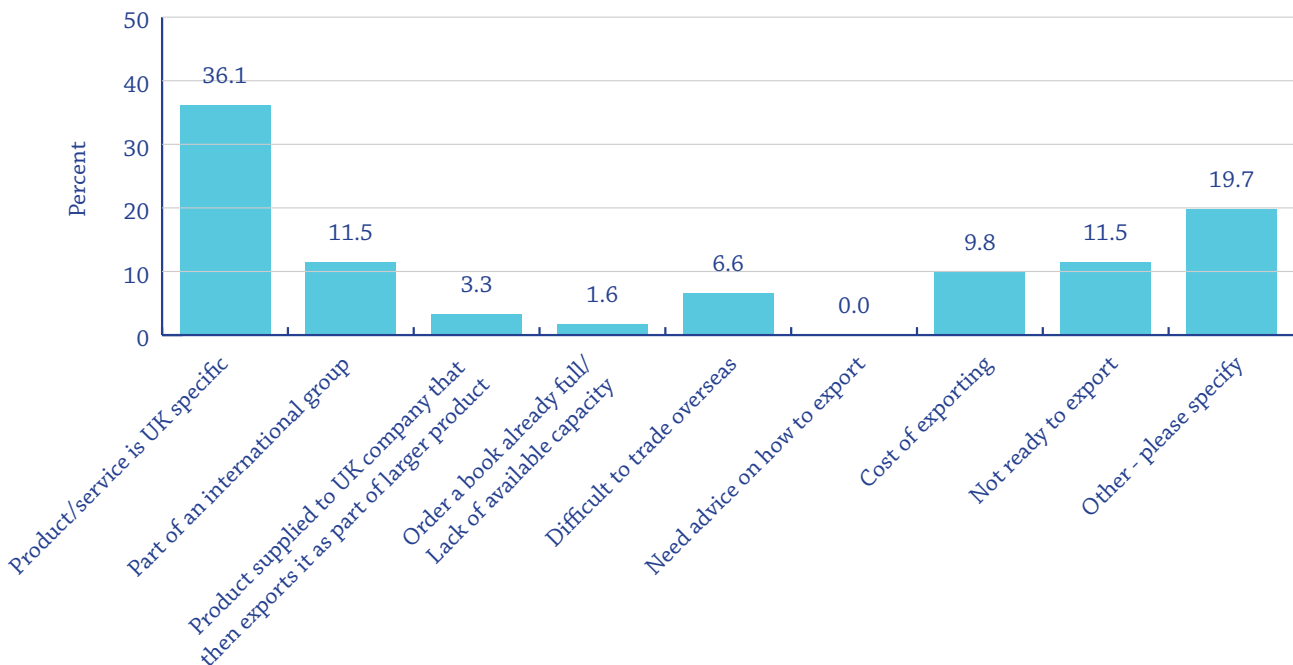
139 companies completed this section with **54.7%** **confirming** they are currently exporting, or planning to export, or considering exporting goods or services for the railway sector from the UK.

 Yes  No

49 companies stated that their exported approximate value of total railway goods, products, equipment, service, or other activities exported from the UK, for the most recent year was **£106,406,612**, however the majority declined to add a figure.



61 companies responded that they are **not exporting for the following reasons:**



Current Priority Markets for Exporters

	Country	Current Priority Export Market					Total priorities from all five in order (out of 500%)
		Top	2nd	3rd	4th	5th	
1	Australia	12.8%	7.6%	10.1%	12.1%	8.9%	51.5%
2	United States	10.5%	6.3%	2.9%	13.8%	5.4%	38.8%
3	Germany	12.8%	10.1%	4.3%	1.7%	5.4%	34.3%
4	France	4.7%	8.9%	10.1%	3.4%	5.4%	32.5%
5	United Arab Emirates	3.5%	10.1%	5.8%	3.4%	7.1%	30.0%
6	Ireland	3.5%	7.6%	4.3%	5.2%	1.8%	22.4%
7	Spain	0.0%	3.8%	4.3%	5.2%	7.1%	20.5%
8	Canada	3.5%	5.1%	2.9%	5.2%	3.6%	20.2%
9	India	4.7%	5.1%	4.3%	5.2%	0.0%	19.2%
10	Netherlands	2.3%	1.3%	7.2%	3.4%	0.0%	14.3%
11	Sweden	3.5%	5.1%	2.9%	0.0%	1.8%	13.2%
12	Italy	0.0%	1.3%	1.4%	6.9%	1.8%	11.4%
13	Belgium	2.3%	0.0%	2.9%	3.4%	1.8%	10.5%
14	Saudi Arabia	3.5%	1.3%	0.0%	3.4%	1.8%	10.0%
15	New Zealand	0.0%	1.3%	4.3%	0.0%	3.6%	9.2%
16	Singapore	1.2%	1.3%	2.9%	1.7%	1.8%	8.8%
17	Japan	2.3%	1.3%	0.0%	3.4%	1.8%	8.8%
18	China	1.2%	0.0%	5.8%	0.0%	1.8%	8.7%
19	Finland	0.0%	0.0%	4.3%	0.0%	3.6%	7.9%
20	Qatar	0.0%	2.5%	0.0%	1.7%	3.6%	7.8%

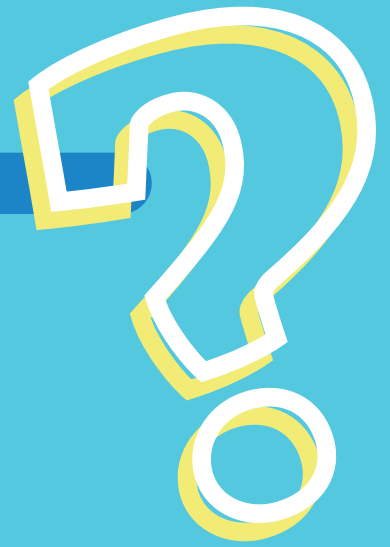
Companies taking part	86	79	69	58	56
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TOP PRIORITY markets where companies believe their railway sector goods or services have potential to be exported with assistance from the rail industry and Government

	Country	Current Priority Export Market With Assistance Needed					Total priorities from all five in order (out of 500%) with assistance needed
		Top	2nd	3rd	4th	5th	
1	Australia	19.7%	3.1%	10.3%	5.9%	10.2%	49.2%
2	United States	14.5%	6.2%	8.6%	0.0%	6.1%	35.4%
3	India	6.6%	12.3%	5.2%	2.0%	4.1%	30.1%
4	Germany	11.8%	9.2%	3.4%	3.9%	0.0%	28.4%
5	France	3.9%	12.3%	3.4%	3.9%	4.1%	27.7%
6	Canada	3.9%	7.7%	5.2%	7.8%	2.0%	26.7%
7	United Arab Emirates	6.6%	7.7%	3.4%	2.0%	6.1%	25.8%
8	Ireland*	1.3%	6.2%	3.4%	7.8%	2.0%	20.8%
9	Spain	1.3%	1.5%	6.9%	2.0%	6.1%	17.8%
10	China*	3.9%	1.5%	3.4%	0.0%	4.1%	13.0%
11	South Africa	0.0%	1.5%	3.4%	5.9%	2.0%	12.9%
12	Netherlands	1.3%	1.5%	5.2%	3.9%	0.0%	11.9%
13	New Zealand	0.0%	1.5%	1.7%	3.9%	4.1%	11.3%
14	Qatar	0.0%	4.6%	0.0%	5.9%	0.0%	10.5%
15	Italy*	0.0%	0.0%	1.7%	7.8%	0.0%	9.6%
16	Belgium	0.0%	0.0%	5.2%	2.0%	2.0%	9.2%
17	Austria	0.0%	1.5%	3.4%	2.0%	2.0%	9.0%
18	Sweden	2.6%	0.0%	1.7%	0.0%	4.1%	8.4%
19	Nigeria	1.3%	3.1%	1.7%	0.0%	2.0%	8.2%
20	Singapore	1.3%	3.1%	1.7%	0.0%	2.0%	8.2%

Companies taking part	76	65	58	51	49
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INDUSTRY QUESTIONS



As part of the Survey, industry was asked to comment on various questions, these included.

Question: Are there any areas relating to exporting that you would like specific support or advice from the rail industry or Government to realise your export potential?

Answers: A cross section of replies included:

We need understanding of where in the world UK PLC is best viewed?

Will areas with similar historic infrastructure or culture will be the easiest gains?

Are there companies that would be willing to work with us to deliver a solution using our building blocks?



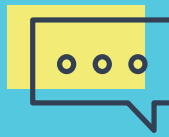


How do we understand the potential for our products in other countries?



As a business that has never exported with new and innovative product lines, any information on exporting would be greatly received.

We would need advice on who is safe, from both a commercial and human perspective, to work with.



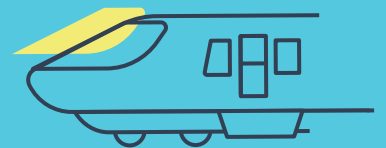
Can I be notified of upcoming opportunities where our companies will be required in overseas markets?

I would like to know how to access these markets - are there trade fairs we could go to? How do we access tender opportunities?

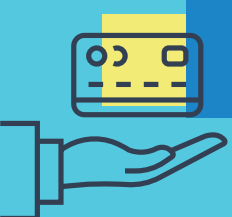


We believe there are other companies already providing our capability locally, how do we find out the real situation?

We would like fully funded trade mission visits to major rail rolling stock companies in Europe such as CAF and Bombardier. More export rail related meet the buyer events.



Where is Project Funding available to other countries from UK Export Finance or UK Government?

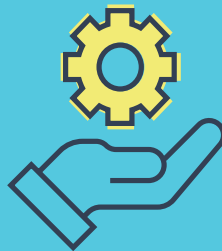


Support from the Rail Industry and Government in making key connections in our target regions and reducing the risk of investment in export for our business

Question: What would enable you to export in the future?

Answers: A cross section of replies included:

Overseas representative to provide local support?



We would have to know that there is enough business to be captured to justify investing further in exporting.

Government advice on safe countries to trade with.

Contacts with the right people in the rail operators and other parts of the rail eco system in Europe and possibly the Middle East.

Easier to navigate tax implications of working overseas



Government support and overseas strategy.



Success in the UK has stemmed from working closely with Network Rail and Tier 1s. Need to connect and partner with similar entities in other countries.



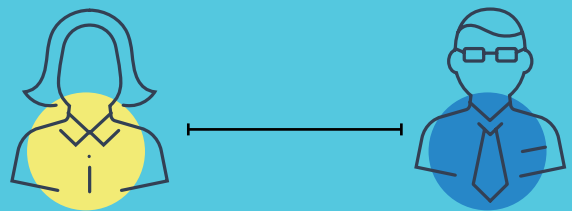
Involvement in trade delegations and conferences.

Help to start up in other countries and for advice on how to win work.

Knowledge and best practice - perhaps someone with in-country knowledge and advice

Borderless trade, easier trading, further information on what support is available or restrictions post BREXIT?

Introduced top key contacts in the country, references from Network Rail and DIT about work our company has done successfully in the UK.



Question: Are any specific overseas opportunities or projects of interest to your company that might benefit from support or advice from the rail industry or Government to engage with?

Answers: A cross section of replies included:

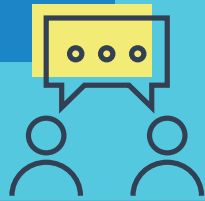
Any of the new rail initiatives in the Middle East.

Australian market interest;
Queensland rail at present;
Melbourne to Brisbane Inland Rail Project.



Metros in India, UAE, Qatar, Thailand, Dublin, Singapore, Sydney including Doha and New York Metros, USA.

Made aware of any Wi-Fi infrastructure networking, customer experience, marketing, customer engagement or digital media projects or tenders.



if overseas railways/governments have problems with commercial or operational planning, development of business cases etc, we're interested in talking to them.

Any of the new rail initiatives in the Middle East.

Rail Baltica, Lithuania, Latvia, Estonia, Poland and Finland.

EU rail initiatives:
e.g. Shift2Rail, also Germany and Spain.

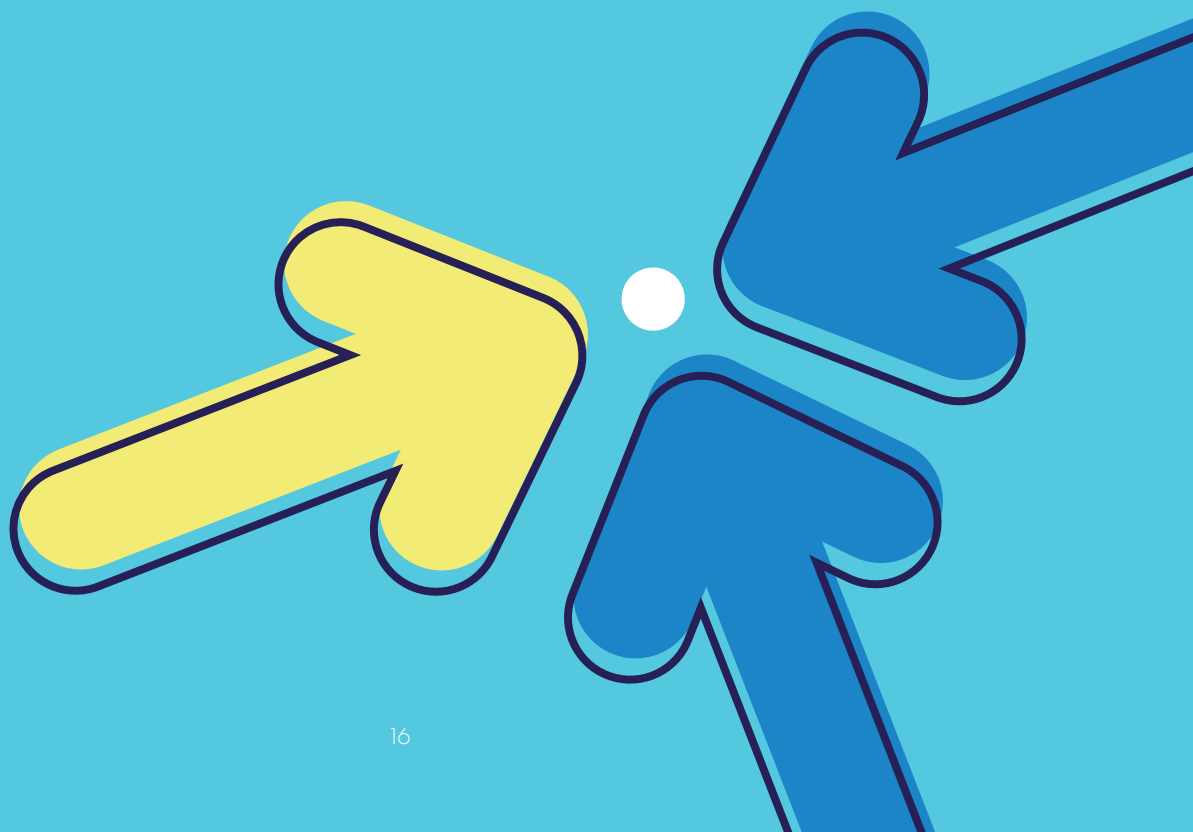
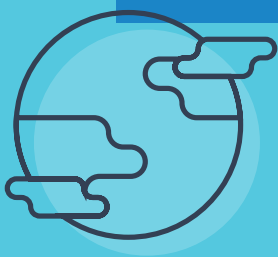


Better understanding of the local competition/gaps in the market in other countries would help better understand the potential to offset the risk of exporting.

Interested in support to develop an export in rail apprenticeship design and development and/or other training opportunities.

Tren Maya High Speed Rail, Mexico, Texas High Speed Rail, USA and Boston Commuter Rail, USA.

European pipelines for major works.





EXPORT HELP AND SUPPORT FOR UK COMPANIES

The Government is supporting businesses and employees through a package of measures to help manage the impact of Coronavirus (Covid-19). These measures include financial support packages for businesses, support for employees' wages and Export Insurance Policy (EXIP). Visit the Business Support website for more information about these additional measures and find guidance here for UK businesses trading internationally.

Department for International Trade Help and Support

DIT helps businesses export, drives inward and outward investment, negotiates market access and trade deals, and champions free trade.

The Department is responsible for:

- Bringing together policy, promotion, and financial expertise to break down barriers to trade and investment, and help businesses succeed in the global marketplace
- Delivering a new trade policy framework for the UK as we leave the EU
- Promoting British trade and investment across the world
- Building the global appetite for British goods and services

DIT's Network of Support

DIT International Trade Advisers (ITA) are based in the UK Regions and are the primary interface with the local business community. They provide businesses with export related advice (including planning and strategy), mentoring and signpost to DIT support and services e.g. meet the buyer events, networking receptions and product launches.

Find your nearest [ITA here](#).

DIT Sector Teams actively work to unlock lucrative overseas opportunities for UK exporters and sell the UK offer to overseas stakeholders. They work with other Government Departments to ensure domestic policies create a strong trade and investment environment, whilst encouraging the growth and sustainability of new low-carbon industries.



Teams are split into the below sectors:

- **Energy and Infrastructure (including Rail)**
- Capital Investment and Entrepreneurship
- Creative, Lifestyle and Learning
- Defence and Security
- Healthcare, Life Sciences and Bioeconomy
- Financial and Professional Services
- Technology, Entrepreneurs and Advanced Manufacturing

DIT Overseas Trade Advisers are responsible for supporting UK exports and investment across the world. They are split into nine regions each reporting to a trade commissioner (Africa, Asia Pacific, China and Hong Kong, Eastern Europe and Central Asia, Europe, Latin America and the Caribbean, Middle East, North America and South Asia).

They cover a range of sectors, which can include the rail sector. They support UK exporters by providing:

- Information on the main forms of overseas investment
- Reasons why UK businesses may consider expanding into overseas markets
- Information on overseas investment opportunities for your products or services

Find your [DIT overseas trade adviser here](#).



How to Access DIT's Support and Services

DIT provides a range of digital tools and advice to help companies export, including:

Tools

- **Connecting overseas suppliers buyers with the UK supply chain: Create a profile for your business here so that you can connect directly with international buyers**
- **Finding export opportunities:** Search a range of export sales leads and pitch your company to overseas buyers
- **Online marketplaces via E-Exporting Programme:** Access support to help your business sell its products to international consumers through global online marketplaces.
- **Reporting a trade barrier:** Inform us if you think you're facing a trade barrier, so we can try to resolve it.
- **Check How to Export Goods':** Find information about how to move goods from the UK to the rest of the world.

Advice

- **Exporting country guides**
- **How to create Export Plans**
- **Choosing a route to market**
 - » Licensing or Franchising
 - » Establishing a joint venture
 - » Setting up a business abroad
- **Selling overseas: a guide for beginners**
- **How to sell overseas**
- **Get export finance**
- **Manage payments for export orders**
- **Prepare to do business in a foreign country**

- **Prepare for export procedures and logistics in:**

- » Moving goods and using Freight forwarders
- » International Trade contracts and incoterms
- » International trade documentation

- **Selling services overseas**

- **Manage risk of bribery and corruption** including **Human rights violations**

- **Leaving the EU: How this will affect your business**

Taking part in rail export events, trade missions and trade exhibitions

Events and trade missions are one of the most effective ways to access overseas opportunities in the rail sector. They can help you:

- Gain essential market knowledge and make new contacts
- Gain experience in attending and getting the most from overseas trade shows
- Get advice and support from trade experts on how to maximise your presence

DIT's calendar of events can be found [here](#).

Trade Access Programme (TAP) Grants

Businesses exporting or thinking about exporting from the UK can attend TAP's selected overseas trade shows and conferences with grants to offset some costs. More information about which trade shows, how the service works and eligibility is available [here](#).

UK Export Finance (UKEF)

UK Export Finance is an integral part of DIT's strategy and operations. It works with private credit insurers and lenders to support UK companies access export finance whilst helping to ensure export deals do not fail due to financial or risk factors.

It helps UK exporters by:

- Providing insurance and guarantees to banks to share the risk of providing export finance
- Providing loans to overseas buyers of goods and services from the UK
- Insuring UK exporters against non-payment by their overseas buyers
- Helping overseas buyers to purchase goods and services from UK exporters by guaranteeing or funding bank loans to finance the purchases

Further information about UKEF and its services is available [here](#).

Network Rail References

Network Rail has from 1st May 2020 stated that references will be provided for use by UK suppliers when bidding for overseas contracts or an export opportunity. Under this new measure, Network Rail suppliers will have the option to request a reference in writing, either on completion of a contract or following a period of 12 months of continuous work.

Network Rail's move to provide references for UK suppliers with overseas growth ambitions reflects its commitment to the Rail Sector Deal, a Government and rail industry commitment to work together to ensure the UK capitalises on emerging opportunities in the global rail sector.

To ensure all requests are dealt with in a timely manner Network Rail has set up a dedicated mailbox to respond to any queries:

RSC&PProcurementOperations@networkrail.co.uk.

The full supplier reference process is available to view on Network Rail's website: www.networkrail.co.uk/supply-chain or you can view the PDF outlining the process here:

<https://www.networkrail.co.uk/wp-content/uploads/2020/05/Network-Rail-Supplier-reference-process.pdf>

Railway Trade Associations and Rail Business to Business networking organisations

listed below provide an export support service for their Members providing advice, assistance and information related to exports, please contact the relevant person for further details.

The Railway Industry Association (RIA) (www.riagb.org.uk) runs railway missions to various overseas markets over the course of the year.

- As a fully accredited Trade Challenge Partner, RIA manages, on behalf of DIT, the **Trade Access Programme (TAP) Grant Scheme** for the rail sector which allows UK SMEs to apply for TAP grants at selected Overseas Rail Exhibitions. RIA forms UK Pavilions at events such as AusRail Plus, InnoTrans, Middle East Rail, Rail Solutions Asia, and Trako. Spaces on rail missions or at exhibitions are not limited to RIA Membership with non-RIA Members welcome.
- RIA also provides trade briefings, hosts inward trade missions and has held 'Meet the Commercial Officer' events at domestic trade fairs like RailTex.
- RIA is the industry partner for the Exports Pillar of the Rail Sector Deal.
- RIA is a member of the Government's Expert Trade Advisory Group (ETAG) feeding into Government on priorities for the sector as the UK sets out its independent trade policy.
- Contact RIA Exports Director **Neil Walker** neil.walker@riagb.org.uk for further details.

Rail Forum Midlands (RFM)

(<https://www.midlandsrail.co.uk/>) provide regular information to their members covering specific overseas opportunities, exhibitions and missions. They also support rail exports events locally in the Midlands including inviting overseas buyers to local events.

- RFM has close links with the Department for International Trade both in the UK and overseas together with close co-operation agreements with the Railway Industry Association (RIA) linked for exporting events and wider.
- RFM also works with all the major OEMS including responding to their enquiries for UK suppliers
- Contact RFM Membership Manager **Cat Appleby** cat@midlandsrail.co.uk for further information.

Rail Alliance (RA)

(<https://www.railalliance.co.uk/>) plays an active role in helping UK companies export and is part of the European Railway Clusters Initiative (ERCI), founded in 2010 with the aim of working together across the European Mainland (and beyond) to facilitate B2B, C2C and G2G activity aimed at growing rail sector supply chain companies in terms of market position and competitiveness.

The ERCI comprises 15 different railway business and technology clusters with the Rail Alliance being the sole UK representative.

- The RA can also facilitate inward visits and arranges their own stands at InnoTrans, Rail Live, Trako, SIFER, Barcelona Rail, Nordic Rail, Eurasia Rail, Middle East Rail and other overseas exhibitions.
- In addition to the RIA, the RA also has Trade Challenge Partner (TCP) status with the DIT and it plans to arrange Trade Missions to countries where the University of Birmingham has an existing foothold through its research or its teaching programmes; importantly, these missions will complement those undertaken by RIA, not competing in the same landscape.
- The RA is also part of the ERCI's Project PERES (itself part of the EU's programme for Competitiveness for Enterprises and SMEs (COSME) see <https://ec.europa.eu/docsroom/documents/9783>). Project PERES delivered a programme of B2B scoping visits to US Rail Sector Companies in Illinois, Pennsylvania, Ohio and by a mix of EU Railway Business Clusters during late 2019; it is hoped to repeat this programme in 2020.
- For further information on the Rail Alliance's export and inward investment activity, contact **Robert Hopkin** (r.hopkin@bham.ac.uk).

If any UK companies want to learn more about the sector deal and the export initiative, please visit <https://www.railsupplygroup.org/industrial-strategy-rail-sector-deal/> or contact RIA's Export Director, Neil Walker at neil.walker@riagb.org.uk





in The Rail Supply Group
rsgenquiries@raildeliverygroup.com
www.rsgtaskforce.org