

MAKING THE INDUSTRIAL STRATEGY WORK FOR MANUFACTURING

Britain's manufacturers are ambitious about the future and about improving their productivity.



**THREE-QUARTERS ARE GOING
FOR GROWTH**

92%

**PLAN TO INCREASE
THEIR INNOVATION
EFFORTS**



78%

**HAVE ENHANCED COOPERATION
ACROSS THEIR SUPPLY CHAIN TO
IMPROVE PROCESSES**



Government must support manufacturers' growth ambitions by making the UK a more internationally competitive location for industry.



**JUST
8%**

**OF BRITISH MANUFACTURERS
SAY THE UK HAS SPECIFIC
POLICIES TO SUPPORT
MANUFACTURING
GROWTH,**

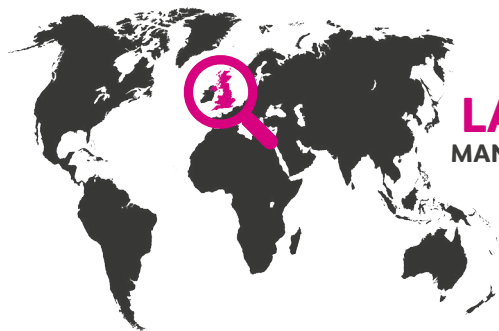
WHILE

65%

**SAY
GERMANY
HAS.**



WHY UK MANUFACTURING MATTERS



8TH
LARGEST
MANUFACTURING
NATION
BY OUTPUT

PRODUCTIVITY
GROWTH



THAN THE
WHOLE ECONOMY
AVERAGE



AVERAGE PAY
HIGHER THAN AND
INCREASING FASTER
THAN SERVICES

THE PUBLIC AGREE:

82% OF UK
ADULTS AGREE

"A strong manufacturing sector is essential
for the UK economy's future growth"



65%
OF UK WOMEN
AGREE

"I would be proud
to work in the UK
manufacturing
industry"



70%
OF UK
ADULTS AGREE

"The UK should aim to be
in the top 5 manufacturing
nations in the world by
output"

AN INDUSTRIAL STRATEGY IS NEEDED TO UNDERPIN A STRONGER ECONOMY

The right industrial strategy foundations are needed to enable manufacturing ambition and help secure wider social objectives. These include higher living standards through higher levels of productivity and the creation of high-skilled jobs.

The foundations that are needed from government:



**BETTER SUPPORT
FOR GROWING
BUSINESSES**



**A LOWER COST OF
DOING BUSINESS**



The need for an
**industrial
strategy**

is given further
impetus as the
structure of the
economy
is set to be
transformed by
Britain's exit
from the
European Union.

GOVERNMENT'S 'FIRST DRAFT' INDUSTRIAL STRATEGY WAS A STRONG START

The **focus was on cross-cutting policy areas** aimed at addressing the UK's **productivity challenges** and the strategy was presented as a **whole of government plan** with the Prime Minister taking the lead.

But **there were some gaps**, and industry will be looking to government to fill these gaps in the final draft expected before the end of 2017, to ensure the strategy is more robust and will deliver on expectations.

GOVERNMENT ALREADY PLAYS A ROLE IN DETERMINING ECONOMIC OUTCOMES

Through its daily decisions on procurement, international relations and regulation, the government shapes the economy.



£242bn

THE AMOUNT THE GOVERNMENT SPENDS IN A YEAR ON GOODS AND SERVICES



£885m

THE AMOUNT OF NET REGULATORY SAVINGS DELIVERED IN THE 12 MONTHS TO MAY 2016



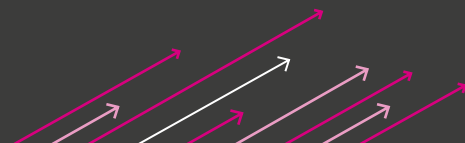
83

THE NUMBER OF MINISTERIAL VISITS TO PRIORITY TRADE MARKETS IN 2016/17

An industrial strategy is about making that role more transparent, coherent and effective ensuring a stable framework through which businesses can take decisions with certainty to fulfil their ambitions.

WHO SHOULD AN INDUSTRIAL STRATEGY BE FOR?

An industrial strategy will need to be cognisant of, and responsive to, all **sectors that want to innovate and grow**. But in addition to that, there will always need to be special attention given to businesses in new sectors and new capabilities. These will deliver a competitive advantage or help the UK meet societal aims or overcome challenges.



WHAT COULD A SUCCESSFUL INDUSTRIAL STRATEGY HELP DELIVER?

Closing the productivity gap with competitors
Greater productivity gains in our lagging industries Growing businesses with more turnover accounted for by mid-size companies

Reducing our trade deficit Raising the proportion of export-intensive companies
Increasing the diversity of the markets we sell to **More innovative firms, spending more**
Keeping the UK as an innovation leader in Europe Investing to catch up with competitors in automation technology
A greater economic growth contribution from investment

FILLING IN THE GAPS – WHAT'S MISSING IN THE INDUSTRIAL STRATEGY?



**CLEARER VISION OF
WHAT SUCCESS
LOOKS LIKE
WITH STRONG METRICS**

How will we know the industrial strategy is working?
Stronger metrics are needed.



**FOCUS ON THE
COST OF DOING
BUSINESS**

The cost of doing business in the UK
determines the competitiveness of the economy.

**DETAILED
GUIDANCE
ON SECTOR DEALS**



An ambiguous Sector Deals sign off process could
undermine business confidence in industrial strategy.

**BUILD ON EXISTING
STRUCTURES
TO ROLL OUT
DEVOLUTION
TO ALL AREAS**



Task Local Enterprise Partnerships with being the
Deal makers for Devolution Deals to help foster
more industrious places.

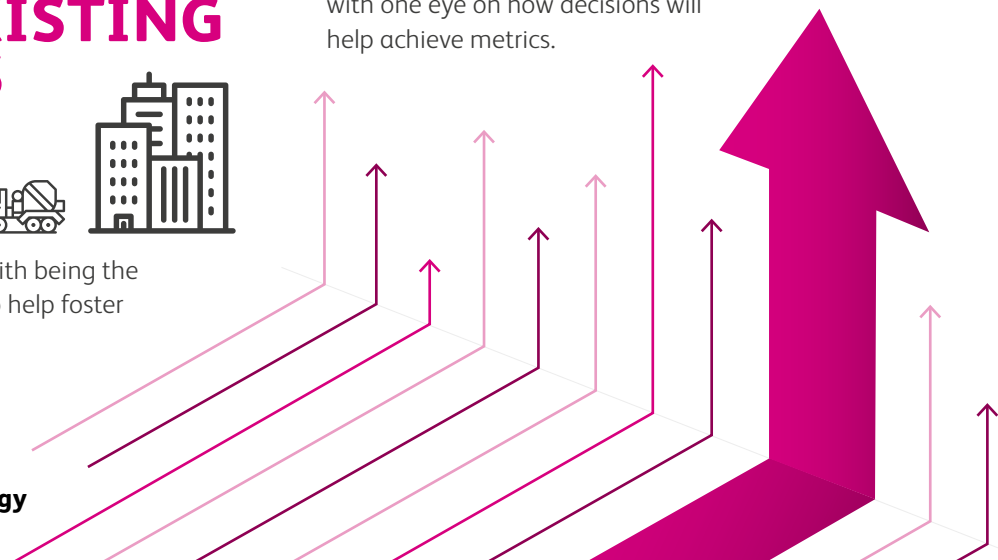
**SET OUT HOW
CROSS-GOVERNMENT
COLLABORATION
AND POLICY CONSISTENCY
WILL BE ACHIEVED**

All departments need to make
their policy decisions through the
lens of industrial strategy and
with one eye on how decisions will
help achieve metrics.



For more details, visit:

www.eef.org.uk/industrialstrategy



eefThe
manufacturers'
organisation

EEF is the voice of UK manufacturing and engineering. Everything we do is designed to help our industry thrive, innovate and compete.

Our membership and business services packages deliver expert support to thousands of companies in the UK, helping them to improve processes and productivity, maintain safe workplaces and attract, develop and retain skilled, productive and flexible workforces.

And, because we understand manufacturers so well, policy makers trust our advice and welcome our involvement in their deliberations. We work with them to create policies that are in the best interests of manufacturing, that encourage a high growth industry and boost its ability to make a positive contribution to the UK's real economy.

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UK MANUFACTURING 2016/17, THE FACTS:

2.7  **MILLION EMPLOYEES**

 10%  **OF GVA**

45% OF UK EXPORTS

68%  **OF BUSINESS R&D**

**14% OF BUSINESS
INVESTMENT**