

What is the future for manufacturing and how can we make it happen?

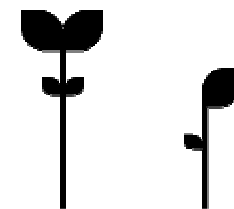
CLES Summit 2010: Resilient places
2-3.15pm, 13th July 2010, Manchester.

Kevin Hctor, Senior Policy Adviser, BCC.



Agenda

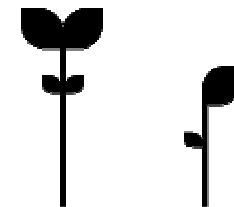
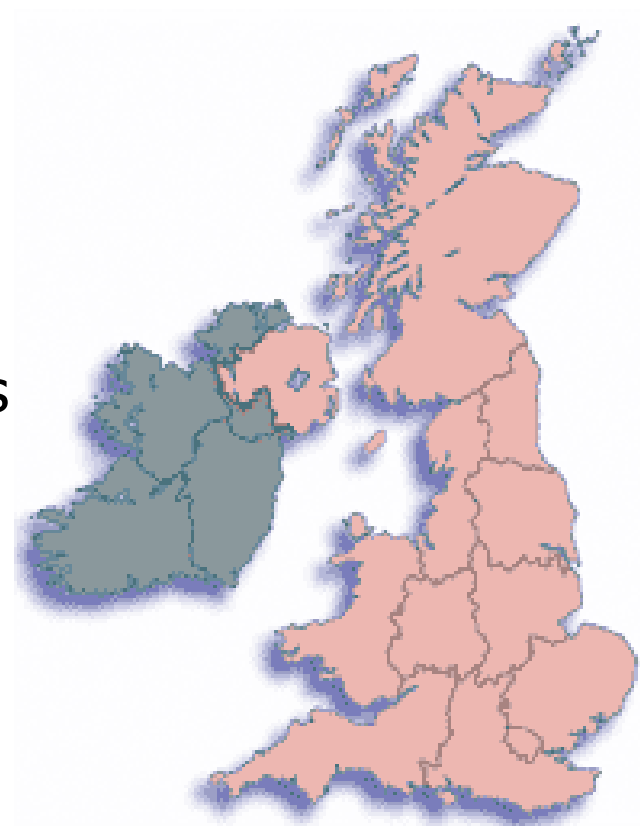
1. What is the British Chambers of Commerce?
2. Why does manufacturing matter?
3. What is the status of British manufacturing – perception/reality gap?
4. Where will British manufacturing go in the future?
5. What role should government/local government play in British manufacturing?



1) British Chambers of Commerce

THE LOCAL BUSINESS VOICE

- A network of 55 accredited local Chambers of Commerce (offering business representation, networking and services).
- Geographically spread, multi-sector, multi-size businesses across the UK.
- Over 100,000 voluntary member businesses with over five million employees.
- Part of an international network.

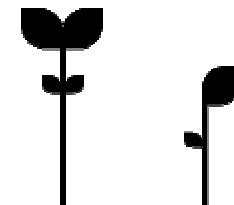


2) Why does manufacturing matter?

In the context of rebalancing the economy...

FIVE KEY REASONS

- Direct contribution to UK economic growth/standard of living.
- Broader indirect economic contribution e.g. from spin-off services work, supply-chain.
- Major contribution to UK export performance.
- Skilled jobs.
- Wider benefits – innovation, knowledge and investment.



3) What is the current status of British manufacturing?

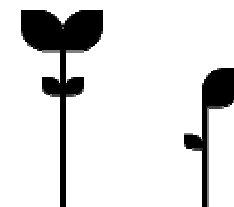
DOES THE UK MAKE ANYTHING ANYMORE?

- **Reasons to be concerned:**

- Manufacturing 30% of UK GDP in 1970 and only 12% now.
- Manufacturing employment in UK down from 6.9 Million people in 1978 to 2.6 Million now.
- Decline in traditional industries: shipbuilding, steel-making, and mining.

- **Reasons to be positive:**

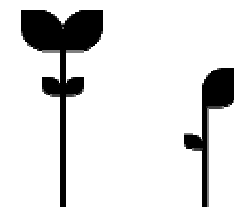
- Seventh largest manufacturing country in the world.
- Manufacturing output at its highest ever level in 2007.
- Manufacturing productivity grew by 28% between 1970 and 2007.



The current status of British manufacturing

PERCEPTION MUCH WORSE THAN REALITY

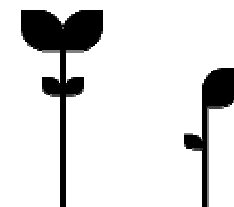
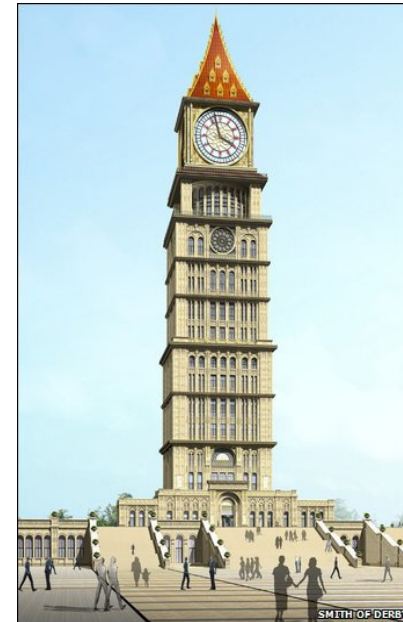
- Britain is a high-level manufacturing nation, our share of GDP is comparable with Germany, France and the US.
- Real international strengths e.g. pharmaceuticals, life sciences, sophisticated engineering, aerospace.
- High level foreign owned UK-based production e.g. Nissan, Toyota, Honda, General Motors, General Electric, Siemens.
- Manufacture within global supply-chains e.g. I-Pod silicon chips.
- Restructured to be efficient and productive i.e. - more, research, automation and skilled work and less labour intensive repetitive production processes .
- Increasing amount of “manu-services” companies – blurring the boundaries.



4) Where will British manufacturing go in the future?

REAL OPPORTUNITIES FOR GROWTH?

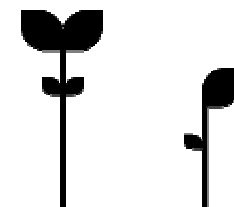
- UK manufacturing is efficient, productive, produces high-value goods and has been through difficult times (latent capacity) but has potential for growth.
- Potential for export growth due to competitive exchange rates and growing markets in emerging economies.
- Unlikely that UK financial services or property sectors will grow significantly, manufacturing can increase share of economy.
- However, services still likely to remain more dominant in economy (as is the case in most highly developed economies).



5) What role should government/local government play in British manufacturing?

THE CURRENT CONTEXT

- Four levers are available to government – incentives (grants, co-investment, subsidies, loans), taxation (on investment, R&D, particular sectors), education (focus on science and technology or manufacturing skills) and regulation (removal of barriers).
- Previous administration offered a combination of RDAs to drive economic development, business support, R&D tax credits, and post recession moved towards greater intervention and ‘industrial activism’.
- Current government already undone some of the industrial activism, will abolish RDAs, and will dramatically cut back public spending in most areas (including business support).



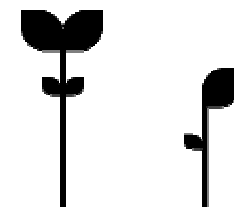
Government/local government role in British manufacturing

Nationally

- National strategy?
- Tax and regulation – competitive environment/manufacturing specific.
- Public spending - infrastructure, education and skills, science and regulation.
- Business support services (some manufacturing specific).

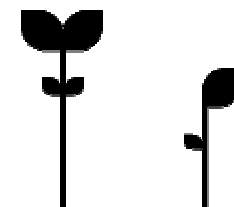
Locally

- Local economic strategy (engaging with business to rebalance local economy and champions local strengths).
- Co-ordinate delivery of local transport, skills, planning, procurement and regulation to support manufacturers.
- Support manufacturers where possible, but also remove barriers, costs and offer flexibility.



Summary/Conclusion

- Clear importance of manufacturing to local economies.
- Reality of manufacturing much better than perception.
- Potential for sector to grow but public spending to decline.
- Opportunities for local government on this agenda – but action needs to be based on real understanding of local economy.



CONTACT DETAILS

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