

MAKING THE FUTURE, MAKING BRITAIN GREAT

A manifesto for manufacturing



INTRODUCTION FROM **TERRY SCUOLER, CEO, EEF**

Elections are always about the future and in choosing a new Government this summer voters will determine the future economic direction of the UK.

The newly-elected administration will shape the UK economy, our relationship with the rest of the European Union and our place on the global stage. Manufacturing underpins each of these strategic priorities and is key to Britain's future prosperity.

Manufacturers have contributed significantly to the strength and resilience of the UK economy in the past year. Our manufacturing excellence is admired worldwide. The agility and inventiveness of our manufacturing companies has helped the UK capitalise on a recovering global economy.

This means industry has a high stake in getting the terms of the UK's exit from the EU right. Manufacturers are part of supply networks that crisscross the European continent, our nearest and most significant market. They work with the rules and standards that govern so much of our trade. Disruption would be to our economic detriment.

That is why a new government must listen carefully to British manufacturers before and during negotiations on exiting the EU and in discussions on the terms of our future trading relationship. The new government will have an opportunity to strengthen and plan for a great manufacturing future that boosts the economic and social wellbeing of all parts of the UK.

By driving forward a comprehensive industrial strategy it can lay the foundations for generations to come; it can put Britain at the forefront of the fourth industrial revolution, investing in digital technology and new innovation; it can create the right conditions for industry to thrive and invest. It can - and must - revolutionise our education system, to equip existing employees and a new generation with the skills and capabilities they need to help the economy grow.

Manufacturing industry wants to work closely with government not just to get the best outcomes for the nation's production lines, but for the millions of people who make up our workforce now and for those who will join us in the future. With vision a new Government can seize the opportunity to build the foundations of a new industrial future for Britain.

In doing so they will be making the future, and making Britain Great.

About British manufacturing

DID YOU KNOW?



Average pay in manufacturing is more than **£4,300 higher** per annum than across the economy as a whole (Source: ONS)



We are the **8th largest** manufacturing nation in the world (Source: UNIDO)



There are **2.8 million people** making things in the uk (Source: ONS)



4th largest global exporter (Source: UNCTAD)



Our productivity **growth is three times faster** than the UK average (Source: ONS)



Delivers more than 2/3 of business R&D (Source: ONS)



Made **£242bn** of exports in 2016 (Source: ONS)



Nearly **a fifth** of the UK's stock of FDI (foreign direct investment) is in the manufacturing sector (Source: ONS)

These are some of the ways a new Government can seize the opportunity:

MAKING THE FUTURE: A VIBRANT AND PRODUCTIVE UK ECONOMY

1. Building British excellence – competitive companies and products

- Help spread 4IR technology adoption with additional funding to boost innovation collaboration, invest in technology demonstrators and build capacity in the Catapult network
- Accelerate uptake of new manufacturing processes with an enhanced R&D tax credit
- Promote British excellence in overseas markets through the UK's network of embassies and ensure a commercial focus in growing UK exports.

2. Building stronger foundations for growth

- Commit to a third runway at Heathrow, the second road investment strategy and digital infrastructure
- Create a Roads Fund and extend its scope to invest in local roads
- Extend Devolution Deals to all parts of England focused on improving local transport and infrastructure
- Incentivise local authority mergers in England to enable more effective and sustainable decision making on economic growth.

3. Boosting investment through a more competitive business environment

- Stick with the roadmap for corporate tax rates and review the capital allowances regime for new technologies
- Introduce financial support to overcome barriers to energy efficiency investment
- Remove the business rates tax on plant and machinery, inclusion represents a tax on investment
- Incentivise and build infrastructure for the low-carbon economy, beyond low carbon electricity generation.

4. Supporting the delivery of a more skilled, healthy and productive workforce

- Reform the apprenticeship levy by providing employers with greater flexibility and control to spend over their own digital funds
- Reform the UK immigration system by allocating employers work permits according to skills shortages
- Recruit and retain the best English and maths teachers in underperforming schools
- Introduce fiscal incentives that encourage employers to support health-related initiatives to help people with long-term health conditions return to work earlier.

MAKING THE FUTURE: MAINTAINING A STRONG PARTNERSHIP WITH THE EUROPEAN UNION AND BUILDING GLOBAL INFLUENCE

1. Leaving the European Union with a strong trade deal

- Ensuring seamless trade between Britain and the EU must be the first priority of any new deal. It should be ambitious and comprehensive with minimal disruption and cost to business. This means agreeing zero tariffs; maintaining preferential rules of origin; minimal customs procedures and access to the Mutual Recognition Principle
- A period of transition should be agreed at an early stage, providing the necessary time for businesses to adjust following the UK's exit
- Employers must have equivalent access to EU workers and a similar ability to deploy employees across the European Union
- Government must consult and engage fully with industry in the UK as part of its negotiating strategy.

2. Maintaining stability in the relationship between the UK and the European Union

- UK businesses need a clear roadmap setting out how the process of exiting the EU will be managed. Any differences or divergences that emerge in the overall trading environment could add significant additional business costs, introduce uncertainty and could discourage companies from investing, trading or expanding in the UK
- Future regulatory cooperation arrangements between the UK and the EU must facilitate ongoing trade with the EU, while supporting the UK's future ambitions in global trade. This must include securing continued UK influence in both current and future arrangements which will impact our EU and global trading relationships.

3. Setting out a strong global role

- Full and early membership of the World Trade Organisation will allow the UK to be a fully integrated member of the international trading system, thereby protecting the trading and business interests of UK business and promoting the principle of global free trade
- Roll over existing trade agreements that the UK has benefitted from by being a member of the EU. This will allow the Government to work with businesses to support early market priorities and establish the basis for other free trade agreements that offer economic benefits for the UK
- The Government must prioritise resources in order to strengthen, promote and secure a prominent position for the UK on the global stage. The UK must continue to support multi-national initiatives such as global emissions reductions and environmental controls, the coordination of social policies and cross-border operations in a key effort to drive UK global business competitiveness.

MAKING THE FUTURE: WORKING TOWARDS A COLLABORATIVE PARTNERSHIP WITH MANUFACTURING

1. Creating certainty and stability

- Press ahead with the cross-government delivery of an ambitious industrial strategy which is driven by clear measurable outcomes
- Continue the process of repairing the public finances, while prioritising growth and economic stability in the next parliament
- Commit to internationally competitive and more predictable energy prices, including the provision of an annual Government energy policy statement.

2. Government-industry collaboration

- Work with sectors to address industry specific challenges, provide clear frameworks and timescales for engagement so businesses can engage with government with clarity
- Maintain industry dialogue on the evolution of industrial strategy priorities to keep government policy in line with technological advances
- Take a long-term view of procurement programmes and encourage small companies to bring forward innovative solutions so that government's spending power drives growth and exports.

3. Developing good business practices

- Give shareholders a greater voice over executive pay
- Require larger companies to demonstrate how they promote the worker voice
- Reduce every year the cost and burden of all regulation on business.



**The
manufacturers'
organisation**

EEF is dedicated to the future of manufacturing. Everything we do is designed to help manufacturing businesses evolve, innovate and compete in a fast changing world. With our unique combination of business services, government

representation and industry intelligence, no other organisation is better placed to provide the skills, knowledge and networks they need to thrive.

We work with the UK's manufacturers from the largest to the smallest, and as we understand them 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.

For more information contact the Policy and External Affairs team on 020 7654 1555.

EEF offices

London (A)

Broadway House
Tothill Street
London
SW1H 9NQ

T: 020 7222 7777

Birmingham (K)

St James's House
Frederick Road
Edgbaston
Birmingham
B15 1JJ

T: 0121 456 2222

Bridgend (L)

Waterton Technology Centre
Waterton
Bridgend
CF31 3WT

T: 01656 641 790

Bristol (C)

Engineers' House
The Promenade
Clifton Down
Bristol
BS8 3NB

T: 0117 906 4800

Cambridge (I)

Building 2030
Cambourne Business Park
Cambourne
Cambridge
CB23 6DW

T: 01954 712 350

Gateshead (H)

EEF House
Queens Park
Queens Way North
Team Valley Trading Estate
Gateshead
NE11 0NX

T: 0191 497 3240

Leamington Spa (D)

Woodland Grange
Old Milverton Lane
Leamington Spa
Warwickshire
CV32 6RN

T: 01926 336 621

Melton Mowbray (E)

Pera Business Park
Nottingham Road
Melton Mowbray
Leicestershire
LE13 0PB

T: 01664 484 270

Reading (B)

Regus
Atlantic House
Imperial Way
Reading
RG2 0TD

T: 01256 763 969

Sheffield (F)

Advantage House
Poplar Way
Catcliffe
Rotherham
S60 5TR

T: 01709 782 930

Warrington (G)

Glazebrook Lane
Glazebrook
Warrington
Cheshire
WA3 5BN

T: 0161 777 2500

EEF Technical Training Centres

EEF Technology Hub

Noble Way
Birmingham
B6 7EU

T: 0121 344 7900

EEF Technology Training Centre

Unit 3 Nexus Point
Gavin Way
Birmingham
B6 7AF

T: 0121 331 3930





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