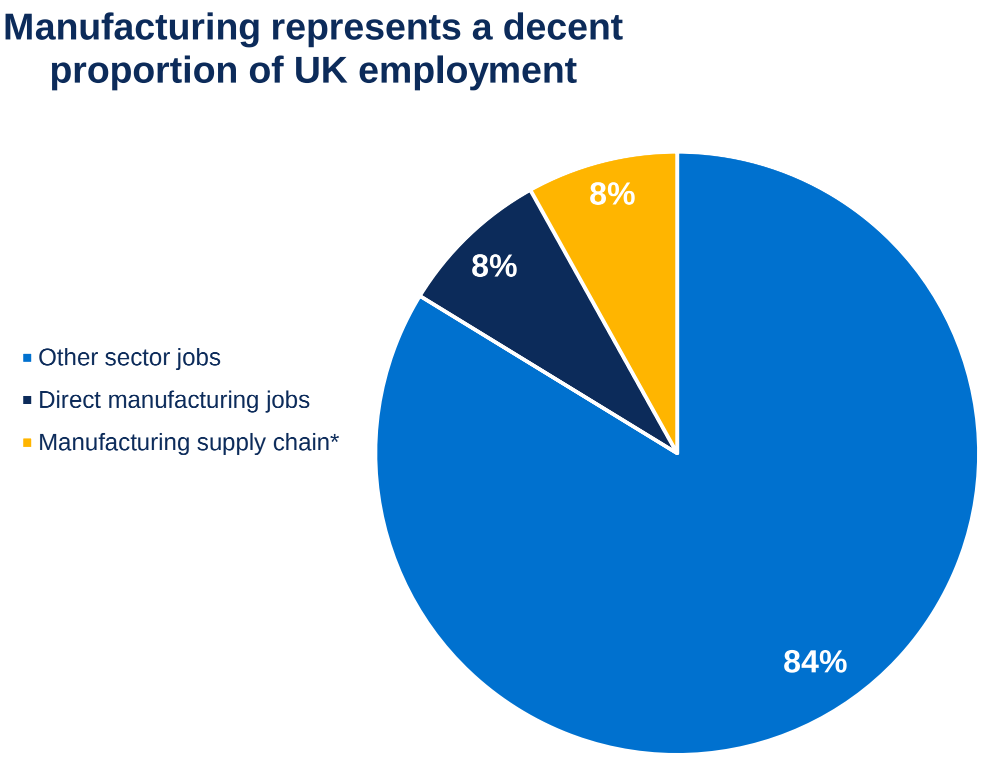
MANUFACTURING OUR FUTURE

NATIONAL MANUFACTURING DEBATE

Manufacturing makes a substantial contribution to the UK economy



Manufacturing accounts for…

- £230 billion in export revenue
- 45% of exports

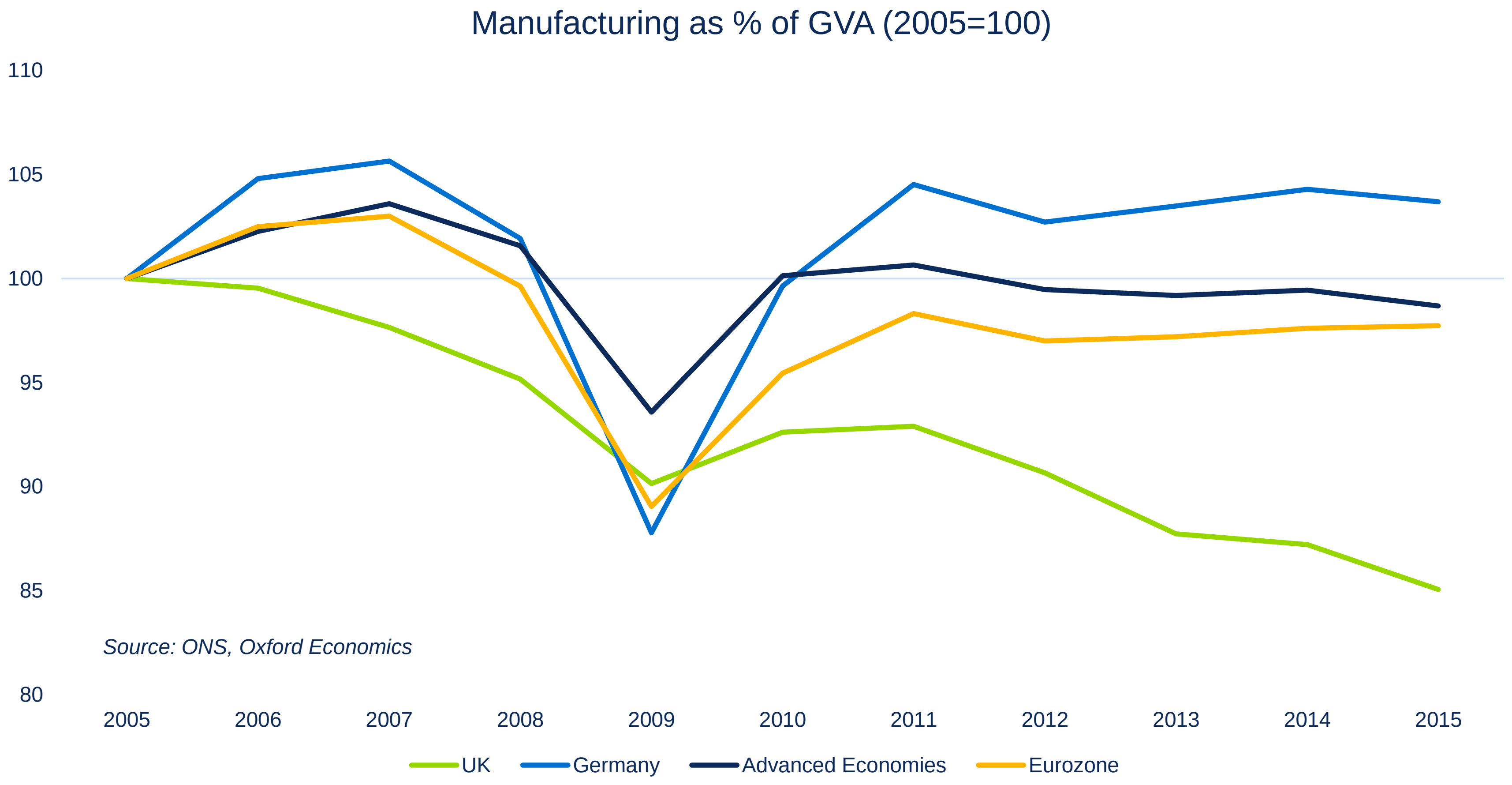
…and up to:

- 5.5 million jobs
- Over £310 billion in GVA#

**Source: ONS/BIS Manufacturing Metrics Review Report*

#Source: CBI calculations

Other advanced economies have maintained a higher share of manufacturing



Source: ONS, Oxford Economics

In CBI roundtables and member meetings, the most frequently mentioned issues for UK manufacturing are:

- Business rates
- Energy costs
- Supply chain constraints
- Productivity
- Innovation
- Skills

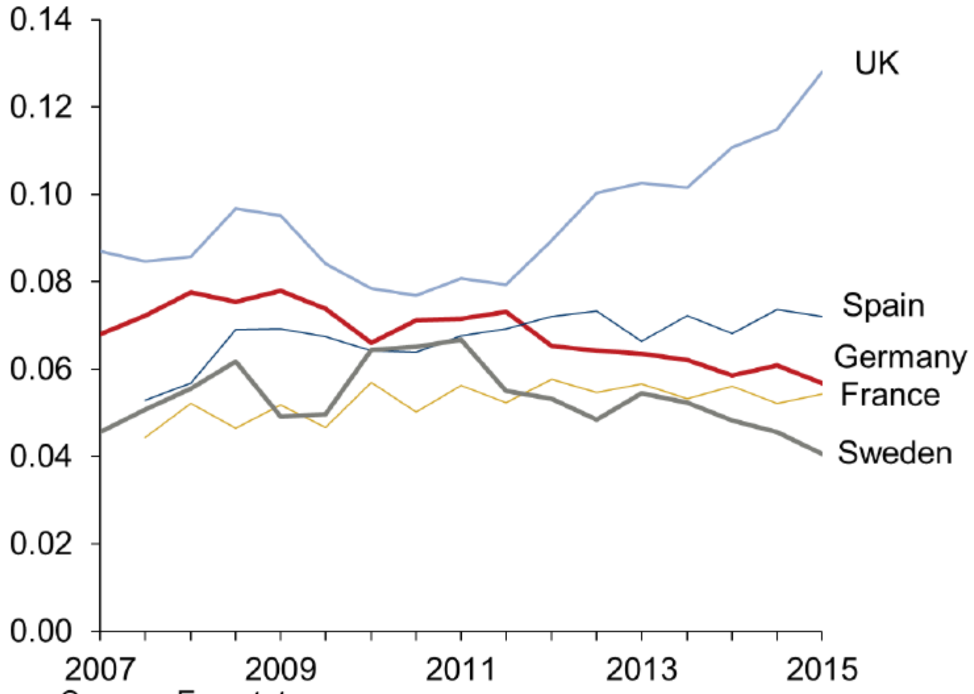
£9bn

The additional cost on business every year over the course of this parliament as a result of inaction on business rates, the new National Living Wage and introduction of the Apprenticeship Levy

UK suffers higher energy prices

Europe: Electricity prices excluding taxes

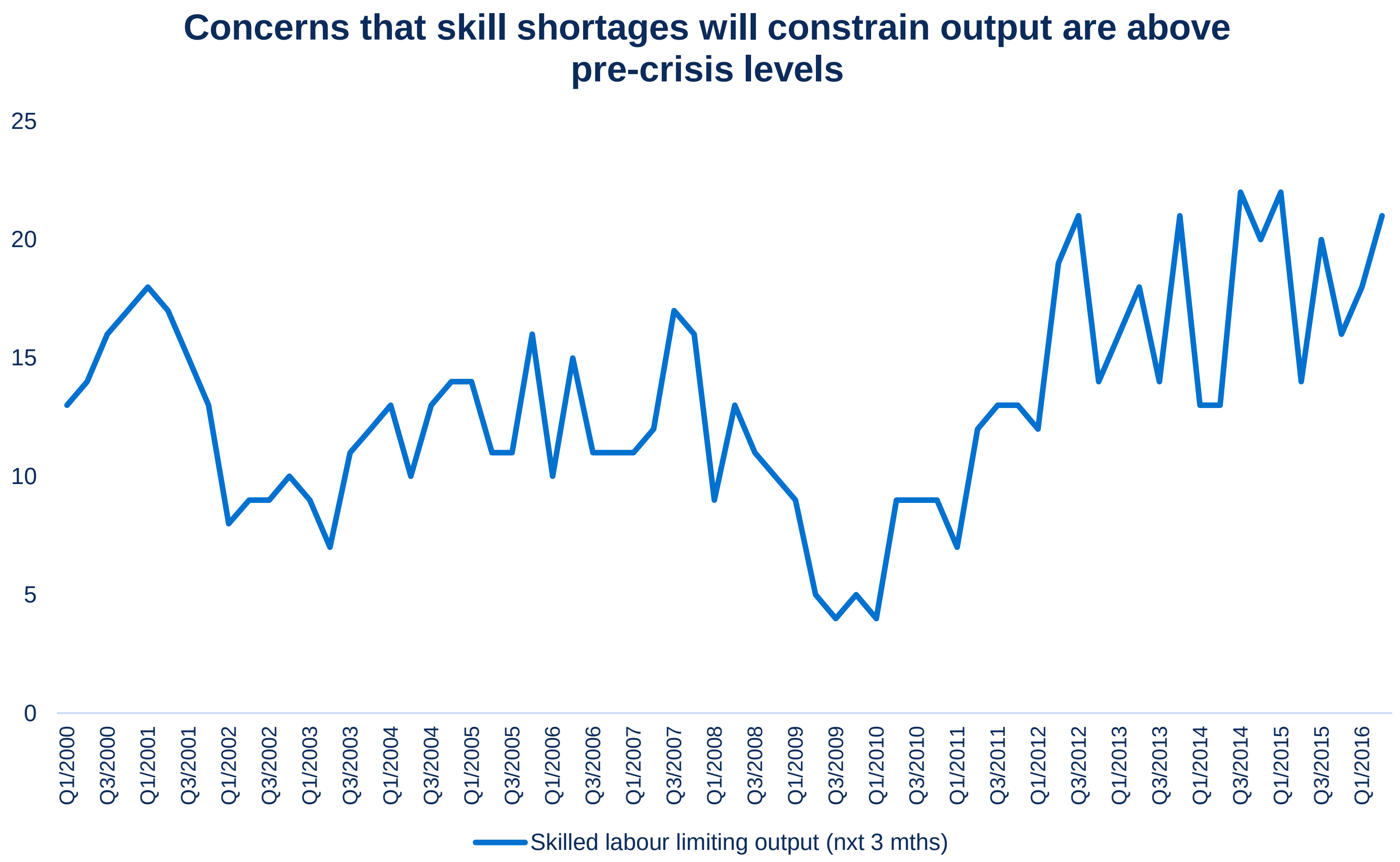
€/kwH, heavy industrial consumers



Source : Eurostat

From Oxford Economics April 2016 industry forecast presentation

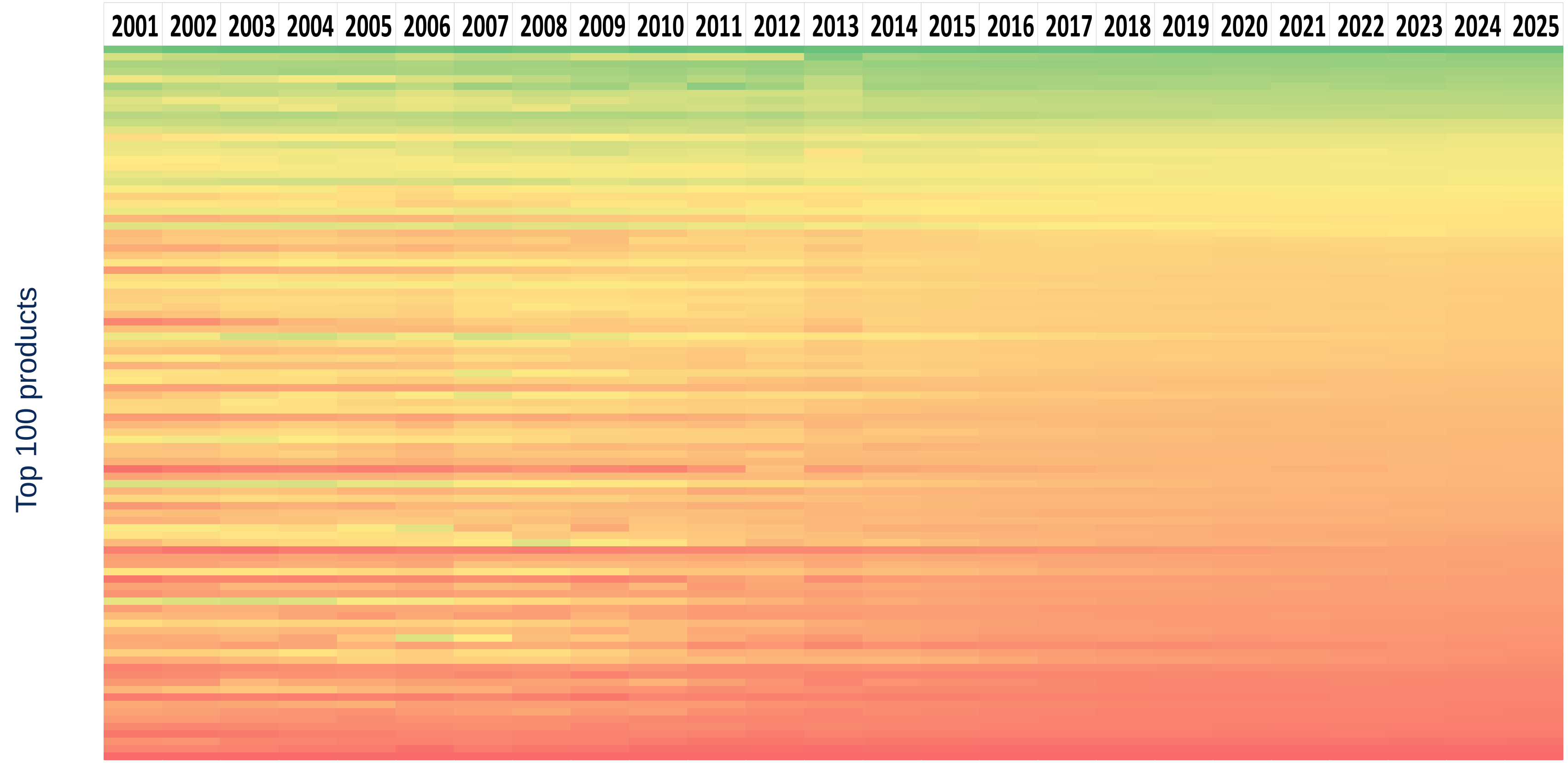
Skill shortages constrain manufacturers



Source: CBI Industrial Trends Survey

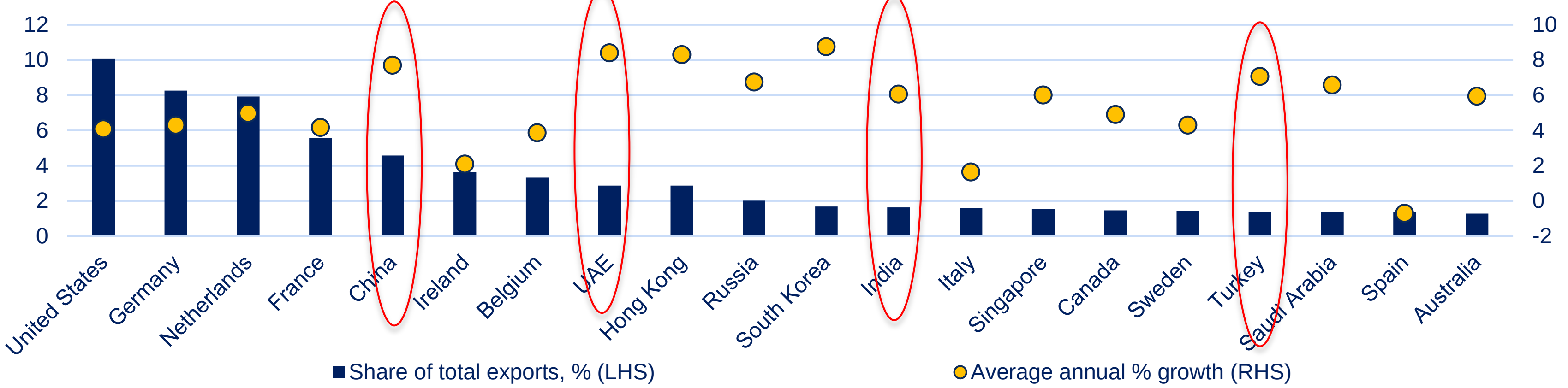
- 21% of respondents to the April survey said that skilled labour was likely to constrain their output over the next three months

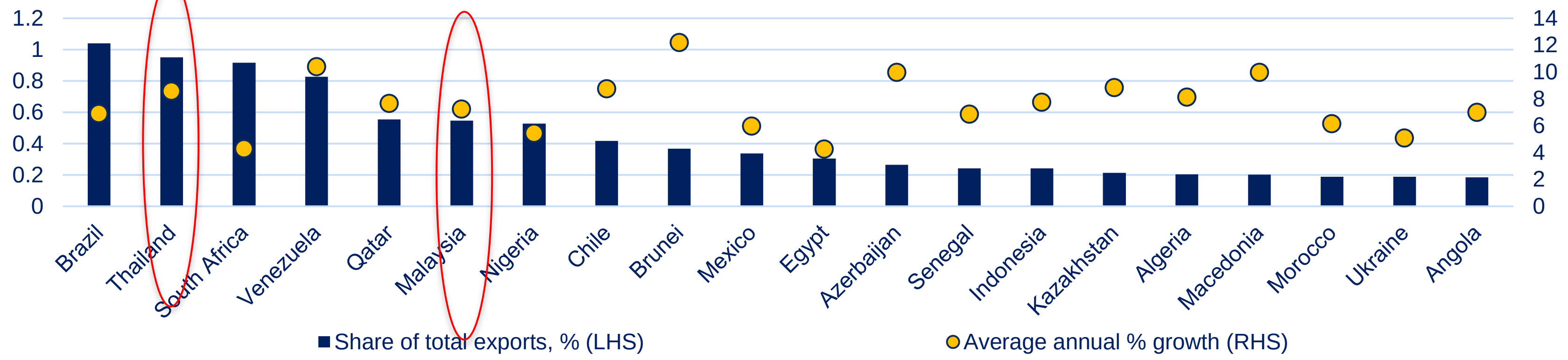
UK becoming increasingly specialised



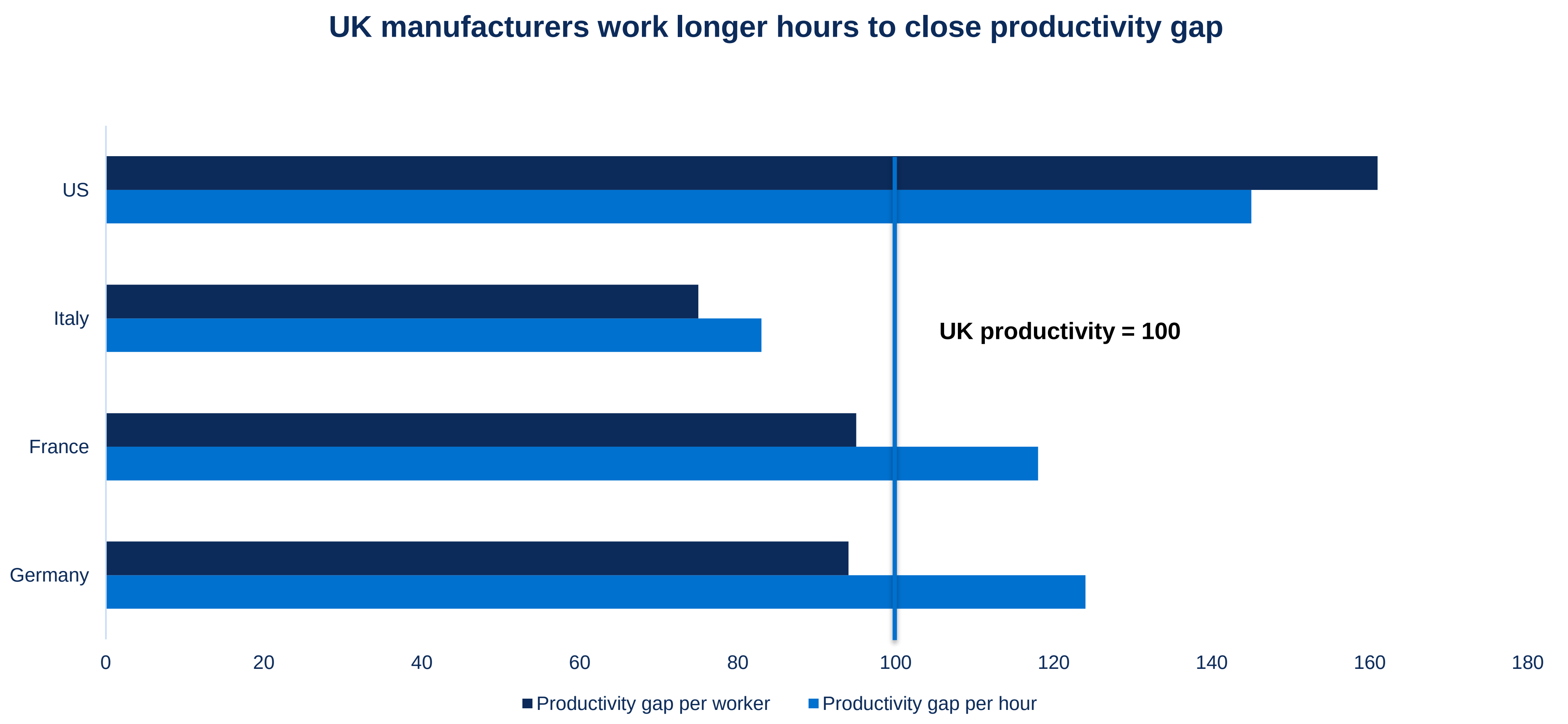
Green = comparative advantage
Yellow = neither advantage nor disadvantage
Red = comparative disadvantage

Key growth markets



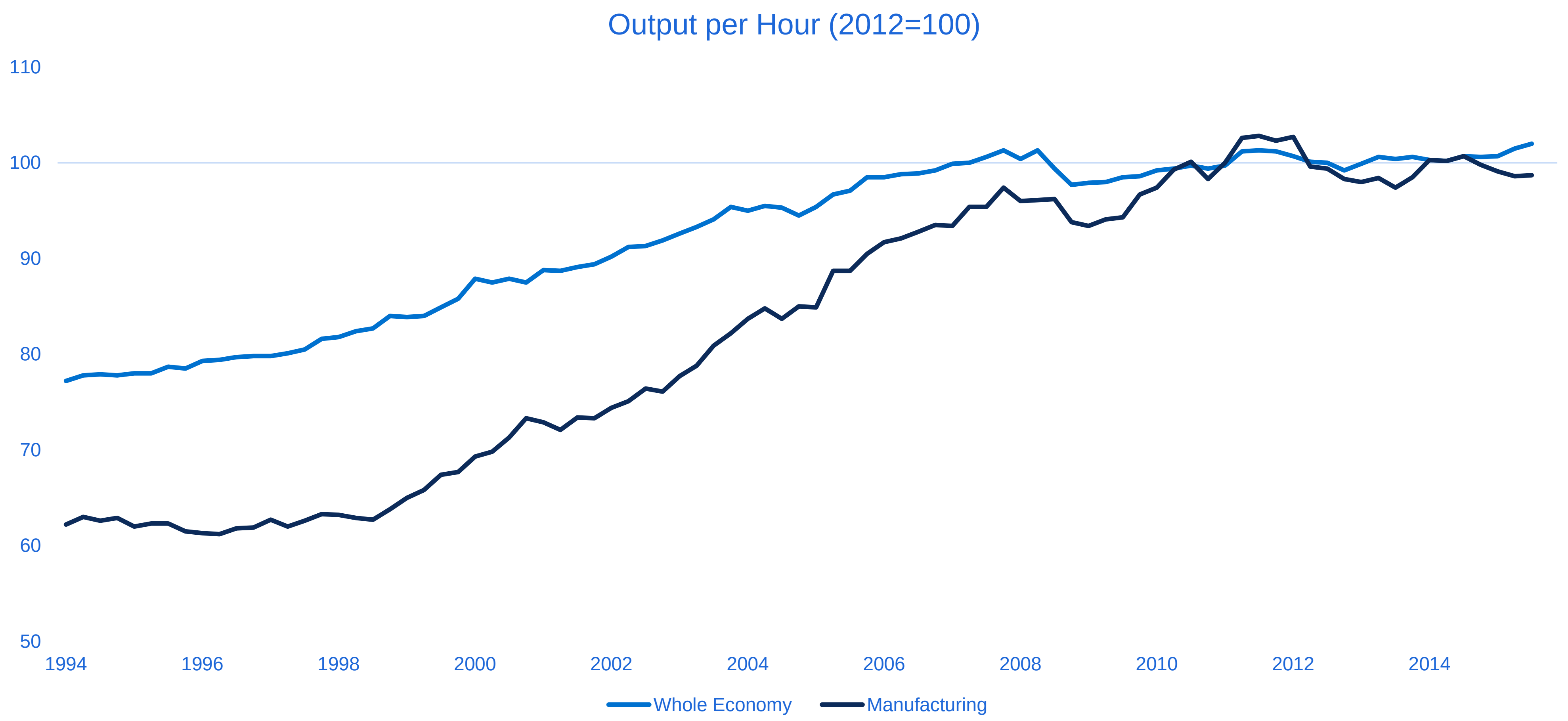


UK manufacturers need to play catch-up on productivity



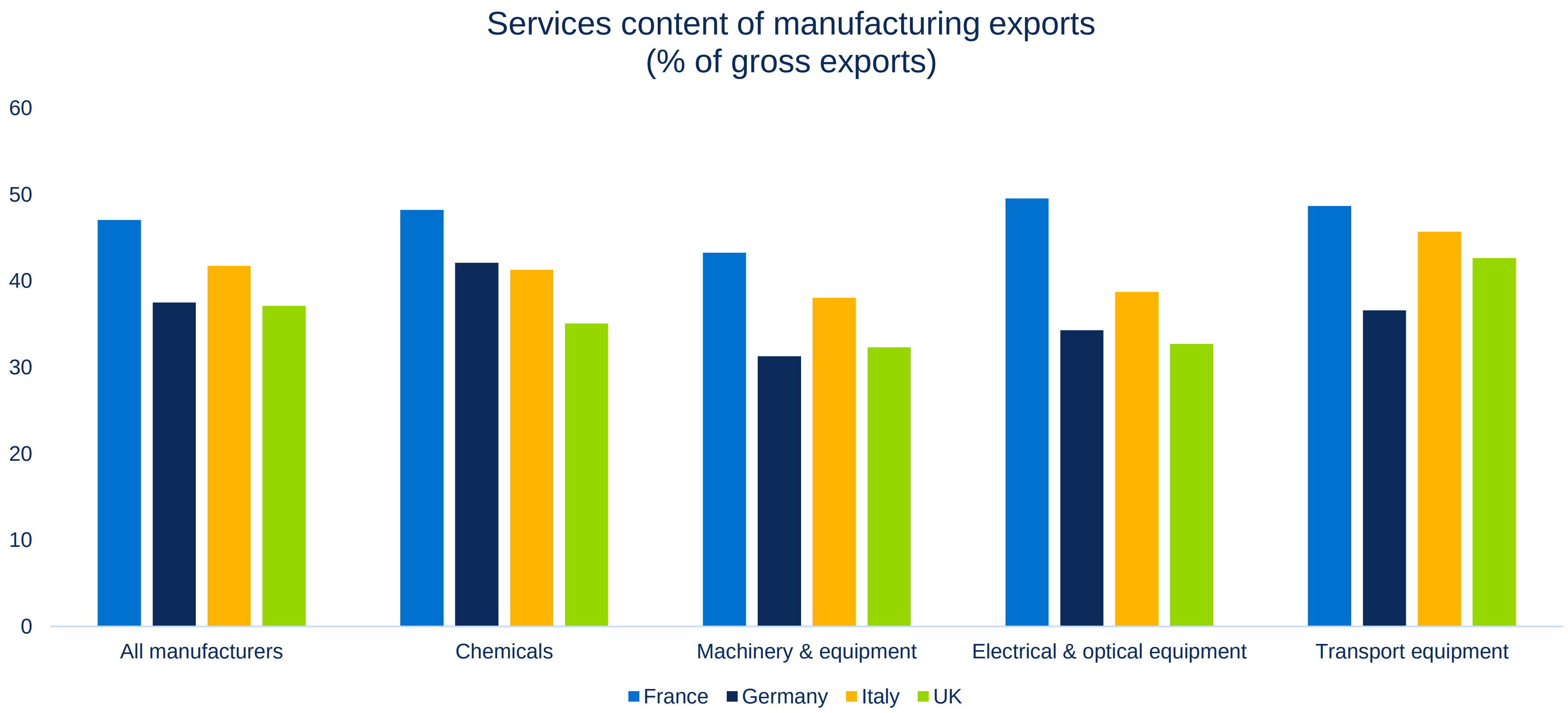
Source: ONS

Productivity growth stronger than other sectors



Source: *ONS*

The services content of UK manufactures is generally lower than in our peers



Policy support

- Sector strategy
- Harnessing the devolution agenda
- Target R&D
    - Innovate UK
    - National Innovation Plan
- Recognise the cumulative burden of government policy

Anna Leach

Head of economic analysis, CBI

e: anna.leach@cbi.org.uk

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Email us at surveymanagementgroup@cbi.org.uk to participate.