

4 March 2021

Rt Hon Kwasi Kwarteng MP
Secretary of State
Department for Business, Energy and
Industrial Strategy
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Dear Secretary of State

I wanted to thank you for the time that you and Alex took last night to brief me and other business organisation leaders on the Budget, the Plan for Growth and the implications for the UK's Industrial Strategy and the related Council. I promised to update you on our thoughts once I had engaged with my member companies.

The Industrial Strategy is something that UK manufacturers greatly welcomed and supported. It was a clear indication of the importance that Government placed in the success of British manufacturing and industry to the national economy. The UK manufacturing sector accounts for 11% of value added to the economy, over half of total UK exports, and 65% of all UK research and development. In many respects the creation of an Industrial Strategy marked a decisive turning point in that relationship, where many manufacturers had long felt that the contribution that they were making was not recognised, understood or supported; it is striking how strongly these feelings were held and consequently how welcome the strategy had been.

The manufacturing sector now faces a series of simultaneous and defining challenges: recovering from the economic and societal impacts of Covid-19, implementing the new trade agreement with the EU, maximising the opportunity of digitisation, artificial intelligence and robotics and supporting the achievement of the Government's levelling up ambitions. At the same time, we are also restructuring the very heart of our industry to help solve the climate crisis through the acceleration of electrification, hydrogen power and other net zero activity. Our members had been both very keen to contribute to the development of a new industrial strategy, in particular the local strategies, and to use them to inform their own plans for growth, investment and diversification.

As a result, the news that commitments to the publication of a new Industrial Strategy, the existence of the guiding Council and related civil service capacity have all been withdrawn has caused significant concern and frustration within manufacturers of all sizes across the UK.

There is a real and genuine fear that the critical part we have to play in the economic recovery, the realisation of global Britain and the achievement of vital climate change goals is no longer important. Many members have made the point to me already that this seems a harsh response to the efforts and energy that manufacturers have expended over the last year to keep factories open, deliver food and drink onto supermarket shelves and step up the challenges of providing ventilators for intensive care units and PPE for care workers and healthcare professionals.

On that basis whilst we recognise and applaud the publication of the Plan for Growth yesterday, I also wanted to make you aware of the strength of member feeling on this issue. Whilst I respect the decision that this Government has taken regarding the specific vehicle of an Industrial Strategy and Council, it is critical

that we do not simply leave a void where that capability and locus for the exchange of information used to sit. On that basis, and on behalf of thousands of manufacturers across the country, I would be very keen to hear from you about how the Government now intends to work with the sector, engage them on matters of underpinning activity such as national infrastructure investment and set out the detailed thinking which will be of such value in boosting confidence that UK Manufacturing is the right place for domestic and international investment.

I have copied this letter to Alex Hickman at No10 and will be sharing it with Make UK members and other stakeholders on our website.

I look forward to hearing from you soon and, as always, will be delighted to discuss this in more detail at your convenience.

Yours sincerely



Stephen Phipson CBE
Chief Executive

cc: Alex Hickman
No 10 Business Engagement Team