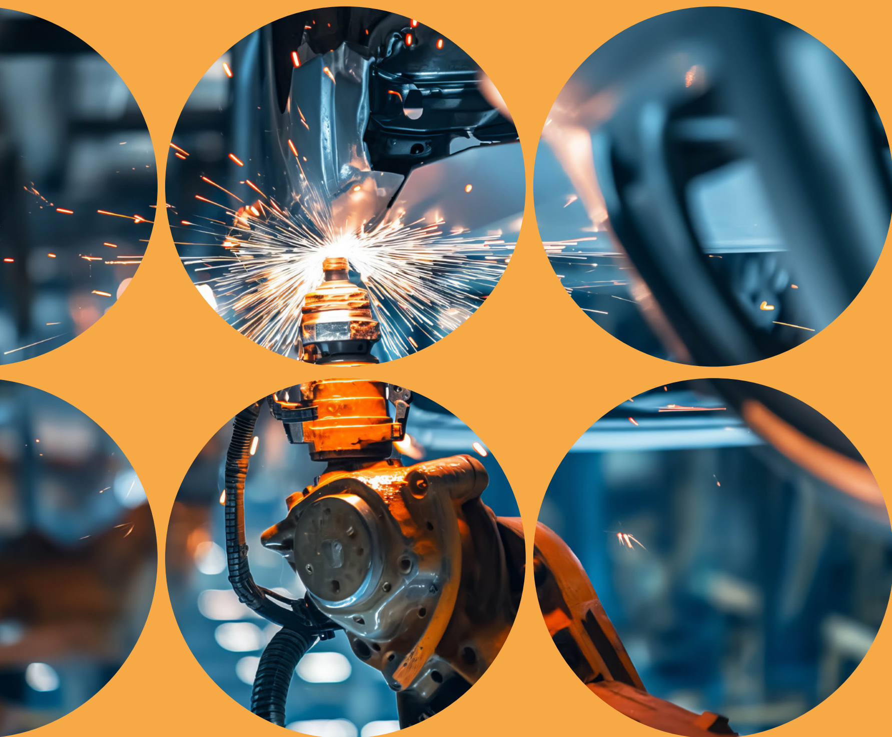
MAKE uk
The Manufacturers' Organisation

2026 MAKERS' MANIFESTO

Delivering the Industrial Strategy.
Driving Reindustrialisation. Growing Britain.



FOREWORD

Manufacturing is not just part of the UK economy – it is one of its greatest strengths. Generating over £200 billion in output and supporting 2.6 million high-quality jobs, it reaches into every corner of the country, far beyond city centres, creating good growth in every postcode.

In a world of fractured trade routes and rising geopolitical risk, **Britain cannot afford to be a country that only designs and consumes – Britain needs to be a country that makes.** A resilient economy is one that can produce what it needs, build what it sells, and stand on its own industrial base when global supply chains come under strain. Manufacturing is what gives the UK that resilience.

The ambition to reindustrialise the UK is both timely and necessary. Make UK analysis shows that increasing manufacturing’s share of GDP from 10 to 15% could unlock an additional £142 billion in output. This is more than a statistic – it is a vision of a more productive, resilient and competitive economy. Without a stronger manufacturing base, that vision will remain out of reach.

The Industrial Strategy should be the lodestar for the journey towards growth. But strategy alone does not build factories or fill vacancies. Achieving real industrialisation means matching it with action on the costs that determine whether manufacturers can invest at all: bringing down energy bills, easing wider business costs, and investing in skills so employers can find the workforce they need. Lower costs free up capital for investment; a stronger skills pipeline turns that investment into output. Both feed the same goal – productivity, the only durable route to higher wages and reinvestment in the businesses and communities manufacturing supports.

The foundation is there. The sector backs the Industrial Strategy’s ambition and direction. But with more than half of manufacturers yet to feel its impact, the message is clear: the time for planning must give way to the urgency of delivery. The strategy should not be paused or reworked – it should be accelerated, and delivered.

Britain is a proud manufacturing nation. But pride alone does not build factories – manufacturing needs government to create the conditions in which it can thrive: competitive energy costs, a tax and regulatory environment that rewards investment, and a skills system that delivers the workforce industry needs. Give manufacturers those foundations, and they will do what they have always done – build, employ, and anchor prosperity in every part of the country.

Stephen Phipson CBE
CEO, Make UK

MANUFACTURING THE FACTS:

£220 BILLION OF OUTPUT

2.6 MILLION JOBS

£44.1 BILLION INVESTED

8% HIGHER WAGES THAN THE WHOLE ECONOMY

42% OF THE UK'S **TOTAL EXPORTS**

93% OF THE PUBLIC BELIEVE MANUFACTURING **IS IMPORTANT FOR UK PROSPERITY**

56% BELIEVE THEIR LOCAL AREA WOULD BE **WORSE OFF WITHOUT MANUFACTURING JOBS**

48% BELIEVE MANUFACTURING IS A **DESIRABLE/PRESTIGIOUS CAREER**

INCREASING MANUFACTURING'S CONTRIBUTION **FROM 10% TO 15% OF GDP** WOULD ADD **£142 BILLION** TO THE UK ECONOMY

MANUFACTURING'S **TOTAL CONTRIBUTION** TO GDP, INCLUDING THE SUPPLY CHAIN: **23%**

EVERY £1 GENERATED BY MANUFACTURING **SUPPORTS ANOTHER £1.80**

OBJECTIVES FOR GOVERNMENT

DELIVER THE INDUSTRIAL STRATEGY

The Industrial Strategy should be the framework through which government delivers these ten priorities for growth, competitiveness, and reindustrialisation.

55% of manufacturers have yet to see any benefits from the industrial strategy

EMPOWER REGIONS TO DRIVE REINDUSTRIALISATION AND MANUFACTURING GROWTH
Growing manufacturing from 10% to 15% of GDP could add £142 billion to the UK economy.

TACKLE INDUSTRIAL ENERGY COSTS
90% of manufacturers' energy bills have increased at least moderately since 2022 and 13% would find another price shock terminal.

CREATE A FAIR AND FLEXIBLE LABOUR MARKET
9 in 10 manufacturers say employment costs are the biggest risk to growth in the year ahead.

REFORM THE BUSINESS RATES SYSTEM
Rate bills have increased by approximately 10% resulting in the industry paying nearly £1bn more in property taxes.

UNLOCK INVESTMENT AND INCREASE ACCESS TO FINANCE
Solving the access to finance gap for the manufacturing sector could add an additional £9.2bn of private investment a year.

BUILD THE NEXT GENERATION OF MANUFACTURING TALENT
Manufacturing has 50,000 vacancies, costing the UK economy around £6 billion in lost output every year.

EQUIP THE WORKFORCE FOR THE JOBS OF THE FUTURE
66% of manufacturers are prioritising leadership training, while 58% are investing in higher level technical skills.

TURN UK INNOVATION AND AI LEADERSHIP INTO ECONOMIC GROWTH
Manufacturers drive 49% (£27.25bn) of UK business R&D, yet only 2% have fully embedded AI and the UK ranks just 25th globally for robot density.

SECURE CRITICAL SUPPLY CHAINS AND STRENGTHEN NATIONAL RESILIENCE
79% of manufacturers say supply chain vulnerabilities pose a strategic risk to their business.

FIX PLANNING AND DELIVER MODERN INFRASTRUCTURE
Nearly half (46%) of manufacturers say the planning system is holding back the UK's economic potential.

HELP MORE MANUFACTURERS EXPORT AND GROW
Over the past decade, exports have grown by only 35% in value, behind both the EU (41%) and the US (50%).

CAPTURE THE ECONOMIC OPPORTUNITIES OF INDUSTRIAL DECARBONISATION THROUGH ELECTRIFICATION
71% of manufacturers place at least some importance on net zero in their business operations with members already investing into electrification, efficiency, and on-site renewables.

REDUCE REGULATORY BURDENS ACROSS UK
62% of manufacturers want regulations to be simplified.

EMPOWER REGIONS TO DRIVE REINDUSTRIALISATION AND MANUFACTURING GROWTH

For too long, decisions affecting growth, investment, and jobs have been made too far away from the communities they impact. The UK needs to reindustrialise, but in order to do so, regions need the power, funding, freedom, and most importantly, the knowledge and skills to do so. Local leaders should have control over skills, transport, infrastructure, and the investment needed to deliver all three.

Why this matters:
The consensus is that the UK can't deliver significant economic growth in Westminster alone. But the reality is that regions have been asked to deliver growth without the power and capability to do so.

IF WE
INCREASED
MANUFACTURING GDP
FROM 10% TO 15%
IT WOULD ADD
£142BN
TO THE ECONOMY

Recommendations:
- Give regions the powers, funding and capability to drive growth, including greater control over skills, infrastructure, and investment funding.
- Create long term devolved funding settlements (5-10 years) and support capability building in newer strategic authorities through knowledge sharing and best practice.
- Strengthen accountability by requiring Local Growth Plans to report regularly on investment, productivity, job creation, and manufacturing growth outcomes.

54%
OF MANUFACTURERS SAY
FREQUENT CHANGES
TO POLICIES AND INCENTIVES
MAKE IT HARDER
TO PLAN INVESTMENT AND R&D

62%
OF MANUFACTURERS WANT
REGULATIONS TO BE
SIMPLIFIED

TACKLE INDUSTRIAL ENERGY COSTS

High electricity prices are the primary barrier holding back UK manufacturing investment, competitiveness, and decarbonisation. Investment will remain constrained unless we tackle the costs that are draining capital from manufacturers.

Why this matters:
The UK consistently has some of the highest electricity prices in Europe for industry, with prices 46% above the International Energy Agency member countries' median making industrial energy internationally uncompetitive and starving further investment.

Manufacturing cannot handle further fossil fuel price shocks which will risk hitting production, jobs, and supply chains. SMEs in the supply chain will be hit the hardest.

Manufacturers are already behind the need to decarbonise, but high electricity prices are preventing them from investing further and pushing ahead with necessary innovation. Without action we are at risk of deindustrialisation.

Recommendations:
Immediate action:
- Expand the British Industrial Competitiveness Scheme (BICS) to all manufacturers and bring forward its implementation.
- Remove policy levies from electricity bills and fund them through general taxation for immediate price relief.
- Introduce a targeted discount for electrification to ensure long term competitiveness and secure supply chains and skills.
- Progress Rosebank and Jackdaw oil and gas fields as a short-term stabilising measure to protect industrial capacity during a period of acute geopolitical uncertainty.

Long term reform:
- Break the link between gas and electricity prices.
- Restructure the grid process with greater focus on existing demand from end users.

74%
OF MANUFACTURERS
BELIEVE THAT A
RENEWABLE-LED POWER SYSTEM
IS THE ROUTE TO
CHEAPER POWER

62%
OF BUSINESSES
FEEL THEIR
OPERATIONS HAVE BEEN
IMPACTED BY GLOBAL
UNCERTAINTIES

AND

13% FEEL THAT
PROJECTED ENERGY
COST RISES
COULD BE
LIFE THREATENING
TO THEIR OPERATIONS

CREATE A FAIR AND FLEXIBLE LABOUR MARKET

Manufacturers want to recruit and retain skilled workers to fill the c.50,000 live vacancies across the sector.

Rising employment costs are a major concern for businesses of all sizes in 2026: the combination of last year's employer NICs increases, a 43% rise in the National Living Wage in the last five years, and the ongoing implementation of the Employment Rights Act are all making businesses more cautious in their hiring decisions.

Our most recent data shows that while recruitment activity is consistently high, successful hiring is declining as employers prioritise experienced, skilled candidates for jobs ahead of those who may require additional support.

The Government has made good progress over the last two years in addressing labour market supply through targeted interventions to reduce economic inactivity and beginning to invest more in skills training.

Now it needs to ensure that policies increase rather than restrict employer demand for those workers, to support businesses to grow and avoid unemployment continuing to rise.

Why it matters:
The Government has rightly identified as part of the Industrial Strategy that a sustainable workforce is crucial to advanced manufacturing.

Existing labour shortages in trade roles like welding, fabrication and machining are being compounded by increasing retirement rates among an ageing workforce, and there are too few young people moving into both those roles and professional engineering occupations – such as electrical and mechanical engineering – where there is fast-growing demand for highly-skilled workers. The Government cannot achieve its aim of growth in our sector if businesses cannot hire the right people.

The priority for the Government should be to develop the conditions in which employers can create and sustain secure, well-paid jobs. A proportionate approach to policy on pay and conditions would allow improvements in workers' rights and financial security, without the current chilling effect of ongoing policy change on hiring.

Recommendations:
- Temporarily increase the employer NICs threshold from £5,000 to £7,500 to support increased hiring.
- Exercise caution on increases to the National Living Wage and National Minimum Wage to avoid pricing young people out of the market.
  - This will support employers who need seasonal support and greater flexibility to respond to unpredictable operational needs, as well as workers with, for example, health conditions who require additional time and pastoral support, or wish to work flexibly (e.g. students).
- Introduce a Statutory Sick Pay rebate scheme for SMEs to support with the additional cost pressures arising from ERA reform.
- Expand tax relief on occupational health services to support higher employer investment in health and wellbeing as part of the implementation of the Keep Britain Working Review.

OVER
1/3 OF MANUFACTURERS CITE
MENTAL HEALTH
AS A KEY DRIVER
OF LONG-TERM WORKFORCE ABSENCE

95%
OF BUSINESSES ARE
CONCERNED
ABOUT THE
EMPLOYMENT RIGHTS ACT

REFORM THE BUSINESS RATES SYSTEM

Business Rates are one of the largest, non-performance related costs in a manufacturing business.

For more than three-quarters of manufacturers, business rates are one of top five largest costs in their business, and for 23% it is the second largest cost after employment. This means Business Rates play a major role in business decisions such as recruitment, investment and innovation.

If we do not tackle this outdated system, we will never have a competitive business environment that encourages manufacturing to grow in the UK.

Why it matters:
Being a tax on physical space, business rates penalise industries that are big by their nature.

As a result, manufacturers are disproportionately impacted by outdated rate calculations which directly affects investment appetite and limits opportunities for growth through investment in heavy machinery, and particularly in green technologies.

Furthermore, the lack of a clear link with rate costs and direct benefits to businesses means that firm owners cannot justify the expense and instead treats rate bills as a cost the crowds out productive activities.

Without significant reforms to the Business Rate system the UK risks being outcompeted by other developed nations that do not apply regressive systems in their economies.

Recommendations:
- Bring forward reforms to the Business Rates system and move to a system that embeds proportionality within rate calculations. This should consider a turnover or VAT based system.
- Require the Valuation Office Agency to clearly explain the justification for rate changes before a new valuation comes into force. This would improve transparency as well as reduce any burdens on the appeals system.

NEARLY **9/10** MANUFACTURERS HAVE **REPORTED AN INCREASE** IN THEIR REVALUATIONS FOR APRIL 2026

IT IS ESTIMATED THE SECTOR WILL **PAY AN ADDITIONAL £939M** A YEAR ON THEIR RATES

1/5 MANUFACTURERS OPERATE IN A **FACILITY THAT IS VALUED AT MORE THAN £500K,** RISKING EXPOSURE TO THE NEW **"HIGH VALUE" MULTIPLIER**

UNLOCK INVESTMENT AND INCREASE ACCESS TO FINANCE

Investment is critical for the growth of the sector. Manufacturers account for 17% of total private sector investment in the UK, making the industry one of the most capital-intensive in the nation.

However, internationally the UK falls beneath the average investment intensity (investment as a share of GDP) levels across the OECD due to a business environment that discourages growth, from the highest energy prices in the world to a skills shortage costing the industry nearly £6bn in lost output per year.

In addition, poor access to finance and a tax incentive system that fails to keep up with global standards limits our ability to influence investment in the sector.

Why it matters:
We will solve our productivity crisis through investment, and this requires manufacturers to feel confident that their bets on growth will be reciprocated.

However, alongside solving our challenges on business cost, we must also ensure the tax environment is designed to promote good behaviour rather than deter investment.

This includes ensuring the balance between taxation and investment incentives (like capital allowances and R&D tax credits) are right, and that manufacturers can access finance on the terms that enable them to grow.

Recommendations:

- Remove the cap on the Business Property Relief (BPR) to ensure manufacturers are not disincentivised from scaling their businesses.
- Deliver on the Corporate Tax roadmap, ensuring existing tax reliefs for investment remain in place long-term and ensure their accessibility is reviewed and adapted so all manufacturers can take advantage of them.
- Make it easier for manufacturers to claim relief on software investments to accelerate industrial digitalisation. Many manufacturers remain unaware of the conditions for its application. For this reason, 62% believe this change would make a material difference to UK investment.
- Expand full expensing capital allowance to allow for claims against leased equipment. Though a small proportion of manufacturers access equipment through leasing (approximately 14%), expanding FE will improve the flexibility of the capital allowances regime and drive further take up of plant and machinery leasing.
- Expand R&D tax credits to include capital equipment investments in claims if those purchases were made for R&D projects. Certain R&D projects may require additional purchases that go beyond the traditional list of qualifiable expenditure, such as buying bespoke equipment for research and testing purposes. These costs can be significant and should be considered for inclusion in claims where relevant.

59% SAY CONFIDENCE IN THE ECONOMY IS THE **MOST IMPORTANT FACTOR** IN INFLUENCING INVESTMENT

SOLVING THE **ACCESS TO FINANCE GAP** FOR THE MANUFACTURING SECTOR COULD ADD AN ADDITIONAL **£9.2BN** OF PRIVATE INVESTMENT A YEAR

3 IN 5 MANUFACTURING SMEs SEE A LACK OF TECHNICAL SKILLS **AS THE KEY BARRIER** TO RECRUITMENT

3 IN 5 YOUNG PEOPLE WHO APPLY FOR APPRENTICESHIPS **DO NOT PURSUE** THIS PATH DUE TO A LACK OF LOCAL OPPORTUNITIES

BUILD THE NEXT GENERATION OF MANUFACTURING TALENT

Manufacturing supports 2.6 million well paid, high skilled jobs across the UK, but the sector still faces around 50,000 vacancies due to persistent skills shortages.

At the same time, around one million young people are not in employment, education, or training (NEET). Bridging that gap is critical to tackling labour shortages, creating opportunity and supporting future economic growth.

Why it matters:
Delivering growth, driving innovation, and improving opportunities for young people will require a skills system that works better for employers and learners alike.

Manufacturers continue to face acute recruitment challenges, with skills shortages remaining one of the biggest barriers to growth. 15 years ago, manufacturers cited skills as their greatest challenge to competitiveness and expansion; today, the problem remains largely unchanged.

By strengthening pathways into manufacturing and engineering and giving employers a greater role in skills provision, government can help close the skills gap, boost productivity, and create more opportunities for the next generation.

Recommendations:

- Commit to review apprenticeship funding bands, particularly in IS-critical occupations, to secure entry routes into good jobs for young people.
- This must include amending legislation to raise the maximum amount of funding per standard available to draw down from the apprenticeship budget.
  - To fund this and avoid any further counter-productive defunding of high-value apprenticeships, the Government must ensure that all revenue from the Growth and Skills Levy and Immigration Skills Charge are directly allocated to the Growth and Skills budget.
- Map clear pathways through qualifications through Skills England as new reforms to post-16 education are implemented so that young people can see their options for progression/employment.
- Enhancing tax relief for employers on investment in work-related training could encourage more businesses to prioritise skills training.
- Continuing to devolve Adult Skills Fund budgets alongside the rollout of Technical Excellence Colleges would ensure that providers can be more responsive to local labour market needs.
- Following the example of the MBacc in Greater Manchester and attaching a far greater priority to vocational and technical routes in pre- and post-16 would improve the pipeline of future engineering and manufacturing apprentices – this should include expansion of UTCs.

EQUIP THE WORKFORCE FOR THE JOBS OF THE FUTURE

The manufacturing workforce is changing. Employers are adapting to an ageing workforce, adopting new technologies and automation, and investing in the skills needed to take advantage of AI and digitalisation.

As competition for skilled workers intensifies and digital transformation driven by AI is changing how we work- 17% of businesses say AI has already altered the structure of work and 46% anticipate structural changes in the next two years.

Manufacturers need a flexible labour market and a workforce equipped to meet the demands of a modern industrial economy.

Why it matters:
Manufacturers are competing for talent in an increasingly constrained labour market. Skills shortages, workforce inactivity and poor health are all limiting growth and productivity.

Physical and mental ill health remain significant drivers of absence and workforce turnover, while rapid technological change is creating new skills demands across the sector. Government reforms aimed at improving workforce participation and employment outcomes present opportunities to address these challenges, but they must be implemented in a way that supports labour market flexibility and competitiveness.

Helping more people enter, remain and progress in work will be critical to delivering growth, improving productivity and ensuring manufacturers can access the workforce they need for the future.

Recommendations:
- Create clear entry level and intermediate pathways on AI and digital skills to ensure that workers have a strong baseline of skills and clear progression opportunities.
- Make leadership and management a priority for the next wave of apprenticeship units.
- Create the Industrial AI Skills Accord – working collaboratively to create an industrial AI skills standards for manufacturing.

OVER
1/3 OF MANUFACTURERS CITE
MENTAL HEALTH
AS A KEY DRIVER
OF LONG-TERM WORKFORCE ABSENCE

1/2 OF MANUFACTURERS WILL
NEED AI SKILLS
OVER THE NEXT 5 YEARS

TURN UK INNOVATION AND AI LEADERSHIP INTO ECONOMIC GROWTH

Manufacturing is the UK's innovation engine, accounting for 49% of all business R&D expenditure (£27.25 billion annually).

Yet despite world-class research, strong business investment and leading innovation institutions, the UK struggles to translate innovation into commercial success and widespread technology adoption.

The UK has just 112 industrial robots per 10,000 manufacturing workers – around half the EU average. While 71% of manufacturers believe AI will transform the sector, only 2% have fully deployed AI and automation across their operations.

Why this matters:
The UK's challenge is no longer invention, but commercialisation, scale-up and adoption.

Accelerating the deployment of AI, automation and advanced technologies across manufacturing would boost productivity, competitiveness and economic growth, while helping to ensure that the economic value of UK-developed technologies is captured here in the UK.

To achieve this, policy must focus not only on supporting innovation, but on helping manufacturers access the finance, facilities, expertise and skills needed to commercialise, test and scale new technologies across their operations and supply chains.

Recommendations:
- Long term support of scale up and commercialisation programmes focused on helping manufacturers move from innovation to market adoption and growth.
- Work closely with the AI Champion for Advanced Manufacturing to align existing regional and national adoption programmes, creating a clear "front door" for manufacturers seeking support and reducing fragmentation across the innovation ecosystem.
- Strengthen leadership, technical and workforce skills to address organisational barriers and risk-averse cultures that can slow technology adoption.

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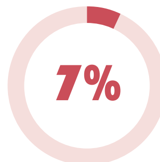
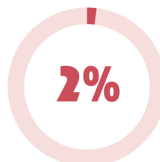


OF UK MANUFACTURERS
DESCRIBE THEMSELVES AS
VERY KNOWLEDGEABLE
ABOUT AI

JUST


OF MANUFACTURERS
HAVE AI
WIDELY EMBEDDED
IN THEIR OPERATIONS

SECURE CRITICAL SUPPLY CHAINS AND STRENGTHEN NATIONAL RESILIENCE

Manufacturers are operating in an increasingly uncertain global environment, with supply chain disruption, geopolitical tensions and economic shocks becoming persistent challenges.

Strong domestic supply chains are essential to ensuring manufacturers can access the materials, components and capabilities they need to compete, grow and respond to changing demand.

They are also central to the UK's economic security, helping retain the industrial capability needed during periods of international uncertainty.

Why this matters:
Recent years have exposed the risks of over-reliance on fragile global supply chains for critical materials, products and capabilities. Strengthening domestic supply chains can reduce costs, shorten lead times and improve resilience to future shocks, while helping manufacturers respond more quickly to demand.

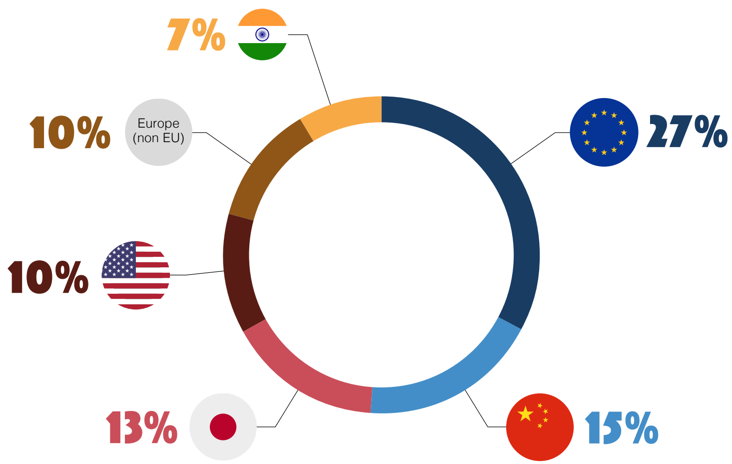
This is particularly important in strategically significant sectors such as steel, aluminium and defence manufacturing. These industries underpin much of the wider economy, yet the UK currently meets only around 30% of its domestic steel demand from UK producers, compared with an EU average of around 75%.

A stronger domestic industrial base will improve competitiveness, support investment and help ensure the UK retains the capabilities needed to withstand future economic, geopolitical and security challenges.

Recommendations:
- Improve trading relations with the EU to reduce barriers to trade.
- Provide a stable business environment to encourage investment in domestic supply networks.
- Support digital adoption and innovation to help businesses improve their resilience.
- Utilise existing policy levers, such as national security opt-outs in the Procurement Act, to prioritise domestic suppliers in sectors such as steel, shipbuilding, AI and energy infrastructure.
- Explore a 'comply or explain' clause for domestic content in publicly funded contracts.

ALMOST
4 IN 5 MANUFACTURERS (79%) SAY
SUPPLY CHAIN VULNERABILITIES
POSE A STRATEGIC RISK
TO THEIR BUSINESS

UK MANUFACTURING SUPPLIERS FROM ACROSS THE GLOBE:



Source: Make UK/ Infor, Global Supply Chains survey (2023)

OF MANUFACTURERS SURVEYED WHO WERE RESHORING AND NEAR-SHORING, THE MAIN DRIVING FACTORS WERE:

RISK OF SUPPLY/ DISRUPTION TO BUSINESS OPERATIONS (35%)

COST OF TRANSPORT (22%)

QUALITY CONTROL (17%)

MINIMISE EXPOSURE TO FOREIGN EXCHANGE (12%)

FIX PLANNING AND DELIVER MODERN INFRASTRUCTURE

Reliable infrastructure is essential to economic growth, productivity and investment.

Yet manufacturers continue to face delays to planning decisions, grid connections and transport improvements that increase costs and slow expansion.

Delays to critical infrastructure projects and an increasingly constrained electricity network are also preventing businesses from investing and growing.

Why it matters:
Businesses can only invest and grow if the infrastructure around them supports it. Efficient transport networks reduce the cost of moving goods, connect people to jobs and help manufacturers access wider labour markets.

Modern energy infrastructure enables industrial expansion, supports electrification and improves competitiveness. At the same time, a planning system that is slow, complex, and unpredictable can delay investment decisions and increase project costs.

If the UK wants to unlock growth, attract investment and deliver industrial decarbonisation, it must ensure that planning and infrastructure systems enable growth rather than constrain it.

Recommendations:
- Speed up planning processes to deliver infrastructure projects more quickly. Learn from the mistakes of HS2 and the successes of the Elizabeth Line.
- Invest in public transport, to improve connections between residential communities and manufacturing sites, which will improve labour mobility and attract new workers.
- Deliver long term multimodal infrastructure projects such as logistic hubs connecting road, rail, and ports to maximise domestic supply-chain capacity and increase just-in-time capabilities.

NEARLY HALF (47%) OF MANUFACTURERS BELIEVE **THE PLANNING SYSTEM IS HOLDING BACK** THE UK'S ECONOMIC POTENTIAL

OF MANUFACTURERS **SAY NATIONAL ROAD INFRASTRUCTURE HAS GOT WORSE IN THE LAST 10 YEARS**

HELP MORE MANUFACTURERS EXPORT AND GROW

Since leaving the EU, the UK has established a new trading relationship with Europe while pursuing an ambitious programme of trade agreements with markets including Australia, New Zealand, India, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Gulf Cooperation Council.

These agreements have created new opportunities for UK manufacturers, but many businesses are still not fully benefiting from them. Export growth continues to lag behind that of many competitor nations.

Why this matters:
The UK's ambitious FTA agenda demonstrates the value of an independent trade policy, helping to open markets, improve market access and strengthen the international competitiveness of UK manufacturers. Strong export performance is closely linked to business investment, productivity and wider economic growth.

However, many manufacturers continue to face significant barriers to trade. Businesses are still adapting to the post-Brexit trading environment, dealing with border friction, non-tariff barriers and increasing regulatory divergence with the EU.

At the same time, awareness and understanding of opportunities in newer markets remains limited. Without clear guidance and practical support, businesses cannot take full advantage of the agreements the UK has negotiated.

Recommendations:
- Ensure the UK is a participant in the Industrial Accelerator Act (IAA). Advocating for "Made with Europe" not "Made In Europe."
- Improve trade facilitation by reducing border friction through greater use of digitalised documentation, simpler customs procedures and the negotiation of similar arrangements with key trading partners.
- Provide clear and practical export guidance before trade agreements enter into force, working closely with industry to raise awareness of new opportunities and ensure businesses understand how to benefit from them.
- Manage UK-EU divergence pragmatically, pursuing sector-specific alignment where it reduces trade friction, avoids duplication and supports manufacturing competitiveness, alongside clear guidance, realistic transition periods and early engagement with industry.

THE EU REMAINS **THE UK'S LARGEST EXPORT MARKET,** ACCOUNTING FOR **40%** OF UK EXPORTS

OF BUSINESSES **CITE TARIFFS AND TRADE RULES,** INCLUDING RULES OF ORIGIN, **AS A MAJOR BARRIER TO EXPORTING**

CAPTURE THE ECONOMIC OPPORTUNITIES OF INDUSTRIAL DECARBONISATION THROUGH ELECTRIFICATION

Industrial decarbonisation presents a major opportunity to strengthen UK competitiveness, reduce exposure to volatile energy markets and support long-term growth.

Engineering studies suggest that up to 90% of industrial energy demand could ultimately be electrified using existing and emerging technologies, while the Climate Change Committee has made clear that electrification will be central to achieving industrial decarbonisation.

Why this matters:
If Government can address inflated electricity costs and support upfront investments, then the business case for electrification is made much easier. This would contribute significantly to the UK's energy security and operational resilience, shielding industry from the worst impacts of fossil fuel shocks.

Our data suggests that those businesses that have invested into the transition have mixed experiences on cost reductions where it would be fair to equate this to the inflated cost of electricity. These outcomes are further compounded by a high cost of CAPEX making the initial investment necessary harder to justify.

Recommendations:
- Reduce business rates to unlock greater investment in green technologies.
- Implement a scheme to encourage targeted electrification, in the absence of the IETF, such as the Targeted Electrification Discount Scheme.
- Introduce a clear strategy for industrial electrification, setting out the roadmap for electricity price reform. This could be part of the Industrial Decarbonisation Strategy.
- Ensure better management of the industry's transition to net zero including reviewing and revising the EV mandate.

63% OF MANUFACTURERS ARE TAKING STEPS TOWARDS **ELECTRIFICATION**

87% ARE KEEN TO INVEST MORE IF THE **'SPARK GAP'** BETWEEN GAS AND ELECTRICITY **CAN BE CLOSED**

REDUCE REGULATORY BURDENS ACROSS UK MANUFACTURING

Manufacturers are ready to invest, but regulatory uncertainty and rising compliance burdens are holding back growth. Frequent changes, UK-EU regulatory divergence and unclear policy direction are increasing costs and making long-term planning more difficult.

Recent examples, including CBAM, ETS and UK forest risk commodities, highlight the challenges created by short timelines and complex regulatory changes, increasing burdens for manufacturers across Great Britain and Northern Ireland.

To unlock investment, innovation and job creation, Government must deliver a regulatory framework that is clear, proportionate, predictable and supports competitiveness.

Why it matters:
Good jobs, higher wages and economic growth do not happen by accident. Businesses make long term decisions about where to invest and will need stable and predictable regulation in order to do this.

When businesses face regulatory uncertainty, duplication or excessive compliance costs, investment is often delayed or scaled back, reducing productivity growth, competitiveness and the creation of high-quality jobs.

Recommendations:
- Regulation needs to be more business-friendly system, built around clear, proportionate, evidence-based and flexible rules backed by effective enforcement.
- Establish a UK-EU regulatory alignment and monitoring framework, including a regulatory divergence database and structured dialogue on new regulations, to identify emerging barriers early and support alignment where it benefits UK manufacturers.

54% OF MANUFACTURERS SAY **FREQUENT CHANGES** TO POLICIES AND INCENTIVES **MAKE IT HARDER** **TO PLAN INVESTMENT AND R&D**

62% OF MANUFACTURERS WANT **REGULATIONS TO BE** **SIMPLIFIED**

The Manufacturers' Organisation

Make UK, The Manufacturers' Organisation, is the representative voice of UK manufacturing, with offices in London, every English region, and Wales. Collectively we represent 20,000 companies of all sizes, from start-ups to multinationals, across engineering, manufacturing, technology, and the wider industrial sector. Everything we do – from providing essential business support and training to championing manufacturing industry in the UK and internationally – is designed to help British manufacturers compete, innovate, and grow. From HR and employment law, health and safety to environmental and productivity improvement, our advice, expertise and influence enable businesses to remain safe, compliant, and future-focused.

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