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Manufacturing industry demands action

Wide ranging concerns aired at Manufacturing Summit



Representatives from the UK's manufacturing industry made their concerns very clear at The Future of UK Manufacturing Summit, held last week at the Institute of Mechanical Engineers in London.

Concluding that manufacturing industry must speak to Government with a united voice, the meeting also agreed five key areas that needed urgent attention:

- Growing skills: Priority programmes for vocational and academic education should be implemented to maintain the UK's professional and technical skills base.
- Energy costs: The energy price disadvantage being suffered by UK manufacturers, compared to those in Europe, must be removed.
- Simplified incentives: Grants, credits, taxes and regulations must be rationalised to incentivise research, innovation and investment.
- Political consensus: A long term commitment is needed from Westminster, Whitehall officials and the Treasury to rebuild the UK's manufacturing base.
- Culture change: A sustained campaign should be mounted to persuade the country – especially parents, teachers and students – that manufacturing is essential and exciting.

After an introduction by Sir Alan Rudge, chairman of the ERA Foundation, the meeting quickly got down to some hard discussion during the panel session. Topics raised included the need for an 'industrial bank' and the alignment of the UK's leadership in financial services with manufacturing; skills; the role of the regional development agencies; Government economic strategy; and energy costs.



"There is a need for a fundamental restructure in the way the banks operate, in the wake of the financial crisis," said Vince Cable MP, deputy leader of the Liberal Democrats and his party's shadow chancellor. "The semi nationalised banks have failed to follow their mandate to lend to business. They claim a lack of demand, which is absolutely untrue."

Conservative MEP Malcolm Harbour agreed. "It is increasingly clear there is a market failure in venture capital funding, especially at the development stage," he said and strongly suggested that the UK could make more use of funds from the

European Investment Bank – although recent experience at Jaguar/Land Rover indicated that delays in approvals at Government level can impede the flow of investment money.

Ruth Lea, economic adviser to Arbuthnot Banking Group, added that SMEs and start ups seem to be finding it especially hard to raise funding. She went on to warn that the country's economic situation is not good and may lead to both tighter interest rate and tax regimes in the near future.

Energy costs emerged as a particular concern. The UK's ambitious targets to cut CO2 emissions have led to a competitive disadvantage, with British companies having to pay more for energy and carbon taxes than their European counterparts.

Sir Alan Rudge highlighted the engineering and manufacturing sector's contribution to exports and said that, if the sector could increase its exports by 10%, the UK's burgeoning

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balance of payments deficit could be eliminated.



Harry Tee, chairman of the Electronics Leadership Council, said that while successful ideas such as plastic electronics have been developed in the UK, the first product development centres have been established in Germany and The Netherlands. He and Malcolm Harbour stressed the role of public procurement as a means of driving innovation.

A highlight of the summit was Andrea Rodney's passionate description of the position of SMEs. A director and 50% owner of precision drilling equipment manufacturer Hone-All, Rodney said the weight of bureaucracy frustrates attempts to take advantage of supposed opportunities for training and exporting.

Breakout sessions brought together representatives from the automotive, aerospace, defence and electronics industries to consider the priorities for their sectors and to identify common strategies for progress.

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