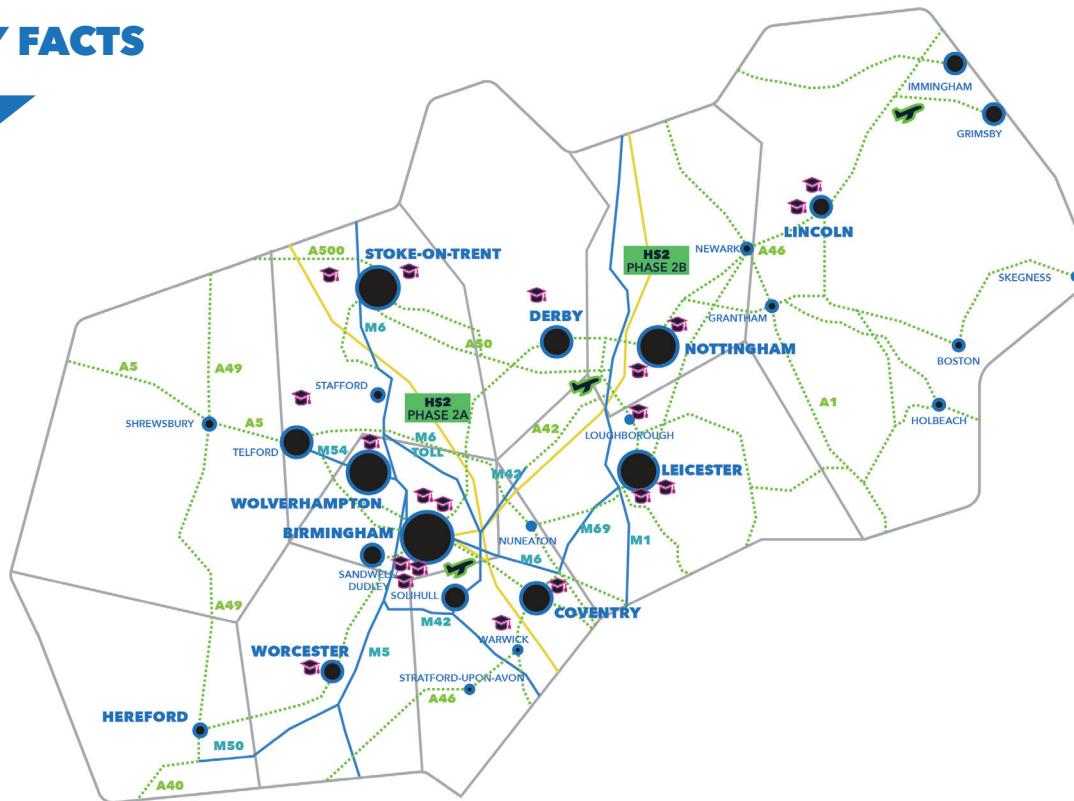


MANUFACTURING

KEY FACTS



KEY PRODUCTS AND MARKETS

From spices and ceramics to aeroplanes and medical devices, products from the Midlands are distributed and used throughout the region, the UK and the world.

• HEALTH:

- Highest number of MedTech companies of any UK region, generating **£1.6bn** for the UK economy
- Keele University is **one of only two UK sites** to manufacture the AstraZeneca Covid-19 vaccine
- The Midlands led on the **development of X-ray and MRI technology** and gave the world ibuprofen.

• GREEN GROWTH:

- Midlands SMEs are making the world's first **serviceable, upgradeable and recyclable lithium batteries**
- Plans are in place to build **Europe's largest plant-based food factory** in Boston, Lincolnshire.

• FOOD:

- The **Walkers site in Leicester** produces over **11 million** bags of crisps a day
- **30% of the English vegetable crop** is picked in Lincolnshire
- **70% of all fish consumed in England** is processed in Grimsby.

• HOME PRODUCTS:

- **Dunelm, Next, Worcester Bosch, AGA Rangemaster, Foagarty, Denby, Emma Bridgewater, Amtico** are among the major brands based in the region
- Derby-based **Otter Controls** supplies **90% of the world's kettle connectors**.

• TEXTILES:

- Industry in Leicester is worth **£344m**, which is home to **800 textile production sites and technical producers**, and has the **most registered textile patents in Europe**.

• R&D:

- The Midlands is a leader in R&D intensive industries such as **automotive** – with **Europe's largest automotive R&D facility** in the National Automotive Innovation Campus at the University of Warwick
- Through our world-leading universities and the highest number of catapult centres in the UK, the Midlands fosters a rich environment of innovation, making links between concept and commercialisation that can lead to economic growth that can lead to regional economic prosperity.

• TRANSPORT:

- **TATA Steel, Caterpillar, Jaguar Land Rover, Aston Martin, Rolls Royce, Toyota, Alstom, Michelin and Siemens**
- The Midlands is home to a **quarter of all UK aerospace output** with expertise in **aero engines, complex aircraft systems and precision-engineered aircraft components**.

MANUFACTURING AS A SECTOR

- Advanced Manufacturing contributed **£37.8bn GVA** to the Midlands economy in 2020 - **15.7%** of the area's total GVA and **over 18% of total UK manufacturing output**
- Manufacturing makes up a **much higher proportion (9.6%)** of the overall economy in the Midlands than the UK average and our region is home to **over 25%** of England's manufacturing workforce
- Over **25,000 Advanced Manufacturing businesses deliver 520,000 jobs - 6.7% of the region's total businesses** and **11.8% of all employment**
- A mix of large, multinational companies plus a **network of SMEs** operate in diverse and robust supply chains across our region
- Sector strength is **export-led**. Our region provides **20%** of England's total goods exports, the vast majority from manufacturing
- The industry **supports digitisation, the shift to net zero, and helps to deliver levelling up**.

However...

- There has been a **long-term decline of sector jobs and output** in the Midlands and across the UK. Since Q4 2019, the **decline of output has been more than double the sector average** across the Midlands, while jobs fell by 38,000 in the same time period
- If the current trajectory remains unchanged, the **drop in regional manufacturing jobs could be as much as 200,000 between 2020 and 2040** according to Oxford Economics forecasts
- The **impact of Covid and Brexit is hitting the sector particularly hard** and disproportionately affecting the Midlands. Overseas orders for British-made goods appear to have reached a **post-Brexit and post-pandemic plateau** (according to the most recent **MakeUK Manufacturing Outlook (2022 Q2)**)
- The sector's GVA per employee in the Midlands Engine has fallen from **£75,000 in 2019 to £72,650 in 2020**.

KEY OPPORTUNITIES

- As the region moves towards net zero, adapts to post-Brexit Britain and continues to innovate, **manufacturing must seize new opportunities** by developing technologies, particularly in digital
- By continuing to adapt to economic and societal changes, developing new goods and responding to the climate crisis, we can maintain our region's capabilities and economic contributions
- The Midlands has **significant potential to benefit from reshoring** which will reduce carbon emissions and allow for greater global exports

- **Midlands Engine Observatory analysis** suggests that the impact of **key manufacturing opportunities** could be worth an estimated **165,000 jobs** and **£13.7bn GVA** to the Midlands by 2030. These opportunities include:
 - **Future Food and Drink** – automated production, sensors and satellites, and new products from waste such as and biomass
 - **Next Generation Transport** – electric battery manufacturing and associated supply chains, sustainable aviation fuels, light and very light rail, and cross-sector applications of new propulsion systems, such as hydrogen
 - **Medical and Pharmaceuticals** – digital health, wearable devices, defence and trauma medicine, and improvement in drug pathway development
 - **Low Carbon Goods** – control systems for deployment across wind, solar and smart grids, and wider production and roll-out of these renewable energy sources
 - **Advanced Metals and Materials** – circular economy approaches like metal reprocessing and industrial symbiosis, advanced ceramics and composites and polymers for cross-sector application.

KEY CHALLENGES

- Rising costs causing most disruption to manufacturers include **energy, raw materials and transport** (according to recent intelligence from MakeUK)
- Manufacturers continue to **struggle to fill roles**, mainly driven by a lack of skills and people in the labour market
- Evidence so far points towards **negative Brexit impacts on trade to EU and non-EU markets**, characterised by falls in overall openness and competitiveness
- Continuing disruption to supply chains and rising freight costs have compelled many firms to review their supply chain arrangements. MakeUK have characterised this as a shift in emphasis from **Just in Time to Just in Case**
- SMEs in particular are **more averse to innovation or unable to access available support programmes**, which impacts **productive activity in the regional sector**.

