

Complex supply chains and industrial integration

There is a strain of advice going to Ministers from officials, the CBI and others of the Remain persuasion that we now have complex supply chains in business, and that European integration of industrial activity means we have to stick close to the single market.

In the 1980s before I became a Minister I chaired a large quoted industrial group. Between 2003 and 2010 in the opposition years I chaired an industrial group servicing the global market with some European production, as well as plants in the USA, India and China. I now realise I was in charge of complex supply chains. They did not cause problems at the time, despite the fact that components and finished product crossed many borders both within and outside the EU.

I have two main conclusions from my experience. The first is it is true that just in time and high quality production required careful management of suppliers. Sourcing was global, not regional. There is a high degree of mutual dependence in modern industry on a range of suppliers around the world. Large companies do not rely just on the EU or just on the US these days.

The second is we had no more difficulties with non EU sourced components than with EU products, despite all such products if needed in EU based factories having to come in under WTO rules.

The crucial things we had to manage were the quality and quantity suppliers could deliver, and the ability of the transport system to deliver them over long distances in some cases. Government interference in the process was rarely the main problem. Goods moved with electronic manifests, were always traceable and well known to the authorities in the countries they were travelling through.

There is absolutely no need to bend or drive UK policy on some fear about supply chains. Cheaper good quality components and products will still get there from EU and non EU places as they do today, whatever Agreement or lack of Agreement we end up with.

In the case of the pharmaceutical industry some claim to worry about the degree of UK/EU business integration, whilst ignoring the fact that UK/US business integration is much closer for the majors and takes place across WTO rules based frontiers.