

Speech: EEF Manufacturing Conference 2018

Ladies and gentlemen,

There is a manufacturing renaissance gathering pace in Britain today.

With the right support, it can transform not just the prospects of the British economy but the lives of a new generation of men and women for whom a career in engineering will be part of a revolution in the way the world lives.

Because from how we travel to how we generate power.

From technologies that help detect and diagnose diseases to processes that cure them.

From machine learning to new outlets for human creativity.

The transformations that the world is going through are areas where British capability is renowned.

Earlier this month [I opened a new manufacturing facility](#) near Oxford for a company called YASA Motors.

It will produce 100,000 electric motors a year. Cutting the ribbon I was standing next to a vehicle powered by YASA Motors.

A hybrid C-X75 built by Jaguar Land Rover whose Chief Executive Ralf Speth is here tonight.

It's a car with the speed of a Bugatti Veyron and the emissions of a Toyota Prius.

An astonishing example of British innovation and British manufacturing genius.

But, because the motor is just one component of a complex product you could be forgiven for not knowing about it.

And it is a problem that too few people know how successful British engineering is and what opportunities there are within it.

For about 40 years now, too many young people in schools have been put off a career in manufacturing by a tacit, but pervasive, assumption that this was a sector in decline.

That prospects were waning and jobs would be uncertain.

That things would be made overseas and not here in the UK.

That if you were bright and ambitious you should think about finance, not engineering.

Well, that couldn't be more wrong.

We are not experiencing the end of engineering but its rise to primacy.

The domination of design, engineering and technology into every aspect of commercial and consumer life from food production to retailing to healthcare.

And we are already experiencing the benefits.

At the end of 2017, UK manufacturing output was at its highest level for 10 years with the longest run of sustained growth for 20 years.

Employment in manufacturing is on the rise and from conversations I've had with many people in this room would rise further if only you could lay your hands on enough people with the skills you need.

We know, as a nation, that to be more prosperous we have to raise productivity and you in this room show how it can be done.

Productivity in manufacturing rose four times faster than the economy as a whole over the last decade.

At this time of growth for engineering I am determined that your government must be activist in helping you seize the opportunities it presents.

To do that we need to listen to what you say and act on it.

So let me respond directly to Judith Hackitt's 3 challenges:

- Brexit
- Industrial Strategy
- skills

Brexit

First, Brexit.

The first requirement for business is an agreed transition deal.

The EEF, under Terry Scuoler's leadership was instrumental in making the case for the implementation period.

And every Wednesday morning I meet your new Chief Executive Stephen Phipson and other business leaders.

The unambiguous view of businesses – large and small is that there must be no sudden change.

And that businesses must have around 2 years to prepare for our new relationship.

This is what was the Prime Minister committed to in her Florence Speech and it is what was agreed in the joint report with the EU in December.

During this period business wants to count on continuity rather than endure a double change.

So during this time firms of all sizes, will still be able to trade with the EU in the same way, as now.

The rules and standards that govern that trade will apply, as now.

EU citizens will still be able to work in the UK, as now.

And if, as I believe will be the case, this is formally agreed next month that continuity will be available for around 3 years from now.

But I also hear loud and clear from business that an implementation period is necessary but not sufficient.

As Judith said, "ultimately, we need clarity and certainty".

And I agree with those who say that ultimately what businesses need is clarity and certainty of a good deal.

We could have total clarity and certainty tomorrow if we chose to duck the job of getting into weeks of difficult negotiations and opted instead for exit on default WTO terms.

That is not, in my experience the clarity that business wants.

Instead, I believe we need to take the approach of building a good deal.

Building this good deal will mean:

- testing proposals with our counterparties and assessing the response
- harnessing the insights and understanding that come from good personal relationships
- making adjustments and exploring common ground

What do we want to achieve in that good deal?

The ability to trade with a now growing European market without tariffs or complex customs requirements.

And having confidence that non-tariff barriers like regulatory and product standards won't be used to exclude us.

In so many areas, the UK sets the standard on standards.

Our expertise and rigour is renowned around the world and we want to keep British experts influential in international and European standards organisations wherever it makes sense to do so.

We are determined that taking back control should not mean giving up our

influence.

And – of course, modern manufacturing thrives on complex and specialist supply chains in which your products are the accumulation of products from all over Europe.

If you believe, as I do, that British manufacturing has a golden period ahead of it, then it follows that its ability to continue unhindered is foundational.

Brexit isn't the only area in which the government and manufacturers need to work in partnership.

Industrial Strategy

It is crucial to our [Industrial Strategy](#).

The new, independent Industrial Strategy Council will do precisely that:

- set the metrics
- measure progress
- report publicly on that progress; and
- make recommendations to government

And let me say just a word about the objective of our Industrial Strategy.

At a time when new technologies are creating new industries, changing existing ones and transforming the way we live our lives. And when Britain has an outstanding position in so many of them we would be crazy not to prepare ourselves to seize the opportunities of the future.

To help with this our Industrial Strategy sets out 4 [Grand Challenges](#)

- AI and the data-driven economy
- clean growth
- the future of mobility; and
- meeting the needs of an ageing society

Now – we need Britain's public and private sectors our outstanding businesses and universities to join forces and lead the world in seizing these opportunities.

It's backed by the biggest increase in public R&D investment this country has ever seen.

Three billion pounds more invested every year to build on our reputation for excellence.

But we don't want to do what we've done too much in the past.

Come up with the ideas here and then see these applied and developed elsewhere.

One of the tests of the use of this money is to see the impact on manufacturing here in the UK.

It's why as part of our Faraday Battery Challenge we're working with industries to build a Battery Manufacturing Development facility in the West Midlands.

And it's not all about the brand new.

There are so many practices and techniques that the best performing companies in Britain employ that can be spread more widely through supply chains.

I was chatting to John Neill from Unipart earlier.

When I visited their HQ recently the sign on the door said:

Join the productivity revolution.

That's what the [Made Smarter Review](#) led by Juergen Maier of Siemens has set out: how we can diffuse good practice throughout manufacturing.

I'd like to thank Juergen for his personal leadership of this.

It is brimming with ambition to create 175,000 new manufacturing jobs and raise productivity by a quarter.

We're backing his analysis.

We need to do more to spread innovation.

So I have asked Sir Mark Walport, Chief Executive of UK Research and Innovation, to work with Juergen Maier on the development of an Industrial Strategy Challenge on the digitalisation of our manufacturing industry as Mark previously did for the Faraday Challenge.

Skills

But if Britain's manufacturers are to lead the world they'll need people with the right skills.

Last November I visited EEF's Technology Training Centre in Aston.

There, I met apprentices learning about robotics, smart factories and Computer-Aided Design.

EEF does some stellar work with young people including providing apprenticeships for companies like Mondalez who are here tonight.

The reforms to apprenticeship are the largest government has ever made and they are still young but we need to make sure the programme achieves all its aims.

We will listen to you and continue to work with you on how the Levy can spent so that it works effectively for industry.

And – crucially – so that it supports productivity growth.

But there's another crucial challenge we still need to overcome.

So many of you here tonight have one thing in common.

You're engineers.

Yet today, at the exact moment we need the next generation of engineers to help develop tomorrow's technologies we're facing a shortage.

We need to seize 2018 – the [Year of Engineering](#) to dispel some of the myths around this profession like the ones I mentioned earlier.

Part of the answer is about showing our young people the true faces of modern manufacturing. People right here in this room.

So let's tell them how – on Deeside Toyota produce a new engine every 57 seconds.

How – In Hull, Siemens are building wind turbine blades as long as six double-decker buses.

And how – In Stevenage, Airbus Space and Defence built a spacecraft, which travelled nearly 4 billion miles to land a probe on a comet.

Above all – let's send a clear message that whatever part of the UK you're from there's an amazing engineering story right on your doorstep.

Making things runs in our veins.

Again and again, the UK has literally manufactured the future.

The light bulb, the passenger railway, the CT scanner, graphene, the lithium-ion battery, the list goes on and on.

I'm an optimist.

I truly believe that there's no problem that can't be solved by the ingenuity of our engineers.

And no product that can't be made by the sheer determination of our manufacturers.

So let's harness the unbridled brilliance of Britain's makers.

As we put into practice a modern Industrial Strategy for modern British manufacturing.

And let's make the technologies the rest of the world will use tomorrow right here in the UK.

Thank you.