

Speech: Liam Fox highlights success of British manufacturing

Good morning.

It is a great pleasure to be here with you all at the EEF Manufacturing Conference.

In the course of my job as Secretary of State for International Trade, I have been invited to address representatives of all of Britain's major industries.

Each has their own innovators, and each of them has a number of world-leading companies, breaking new ground and raising this country's profile overseas.

None of them, though, boasts quite the same concentration of talent, of drive, and of cutting-edge technology as manufacturing.

And few other industries are doing as much to enhance the UK's global reputation.

Since the Department for International Trade was created in July 2016, the ministerial team and I have conducted around 150 overseas visits.

Everywhere we go, the British manufacturing stamp is a kitemark of quality, innovation, and world-leading technological advances.

Our industrial heritage, of course, plays no small part in this.

But all too often we encounter the lazy assertion that 'Britain doesn't make anything anymore'.

How many here today have, like me, gritted their teeth when confronted by such ill informed negativity.

So let's today send out a loud and clear message that British manufacturing is not only alive and well but capable, cutting-edge and confident.

Those of us familiar with the UK's manufacturing capabilities know that the United Kingdom is one of the largest manufacturing economies in the world, with nearly £270 billion in exports.

It would be nice to see more of this reflected in our media.

Last year saw a particularly robust performance, with manufacturing growing by 2.8%, compared to 1.8% for the economy as a whole.

We've had the longest period of consecutive monthly manufacturing growth for 30 years, and order books for British manufacturers are well above their long term trend.

And this in an economy that has record levels of employment and saw the

highest FDI in our history in 2017.

The mills and foundries of the last century may have largely disappeared. But in their place has emerged an industry built upon expertise, research and development, fuelled by a world-class education system.

Sheffield, for example, is a city long famed for the quality of its steel.

Now, Sheffield University's Advanced Manufacturing Research Centre has built Europe's largest aerospace castings facility, and is producing some of the biggest castings in the world today.

This is just one success story among many. The sheer diversity of businesses represented in the UK is testament to this.

From automotive and aerospace, to energy and engineering, the UK offer is as diverse as it is deep.

The advent of digitalisation, the adoption of automation, and an increasing pressure on companies to create more energy-efficient products is driving a revolution in global manufacturing.

British companies are at its forefront.

The UK composite materials sector, for example, predicts that the UK domestic market will grow 6 times by 2030, to some £12 billion, driven by the need to develop lightweight structures for energy efficiency.

In aerospace, the government has worked in partnership with UK primes and tier 1s to identify new supply chain opportunities for fuel systems and cockpit assemblies.

And last year, the automotive sector manufactured more than 2.7 million engines in the UK.

Car production remains one of the prides of British manufacturing. Last year, around 15% of the total UK r&d spend was generated by automotive companies.

Firms like Nissan, who have announced another £250 million investment in their Sunderland plant, are here because of that access to new technology and industry developments.

It is small wonder that, in 2017, a new car rolled off a British production line every 19 seconds.

The government is keen to further its support for critical, cutting-edge technologies.

We have committed to raising the UK's r&d spend to 3% of GDP, putting us in the top quartile of OECD countries.

This has been backed with substantial government support.

Many of you will be familiar with the £246 million [Faraday Challenge](#),

designed to boost the development of the next generation of battery technology.

We have also committed £100 million of spending for connected and autonomous research and development for the automotive sector.

And, together with the aircraft industry, we have devoted a combined £3.9 billion towards aerospace r&d.

This level of government support is unprecedented. It demonstrates a real and sustained commitment to attract the right investment in the right areas, in line with our [Industrial Strategy](#).

Indeed, manufacturing courses through the Industrial Strategy, whether it's our ambition for pharmaceutical production in the [Life Sciences Sector Deal](#), or the vision for advanced manufacturing in [Juergen Maier's Industrial Digitalisation review](#).

So does trade, with the Industrial Strategy keeping us at the forefront of crucial areas of comparative advantage, such as clean growth, artificial intelligence and the automotive industry.

But we shouldn't be surprised that trade and manufacturing are central to our plan to improve productivity, when manufacturing productivity has been growing up to 3 times faster than the wider economy and the 9% of businesses that export play such a central role in our productivity growth.

Our approach is already paying off. Companies like Airbus, who are jointly investing with the government to create a new research facility in the South West, are continuing to show their confidence in the strength of the United Kingdom.

As the MP for North Somerset, I particularly welcome Airbus's expansion in the South West. Their new wing-testing centre near Bristol will serve as an innovation space for supply chain companies across the region. It has also cemented the UK aerospace industry as the second-largest in the world.

Investments such as these demonstrate the high esteem in which British manufacturing is held around the world. But as well as attracting inward investment, my department stands ready to ensure that this capability is shared beyond the borders of the UK.

Time and again, research has shown that companies which export their products are more profitable, resilient and productive.

In short, exporting can increase your bottom line, driving up profits which then in turn allows businesses to invest more.

It is a virtuous cycle, which can be kicked off by the right government support.

My department's ultimate aim is to open up the world's fastest-growing markets for UK companies.

Soon, for the first time in more than 4 decades, we will be able to develop a trade policy framework that works, first and foremost, for the UK economy, UK firms, and UK citizens.

Already, we are laying the groundwork for new trading relationships with countries across Africa and Asia.

Many of these economies will be the drivers of global growth in the 21st century. In fact, the IMF projects that 90% of global growth in the next 10 to 15 years is likely to come from outside the EU.

As their people become more affluent, and their domestic industries more mature, demand for British manufacturing expertise will grow exponentially.

We know that the UK is in a unique position to partner these countries, and that our manufacturing firms stand ready to help realise their ambitions.

Already, my department is deploying our extensive overseas network, stretching across 108 countries, to seek opportunities and provide in-market support for UK firms.

This network is being bolstered by 9 HM Trade Commissioners to promote UK industry abroad. I was delighted to recently announce our commissioners for South Asia, China and North America: [Crispin Simon](#), [Richard Burn](#) and Antony Phillipson.

These new Commissioners will lead our overseas teams, and will develop a regional trade plan that will set out the priorities to be delivered across export promotion, investment and trade policy. They will have more autonomy to do what works best in their region to improve trade with key markets of the future.

And [UK Export Finance](#) is one of the unsung heroes of our economy, working to ensure that no viable manufacturing export fails due to a lack of financing or insurance options, so that once firms do decide to export, there are no unnecessary barriers in their way.

In the last financial year they made £3 billion available to help boost UK exports; at the same time we have seen exports of UK goods increase by over 11%.

And it's not just for big business. Accessing government-backed export finance is faster and easier for SMEs than ever before.

As of October 2017, small and medium-sized businesses can get UKEF bonds and working capital support for up to £2 million in a matter of seconds directly from their bank, without having to apply separately.

But trade doesn't just benefit exporters themselves.

Supplying to exporters allows smaller companies to access new markets and benefit from the worldwide demand for UK goods and services while they're still growing. And the benefits from trade have positive spill-over effects

across the supply chain.

Capital is the lifeblood of commerce. If companies can't get export finance it doesn't matter where along the supply chain it happens – it still clots. But if finance flows freely the benefits do not just accrue to those actually doing the exporting.

They circulate to their suppliers and throughout the economy, better practices and higher productivity from contact with overseas markets and better returns from selling abroad.

That's why small UK businesses who are not yet exporting themselves, but sell to other UK companies that do, can now also benefit from UKEF's trade finance support.

And that's why in the [2017 Autumn Budget](#) we announced a new supply chain product for exporters, which will help exporters access financing to pay their suppliers.

This allows smaller companies in exporters' supply chains to receive early payment to support their cash flow, at the same time as giving the exporter time to pay for supplies of goods and raw materials.

UK Export Finance is here today: if you're considering exporting, they could be the help you need to start selling overseas.

All of these innovations come, of course, at a time when we are seeking a new partnership with the European Union.

I understand that every business here today will be hoping for a glimpse of what this new relationship will look like.

I know that businesses value certainty and stability above all else.

I cannot comment on the negotiations that are still underway. I can, however, tell you that this government opposes erecting barriers to trade where none yet exist, or disrupting the commercial relationships that exist between this country and our continental partners.

I am currently taking the [Trade Bill](#) through Parliament, to give you the certainty you need that there will be a functioning trade regime on day one. The implementation period will also provide time to adjust, which manufacturers tell us they need.

Our Trade and Customs Bills will give us the powers we need to transfer the EU's existing trade arrangements with third countries, which will allow us to protect your access to overseas markets.

They will also give us the tools we need to fight back against any unfair subsidies or dumping from abroad.

We are currently consulting on which of the EU's existing trade defence measures we should keep. I want the interests of UK businesses and consumers

to be foremost in the government's mind, so I encourage you to contribute your views.

We want to protect the interests of British manufacturing. We want to maintain your access to markets across Europe, and beyond. And we want to ensure that the UK continues to attract the best and brightest talent from across the world.

I am greatly encouraged by new data from UCAS that shows a record number of European students applying to study in the UK's world-leading universities, despite the dire predictions being made.

The UK will always be the finest place in the world to live, study, or do business.

Outside the EU we have now established a series of working groups and high-level dialogues with key trade partners from the USA to Australia and China to explore the best ways to progress our trade relationships for the future.

The efforts of the manufacturing industry have ensured that Britain will remain a world-leading technology hub far into this century.

We are a nation of innovators. And, as government and industry work together, we can build a brighter and more prosperous future, for the UK and the world.

So let's talk up the success of a UK manufacturing sector that is not only investing and exporting, but is a confident and key player in building that more prosperous future.

There is a big world out there – and British manufacturing can lead the charge to ensure that the people of this country can take their rightful place in the global prosperity of the future.

Thank you.