

JOINT STATEMENT ON REBALANCING THE ECONOMY WITH CLEAN, LEAN MANUFACTURING

Brexit has kick-started a national conversation on the UK economy. We have stagnating wages, the productivity gap between north and south, and an overdependence on financial services. The industrial strategy should be addressing these structural problems.

There is a distinct and special role that manufacturing can play. Growing manufacturing productivity has the potential to provide good quality jobs, particularly in regions outside London and the South East, and to translate the UK's strength as a knowledge economy into manufacturing excellence to rebalance the economy.

Some manufacturers are already among the most productive firms in the UK, but there is a long tail of poor performers who struggle to provide good jobs and wages. What the leaders and laggards have in common is the need to respond to the next challenges on the horizon: decarbonisation and resource efficiency.

A strategy to drive manufacturing productivity should make businesses leaner, more resilient and more competitive by generating more value from less energy, materials and water. Brexit is sharpening this challenge, as the fall in sterling has driven up the cost of imported materials.

Highly efficient manufacturing is just as important for competitiveness as low energy prices. The industrial strategy green paper and the Conservative Party manifesto recognised this and called for "increasing resource and energy productivity" and "an industrial energy efficiency scheme" to manage industrial energy costs.

Industrial resource efficiency is more than a cost management issue, it is also a strategic opportunity to reinvent the manufacturing sector to optimise energy and resource use and keep materials in productive use for longer. This is where manufacturing and services can come together. UK expertise upstream, in research, design, and engineering, and downstream, in logistics, marketing, and product services, needs to be focused on resource efficiency to build a UK manufacturing base fit for the future.

We the undersigned support the message in *Lean and clean: building manufacturing excellence in the UK*, published by Green Alliance today, which calls for:

- 1) energy and resource efficiency to be a delivery priority of the industrial strategy;**
- 2) a manufacturing upgrade programme to provide independent resource advice, risk assessment and innovation support at the business, supply chain and sector levels;**
- 3) the government to use environmental procurement criteria and forward commitment contracts for infrastructure and equipment, to catalyse innovation and investment in resource efficiency.**

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