

MANUFACTURERS MUST UNITE ON KEY PRIORITIES FOR GROWTH SAYS SIEMENS REPORT

- **Innovation is identified as a key strength for UK manufacturing**
- **Sector plans to increase investment in the next year**
- **Divided opinions on economic growth, with half of respondents optimistic about the next twelve months**
- **Smaller firms want more Government help, but are the most confident**

New research has revealed divided opinion within the manufacturing sector, which could compromise the future growth of UK industry. The Siemens Industry UK report, *Industry Pulse – Challenges and Outlook for Manufacturing*, reveals a lack of consensus on the economic climate, the appetite to invest and on the need for greater government support for the sector.

In a display of significant confidence, the respondents place UK industry just behind China and India when it comes to manufacturing innovation, but half (51%) of respondents do not think the UK is as advanced as it could be in industrial automation, and must invest more in the area.

The research canvassed the views of more than 500 senior individuals working in the heart of the manufacturing and process sector in areas such as automotive, food and beverage, chemical, pharmaceutical, oil and gas and water and waste water.

Commenting on the findings of the research, Juergen Maier, managing director at Siemens Industry UK, said:

“There is a lack of consensus across the sector and, in light of recent data, this gives us cause for concern, as industry has a central role to play in helping to rebalance the economy. In order to do this, we have to be joined up and agree on the priorities for achieving export led growth.

He continued: “UK manufacturing placing itself in the top three globally for innovation shows the commitment and pride of UK manufacturers – which is great. There are strong levels of optimism too, especially amongst smaller firms and those in the domestic supply chain who we regularly partner with. However, there are some clear challenges to overcome so we can claim this leading position globally and use it to grow the sector.

“Two such areas for focus are investment in skills and manufacturing automation technologies, for which global statistics show us that we are not in third place just yet. For example, we invest nearly a third less than the German manufacturing sector in capital plant machinery and automation and our skills system is definitely still not efficient enough”

“We need to better understand that as a sector investment in modern and sustainable production technologies make an important contribution to energy savings and improved productivity hence boosting a company’s competitiveness and essential for growth of our manufacturing sector supply chain”.

Investment Plans

More than a third (38%) of manufacturers said they had lacked confidence to make large scale investment during the recent economic downturn and nearly three quarters (72%) of those say this has led to a business critical need to do so.

As a result, 41% of UK manufacturers are planning to increase their investment levels in the year ahead, while 51% are less upbeat and have no appetite to invest further.

Economic Growth

There are also varying levels of confidence across the sector, with half (50%) of UK manufacturers saying they are optimistic about their performance in the next 12 months, one in six (16%) pessimistic and the remaining third (34%) feeling neutral. This is reflected in the contrasting views on the risk of a severe double dip recession. While almost half (48%) are concerned about a significant reversal in economic growth, the remaining 52% do not share this worry.

The research also reveals that (69%) of manufactures have seen order volumes driven by domestic demand opposed to overseas demand, suggesting the UK economy is taking time to rebalance, perhaps due to European head winds as a consequence of a slow down on the continent.

Government support

Almost half (46%) of manufacturers believe that Government-backed initiatives such as 'Make it in Great Britain' and the launch of the Manufacturing Advisory Service are helping to boost morale in their organisation. 26% of smaller firms felt the Government needed to do more, whilst nearly half (47%) of businesses with over 500 employees feel Government backs schemes have boosted morale. Despite this 62% of smaller firms were still optimistic about their performance over the next 12 months

Juergen Maier concludes: "The fact that confidence is erring on the optimistic side is encouraging and Siemens Industry UK is committed to working with fellow manufacturers to tackle the challenges ahead. It's good to see that campaigns such as Make it in Great Britain are making a difference for a significant proportion of manufacturers and I really believe this kind of support can be transformational, not only in increasing morale, but also impacting on the bottom line. However, to do so, they need the weight of industry behind them, so we can move toward the UK exporting its way into a solid recovery.

To download a copy of the full report, please visit www.siemens.co.uk/industry-pulse

To find out more about Answers for Industry, please visit www.siemens.co.uk/afi

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Notes to editors:

About Siemens in the UK

Siemens was established in the United Kingdom 169 years ago and now employs 12,972 people in the UK. Last year's revenues were £4.4 billion*. As a leading global engineering and technology services company, Siemens provides innovative solutions to help tackle the world's major challenges, across the key sectors of energy, industry, infrastructure & cities and healthcare. Siemens has offices and factories throughout the UK, with its headquarters in Frimley, Surrey. The company's global headquarters is in Munich, Germany. For more information, visit www.siemens.co.uk

** Data includes intercompany revenue. Data may not be comparable with revenue reported in annual or interim reports.*

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