Department for Business & Trade

Invest 2035: The UK's Modern Industrial Strategy

We thank you for your time spent taking this survey.
Your response has been recorded.

To complete the survey please make sure you have first downloaded and reviewed the PDF, ‘Invest 2035: the UK’s modern industrial strategy’ from this website, or read through the web-accessible document here.

We are grateful for all views. Please answer as many questions as you can but if certain sections are irrelevant, or you feel unable to give an opinion, feel free to leave the answer box blank.

We estimate it will take approximately 30 minutes to complete the full survey (depending on how many sections you complete or are relevant to you). You can save your answers and come back to them at any time.

This is a public consultation that will inform the development of the new Industrial Strategy, the Government's proposed plan to boost investment, growth, and stability. The final Industrial Strategy will be published in Spring 2025, alongside the multi-year Spending Review.

We are asking for your views on our approach, including evidence, analysis, and policy ideas. We welcome input from a range of partners, including businesses, experts, trade unions, local and regional actors, and other interested parties.

The consultation closes at 11:59pm on 24 November 2024.

Download full list of questions

You can download the full list of the questions here: Consultation questions

Print or save a copy of your responses:

At the end of this questionnaire, you have the chance to either print or save a copy of your response for your records. This option appears after you press 'Submit your response'.

Save and continue option:

You have an option to 'save and continue' your response at any time. If you do that you will be sent a link via

email to allow you to continue your response where you left off.

It's very important you enter your correct email address if you choose to save and continue. If you make a mistake in the email address you won't receive the link you need to complete your response.

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Personal Details

What is your name?

Joanna Oliver MBE

What is your email address?

joanna.oliver@thecea.org.uk

What is your contact number? [Optional]

In what capacity are you replying to this call for evidence?

- ○ Business
- ◉ **Business association**
- ○ Charity
- ○ Member of the public
- ○ Researcher, academic
- ○ Think Tank
- ○ Trade Union
- ○ Other

What is the name of your business/organisation?

Construction Equipment Association (CEA)

Which sector do you work in?

Advanced Engineering / Infrastructure

Are you happy to be contacted directly about your response?

- ◉ **Yes**
- ○ No

Sector Methodology

The Government has undertaken initial analysis to help determine eight growth driving sectors. Future work will build on this analysis to determine the key subsectors within these broad sectors, using evidence collected from this Green Paper as well as further evidence-gathering and use of wider methodologies.

Please read p.16-20 of the PDF (or here online) before completing these questions.

Q1. How should the UK government identify the most important subsectors for delivering our objectives?

Through evaluating factors such as value to the UK Plc, employment, investment in research and development, international trade and investment and contributions toward achieving net zero goals.

Q2. How should the UK government account for emerging sectors and technologies for which conventional data sources are less appropriate?

Many emerging technologies will align with specific sectors, whether in manufacturing or services. Their potential applications should be assessed in terms of their economic benefits to these sectors.

Q3. How should the UK government incorporate foundational sectors and value chains into this analysis?

Functional foundational sectors are essential to building a thriving economy. The construction equipment sector plays a dual role as both a consumer and provider within this framework. The success and advancement of a company and its sectoral value chain depend on a co-operative regulatory environment and should not be impeded by excessive regulation or government red tape. This must be accounted for in the consultation.

Sectors

For each of the growth-driving sectors, we set out below how they link to the Industrial Strategy objectives, their strengths, and outline where Government can – in partnership with business and others – go further to support growth.

Please read p.21-26 of the PDF (or here online) before completing these questions.

Q4. What are the most important subsectors and technologies that the UK government should focus on and why?

We consider Advanced Manufacturing to be a pivotal sector in driving both the success of the Modern Industrial Strategy and the UK economy. The construction equipment manufacturing industry is a key component within the Advanced Manufacturing sector, as outlined in the Industrial Strategy. To achieve the government's ambitious target of building 1.5 million new homes by 2030, the UK must establish a robust and expanding infrastructure network—both digital and physical—alongside clean energy production and a skilled workforce capable of delivering these projects. Consequently, we believe that the construction equipment sector serves as a critical foundation for delivering the required housing stock and supporting infrastructure. Additional Comment from CEA Member The proposed UK 2035 Modern Industrial Strategy presents an opportunity to simultaneously boost growth in the UK industrial sector and help solve the UK's energy trilemma of clean power by 2030, security of energy supply, and affordability of energy. In particular for advanced manufacturing, technological solutions exist that will reduce energy bills, freeing up funds for investments in productivity and new jobs. Industry already recognizes this, with three-quarters of manufacturers citing energy efficiency as their main pathway to decarbonise their processes. Government can support manufacturing industry with policy measures that help them overcome barriers to accelerated adoption of readily available solutions. In addition, the government's ambitious target of building 1.5 million new homes by 2030, offers an opportunity to build a further competitive edge for the UK construction equipment sector. The UK is already the largest producer of construction equipment in Europe and a net exporter of industrial NRMM, and shaping a home market that stimulates market demand for solutions for decarbonising NRMM would both reduce carbon emission impacts of the expansion in national building mass and give the UK industry a competitive edge in international markets that are more slowly moving towards decarbonisation.

Q5. What are the UK's strengths and capabilities in these sub sectors?

The UK construction equipment sector contributes approximately £15 billion to the UK economy, a GVA of >£2.5 billion with > 1,500 companies employing over 44,000 skilled workers. The UK is the highest-ranking producer of construction equipment in Europe and 5th highest globally. (Key figures from last analysis 2022.) This sector is at the forefront of advancing digital technologies, as well as connected and autonomous machinery, to enhance productivity while lowering carbon emissions and construction costs. Additionally, it significantly supports the UK balance of payments, with an estimated 60% of UK production being exported rising to 80% for some manufacturers.

Q6. What are the key enablers and barriers to growth in these sub sectors and how could the UK government address them?

The UK has a longstanding history of innovation and the development of advanced construction equipment, supported by a highly developed domestic supply chain. This supply chain shares numerous cross-sector affinities, particularly with the automotive and aviation industries. Key barriers to growth include a shortage of skilled engineers, limited emphasis on engineering in secondary education, volatility in raw material and energy pricing, and government expectations that are misaligned with the practical pace of decarbonisation and adoption of non-fossil-fuelled drive trains. Additional comment from a CEA member: An emerging barrier for business in the UK is the potential future legislation around Net zero. The legislation and associated costs will apply to manufacturers in the UK but currently not importers of complete construction equipment (Currently 0% tariff) Additional Comment from CEA Member: In addition, key UK manufacturing jobs are at risk due to high UK raw material prices, increased labour costs, high insurance costs and cost of finance. Off shoring component part production to maintain competitiveness is hindering growth and having adverse impact on UK content across the sector. Additional Comment from CEA Member: A further barrier to growth is that excessive regulation on UK businesses means these businesses enter global markets at a cost disadvantage.

Business Environment

The government will work in partnership with businesses, trade unions, mayors, devolved governments, experts, and other stakeholders to help address the biggest challenges to unlocking business investment, focusing on the 8 growth-driving sectors and clusters across the country.

Please read p.27-29 of the PDF (or here online) before completing this question.

Q7. What are the most significant barriers to investment? Do they vary across the growth-driving sectors? What evidence can you share to illustrate this?

Uncertainty surrounding the continued alignment with EU regulations, unrealistic HMG timelines for phasing out fossil fuels, and the potential imposition of tariffs in key markets—combined with the implementation of the EU and UK Carbon Border Adjustment Mechanism (CBAM) across foundational sectors—are likely to introduce additional costs and potential delays to the development of the UK's physical and digital infrastructure. We believe these factors may negatively impact the attractiveness of the UK for both domestic and foreign investment. Additional Comment from CEA Member. Comparatively (to e.g. US and China) high energy prices and lack of long-term, predictable policy environment stimulating market demand. Additional Comment from CEA Member: CBAM is currently a significant requirement, but additional regulations of Deforestation, CSRD (Corporate Sustainability reporting directive. Additional Comment from CEA Member: In terms of technical and environmental regulation UK needs to be fully aligned if not integrated with the EU as they are the drivers to lesson the risk. I think the biggest barrier to investment barrier is the cost of manufacture in the UK and low productivity - I would like to see policies for the manufacturing sector that support investment with a) vertical integration of supply chain (i.e. steel mills) and b) advanced manufacturing. Our digital infrastructure is fine and our physical infrastructure (unless free ports are thing) is dogged by lack of maintenance or doing things on the cheap and then paying twice. Additional Comment from CEA Member: High energy costs make it very difficult to even compete in EU without added complication of additional regulation.such as CBAM. However it is recognised CBAM is important to prevent carbon leakage in the supply chain. UK needs to align with EU regulation much faster or risk becoming a dumping ground.

Business Environment - People and Skills

The people that create and work in businesses will be central to the success of the growth-driving sectors and clusters, supporting the Government's Growth, Opportunity, and Clean Energy Missions in particular.

Please read p.29-31 of the PDF (or here online) before completing these questions.

Q8. Where you identified barriers in response to Question 7 which relate to people and skills (including issues such as delivery of employment support, careers, and skills provision), what UK government policy solutions could best address these?

There appears to be a significant lack of engagement in promoting engineering as a career within UK secondary schools, resulting in a notable shortage of engineering graduates entering the industry. While university degrees in engineering are essential for more technical roles in manufacturing, the apprenticeship model is an ideal route into the sector. The current apprenticeship model does not seem to align with the mindset of the current generation of school leavers, despite the fact that apprenticeships have long been a proven route to a rewarding and well-remunerated career. The construction equipment sector asks for reform to the secondary education curriculum, establishing a clear and accessible career pathway into engineering and manufacturing roles. Additional Comment from CEA Member: Specific budget for schools to support STEM activities both at Primary and secondary level. Currently schools have to fund themselves from the overall budget so relies on individual teachers to be passionate and prioritise STEM activities. Additional Comment from CEA Member: Do we mean path ways from Further and High Education in to apprenticeships? Secondary education is already challenged (due to the various fads) so it is also the job of industry groups to lean on FE & HE to put on industry ready programs for our industry and the role of government to acknowledge and support them with access to funds for equipment and staff/skills. As an FYI. Two of my kids did a BTEC in IT at our local college. Both went on to complete apprenticeships that have launched their careers in cyber security. My point is it appears to be working for some sectors but UK engineering lags in manufacturing capability. Additional Comment from CEA Member: Insist on higher UK content for manufactured goods within final products. This will increase demand for UK made goods and enable job creation and skills development.

Q9. What more could be done to achieve a step change in employer investment in training in the growth-driving sectors?

Most manufacturers are highly committed to training the workforce, with larger original equipment manufacturers (OEMs) operating their own secondary academies that provide pathways into the sector after education. However, it is not the sole responsibility of manufacturers to shape the mindset of the younger generation. Substantial support and involvement from the government are essential to raising the profile of the Advanced Engineering sector as a whole. Additional Comment from CEA Member: Current employees are often the best trainers but there is little incentive given to these employees to train, support or mentor junior colleagues.

Business Environment - Innovation

Accelerating the rate of innovation and increasing the adoption and diffusion of those ideas, technologies, and processes is an essential step for growing the productivity of our growth-driving sectors.

Please read p.31-33 of the PDF (or here online) before completing these questions.

Q10. Where you identified barriers in response to Question 7 which relate to RDI and technology adoption and diffusion, what UK government policy solutions could best address these?

Construction equipment manufacturers have invested heavily in developing decarbonised solutions that meet the demanding power consumption needs of machinery in our sector. The technology enablers are battery powered machines or machines powered by hydrogen-fuelled internal combustion engines. However, the current electric grid capacity is insufficient to meet the charging demands of construction equipment, and obtaining a connection to the grid can be a cumbersome and time-consuming process. Also, the lack of green hydrogen production coupled with the absence of a suitable hydrogen distribution network will be an obstacle to the uptake of hydrogen-fuelled machines. Additional Comment from CEA Member: Policies incentivising greater machine or system efficiency would accelerate uptake of existing efficiency solutions, regardless of fuel type. Additional Comment from CEA Member: I agree with the statement on achieving full net zero but I think there should be a increase in promotion by the Government of the production and use of HVO fuel. This has the ability to lower the carbon emissions significantly without having significant investment in new distribution networks.

Q11. What are the barriers to R&D commercialisation that the UK government should be considering?

To safeguard our intellectual property and retain top-tier research talent, it is imperative to address the critical issue of developing innovative solutions only to see either the breakthroughs or their inventors acquired by global competitors. Strengthening our ability to nurture and commercialize cutting-edge innovations domestically is essential for maintaining our competitive edge on the global stage. This could involve enhancing the role of government-supported incubators and development programs, with a particular focus on expanding and extending the efforts of Innovate UK. By providing a robust framework of support, mentorship, and funding, we can ensure that the benefits of our innovation ecosystem are realized within the UK, driving long-term growth and global leadership in high-tech industries. Additional Comment from CEA Member: Government-supported incubators offer declining value for money. There is growing evidence that government supported research is becoming less effective despite increasing numbers of employees and increasing budgets. Fewer scientific breakthroughs are being reported in recent decades and increasing numbers of ineffective publications and patents are being reported. Incubators may have a positive role to play with start-ups, but, for ideas which belong in existing companies or sectors, incubators are unlikely to add any real value. There needs to be a robust and effective approach taken to prompt ideas and proof-of-concept in public research and then to channel the good ideas more quickly into suitable UK companies. Commercialization of these ideas should not be attempted in publicly funded research bodies. As public research organisations and private enterprises both have very different missions, it can be a challenge transferring knowledge and ideas across.

Business Environment - Data

Data fuels modern business, both as users and producers. There is a huge opportunity for the UK to use its data more strategically, driving innovation and economic growth, including in the growth-driving sectors.

Please read p.33-34 of the PDF (or here online) before completing these questions.

Q12. How can the UK government best use data to support the delivery of the Industrial Strategy?

In 2023, the European Union published Regulation (EU) 2023/2854, which aims to harmonise rules on fair access to and use of data in the EU. This regulation establishes the rules on the access and use of data between businesses, users and the public sector. In keeping with industry's position that the UK should maintain regulatory alignment with the EU, we encourage the UK to adopt an equivalent regulation here, mirroring the EU regulation.

Q13. What challenges or barriers to sharing or accessing data could the UK government remove to help improve business operations and decision making?

As modern construction sites become increasingly connected and the adoption of Connected Autonomous Plant (CAP) accelerates, critical considerations must be given to the ownership, sharing, and security of data. The integration of diverse equipment from numerous manufacturers, each utilizing proprietary data collection methods and communication protocols, highlights the urgent need to develop a cross platform agnostic data protocol. Such protocols would enable seamless communication between different brands and models of machinery, facilitating interoperability on-site. This agnostic solution would eliminate the inefficiencies of "data flipping," where complex software is required to translate information between disparate systems from manufacturer A to B and beyond. Data Resource Capability and Capacity. However, the implications extend far beyond on-site operations. The massive increase in data generation, storage, conversion, and retrieval will place unprecedented demands on the national power grid. A significant expansion in data centre capacity will be required to manage these storage demands effectively. As AI technology becomes integral to autonomous plant operations, the associated bandwidth and energy consumption will escalate dramatically, placing further strain on the UK's infrastructure. Proactive investment in resilient and scalable infrastructure, as well as policies supporting the standardisation and security of data, will be crucial to ensuring the sustainable evolution of connected construction ecosystems.

Business Environment - Infrastructure

An effective planning system is a fundamental enabler for business investment in our growth-driving sectors. Growth-driving sectors also require high quality infrastructure and transport connectivity.

Please read p.34-36 of the PDF (or here online) before completing these questions.

Q14. Where you identified barriers in response to Question 7 which relate to planning, infrastructure, and transport, what UK government policy solutions could best address these in addition to existing reforms? How can this best support regional growth?

The government must prioritise the continued development of road and rail connections, particularly to manufacturing clusters in the North and Centre of the UK, acknowledging the growth potential beyond London and the South East. The proposed trans-Pennine and east-west rail links must be delivered as planned, without being subject to delays or reductions. To support the adoption of non-fossil fuel technologies, a national hydrogen pipeline network will be necessary within the next decade, akin to the natural gas pipeline infrastructure established in the 1970s. Additional Comment from CEA Member: In terms of transport the shipping lines are focused on the South of England or Immingham. It is now currently impossible to ship completed construction equipment from the Port of Tyne and only limited spaces from the Tee port due to removal of heavy freight services from these ports. This results in increased road transport and increased carbon emissions.

Q15. How can investment into infrastructure support the Industrial Strategy? What can the UK government do to better support this and facilitate co-investment? How does this differ across infrastructure classes?

The time and effort needed by a construction contractor to connect to the electricity grid so that a sufficient charging facility can be installed is too high and needs to be reduced. Even once the construction site is connected, the supply of charging current is often interrupted due to insufficient capacity in the grid. Machines that are powered by hydrogen-fuelled internal combustion engines will be a great contributor to the decarbonisation of the construction equipment fleet. Unfortunately, one major inhibitor to purchasers investing in such machinery is that, as it currently stands, they are not allowed to circulate on public roads. The law has been changed to allow hydrogen-fuelled cars, trucks, and buses to travel on UK roads, but the Consultation and Use Regulations do not currently permit the use of hydrogen-fuelled construction equipment on public roads. We are aware and welcome that DfT is currently considering amending the Consultation and Use Regulations and we encourage government to progress the situation and amend the law to allow the circulation of hydrogen-fuelled construction equipment on UK roads.

Business Environment - Energy

Access to cheap and reliable energy is an influential determinant of business competitiveness and an important consideration for internationally mobile investment.

Please read p.36-38 of the PDF (or here online) before completing these questions.

Q16. What are the barriers to competitive industrial activity and increased electrification, beyond those set out in response to the UK government's recent Call for Evidence on industrial electrification?

Following our ongoing discussions with DBT and DESNZ regarding the government's target of achieving 78% non-diesel machinery on construction sites by 2035, we believe this goal is unlikely to be met under the current economic conditions. Industry concerns include the significant depreciation of residual values for electric machines, which is impacting both manufacturers and end-users. Electric machinery is not progressing as expected; manufacturers are incurring substantial losses in research, development, and production, while end-users are reluctant to reinvest due to logistical challenges surrounding charging infrastructure and the financial uncertainty caused by poor residual values. The cost of electric Non-Road Mobile Machinery (NRMM) can be up to 300% higher than that of a diesel model. Given that approximately 80% of the UK construction equipment fleet is sold into rental, the economics of renting an electric vehicle at three times the cost of a diesel counterpart are often unfeasible. As a result, sales of diesel-powered machinery remain strong. Until hydrogen technology becomes fully viable—addressing key challenges such as transportation and storage of hydrogen—industry stakeholders and manufacturers view diesel-powered machinery as the short-to-medium-term standard, with larger machines continuing to rely on diesel for the foreseeable future. It should also be noted that the majority of diesel-powered machinery in use today is significantly cleaner than that of just a decade ago. OEMs are in consensus that the transition to electric machinery is currently stalled. To facilitate the energy transition, we would appreciate insights into international best practices, such as Power Purchase Agreements (PPAs), which could stimulate investment and foster growth in the NRMM sector. Additionally, there is a significant shortage of electric vehicle charging infrastructure in the UK. Many construction sites are off the national grid, and it currently takes around two years to connect a commercial site to the grid. As a result, alternative methods for recharging electric vehicles on off-grid sites are required, typically involving diesel-powered generators. Additional Comment from CEA Member: The high cost of electric machinery can be partly alleviated through a greater focus on machine efficiency.

Q17. What examples of international best practice to support businesses on energy, for example Purchase Power Agreements, would you recommend to increase investment and growth?

To achieve its net zero targets, even partially within the prescribed timeline, the government must make significant investments in partnership with the private sector to develop clean electricity solutions capable of powering these sites. This should be complemented by the establishment of methods for transporting substantial quantities of hydrogen to meet demand as hydrogen-powered machines continue to evolve. The government must collaborate with power generation and distribution companies to establish a secure, long-term pricing structure. This would enable high-usage manufacturers, such as steel and glass, to purchase energy in advance and hedge against price fluctuations, thereby enhancing their ability to compete effectively in the international market. The government must take action to standardise and incentivise feed-in tariffs for solar and wind farms, alongside establishing long-term cost agreements for energy fed back into the grid. These measures would encourage investment in renewable energy and ensure a stable and sustainable energy supply for the future. Additional Comment from CEA Member: Recommend focused efforts on energy efficiency, electrification, and sector integration alleviate high energy costs while cost-effectively decarbonising. Studies show that full electrification in end use sector could cut energy use by 40%, reducing costs regardless of fuel use.

Business Environment - Competition

Competition and consumer policy, including subsidy control, is an important lever across and beyond the growth-driving sectors.

Please read p.38-40 of the PDF (or here online) before completing these questions.

Q18. Where you identified barriers in response to Question 7 which relate to competition, what evidence can you share to illustrate their impact and what solutions could best address them?

Additional Comment from CEA Member: China is strangling UK manufacturing. Chinese parts manufactured from steel can be 40-60% cheaper than parts made in UK from UK Steel. This disparity is making it harder for UK manufacturing business to compete for work in our home market. In addition, UK OEMs are looking to off shore more parts to China to allow them to compete in International markets. Additional Comment from CEA Member: Stronger incentives for energy effiency, electrification and sector integration, incl. in industrial sector. Includes e.g. focus on system efficiency instead of product efficiency only, to allow industry to chose most cost-efficient paths to decarbonisation.

Q19. How can regulatory and competition institutions best drive market dynamism to boost economic activity and growth?

Maintaining UK/EU regulatory alignment will significantly help in this aspect. If there is a divergence in requirements for the GB market, it will result in additional compliance burdens being placed on manufacturers, who generally sell into both the GB and EU markets. This will free up manufacturers' resources to instead focus on innovation and growth. Increasing market surveillance activity will help ensure that competition is fair. We are concerned that machines that do not comply with current safety requirements are coming into the UK, mainly through auction houses. This undermines the investment made by manufacturers in complying with current legislation, reduces their sales, and exposes users to machines that are built to less stringent safety requirements. Additional Comment from CEA Member: Predictable, long-term and easy-to-access incentives to prioritise energy efficiency and electrification. Ensuring energy prices and taxation incentivize electrification. Additional Comment from CEA Member: The TRA must take a more proactive role in promoting their function and reduce investigation time frame.

Business Environment - Regulation

Regulation can address market failures, create economic certainty, and drive innovation to stimulate growth while protecting consumers and businesses.

Please read p.40-41 of the PDF (or here online) before completing these questions.

Q20. Do you have suggestions on where regulation can be reformed or introduced to encourage growth and innovation, including addressing any barriers you identified in Question 7?

Maintaining UK/EU regulatory alignment will significantly help in this aspect. If there is a divergence in requirements for the GB market, it will result in additional compliance burdens being placed on manufacturers, who generally sell into both the GB and EU markets. This will free up manufacturers' resources to instead focus on innovation and growth. We are aware that the EU has published the Machinery Regulation, which will replace the Machinery Directive in January 2027. Similarly, the EU has revised its Outdoor Noise Directive. If UK does not align with these new laws, then regulatory divergence will occur, thus increasing manufacturers' compliance burdens and therefore reducing their ability to innovate and grow. Additional Comment from CEA Member: There has been a huge reduction in the number of UK Foundries and Forgers in the last 10 years as companies out source to China and India. We need to stem the flow and promote UK manufacturing by incentivising UK content.

Business Environment - Crowding in Investment

UK firms have access to one of the world's leading financial services sectors. Despite this, as outlined above, the UK has consistently invested less than its international peers, with levels varying depending on firm size, sector, and region.

Please read p.41 of the PDF (or here online) before completing this question.

Q21. What are the main factors that influence businesses' investment decisions? Do these differ for the growth-driving sectors and based on the nature of the investment (e.g. buildings, machinery & equipment, vehicles, software, RDI, workforce skills) and types of firms (large, small, domestic, international, across different regions)?

This is not a question the CEA can answer. Additional Comment from CEA Member: General business conditions (admin burden), trust in market demand (stimulated by long-term, predictable policies), availability of skilled labour. Additional Comment from CEA Member: The basic factors for investment are a business case that allows them to access or create a market at the lowest risk. In the Construction Equipment Sector, access to a skilled workforce and a supply base is critical for large companies outside of the UK who we need to grow our presence in this sector. Smaller companies, typical tier 1 & 2 service and parts suppliers look for 'anchor businesses' to support their business case when investing. Additional Comment from CEA Member: As a manufacturer of construction equipment, it is imperative that government support manufacturing activity in the UK creating an environment where manufacturing careers are promoted as valuable contributors to the country's GDP and security. By not supporting UK manufacturing, government succeed in accelerating the offshoring of vital industry, technologies and overall GDP.

Business Environment - Mobilising Capital

The UK has a complex landscape of public and private business finance providers and institutions. However, the Government knows from businesses that there is still much to do to improve ease of access to growth capital and scale-up finance in the UK.

Please read p.41-43 of the PDF (or here online) before completing these questions.

Q22. What are the main barriers faced by companies who are seeking finance to scale up in the UK or by investors who are seeking to deploy capital, and do those barriers vary for the growth-driving sectors? How can addressing these barriers enable more global players in the UK?

This is not a question the CEA can answer. Additional Comment from CEA Member: The UK needs a communicated manufacturing strategy that is cross party, realistic and time bound. It needs to consistently applied from one Parliament to the next. Additional Comment from CEA Member: Access to capital is not the issue, justification to invest when the economy is on its knees, is.

Q23. The UK government currently seeks to support growth through a range of financial instruments including grants, loans, guarantees and equity. Are there additional instruments of which you have experience in other jurisdictions, which could encourage strategic investment?

This is not a question the CEA can answer. Additional Comment from CEA Member: Limited to China around 20 years ago, where companies were supported initially with JV on state owned enterprises then zones ones for 'wholly foreign owned enterprises' (WFOE) with investment incentives and tax benefits to kick start the industrial strategy. Additional Comment from CEA Member: Government financial support for exporters is sadly lacking. Exporting is essential to growth and maintaining a healthy balance of payments. DTB advice is generally good, but not backed up with serious financial assistance.

Business Environment - Trade and International Partnerships

The UK is a proud trading country and among the most open economies in the world. The UK holds strong and constructive partnerships all over the world, built on principles of openness and shared prosperity and a commitment to upholding the international rules-based system.

Please read p.44-47 of the PDF (or here online) before completing these questions.

Q24. How can international partnerships (government-to-government or government-to-business) support the Industrial Strategy?

There is much that His Majesty's Government (HMG) can do to support international trade, including: Maintaining regulatory alignment with the EU to facilitate trade in manufactured goods. The EU 27 remains the largest market bloc for UK construction equipment exports, while the USA is the largest individual market. Aligning the EU and UK iterations of the Carbon Border Adjustment Mechanism (CBAM). Minimising tariffs and other trade barriers and avoiding potential trade disputes with protectionist regimes. Simplifying trade across the Irish Sea to ensure the smooth transport of goods into and out of Northern Ireland. The UK acts as a hub for imported construction equipment to be distributed to both Northern and Southern Ireland. However, the implementation of the Northern Ireland Protocol has made trade across the Irish Sea more complex and less commercially attractive to manufacturers and importers. Additional Comment from CEA Member: The construction industry is a worldwide platform so it is important to maintain open trade channels across all continents. Government can do much more to help exporters generally, through grant assistance and trade missions for SME's.

Q25. Which international markets do you see as the greatest opportunity for the growth-driving sectors and how does it differ by sector?

For the advanced manufacturing-focused UK construction equipment sector, there are both opportunities and challenges arising from markets across the globe, including both mature and developing regions. As technology continues to evolve, new market opportunities are emerging. Countries in the West, as well as those in the ASEAN region, Japan, and South Korea, demand the highest specifications in machinery, including the cleanest engines and advanced digitalised operations. In contrast, developing markets, primarily in the southern hemisphere, require simpler machines that are designed to address challenges such as fuel contamination, extreme temperatures, and geographical and altitude variations. Globally, equipment sold to internationally operated extractive industry sites must meet the highest standards of operational reliability and machine safety, comparable to those required in mature markets. This diverse range of market needs presents numerous opportunities for UK manufacturers. Additional Comment from CEA Member: There are enormous opportunities in USA construction markets for construction equipment and associated products manufactured in UK, which should not be overlooked. The King's Award for International Trade is heavily populated by companies who mostly export to USA. Additional Comment from CEA Member: USA is potentially the largest potential due to the punitive tariffs on Chinese goods. The additional tariff closes the price gap on state funded Chinese product entering USA market vs UK product.

Place

A core objective of the industrial strategy is unleashing the full potential of our cities and regions by attracting investment and creating the best environment for businesses in them to thrive.

Please read p.48-50 of the PDF (or here online) before completing these questions.

Q26. Do you agree with this characterisation of clusters? Are there any additional characteristics of dimensions of cluster definition and strength we should consider, such as the difference between services clusters and manufacturing clusters?

No. By the nature of manufacturing, the construction equipment sector has evolved organically to foster a supply chain that is geographically aligned with the needs of the business. Following the pandemic, which exposed the vulnerabilities of the just-in-time manufacturing system due to disruptions in global shipping, several UK manufacturers have taken steps to onshore or nearshore their supply chains. Others have expanded their inventories to maintain a critical parts stock, ensuring they can accommodate delays in freight and mitigate supply chain disruptions.

Q27. What public and private sector interventions are needed to make strategic industrial sites ‘investment-ready’? How should we determine which sites across the UK are most critical for unlocking this investment?

This is not a question the CEA can answer. Additional Comment from CEA Member: The sites need to be prepared as a canvas with foundation infrastructure in place - transport, utilities, power and pre-approved planning permission. The sites should be selected on the basis of either this is for an anchor company or industry (i.e. a long term strategic investment). Additional Comment from CEA Member: Good energy and communications infrastructure and proximity to well-served ports and airports. Financial incentives for companies to set up and invest.

Q28. How should the Industrial Strategy accelerate growth in city regions and clusters of growth sectors across the UK through Local Growth Plans and other policy mechanisms?

This is not a question the CEA can answer. Additional Comment from CEA Member: The strategy needs to be joined up to the different region town and country industrial planning - would be a start. Additional Comment from CEA Member: Incentivise activity through business rates breaks and improve transport links including road and rail.

Q29. How should the Industrial Strategy align with Devolved Government economic strategies and support the sectoral strengths of Scotland, Wales, and Northern Ireland?

This is not a question the CEA can answer. Additional Comment from CEA Member: Many organizations and people outside the UK see one country and not the separate devolved entities. The English strategy does not need to be fully dovetailed but should identify areas of possible conflict.

Partnerships and Institutions

The ambition set out across this paper can only be realised in partnership. Only by working with the network of businesses, investors, civil society, international partners, local leaders and devolved governments who play a critical role in the UK economy, can we shape and deliver an industrial strategy that can truly drive growth.

Please read p.51-53 of the PDF (or here online) before completing these questions.

Q30. How can the Industrial Strategy Council best support the UK government to deliver and monitor the Industrial Strategy?

To ensure genuine alignment with industry the Industrial Strategy Council must be "of the industry," with representatives from all key sectors. The government must be prepared to listen to difficult truths from industry leaders who are responsible for delivering the goods and services that drive the UK economy and generate wealth. This approach should complement the government's role as a legislator and enabler, ensuring a collaborative and effective strategy for growth. Additional Comment from CEA Member: There should be a Minister appointed for Manufacturing. They should have Industrial workplace experience so they understand the pressures faced by UK manufacturing business and help build policies to support them.

Q31. How should the Industrial Strategy Council interact with key non-government institutions and organisations?

By recognising that trade associations serve as vital conduits of sector knowledge and key enablers between industry and HMG, the government should leverage these organisations to disseminate and cascade information and policy across the sector. This approach ensures effective communication and alignment between industry stakeholders and government initiatives.

Q32. How can the UK government improve the interface between the Industrial Strategy Council and government, business, local leaders and trade unions?

As above – by recognising that trade associations serve as vital conduits of sector knowledge and key enablers between industry and HMG, the government should leverage these organisations to disseminate and cascade information and policy across the sector. This approach ensures effective communication and alignment between industry stakeholders and government initiatives.

Theory of Change

Economic growth is a complex issue with interrelated short-term and long-term drivers, many of which are structural in nature.

To effectively prioritise policies within the industrial strategy, targeted at the right sectors and types of economic activity, the government needs to rationalise this complexity into a series of potential causal pathways. This will also help to identify where to further develop the evidence and analysis.

Please read p.55-57 of the PDF (or here online) before completing these questions.

Q33. How could the analytical framework (e.g. identifying intermediate outcomes) for the Industrial Strategy be strengthened?

We do not feel this is an area we, or our members, can respond to

Q34. What are the key risks and assumptions we should embed in the logical model underpinning the Theory of Change?

We do not feel this is an area we, or our members, can respond to

Q35. How would you monitor and evaluate the Industrial Strategy, including metrics?

We do not feel this is an area we, or our members, can respond to

Additional Information

Q36. Is there any additional information you would like to provide?