

CPI in robust debate on future of UK manufacturing



The Confederation of Paper Industries (CPI), together with other representatives of UK manufacturing industry, took part in the second of the current series of roundtable discussions with parliamentarians on 12 May at the House of Commons. The subject was 'Manufacturing in the Economy' and attendees included members of the Business, Innovation and Skills Select Committee and the All-Party Parliamentary Group for the Packaging Manufacturing Industry.

Among the key themes addressed during the discussion was the culture of pessimism about manufacturing that seems to pervade the political classes and the feeling that the sector is in terminal decline and that nothing, regardless of political party, can be done to prevent this.

Former business secretary, Pat McFadden said that if the UK is really serious about having a discussion on rebalancing the UK economy then "we need to really believe that high wage countries can succeed in making things" and that the government should follow the example of Germany which proves the point that manufacturing need not be off-shored to low-cost countries.

Leading manufacturers, such as General Motors, made a number of points emphasising the UK's ability to be internationally competitive. It was pointed out that the idea the East is always extremely low cost is misconceived with, for example, labour rates in Shanghai approaching those of the West.

The education system was also a focus for animated discussion. Speakers argued that the UK education system is alone in making children take "life changing decisions" over their subject choices, and resultant career options, at such a young age. When it comes to apprenticeships, the UK contrasts unfavourably with Germany where every company, relative to its size, is legally required to employ a set level of apprentices or else face a fine. It was also observed that apprentices qualifying in Germany are paid in salary about 60% of the full industry rate while in the UK apprentices get paid at 90% of the rate. The wisdom of this practice was questioned, given the 20% rate of youth unemployment in the UK.

David Workman, CPI's Director General, expressed concern at the cost of energy in the UK, citing the country's expensiveness relative to European competitors, and the impact this has on energy-intensive industries. He said that energy policy should be a top priority area for the Government to address, alongside planning and competitive business rates. "We want certainty on energy supply and energy and carbon costs", he said.

The deliberations of this roundtable discussion will be fed into a final report, with recommendations, that will be presented to the Secretary of State for Business, Innovation and Skills at the end of this year.

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For further information please contact Andrew Barnetson, Director of Packaging Affairs, on 01793 889602 or email abarnetson@paper.org.uk.

Notes to Editors

- CPI is the voice of the paper industry in the UK, representing papermakers, tissue manufacturers, corrugated packaging producers and recovered paper merchants.
- CPI represents 73 Member Companies, with a combined annual turnover of £4 billion and 19,600 personnel.
- For additional information on the UK paper industry, in the first instance, please contact Annabel Acton, Communications Manager, on 01793 889612 or email aacton@paper.org.uk. Alternatively, please visit: <http://www.paper.org.uk>.