

Why the Welsh manufacturing sector must get a slice of the UK Government's £4.5bn pie

While many have predicted the decline of manufacturing in the UK, it is evident from the [Autumn Statement](#) that there has been a reassessment of its value to the economy. Although not widely publicised, the Chancellor announced the creation of a £4.5 billion fund to stimulate private investment in strategic manufacturing sectors, starting in 2025-26 and lasting for five years.

Is this surprising? The manufacturing sector continues to play a crucial role in the UK's economy by promoting regional development, helping achieve net-zero goals, and enhancing economic stability. While the number of jobs has declined in recent years, the type of employment is both varied and of high quality, encompassing a wide range of jobs from highly skilled positions in engineering and production to support roles in logistics and administration. Most importantly, these jobs are well-paid, contributing to higher average incomes for the workforce, often in poor regions.

Manufacturing is also a key contributor to both Research & Development (R&D) and innovation performance in the UK. Companies in the sector invest in developing new products, technologies, and processes, driving advancements in various fields. The commitment of manufacturing firms to innovation not only enhances their own competitiveness but also encourages technological development in other businesses through their supply chains.

Read more: [The Welsh firms awarded £8m investment to boost](#)

Wales' space infrastructure

Given these factors, it is not surprising to find that the UK manufacturing sector accounts for 41% of business R&D spending, 43% of exports, and employs around 2.6 million people in highly skilled jobs, often in regions with lower income levels, paying 9% above the national average.

If we examine where the £4.5 billion will be allocated, it includes over £2 billion for the automotive sector to support the manufacturing of zero-emission vehicles and batteries, £975 million for the aerospace sector to develop energy-efficient and zero-carbon aircraft technology, £960 million for green industries to boost clean energy manufacturing capacity across the UK, and £520 million for life sciences to enhance health emergency resilience and leverage the UK's R&D strengths. This investment will bolster clean energy supply chains, including carbon capture, electricity networks, hydrogen, nuclear, and offshore wind, positioning the UK for growth during the transition to a net-zero economy.

The UK government is also working to secure additional financing for advanced manufacturing, including investments in critical supply chains like semiconductor manufacturing and critical minerals through the UK Infrastructure Bank. It is also expanding programs such as the Made Smarter Adoption program, responding to foreign direct investment recommendations, promoting apprenticeships, and establishing Investment Zones focused on the manufacturing sector, including one for North East Wales.

Given that the Welsh economy is more dependent on its manufacturing sector for economic prosperity than the rest of the UK and has strengths such as a skilled workforce, industry specialisation, and strong supply chains, there is now a need for a concerted effort by both government and the private sector to ensure that as much of this funding finds its way into the Welsh manufacturing sector over the next few years.

For example, despite the closure of the Ford factory, Wales still has considerable strengths in both the automotive and aerospace sectors, with companies like Airbus, Rolls-Royce, and Aston Martin based in Wales having a significant reputation for high-quality manufacturing in these industries.

Most importantly, a new body called Manufacturing Wales has been established to bring together the ideas, innovations, best practices, and pioneering spirit of the Welsh manufacturing community. It aims to build partnerships and provide a platform for businesses to connect, share problems, and create solutions.

While it is there to help manufacturing businesses be more ambitious, there is also an opportunity for this body to be tasked by the Welsh Government to bring the sector together to focus on how this new investment announced by Jeremy Hunt can benefit not only the Welsh manufacturing sector but the economy as a whole. Far too often, Wales has failed to take full advantage of UK Government funds available to support innovation and business development, and this is an opportunity to change that narrative.

Given the strength of our manufacturing sector, we should be targeting at least £200 million of this new funding to come to Wales to help transform our manufacturing businesses and ensure they are more resilient and productive for the future. Certainly, if a body like Manufacturing Wales can bring its member businesses together to work collectively towards this goal and be supported by the Welsh Government in doing so, it could have a significant impact on the economy over the next few years.