

Manufacturing sector demands 'reset' in UK relationship with EU as supply chain crumbles

The head of the manufacturing sector's lobby group has demanded a "reset" in the UK's relationship with the European Union, claiming international suppliers have increasingly turned their backs on the country.

Stephen Phipson, chief executive of Make UK, told the organisation's annual conference that political turmoil in the UK had exacerbated supply chain strains caused by [Brexit](#) and the COVID pandemic.

A survey commissioned by the body showed that almost half of respondent companies said EU suppliers were now more cautious about the UK.

It found that a third of non-EU suppliers took the same view.

The report said that 40% of manufacturers had reshored suppliers in the last year and a similar figure planned to do so during 2023.

Make UK said the findings underlined the "unrelenting pressure" on company supply chains from increased costs and geo-political uncertainty.

It said they were creating unacceptable lead times and the budget, due next week, offered an opportunity to deliver the basis for a "national industrial strategy" that could support innovation and growth across the sector.

Mr Phipson said: "It's fair to say that the last few years and, the last 12 months in particular, have been some of the

most momentous times we have ever experienced.

“Everywhere I look there are huge issues impacting on the economy and our sector from the Russian invasion of Ukraine which has helped drive the cost of energy to eye watering levels, the continued after shock of the pandemic which is continuing to disrupt supply chains across the globe, the race to attract and retain talent and the emerging subsidy arms race between the US and the EU sparked by the so-called Inflation Reduction Act.

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“Since it was announced there has already been some \$90bn worth of green investment in the US and there’s a real risk that being outside the EU the UK risks being squeezed between

the efforts of the US and the EU's own Green Investment Plan.

"All this comes at a time when the development of technology is rapidly accelerating and the tectonic plates of geopolitics are shifting on their axes.

"All of these factors would have combined to present the UK economy and manufacturers with immense challenges even without the domestic political chaos of the last twelve months which has caused such damage to the reputation of the UK with our main trading partners."

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The "chaos" he refers to includes the slump in market confidence which met the then Liz Truss government's mini-budget last September.

While he welcomed leadership from Prime Minister Rishi Sunak on securing the new deal – the so-called [Windsor Framework](#) – with the EU over the trading arrangements for Northern Ireland, he added: "The political mismanagement of our economy and damage to the reputation of the UK as a partner on such a grand scale, together with the disregard of the rule of law in our political system, cannot continue, he said.

"We need to reset our political and trading relationship with the EU which has been marked by such rancour".