



# MANUFACTURING IN THE UK

## BUSTING THE MYTHS

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Manufacturing is a vital part of the British economy. It creates high quality and innovative products that are exported across the world.

But sadly, the mantras that 'we don't make anything in Britain' and 'we can't compete in a globalised world' are still heard.

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Jaguar Land Rover (JLR) manufactures some of the world's most iconic vehicles – developed in our UK R&D facilities and built in our UK plants.

From our Range Rover Evoques, built at Halewood, the Land Rover Discovery at Solihull, through to our Jaguar F-Types from Castle Bromwich near Birmingham, we export more than 300,000 vehicles across the world every year.

Jaguar Land Rover is a Great British success story – part of the wider story of the highly skilled, high-value UK manufacturing industry that is leading the world.

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### **We want to bust some of the myths that have built up about British manufacturing**

- Manufacturing accounts for more than half of all UK exports<sup>1</sup>.
  - Britain has the most productive automotive sector in Europe<sup>2</sup> and in 2012 the UK exported more vehicles than ever before<sup>3</sup>.
  - Britain has the second largest aerospace industry in the world<sup>4</sup> and is a leading exporter of pharmaceutical products and scientific instruments<sup>5</sup>.
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# MYTH BUSTING

## Myth 1

**Manufacturing is no longer an important part of the UK economy**

**Reality**

Manufacturing makes up a significant part of the UK economy. Manufacturing accounts for:

- More than half of the UK's exports<sup>6</sup>
- 10.5% of UK GDP<sup>7</sup>
- 2.5 million jobs in the UK<sup>8</sup>

In 2013, export revenues at Jaguar Land Rover reached a record high of £13.4 billion.

Jaguar Land Rover employs 25,500 people in the UK – an increase of 9,000 (35%) in the last two years.

In total, 190,000 jobs are supported through Jaguar Land Rover's UK supply chain, dealer network and the wider economy.

## Myth 2

**There are no British car makers any more**

**Reality**

Vehicle manufacturing in the UK is in rude health:

- Vehicle manufacturers generate more than £55 billion in annual turnover<sup>9</sup>
- Exports of vehicles and parts were worth £27 billion in 2011<sup>10</sup>, with 1.2 million vehicles exported in total<sup>11</sup>

Jaguar Land Rover is headquartered in the UK, and sold more than 425,000 vehicles in 2013 – exporting over 80% of these.

With total investment of more than £1.3 billion, Jaguar Land Rover is the largest manufacturing investor in the UK.

Over the past two years, Jaguar Land Rover has spent £10 billion through our supply chain, supporting tens of thousands of jobs in the process.

## Myth 3

**British exports go to the US and EU, but we just can't crack emerging markets**

**Reality**

British manufacturing is contributing to a major rise in British exports to emerging economies:

- The value of all British exports to the BRICs were worth £27.1 billion in 2012, double the total from 2007<sup>12</sup>
- In the last decade UK manufacturing exports to the BRICs grew by an average of 18% per year<sup>13</sup>

- 45% of UK automotive exports go to EU countries, compared with 70-90% for Italy, France and Spain<sup>14</sup>
- UK automotive exports to China are expected to grow by 11.6% between 2012-17, making it the UK's top automotive trading partner by 2017<sup>15</sup>

China is an important market for JLR, with Land Rover the leading SUV brand in Brazil.

Jaguar Land Rover sold vehicles in 179 different countries in 2013.





## Myth 4

**We don't really manufacture in the UK anymore, we just put together parts imported from elsewhere**

### **Reality**

High value manufacturing, design, development and research and development (R&D) are all thriving in the UK:

- The wings and engines used on the Airbus A350 are manufactured in the UK<sup>16</sup>
- 2.5 million vehicle engines were manufactured in the UK in 2012/17

The scale of Jaguar Land Rover's investment in R&D places us in the top 10 of all R&D investors in the UK

The new Range Rover is the world's first premium SUV with a lightweight aluminium body structure, made possible by Land Rover's investments in UK technology, engineering and manufacturing.

JLR's new bodyshop at Solihull is a global leader, able to press the largest single piece, auto aluminium panel anywhere in the world.

## Myth 5

**Manufacturing is low-skilled work**

### **Reality**

UK manufacturing is among the most highly skilled in the world:

- Demand for skilled workers is extremely high. To meet the projected growth in the industry, Britain needs an extra 1.25 million science, engineering and technology professionals by 2020<sup>18</sup>
- Average starting salaries for UK engineering graduates are more than 10% higher than other graduates<sup>19</sup>
- 70% of UK R&D is funded by the manufacturing industry<sup>20</sup>

The Jaguar XJ needs around 100 million lines of software code to operate – compared with a Boeing 787 Dreamliner that gets by on about 6.5 million lines.

Attracting and training highly skilled engineering graduates is a business imperative for Jaguar Land Rover. Over the past three years, we have recruited nearly 1,000 graduates.

In the past two years, Jaguar Land Rover has taken on more than 400 engineering apprentices, comprised of school leavers aged between 16 and 18.

JLR won the Business in the Community Education Award for our Inspiring Tomorrow's Engineers programme. The programme develops long-term partnerships with schools and has promoted STEM skills to two million young people to date.

## Myth 6

**British manufacturing is too expensive to be competitive in a global market**

### **Reality**

- Manufacturing productivity has increased by more than 40% in a decade, contributing a third of the UK's total productivity growth<sup>21</sup>
- Britain is the world's second largest premium car producer<sup>22</sup>

80% of Jaguar Land Rover vehicles manufactured in the UK are sold abroad<sup>23</sup>.

JLR is one the UK's largest exporters by value.



## Myth 7

**Manufacturers are not long-term investors in the UK**

### *Reality*

Investment cycles for major companies are, by their nature, long term. UK manufacturing has seen a surge in investment:

- Vehicle manufacturers have more than £6 billion of investment committed to the UK<sup>24</sup>
- The UK is the leading location for non-EU foreign direct investment in Europe<sup>25</sup>

In 2013-14, Jaguar Land Rover is investing £2.75 billion in new products, accounting for 75% of the UK total.

JLR is a major investor in the future of UK manufacturing. JLR, the Government and Tata Motors are investing nearly £100 million to set up the National Automotive Innovation Campus (NAIC) at the University of Warwick. NAIC will develop novel technologies to reduce our dependency on fossil fuels and to reduce CO<sub>2</sub> emissions in the sector.

## Myth 8

**We are manufacturing yesterday's technology, and damaging the environment in the process**

### *Reality*

British manufacturers are exporting some of the most cutting-edge technology and reducing emissions from those products:

- Cleaner, greener combustion technology means the average new car CO<sub>2</sub> emissions have fallen by more than 20% in the past 10 years<sup>26</sup>

Jaguar Land Rover has reduced the emissions of its European models by an average of 24% since 2007 – and will have reduced them by a further 20% by 2020.

Jaguar Land Rover won the 2013 Responsible Business of the Year in the Business in the Community awards.

## Myth 9

**London and the South East is the only area of Britain that makes money**

### *Reality*

Britain's regions are growing through exports

- International exports from the West Midlands reached more than £6.5 billion in the third quarter of 2013, a rise of 22% on the previous year<sup>27</sup>
- In the third quarter of 2013 alone, sales from the West Midlands to China totalled more than £1 billion, making it the largest single export market for the region<sup>28</sup>

Jaguar Land Rover employs more than 20,000 people throughout the West Midlands, and the company spends around a third of its global materials budget with suppliers in the region.

Jaguar Land Rover employs a further 4,500 people in the North West at our plant in Halewood, Liverpool, which produces the world-renowned Range Rover Evoque.



## Myth 10

**Britain's manufacturers have bounced back in recent years, but our competitors are still doing better**

### **Reality**

The growth of a new global middle class provides opportunities for growth across multiple sectors, including manufacturing.

- Annual sales of premium cars in China are expected to reach three million by 2020<sup>29</sup>
- UK car manufacturing could grow a third bigger by 2016 with output approaching two million vehicles each year. Close to 80% of cars manufactured in the UK are currently exported<sup>30</sup>
- By 2020, global vehicle sales are set to reach 108 million, up 44% from 2011<sup>31</sup>

Jaguar Land Rover has ambitious plans and is continuing to invest to meet these. For example, JLR is investing more than £1 billion in developing new engines which will be included in a variety of JLR vehicles.

The investment, at the i54 plant in Wolverhampton, will create around 1,400 jobs.

Jaguar Land Rover is also investing £100 million in an advanced research facility at Warwick Manufacturing Group, to accelerate innovation across our product range.

**Britain's manufacturing industry is thriving. We make and export more than we have for a generation and manufacturing is playing a major part in Britain's economic growth. By championing skills, investing in R&D and world leading technology, UK manufacturing can continue to thrive.**

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