



Rt Hon Rishi Sunak MP, Chancellor of the
Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

**The Manufacturing
Technologies Association**
62 Bayswater Road
London W2 3PS

T: +44 (0)20 7298 6400
F: +44 (0)20 7298 6430
E: info@mta.org.uk
W: www.mta.org.uk

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Dear Chancellor,

I am writing further to my letters dated 28th February and 5th March 2020 (attached) in time for the Autumn Budget.

The Manufacturing Technologies Association (MTA) is a not-for-profit organisation representing the UK's engineering-based manufacturing technology suppliers (both manufacturers and importers). These include machine tools, specialist software, metrology, additive manufacturing, surface engineering, and robotics to name but a few of the technologies. Our members are therefore key to UK manufacturing becoming more competitive and sustainable.

The Association plays a vital role in creating an environment in which its members can succeed. In addition to gathering and sharing focused market intelligence – which we also share with your colleagues at the Bank of England – we provide some financial assistance to help smaller members upskill their workforce and recruit apprentices, and we make sure that member needs and concerns are reflected in key areas of legislation through our presence on UK and European standards committees on trade, safety and non-proliferation matters. We also give our members fantastic market profile including via the national MACH exhibition which brings together over 35,000 of the cream of the UK manufacturing community every two years. I have previously written concerning the lack of insurance availability for major exhibitions like MACH which are a key mechanism for securing a strong British presence in global supply chains.

At a moment when economic uncertainties could stall progress in key areas, investment in market-leading programmes - such as Tempest, HS2 and, of course, around the decarbonisation ambition¹ – will be vital to restarting the UK economy and putting its firms in the lead. To deliver an investment boost we ask that you pay particular attention to:

- **Fiscal incentives to boost investment:** An increase to £1.5M and extension to 2024 in the Annual Investment Allowance will boost investment confidence and kick start investment decision-making. This will address our finding that significant capital projects, which could be key to job creation, productivity improvement, carbon emission reductions and export readiness are currently being postponed in organisations of all sizes across the sectoral waterfront.

¹ You may be interested to see the MTA's recent report here (https://www.mta.org.uk/sites/default/files/press-release/downloads/200723_MTA_Decarbonisation_Future%20Growth%20for%20Manufacturing_V2.pdf)

- **Strong support for the skills retention and development needed to exploit new investments.** Here we would advocate a scheme similar to the Kurzarbeit used in Germany which gives employers long term confidence to retain and develop their people.
- **Improved access to the tools of covid risk mitigation:** We would encourage Government to consider underwriting key insurances to include Covid and its derivatives. This is currently not available within the marketplace which acts as a crucial blocker to investment and, of course, events like MACH which are so important to showcasing the best of British industry.

While the CJRS has clearly been successful in preserving jobs in the initial phase of the crisis, there is clear evidence from the latest employment data that as the scheme started to wind down, people who had been on furlough have been made redundant. While this initially seems to have affected young people in parts of the service sector, many manufacturing companies will be facing similar problems of a short to medium term lack of work which is insufficient to sustain their current employment levels. It is important to note that this will require support through 2021, especially if we get a 2nd (or 3rd) wave and this has clearly been recognised by the German authorities who have extended their Kurzarbeit scheme to 21 months.

For suppliers of capital goods (such as many of our MTA members), confidence amongst their customers is key and uncertainty is the biggest enemy. Data from the ONS shows that business investment fell by more than 30% in the 2nd quarter and while overall economic activity has been picking up, survey data on investment intentions suggests that this will take longer to recover as the picture is dominated by uncertainty around the 2nd wave of infections and the end of the Brexit transition period. Analysis of the economic situation by industry shows that the biggest hit to activity has been in the investment goods sub-sector and the extension of the enhanced AIA (which will otherwise expire at the end of 2020 and revert to just £200,000) will provide a valuable boost to confidence through uncertain times.

Despite the current enormous challenges related to Covid-19 and other market changes we believe that, with your increased support, UK Manufacturing has the strengths and capabilities needed to reinvigorate the UK economy and deliver the jobs and community growth needed across the nation. Government has already invested in key elements of infrastructure geared to keeping British businesses ahead of the market, such as the fantastic High Value Manufacturing Catapult Centres and the Made Smarter programme. The MTA stands ready to work with you to drive a robust recovery.

Thank you very much for your consideration.

Yours Sincerely



James Selka DL
Chief Executive Officer