AN OPEN LETTER

Britain's supply chain is not in decline. It is in the wrong market.

From the owners and chief executives of the United Kingdom's advanced manufacturing supply chain

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To: The Rt Hon Andy Burnham MP, Prime Minister
The Rt Hon John Healey MP, Chancellor of the Exchequer
Richard Parker, Mayor of the West Midlands

Copied to: The Rt Hon Jonathan Reynolds MP, Secretary of State for Business, Innovation, Science and Trade; The Rt Hon Wes Streeting MP, Secretary of State for Defence

10 September 2026

Embargoed to the Press for 7 days from the date of this letter.

Prime Minister, Chancellor, Mayor,

We are the owners and chief executives of British manufacturing companies and CBM; which between us employ more than 83,636 people in the United Kingdom and turn over more than £1.4 billion a year. We cast, machine, press, form, mould, fasten, finish and assemble. Most of our plants sit in the West Midlands and the North West, in the towns that have built vehicles and aircraft for a century. We are writing jointly because our position is common, and because the remedy is common.

The position first. UK vehicle production fell 15.5 per cent in 2025 to 764,715 units, the weakest year in a generation, and fell a further 7.5 per cent in the first half of 2026.[1] Chinese-owned brands now account for around 15 per cent of new car registrations here, and in March the best-selling car in Britain outright was a Chinese SUV.[2] That pressure passes down to us with amplification: when an assembler removes a fifth of its volume, the supplier below loses the overhead absorption that pays for the machine, the inspection room and the apprentice. Our members have plant standing idle that was bought, at the request of customers, for programmes that have been delayed or cancelled.

This is not a cyclical dip and we are not asking to be protected from competition. Our competitors are not simply cheaper on labour; they are cheaper on energy, faster on permits, better capitalised, increasingly better automated, and in many cases subsidised. We would rather be measured against them than sheltered from them. What we cannot do is compete from a cost base that Government policy sets and Government policy alone can change.

That cost base is already changing where parts are made. JLR, the country's largest vehicle producer, is re-sourcing components offshore where the savings against UK pricing run into double digits, and other manufacturers are doing the same. We do not dispute the commercial logic. We dispute the conditions that produce it, and we ask that the consequence be understood before it becomes irreversible. It is urgent and the consequences are happening now. The JLR redundancy announcement this week is the first visible crack in a supply chain of 183,000 manufacturing jobs, that has no time left to convert into aerospace and defence unless government moves this autumn.

The scale of that consequence is set out in JLR's own economic footprint study, published last year. It found that the company supported £17.9 billion of UK GDP in 2024 — one pound in every £160 of national output — and

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[1] Society of Motor Manufacturers and Traders, vehicle production data, full year 2025 and first half 2026.

[2] SMMT new car registration data, March 2026. Chery's Jaecoo 7 was the UK's best-selling car outright that month.

199,000 jobs, or one in every 180 in the UK labour market.[3] Fewer than 33,000 of those jobs sat inside JLR. A further 104,000 sat in its supply chain, sustained by £9.2 billion of purchasing from more than 2,200 UK suppliers, 58 per cent of it with manufacturers. The employment multiplier was 6.1: for every hundred people the company employs directly, another 510 jobs across the country depend on it. Of the £4.0 billion in tax that its activity generated for the Exchequer, £1.7 billion came from the supply chain rather than from JLR itself.

Multipliers of that size work in both directions. A part re-sourced offshore does not remove only the margin on the part. It removes the machine, the operator, the inspection, the apprentice and the tax receipt behind them. Set that against an industry employing 183,000 people directly in manufacturing and some 796,000 across the wider sector,[4] and the arithmetic of the next three years is a steady shedding of well-paid work whose effects will be felt far beyond our factory gates — and, on these numbers, will cost the Exchequer several pounds in tax for every pound of price saved on a component.

Now the opportunity, which is the real purpose of this letter. Over the same period in which our automotive volumes have contracted, the country has committed to the largest sustained industrial demand signal in forty years. The Defence Investment Plan commits £298 billion over four years, taking spending to 2.7 per cent of GDP by 2027/28 and 3.5 per cent by 2035, with a commitment to raise defence spending with small and medium-sized firms by half by 2028.[5] At Farnborough in July the Government set out a £600 million aerospace package and an ambition to double the sector's value by 2035.[6] That demand needs precisely what sits in our factories: high-integrity castings, five-axis machining, injection moulding, pressings, fasteners, tube and fabrication, surface treatment, metrology and the quality discipline that automotive volume manufacturing beats into a business.

The capacity exists. The people exist. What is missing is the bridge. Qualifying a plant into aerospace or defence takes eighteen to thirty-six months and consumes capital long before a single part is invoiced: AS9100 and NADCAP approval, cyber and DEFCON compliance, export control, new metrology, first-article inspection and cells that cannot be shared with automotive work. No clearing bank lends against an order book that does not yet exist, and the automotive revenue that would otherwise fund the crossing is the very thing that is falling away. Several signatories to this letter have already started the crossing at their own risk and cost. Most of the supply chain will not manage it unaided, and the plant, the tooling and the toolmakers will be gone within two procurement cycles.

We ask for five things.

1. Industrial energy at European parity, and sooner

British industrial electricity is the most expensive in the G7 — roughly 40 to 50 per cent above France and Germany and several times the United States.[7] The uplift in Network Charging Compensation and the British Industrial Competitiveness Scheme are right in direction, but they are built around energy-intensive process industries and largely arrive in 2027. Heat treatment, anodising, casting and machining in the mid-market fall outside them. Widen eligibility to strategically important supply-chain manufacturers below the energy-intensive threshold, and bring the relief forward to this Budget.

2. Confirm the Aerospace Supply Chain Fund, and widen it to defence

The £100 million fund proposed with the British Business Bank is the right instrument aimed at the right problem. We ask that it be confirmed rather than consulted upon further, extended to cover dual-use and defence conversion, and sized against the task. We also ask that it not be defined out of reach by a small-company cap:

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[3] JLR, The Economic Footprint of JLR in the UK, prepared by Oxford Economics, August 2025, reporting calendar year 2024.

[4] SMMT, Motor Industry Facts 2026.

[5] Ministry of Defence, The Defence Investment Plan, June 2026.

[6] Department for Business, Innovation, Science and Trade and British Business Bank, announcements at the Farnborough International Airshow, July 2026.

[7] Department for Energy Security and Net Zero international industrial energy price statistics; Energy Intensive Users Group and UK Steel comparisons, 2025–26.

the firms that hold the machine tools, the accreditation infrastructure and the engineering management to absorb this work are typically between £20 million and £150 million of turnover.

3. Make the defence supply-chain commitment reach Tier 2 and Tier 3

The commitment to increase spending with smaller firms, and the proposed offset and "backing British" measures, will only change our order books if they are measured through the supply chain rather than at the prime contract boundary. We ask that prime contractors be required to report and publish UK sub-tier content, and to give qualified suppliers rolling forward-load visibility of at least twenty-four months. Certainty of demand is worth more to us than grant funding.

4. Fund qualification, not only innovation

Public support for research and development is plentiful; support for the unglamorous work of qualification is almost absent. A matched, capped capability-transition grant paid against certification milestones — AS9100, NADCAP, DEFCON 658, first-article approval — would move more British capacity into aerospace and defence per pound committed than any research programme. WMG and the Manufacturing Technology Centre are equipped to administer it and to assure the standard.

5. Run the West Midlands as the pilot

Mayor, this region has the density no other has: castings, pressings, mouldings, fasteners, machining and finishing sitting alongside a premium vehicle cluster and the research base at Warwick and Coventry. The concentration is measurable. Just under half of JLR's UK procurement — 48 per cent — was spent with West Midlands suppliers in 2024, 85 per cent of it with manufacturing firms, and the company's activity supported £8.7 billion of regional GDP, equal to 4.7 per cent of the entire West Midlands economy, and 79,700 jobs. That is the asset now at risk, and it is also the asset best placed to be converted. We propose a West Midlands Aerospace and Defence Conversion Programme, tied to a regional Defence Growth Deal, with one accountable route in for suppliers rather than the present scatter of schemes, and a published target for converted capacity by 2028. If it works here it can be copied in the North West and the North East within a year.

In return we will commit publicly. We will invest ahead of confirmed demand, retain and retrain rather than release skilled people, take on apprentices against the new capability rather than the old, and report our progress openly so that the country can see what its policy bought. We are asking for parity of cost, speed of capital and clarity of demand. We are not asking to be paid to stand still.

We would welcome the opportunity to host you at a working session in the West Midlands within the next thirty days, together with Make UK, WMG and the Chamber of Commerce, to turn this letter into a programme with owners and dates. The re-sourcing of the UK automotive supply chain is happening now, and its consequence is job losses. The orders that will fill European aerospace and defence factories for the next decade are being placed now. Britain has roughly one procurement cycle in which to decide whether the parts inside its own aircraft, submarines and armoured vehicles are made by British companies, or bought from someone else's.

Yours sincerely,

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SIGNATORIES

Each signatory confirms the accuracy of the employment and turnover figures entered against their organisation.

Name	Position	Organisation	Sales Revenue	UK employees
David Roberts	Chairman	Evtec Group Holdings Limited	£150m	900
David Roberts	Group Chief Executive	Sovereign Industrial Group Limited	£45m	350
Alan Fennelly	Chief Executive Officer	Artifex Interior Systems Limited	£375m	1,700
Andy Bloomer	Chief Executive Officer	Autins Group PLC	£20m	100
Grant Adams	Chairman	Sertec Group Ltd	£180m	1,100
Paul Nicholson	Chief Executive Officer	WHS Plastics Group	£250m	2,200
Nicholas Muirhead	Chief Executive Officer	Scottish Leather Group	£99m	686
Claire Whelan	Chief Executive Officer	BCW Group (Intl) Limited	£60m	400
Macartan Flanagan	Global Director	Gestamp	£300m	1,200
TOTAL			£1,479m	8,636
Stephen Morley	President	Confederation of British Metal Forming	200 members	75,000 employees