

Chris McDonald MP  
Minister for Industry  
Department for Energy Security  
and Net Zero  
Department for Business and  
Trade

13<sup>th</sup> April 2026

**Re: Competitiveness of UK's manufacturing industries**

Dear Minister,

We are writing on behalf of a group of organisations representing the UK's manufacturing industries, including Fuels Industry UK, Make UK, the Chemical Industries Association, Offshore Energies UK, the Foundation Industries Sustainability Consortium, and the Carbon Capture and Storage Association.

Together these sectors form the backbone of the UK's industrial base. They provide the energy, materials and technologies that underpin the wider economy, supporting supply chains across construction, defence, transport, advanced manufacturing and clean energy.

However, across several of these sectors the UK has seen declining domestic production, site closures and falling investment over recent years. As capacity has been lost, the UK has become increasingly reliant on imported fuels, materials and industrial products that were once produced domestically. This has implications not only for industrial competitiveness, but also for the security of the supply chains on which the UK economy depends.

For this reason, organisations representing the UK's foundational industries are working together to highlight the strategic importance of these sectors and the need for a stronger policy framework to support them.

In particular, we believe three areas of action will be essential to reversing the decline we have seen and ensuring these industries remain competitive in the UK:

- **Improving industrial competitiveness**, including action to reduce the high energy costs facing UK industry relative to international competitors.

- **Protecting UK producers from unfair international competition**, including effective measures to prevent carbon leakage and ensure domestic industries are not undercut by imports produced under weaker standards.
- **Creating the conditions for long-term industrial investment which are ready to be committed**, including stable policy frameworks that support modernisation, decarbonisation and domestic production.

Given the cross-cutting nature of these sectors, we would welcome the opportunity to meet with you and relevant officials from both DESNZ and DBT to discuss how Government and industry can work together to strengthen the UK's foundational industries and the supply chains they support.

We would be grateful if your office could advise on a suitable time for such a meeting as soon as possible, and in advance of the forthcoming industrial decarbonisation strategy, which presents the opportunity for government to address many of these issues.

Yours sincerely,

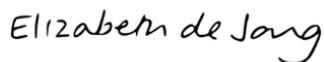
Olivia Powis, CEO  
The Carbon Capture & Storage  
Association



Arjan Geveke, Director  
Energy Intensive Users' Group



Elizabeth de Jong, CEO  
Fuels Industry UK



Dave Whitehouse, CEO  
Offshore Energies UK



Steve Elliott, CEO  
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Dr Lucy Smith, Head of Commercial & Co-  
Director,  
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Consortium



Verity Davidge, Director of Policy & Public  
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Make UK



## **The UK's Manufacturing sector: A Strategic Asset the Country Cannot Afford to Lose**

The UK's manufacturing industries – including energy, chemicals, minerals and industrial decarbonisation – form the backbone of the country's industrial capability. They provide the energy, materials and technologies that underpin the entire economy, supporting sectors ranging from construction and defence to advanced manufacturing, transport and clean energy.

These industries are deeply interconnected. Energy producers power manufacturing and chemicals; refineries supply fuels and petrochemical feedstocks used across transport, construction and agriculture; chemical producers provide materials used in medicines, electronics and advanced technologies; steel underpins infrastructure, defence and energy systems; and emerging sectors such as hydrogen and carbon capture and storage will enable energy-intensive industries to decarbonise while remaining operational in the UK.

Together they form the industrial supply chains on which the UK economy depends.

However, the UK is steadily losing this industrial base. Across several foundational sectors the country has seen declining domestic production, site closures and falling investment over the past decade, increasing reliance on imported fuels, materials and industrial products.

Recent developments illustrate the scale of the challenge:

- At least **25 chemical manufacturing site closures** in recent years.
- Closure of the Grangemouth refinery, ending more than a century of refining at the site, followed by closure of the Lindsey refinery, totalling **closure of one-third of the UK's refining capacity in the past year.**
- Declining **North Sea oil and gas production** due to policy choices, **leaving the UK a net importer of energy.**

The wider trend is clear:

- **Manufacturing** contributes **£228bn in output and 2.6 million jobs**, yet the UK imported **£706bn of manufactured goods.**
- The **chemicals sector supports 136,000 jobs**, but imports now exceed exports – meanwhile **96% of manufactured products rely on chemistry inputs**, demonstrating the sector's central role in supply chains.

- The UK **imports 53% of refined fuels**, is a net importer of oil, and only **produces 43% of the gas it uses**.

**What Government must do to halt and reverse the decline of the UK's foundational industries:**

**1. Improve industrial competitiveness**

Address the structural cost disadvantages facing UK industry – particularly high industrial energy costs – to ensure domestic producers can compete with international competitors.

**2. Protect UK industry from unfair competition**

Introduce effective measures to prevent carbon leakage and ensure that UK producers are not undercut by imports produced in jurisdictions with weaker environmental and regulatory standards.

**3. Support long-term industrial investment**

Create stable policy and investment conditions that enable foundational industries to modernise, decarbonise and expand production in the UK, including support for technologies such as carbon capture and storage and hydrogen.

This trend is not only an economic concern – it is increasingly a matter of national security. A country that loses the ability to produce essential materials and fuels becomes reliant on overseas suppliers and exposed to geopolitical shocks and supply disruptions.

Reversing this trajectory will require a more ambitious approach than currently set out in the Government's Industrial Strategy. Without stronger policies to address competitiveness, energy costs, carbon leakage and investment conditions, the UK risks continued industrial decline – having a detrimental impact on jobs within our industrial heartlands. Industries want to invest, and will do so if the right conditions are provided.

For this reason, organisations representing the UK's foundational industries – including Fuels Industry UK, Make UK, the Chemical Industries Association, Offshore Energies UK, the Foundation Industries Sustainability Consortium, and the Carbon Capture and Storage Association – are working together to urge the Government to reverse the decline we have seen, recognise the strategic importance of these sectors and act accordingly. This means cutting costs and reducing regulatory burdens.

Strong growth sectors depend on strong foundational industries. Rebuilding the UK's industrial base will be essential to secure supply chains, support skilled employment, and safeguard the country's long-term national interests.

