West Midlands Regional Economic Performance

Paul Forrest
West Midlands Economic Forum

Arup, 21st October 2016

in conjunction with

Evolving Devolution

Source: WMEF

Midlands Economy
Pop: 10.43mln GVA: £209.93bln

WM Economy
Pop: 5.75mln GVA: £114.76bln

EM Economy
Pop: 4.68mln GVA: £95.18bln

Black Country LEP
Pop: 1.17mln GVA: £19.38bln

GBSLEP
Pop: 2.00mln GVA: £41.78bln

Coventry & Warwick LEP
Pop: 0.90mln GVA: £21.56bln

Part of:

Part of:

WMCA
Pop: 2.84mln GVA: £55.69bln

LGA Constituent Members

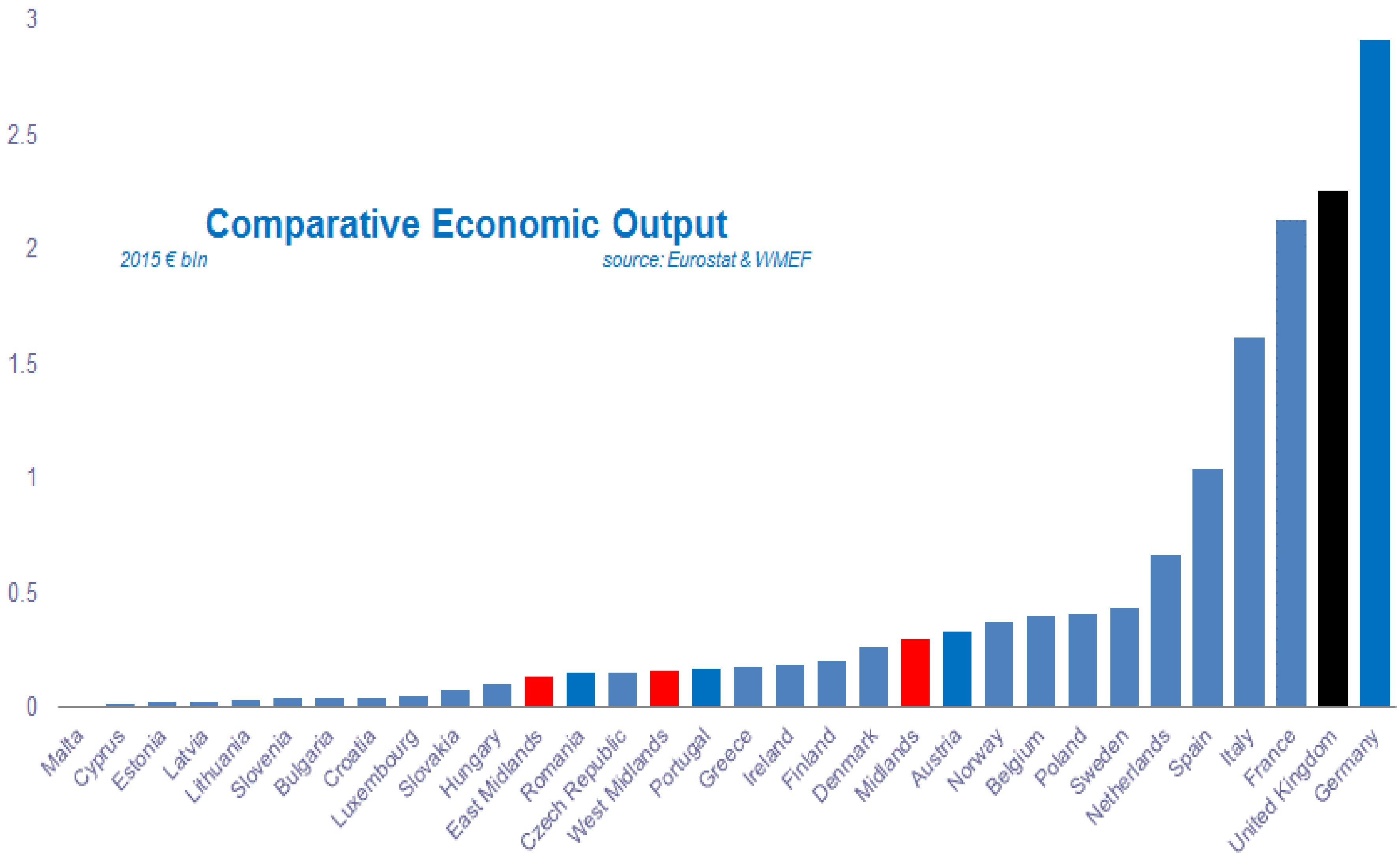
- Birmingham
- Coventry
- Dudley
- Sandwell
- Solihull
- Walsall
- Wolverhampton

LGA Non-Constituent Members

- Cannock Chase
- Nuneaton & Bedworth
- Redditch
- Tamworth
- Telford & Wrekin

Also in consultation:
Stratford, Shropshire, The Marches

in conjunction with Birmingham City University



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JAGUAR
LAND ROVER
LEICESTER TIGERS
TRIUMPH
WASPS
PORTMEIRION
AVFC
PREPARED

ASTON MARTIN
ASTON MARTIN
JCB
MORGAN
MORGAN MOTOR COMPANY
WORCESTER WARRIORS
Birmingham Airport
Emma Bridgewater
Feels like home

QinetiQ
People Who Know How
DLA PIPER
WEST BROMWICH ALBION
carillion
RICHARDSONS CAPITAL LLP

east midlands airport
PART OF M.A.G
RSC
ROYAL SHAKESPEARE COMPANY
BOMBARDIER
STOKE CITY
1863
THE POTTERS
LEICESTER CITY FOOTBALL CLUB
The New Saints
LLANSANTFFRAID
OSWESTRY
ROLLS ROYCE

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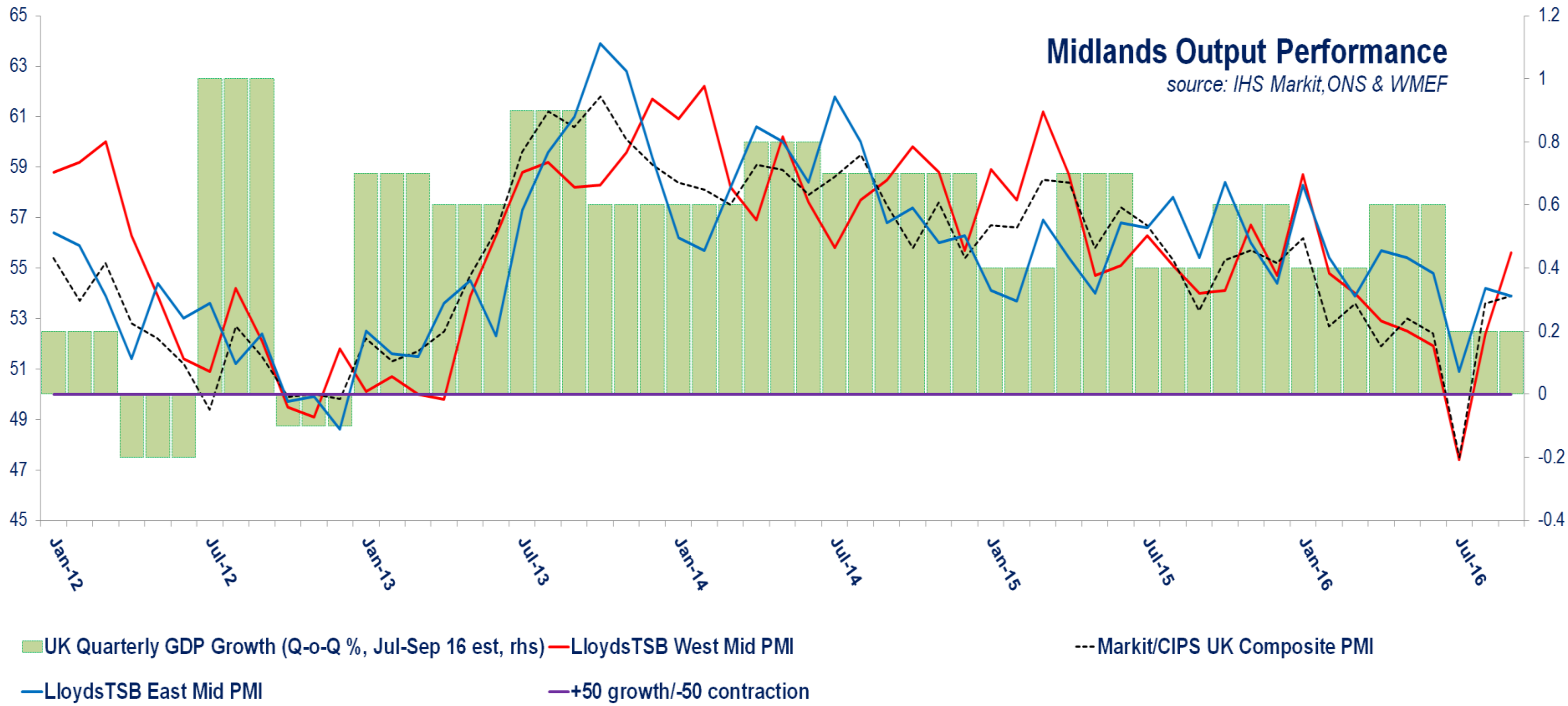

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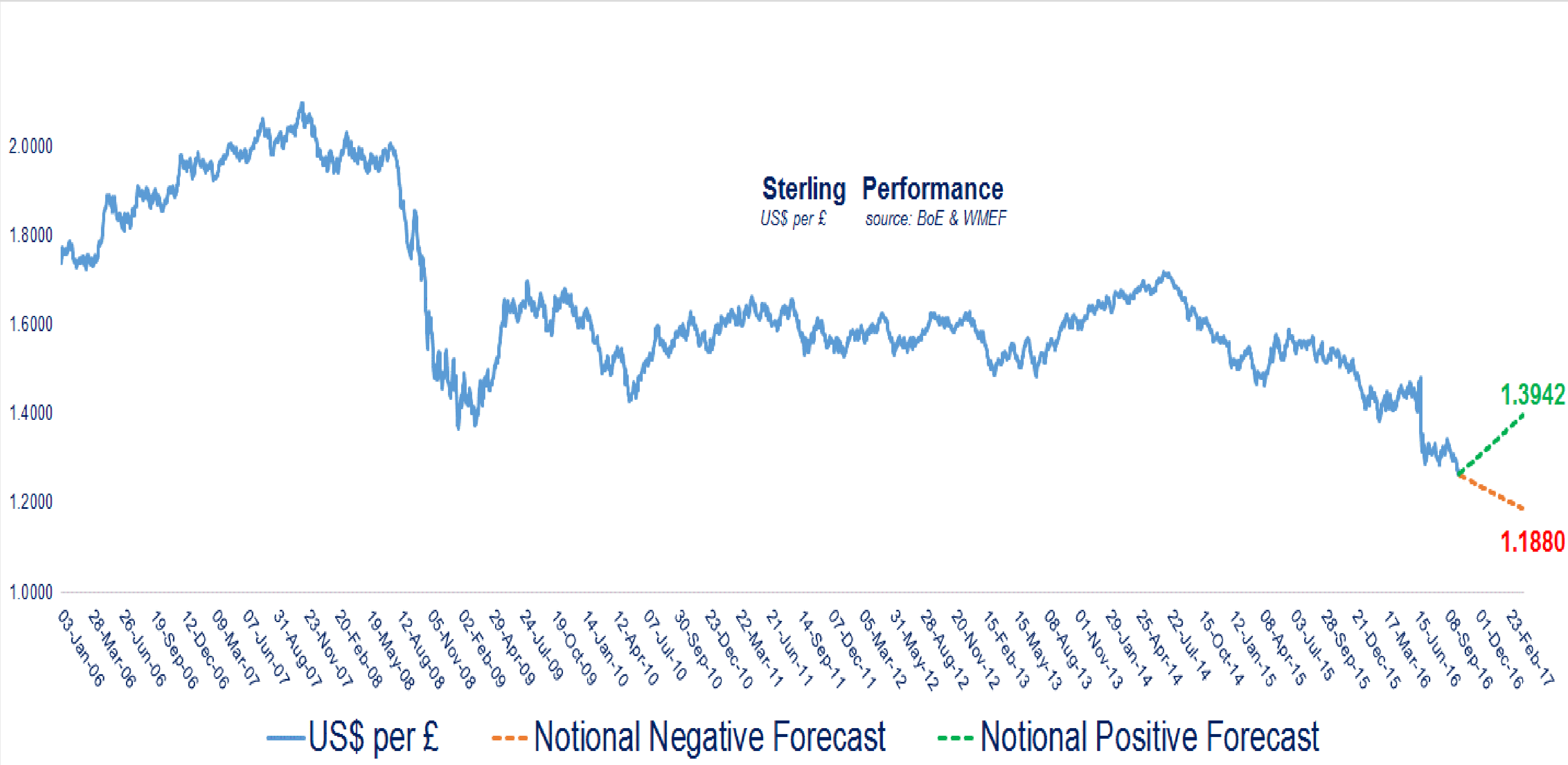

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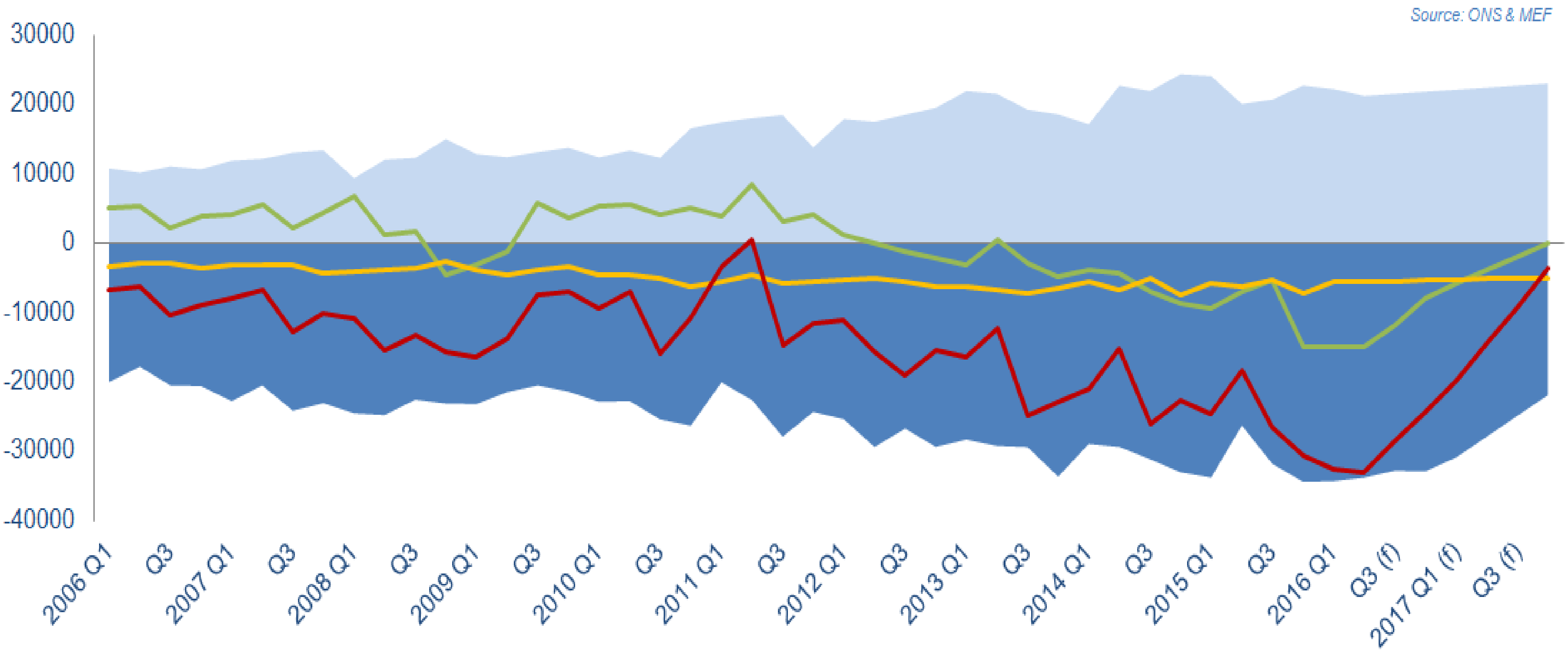
UK Current Account



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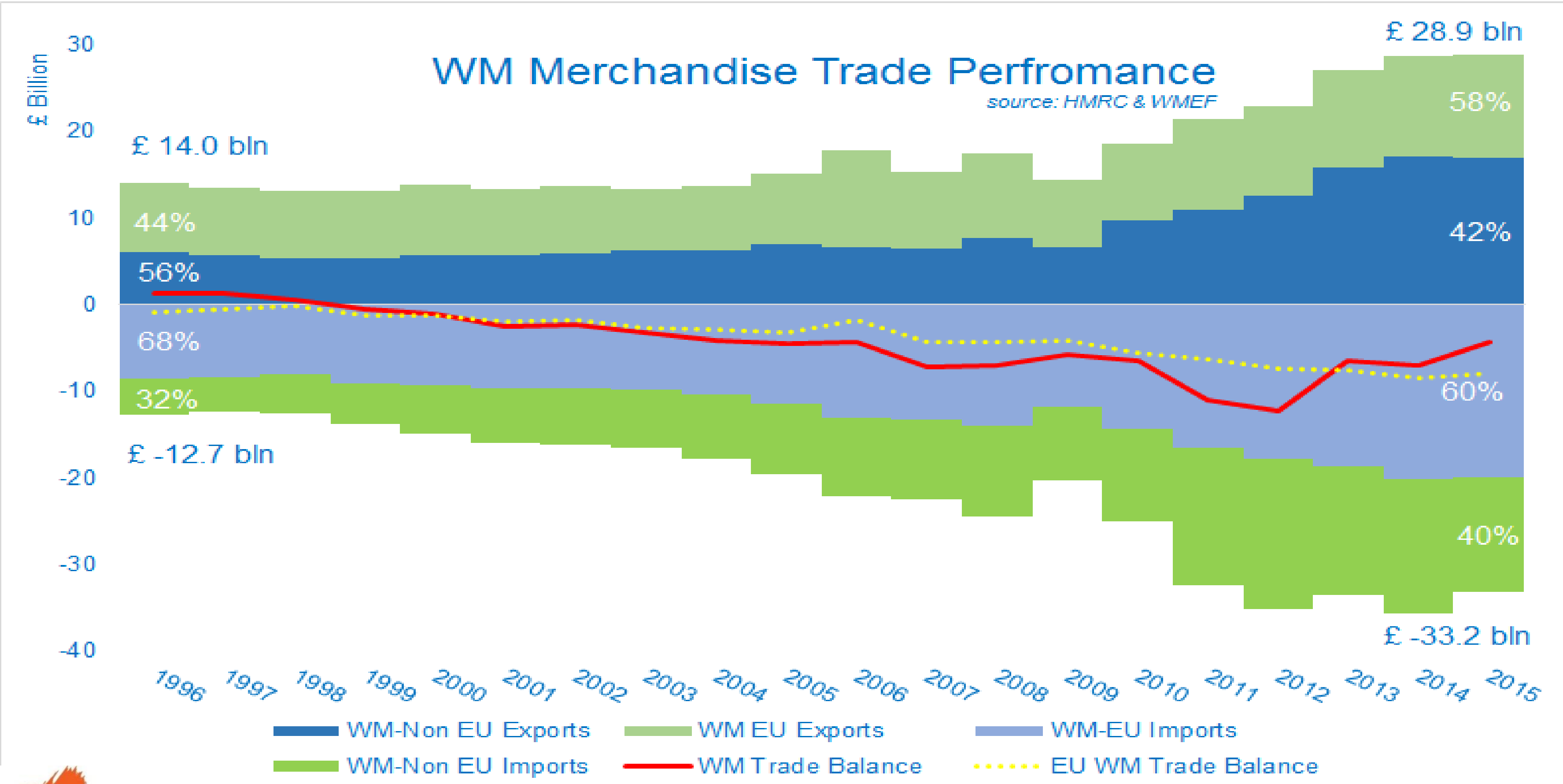

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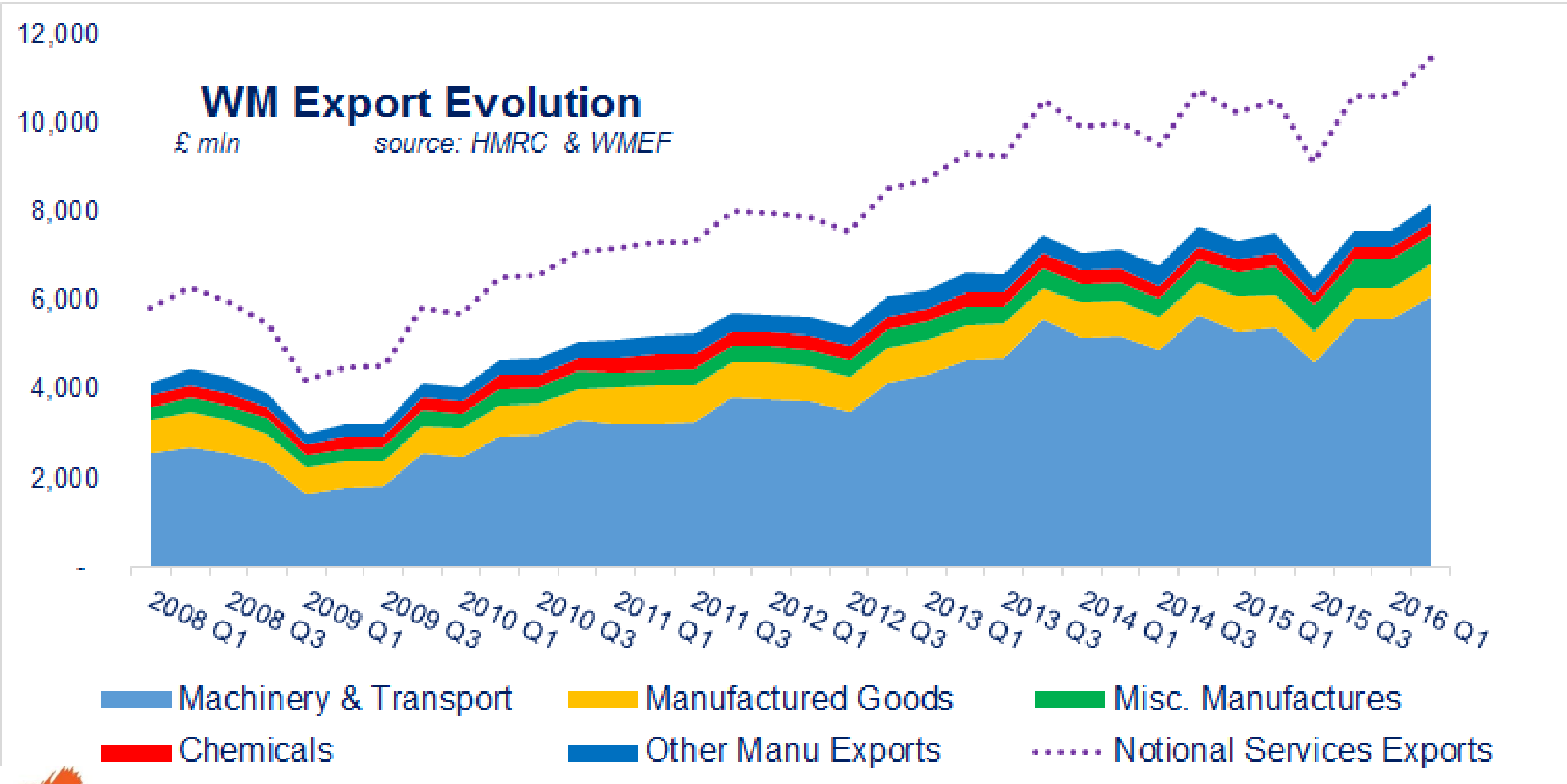

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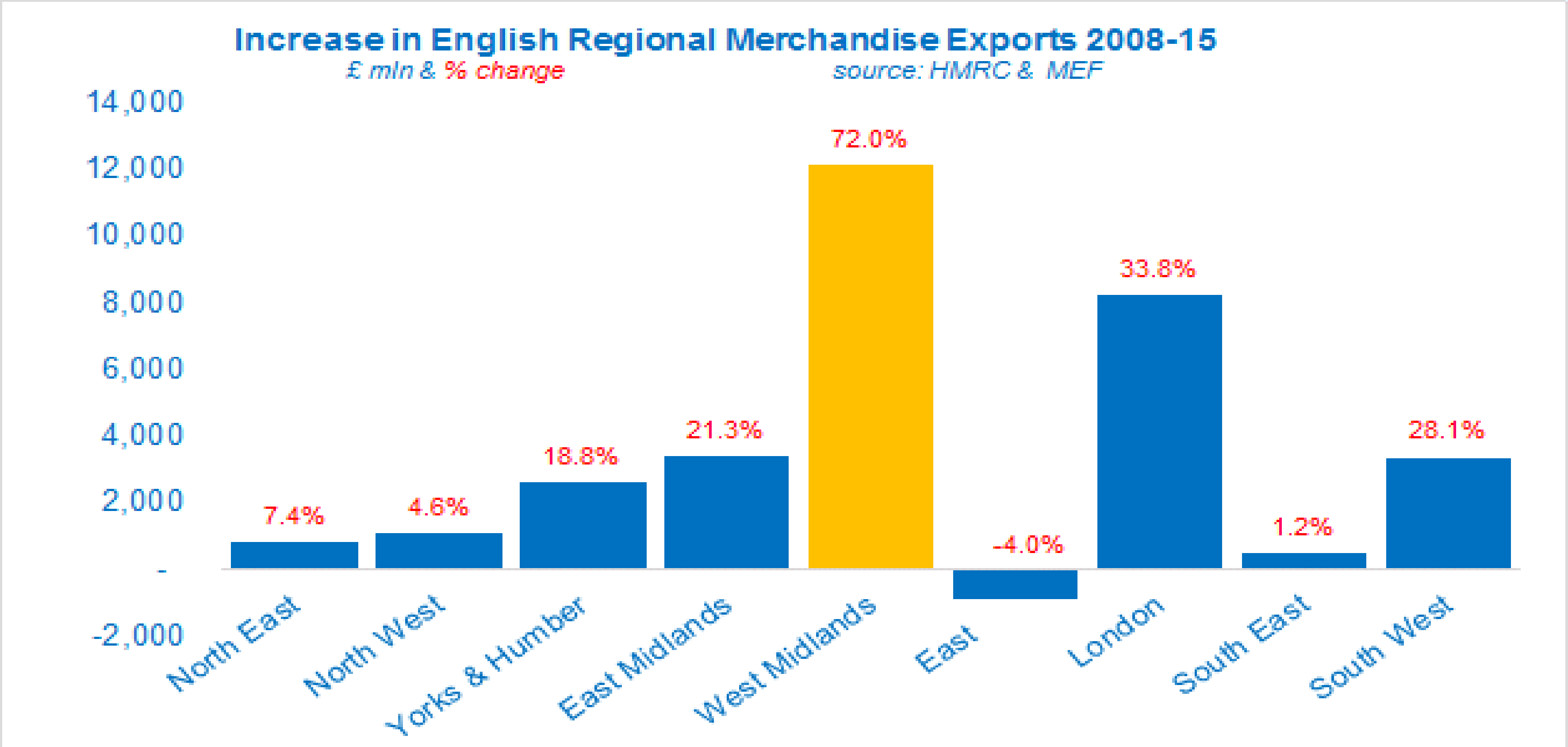

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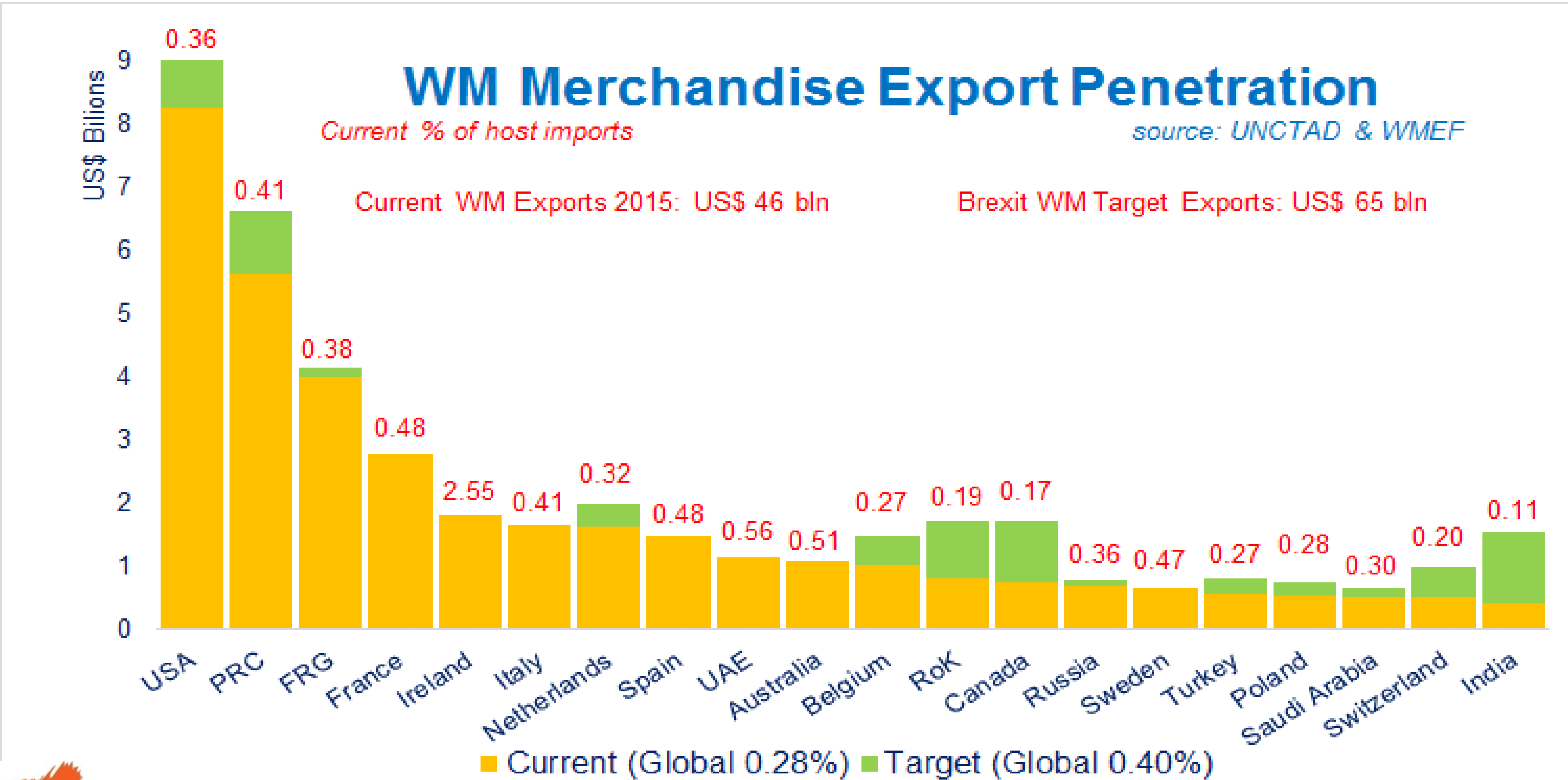

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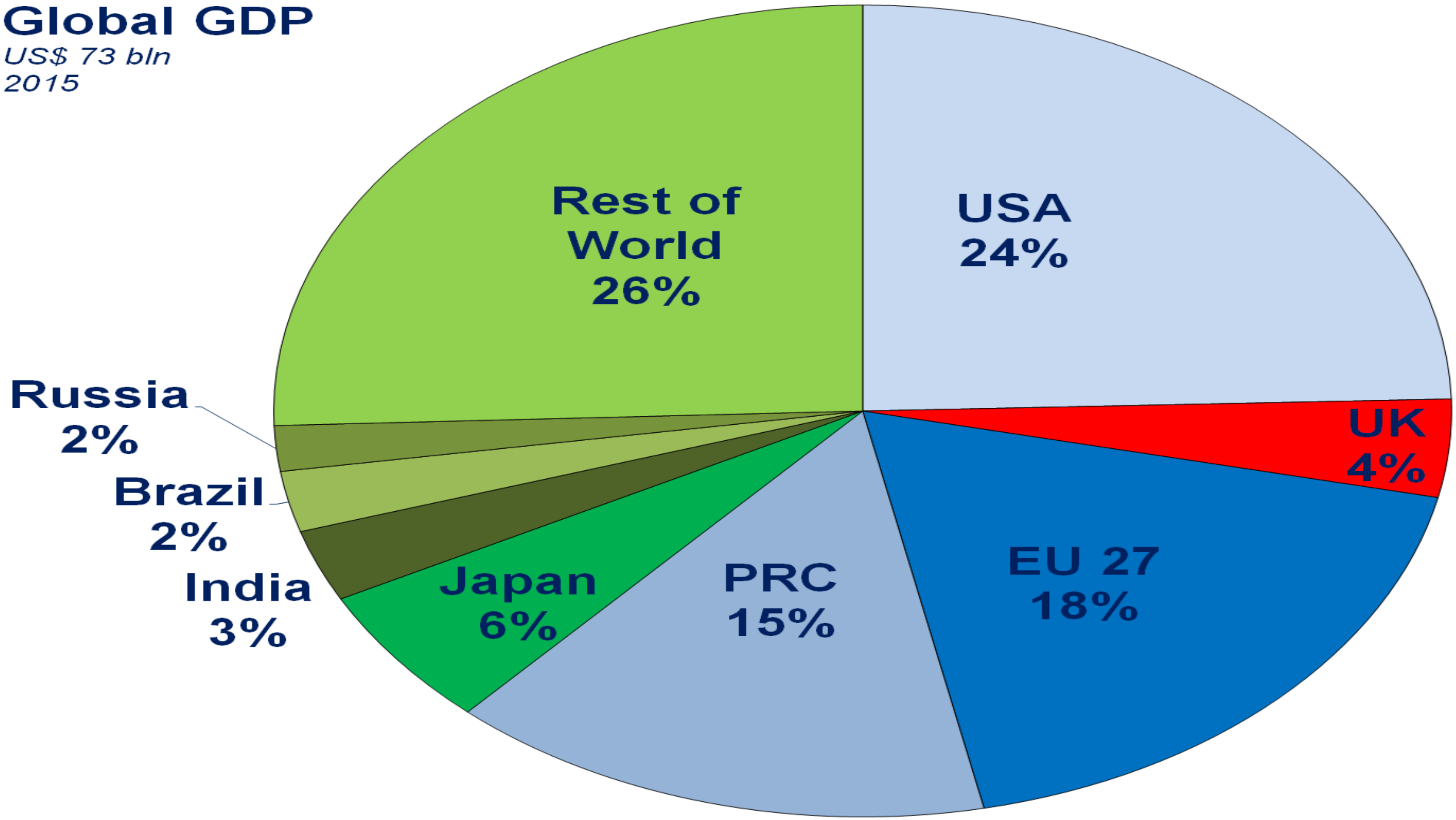
Global GDP

US$ 73 bln
2015



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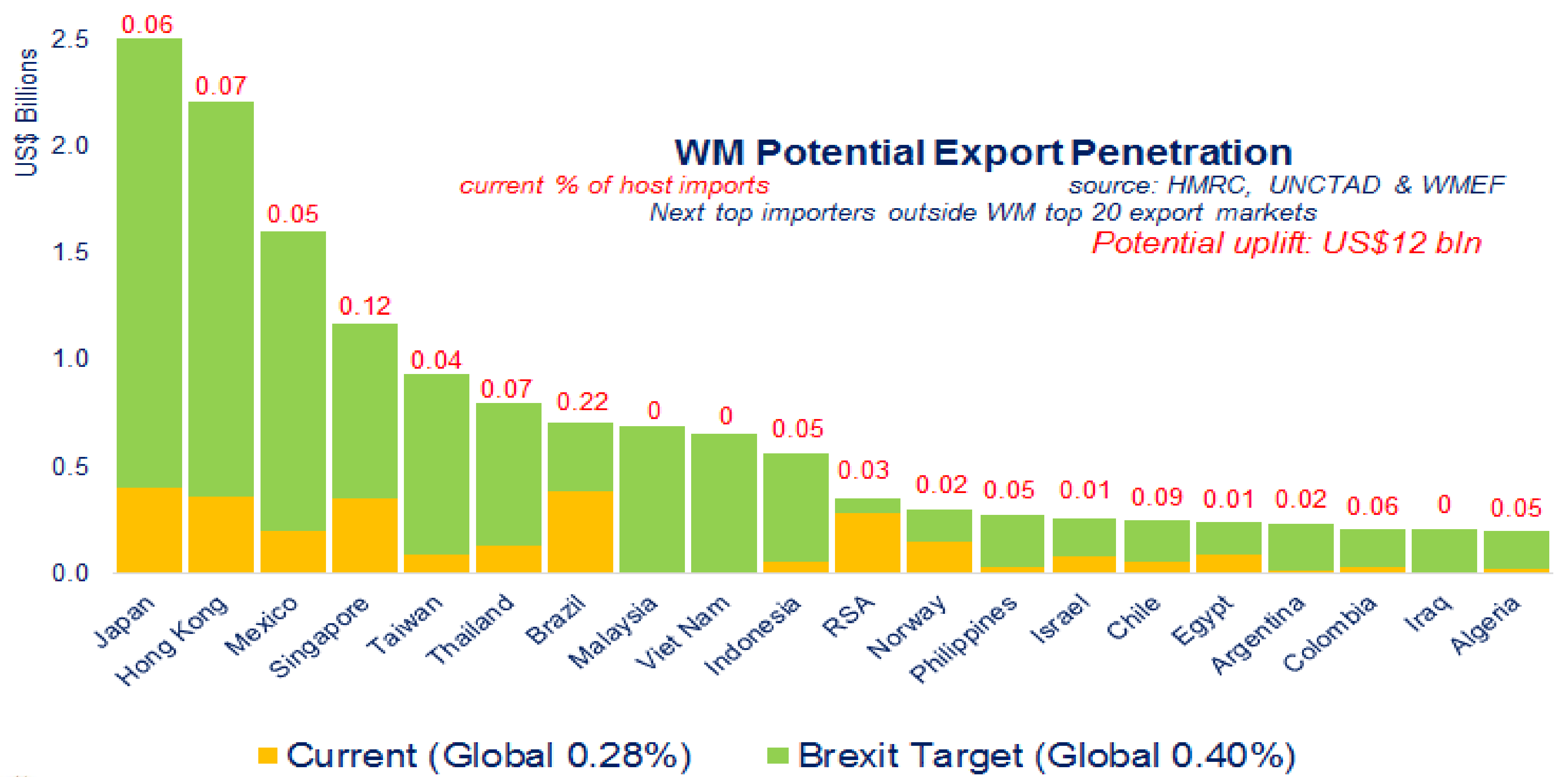

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The Objectives:

July 2016: **David Davis appointed Secretary of State for Exiting the EU**

July-December 2016:

Ministry finds Offices, Staff & Trade Experts

UK Cabinet consults with Scotland, Wales, N Ireland, London, Jersey, Guernsey & Isle of Man

English Regions?

Negotiating Team Assemble

Brexit Objectives set

March 2017: **Negotiations commence**

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The Options:

- **WTO –MFN Basis**

  - China

- **European Economic Area**

  - Norway

- **Comprehensive Economic & Trade Agreement**

  - Canada

- **Bespoke Bilateral Deal**

  - Switzerland

- **Asymmetric Treaty Arrangement**

  - British Transition

The Potential Timetable:

Mar 2017 **Trigger Article 50**

Jan 2017- **Brexit Negotiations –**
Jan 2019 **Constitutional & Political settlement**

2020 **EU-27plus - Member States' Parliamentary**
Ratification

2020-21 **Start Trade talks**

2027-29 **Conclude Trade Talks**

2030 **EU-27plus - Member States' Parliamentary**
Ratification

2020 onwards: REVISE 45 years of UK legislation & regulation
2017 onwards: CONFIRM estimated 60 international treaties & protocols

Non-Tariff Barriers

Specific Limitations on Trade:	• *Import Licensing requirements* • *Proportion restrictions of foreign domestic goods (local content requirements)* • *Minimum import price limits* • *Fees* • *Embargoes*
Customs and Administrative Entry Procedures:	• Valuation systems • Anti-dumping practices • Tariff classifications • Documentation requirements • Fees
Standards:	• Standard disparities • Intergovernmental acceptances of testing methods and standards • Packaging, labelling, and marking
Government Participation in Trade:	• Government procurement policies • Export subsidies • Countervailing duties • Domestic assistance programs
Charges on imports:	• Prior import deposit subsidies • Administrative fees • Special supplementary duties • Import credit discrimination • Variable levies • Border taxes
Others:	• Voluntary export restraints • Orderly marketing agreements

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Arbitration mechanism required ?

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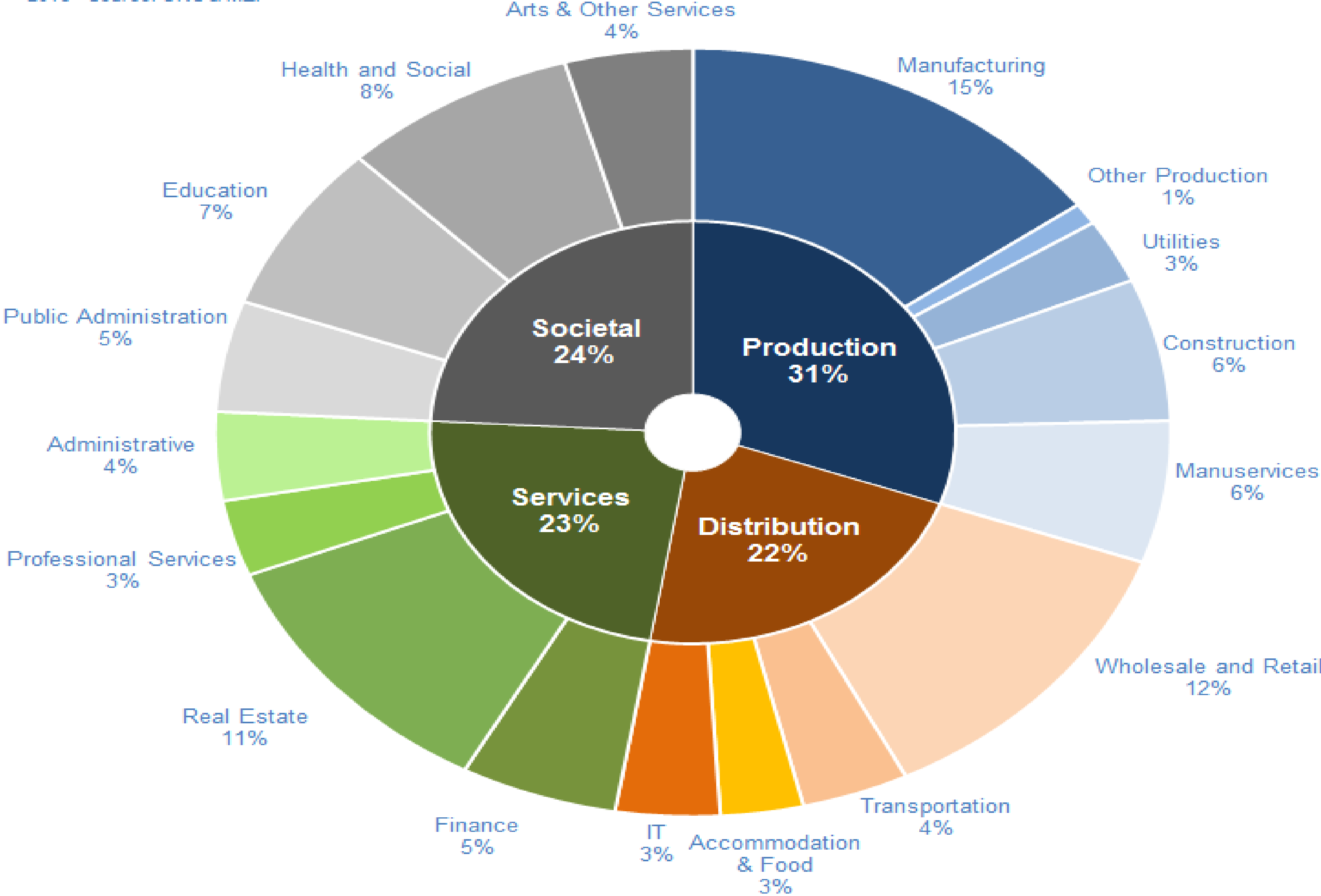
West Midlands Output Structure

2013 - Source: ONS & MEF



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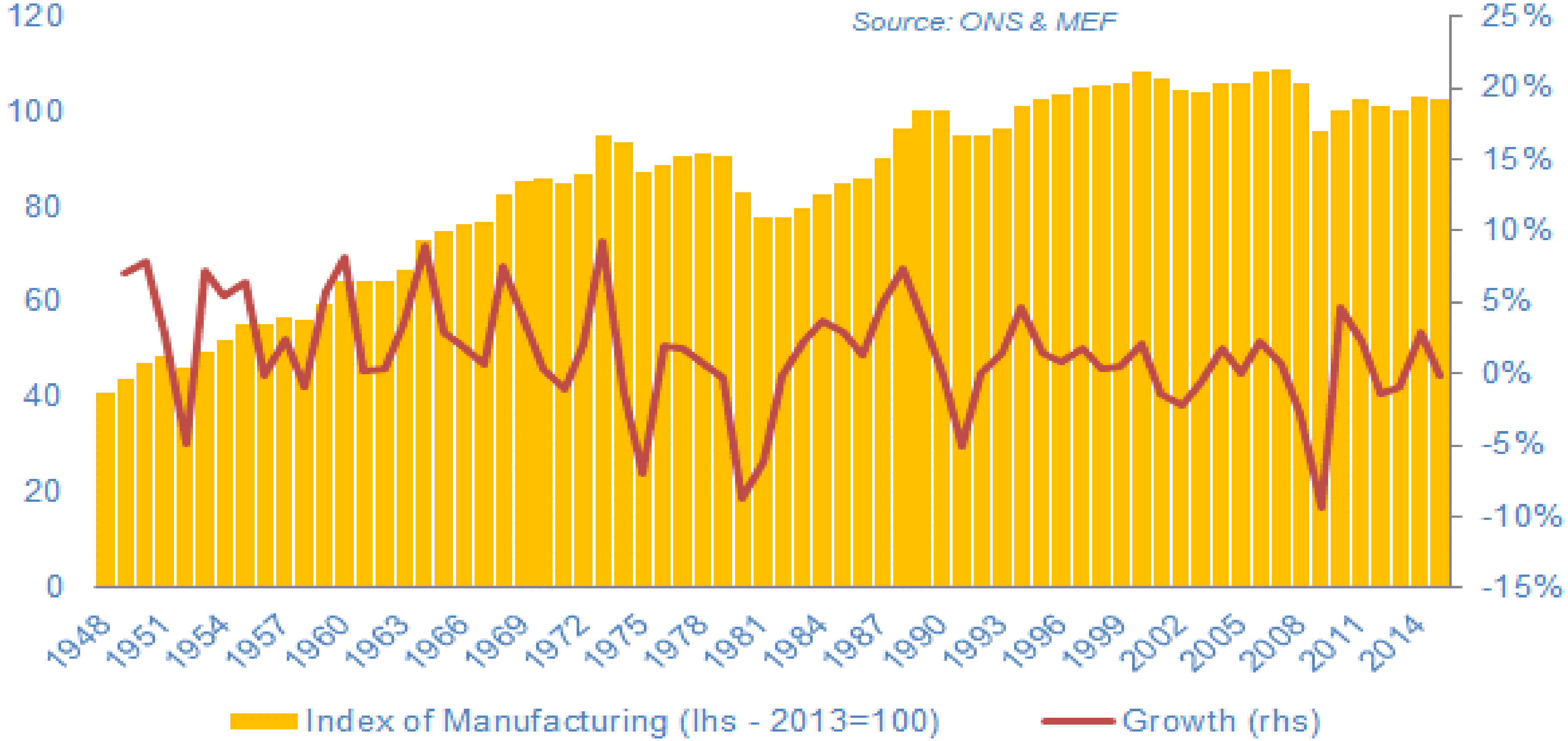
Index of Manufacturing



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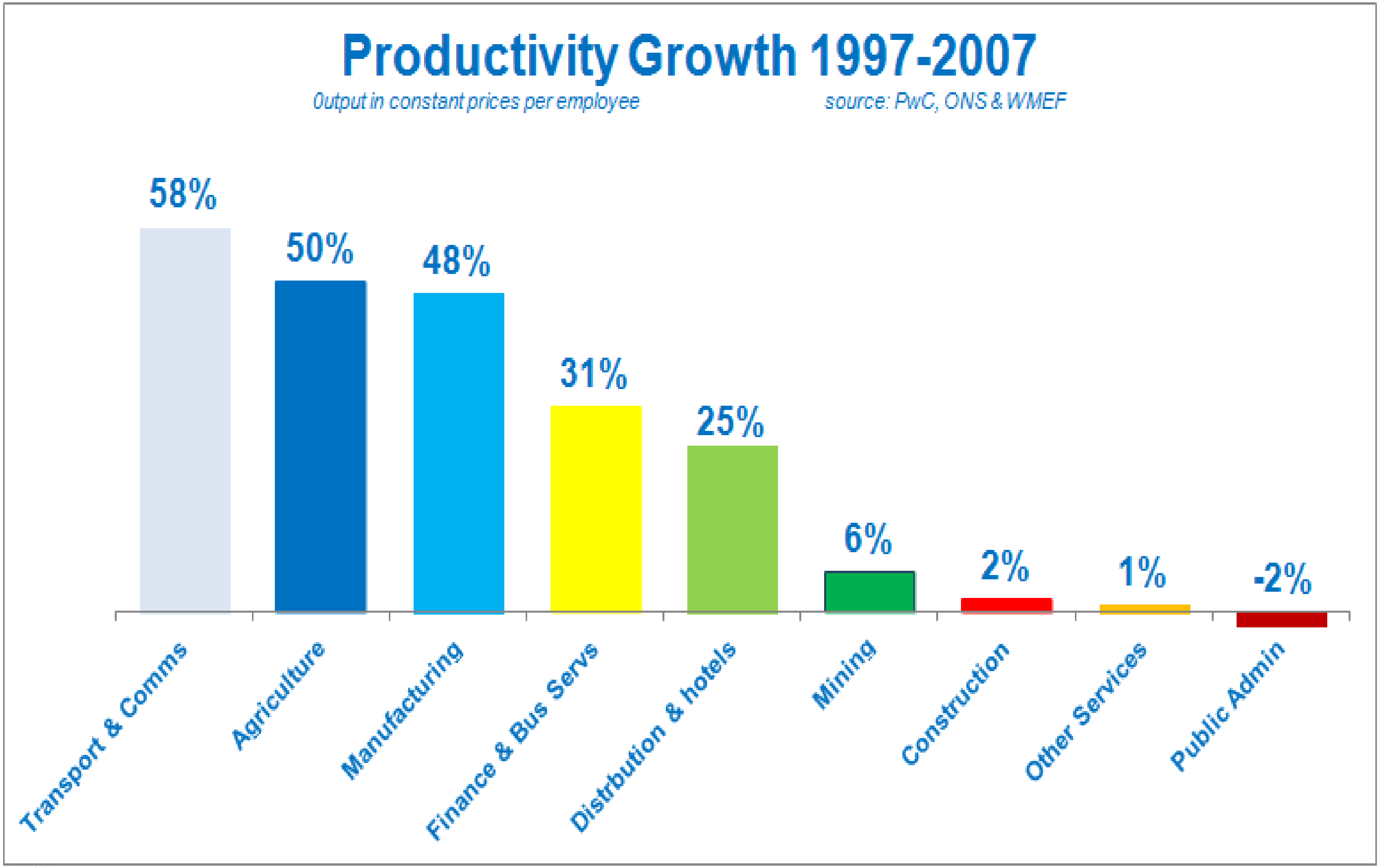

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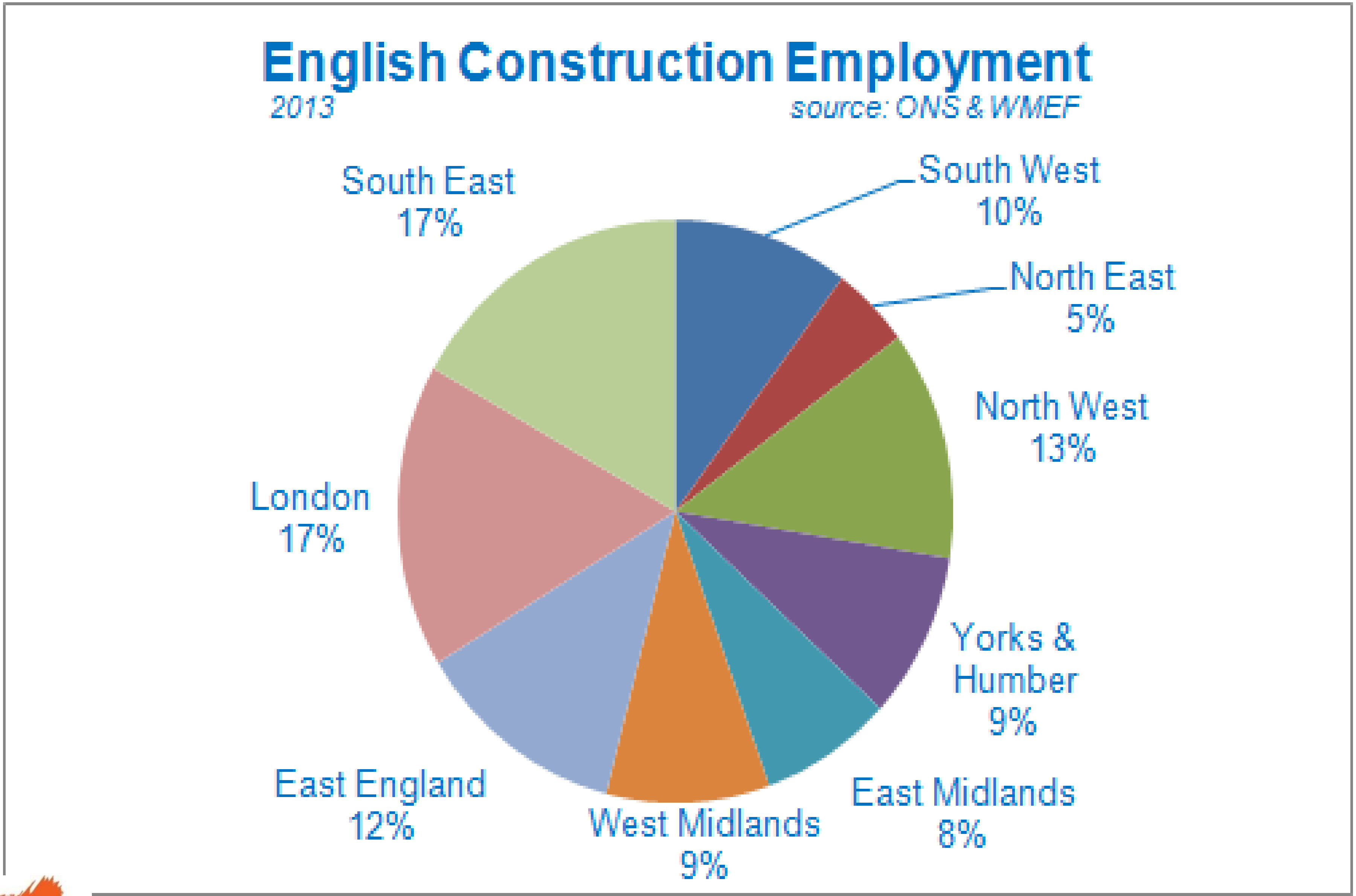

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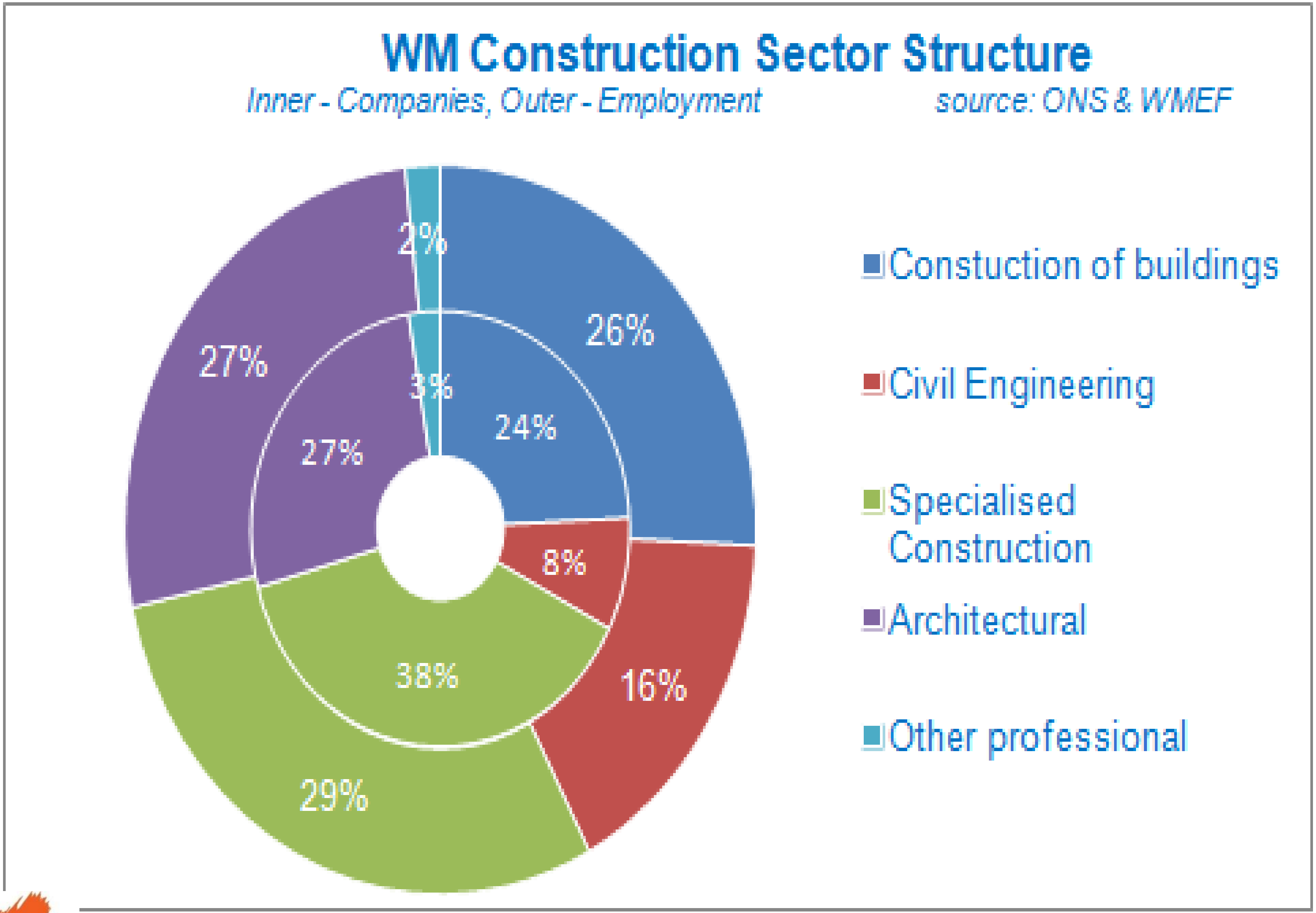

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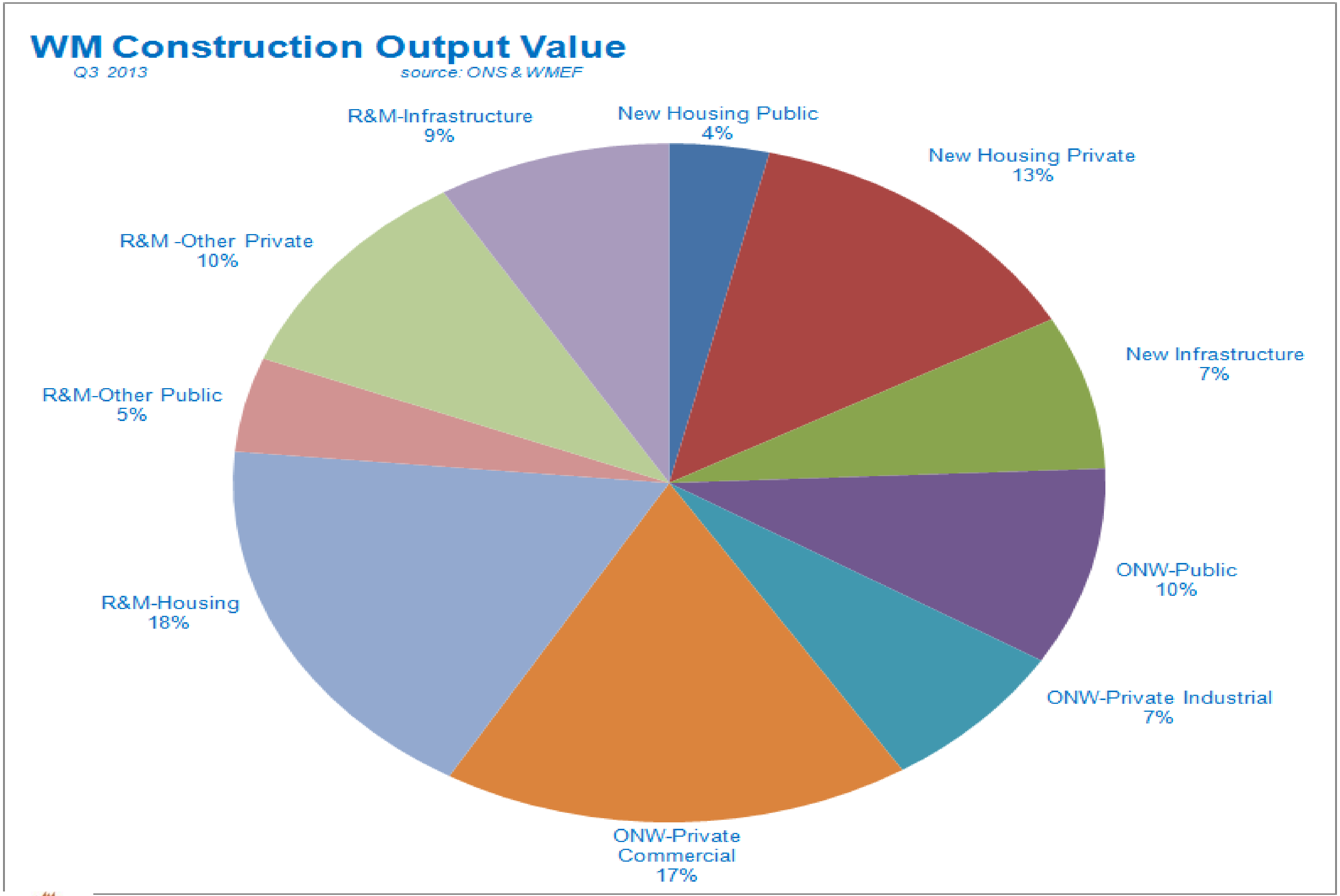

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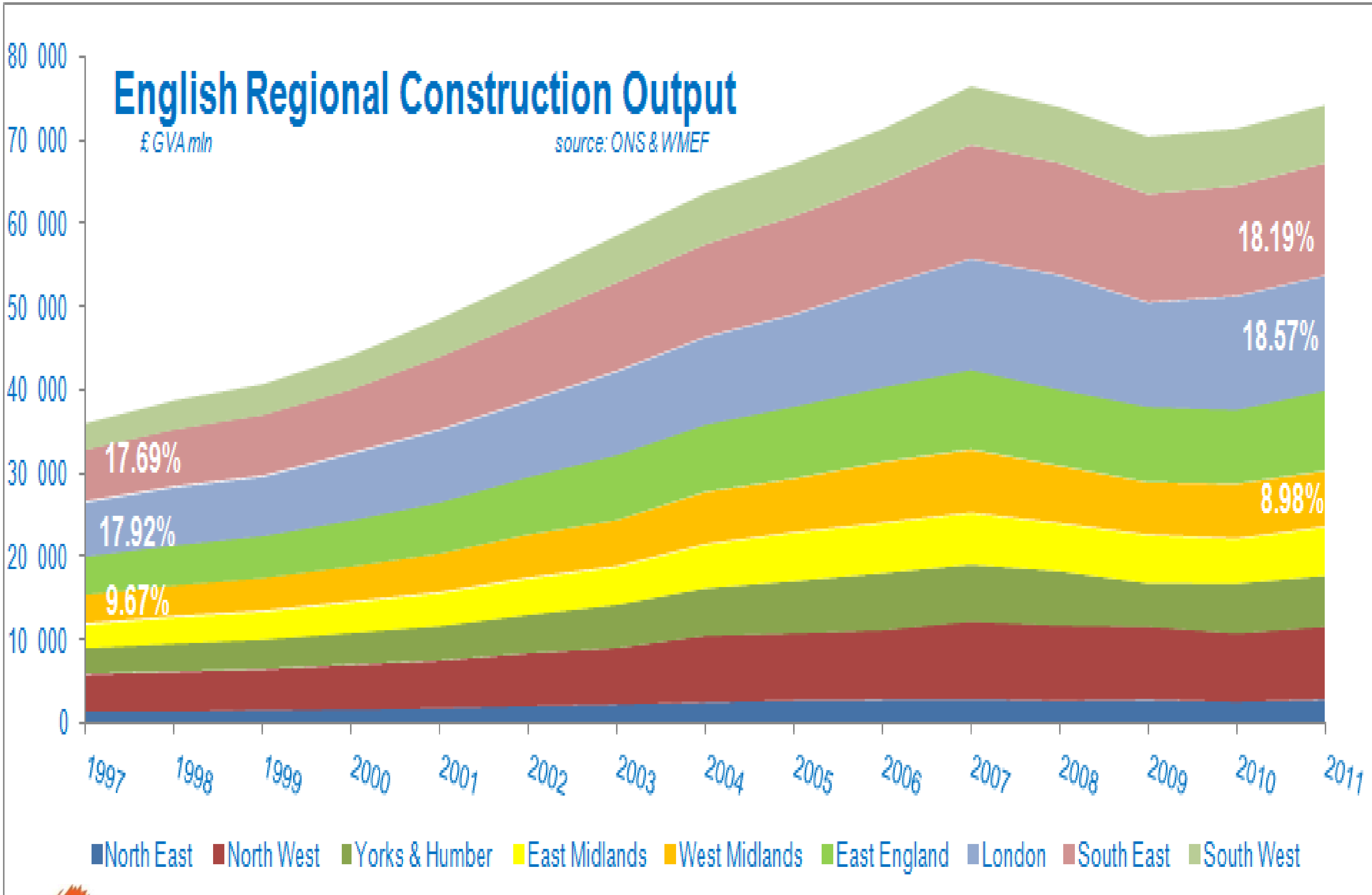

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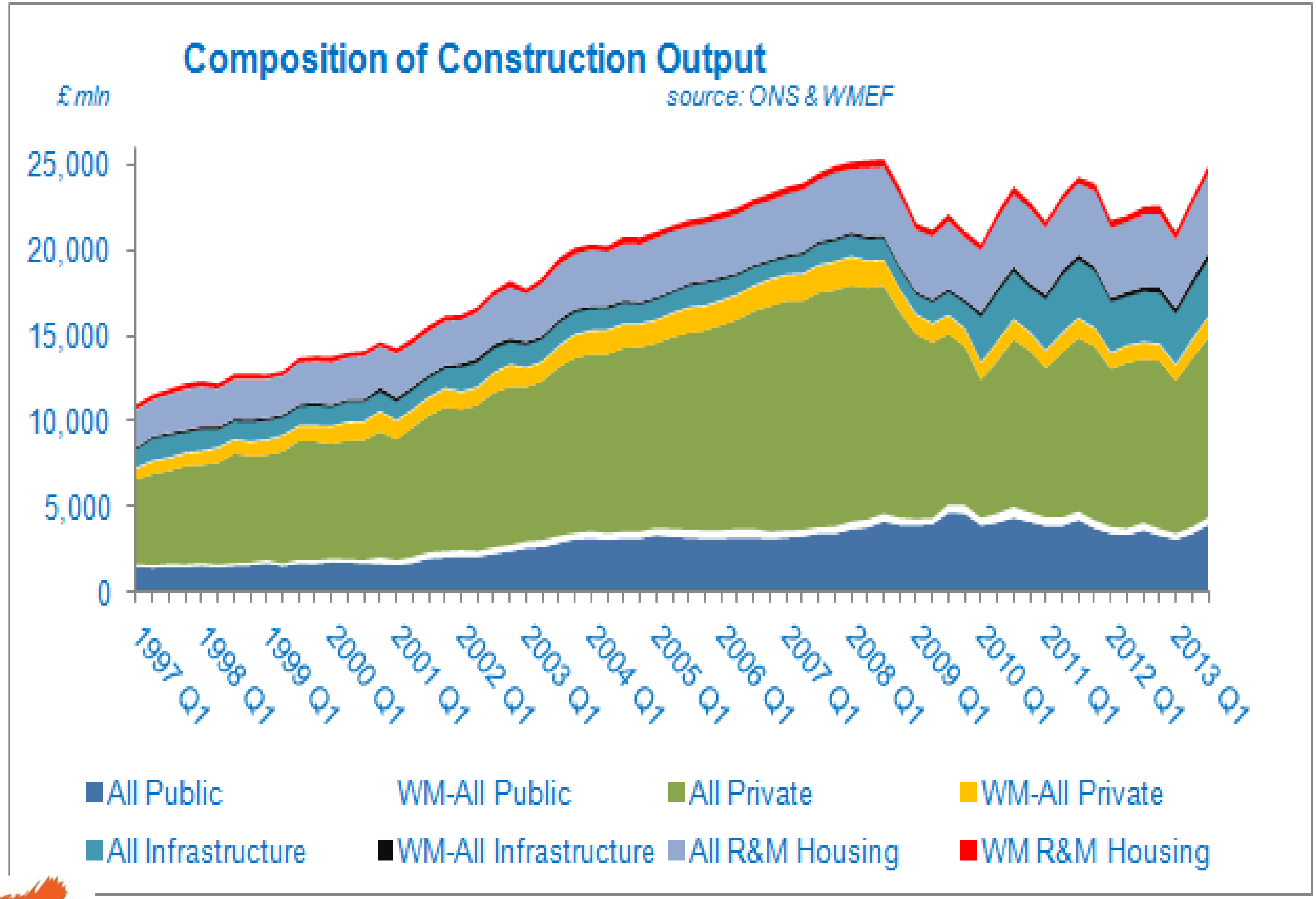

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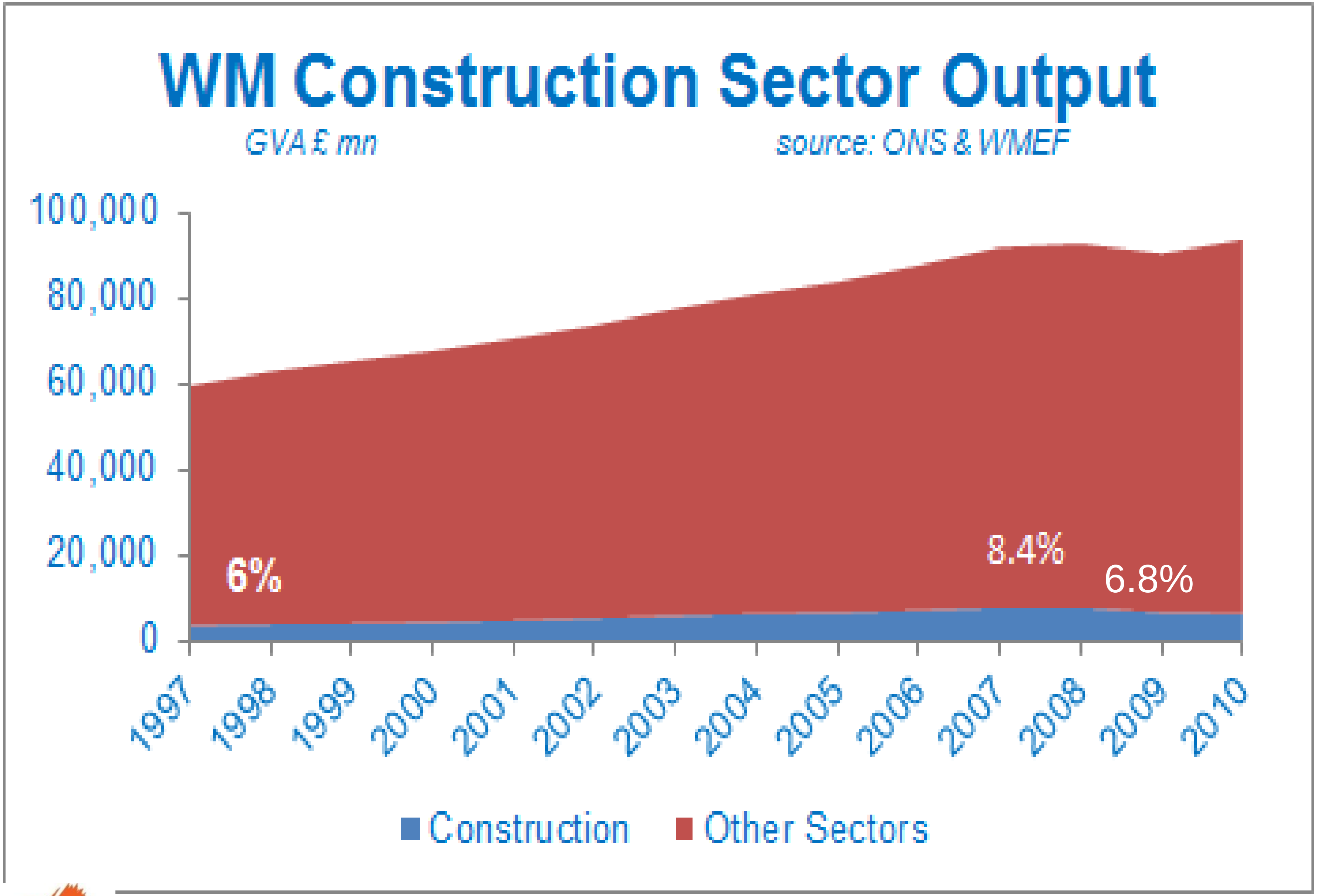
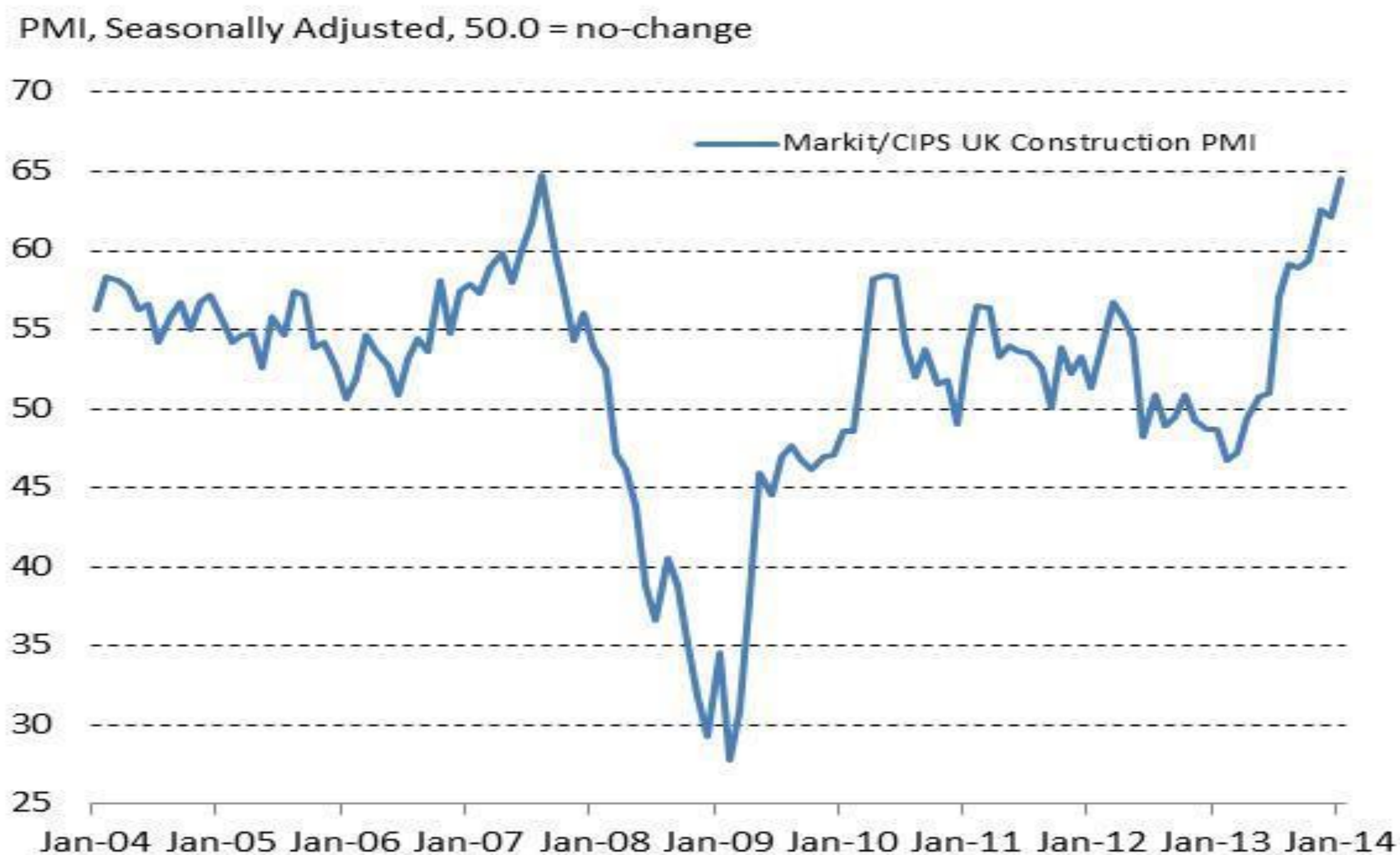


in conjunction with

Markit/CIPS UK Construction PMI®



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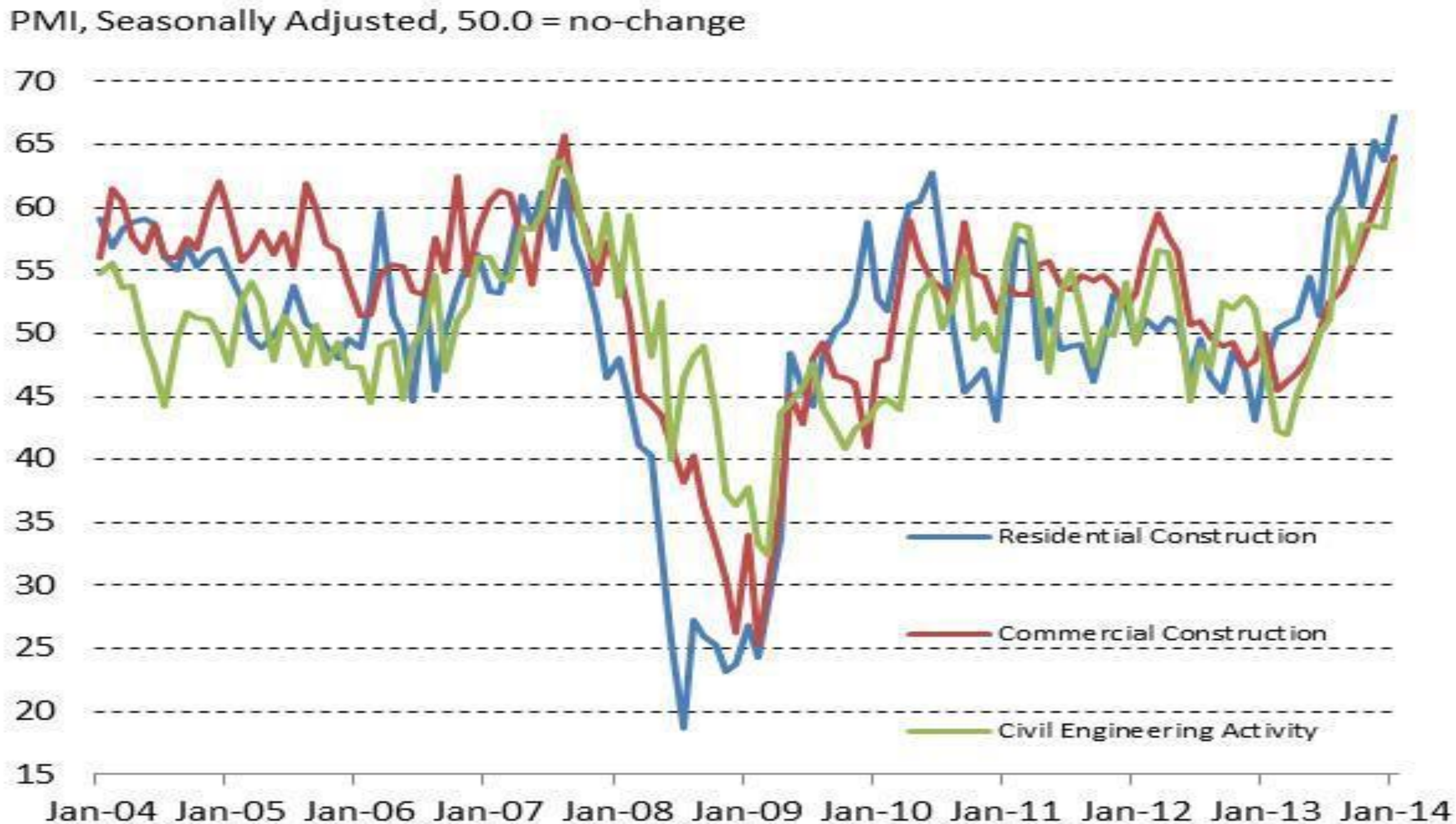
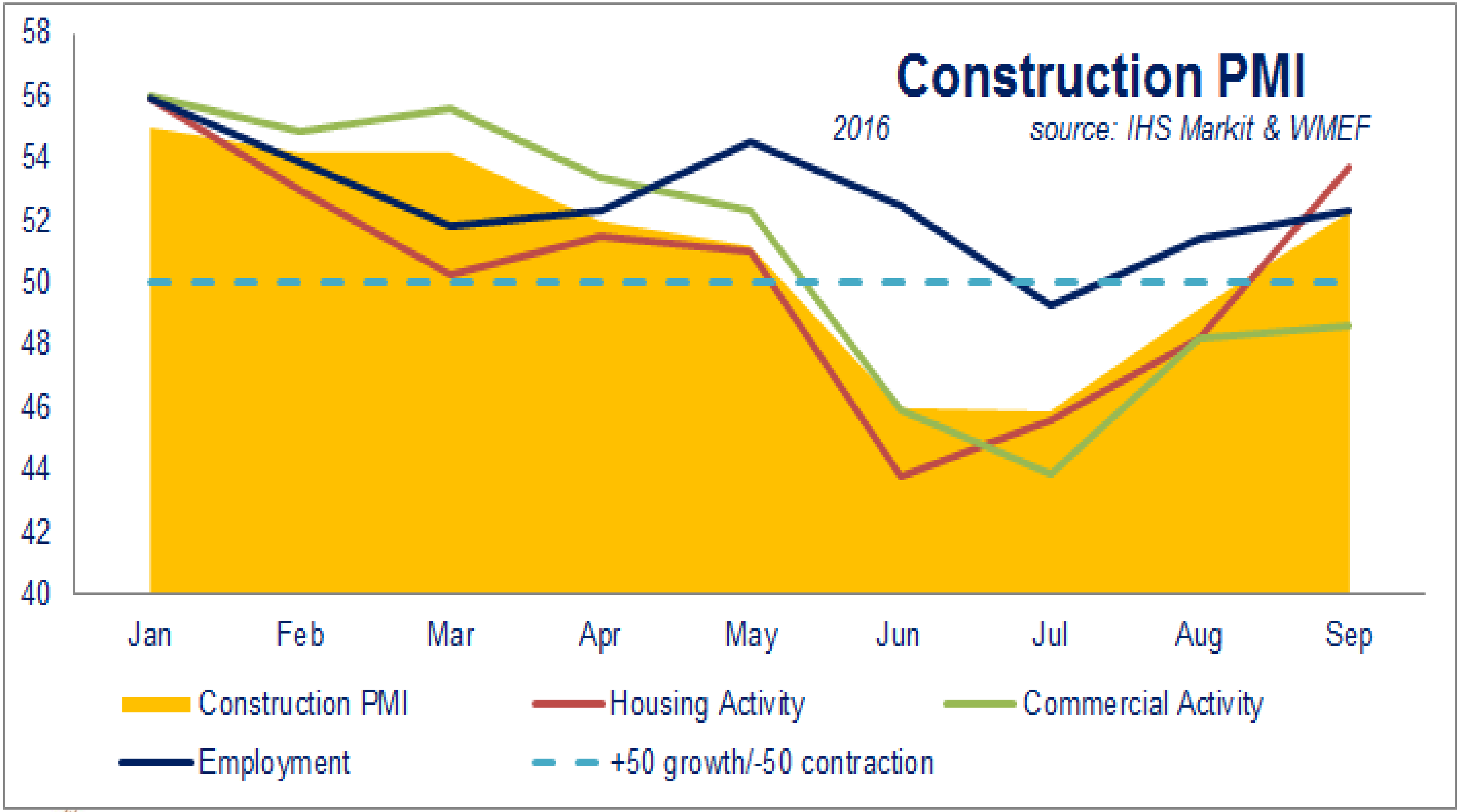
UK Construction PMI® by Category of Activity





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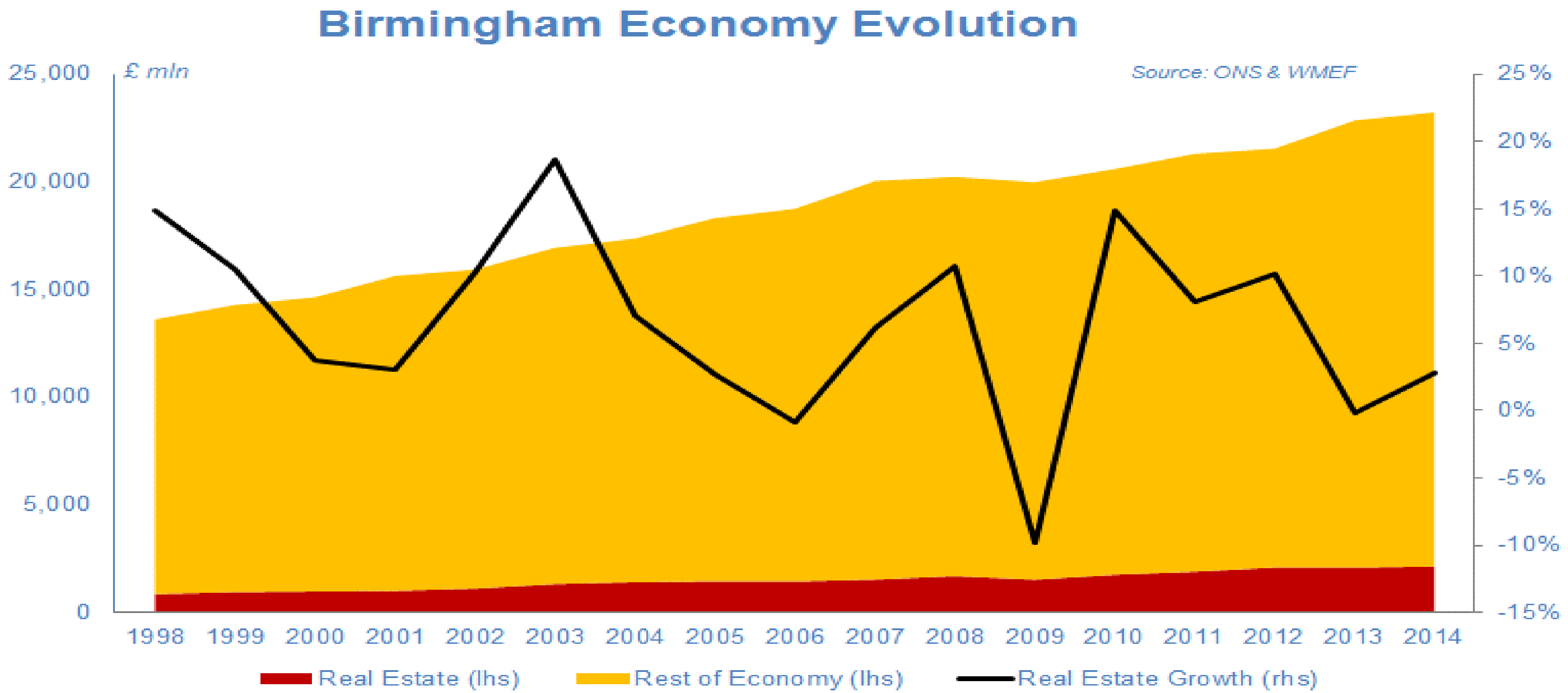

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The Midlands – the engine of growth

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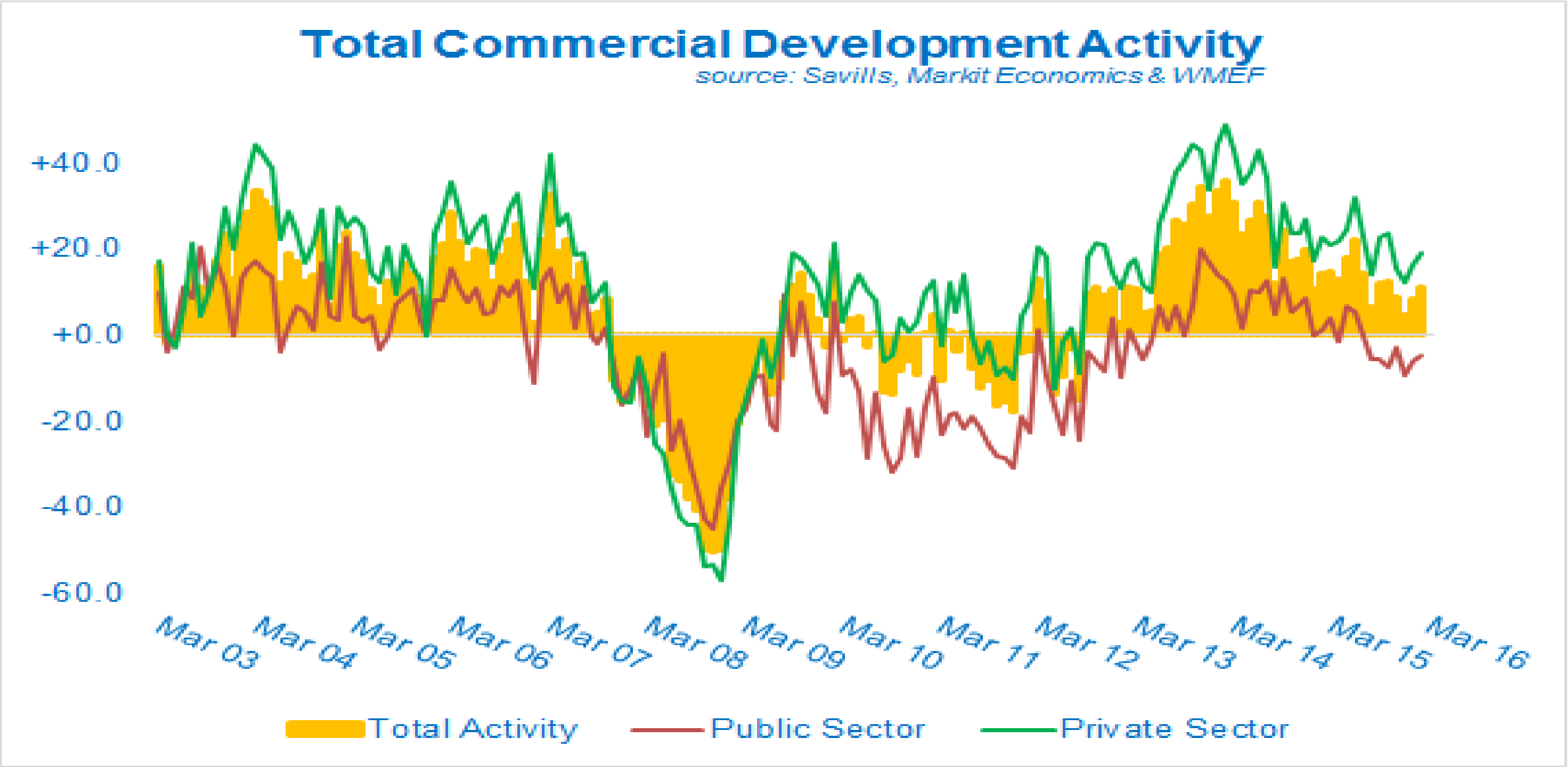

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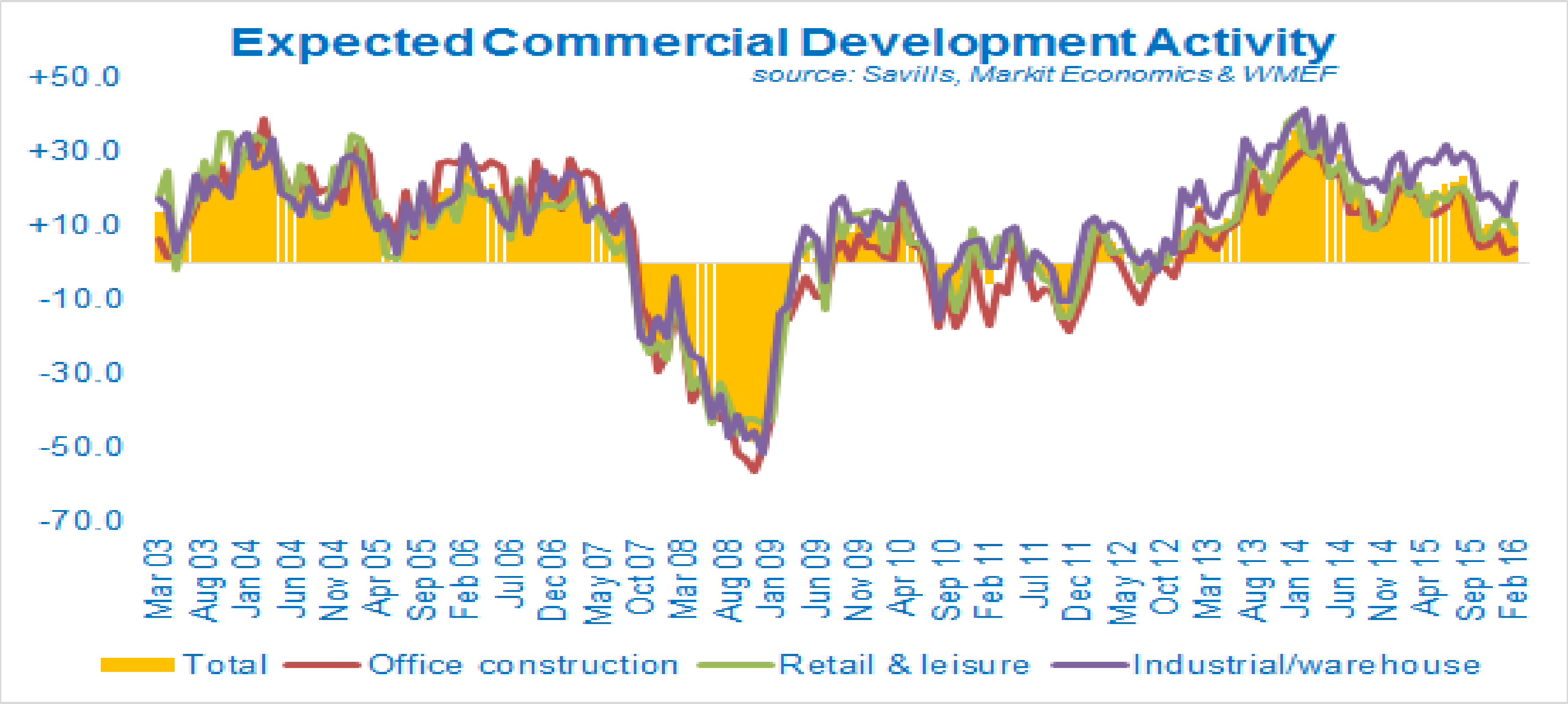

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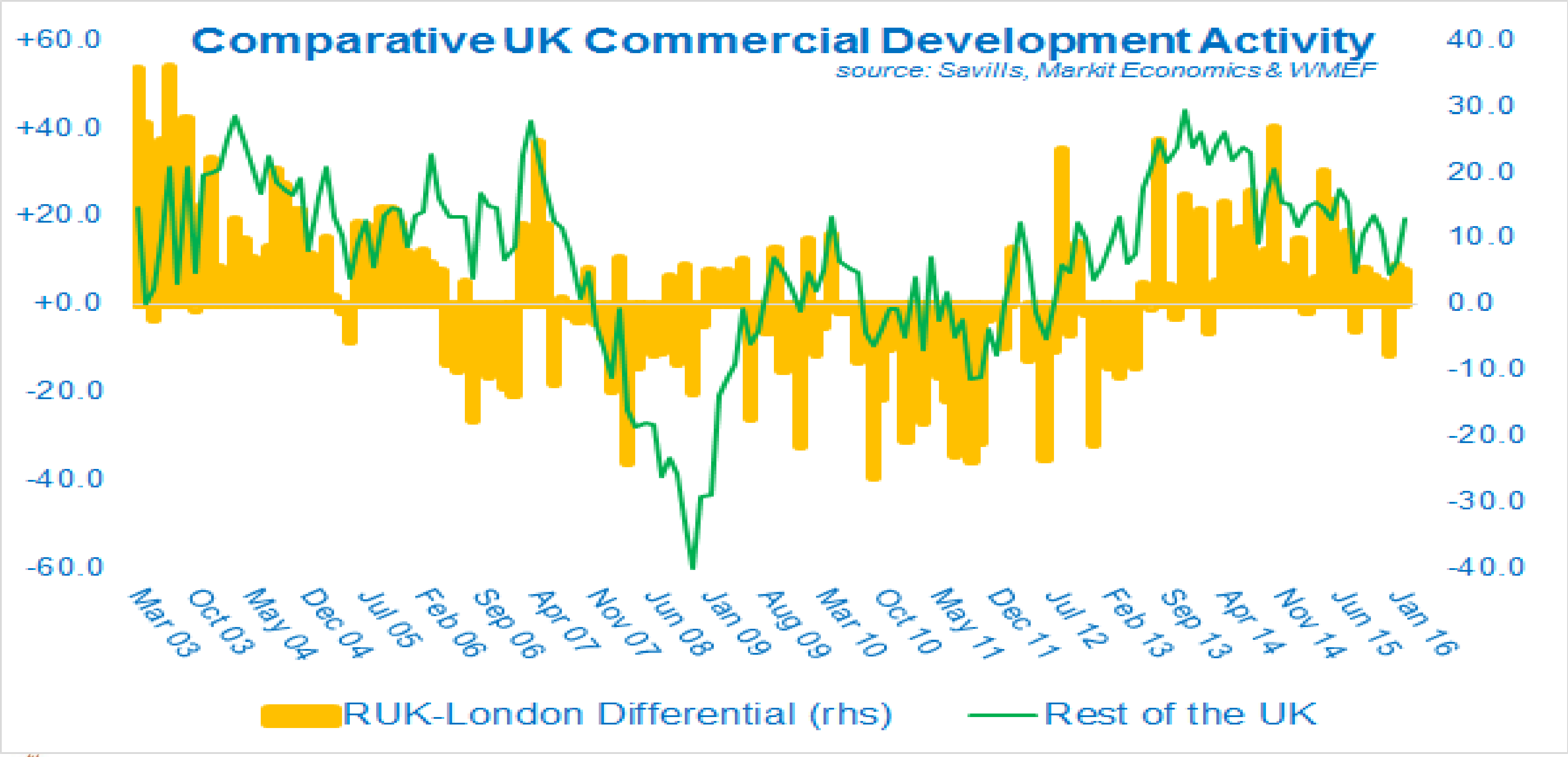

Comparative UK Commercial Development Activity
source: Savills, Markit Economics & WMEF
+60.0
+40.0
+20.0
+0.0
-20.0
-40.0
-60.0
40.0
30.0
20.0
10.0
0.0
-10.0
-20.0
-30.0
-40.0
Mar 03
Oct 03
May 04
Dec 04
Jul 05
Feb 06
Sep 06
Apr 07
Nov 07
Jun 08
Jan 09
Aug 09
Mar 10
Oct 10
May 11
Dec 11
Jul 12
Feb 13
Sep 13
Apr 14
Nov 14
Jun 15
Jan 16
RUK-London Differential (rhs)
Rest of the UK

•English Construction Sector contributes £ 74 bln of National GVA

- *WM contributes approximately £ 7 bln of sectoral GVA*

•English Construction Sector employs 1.06 million

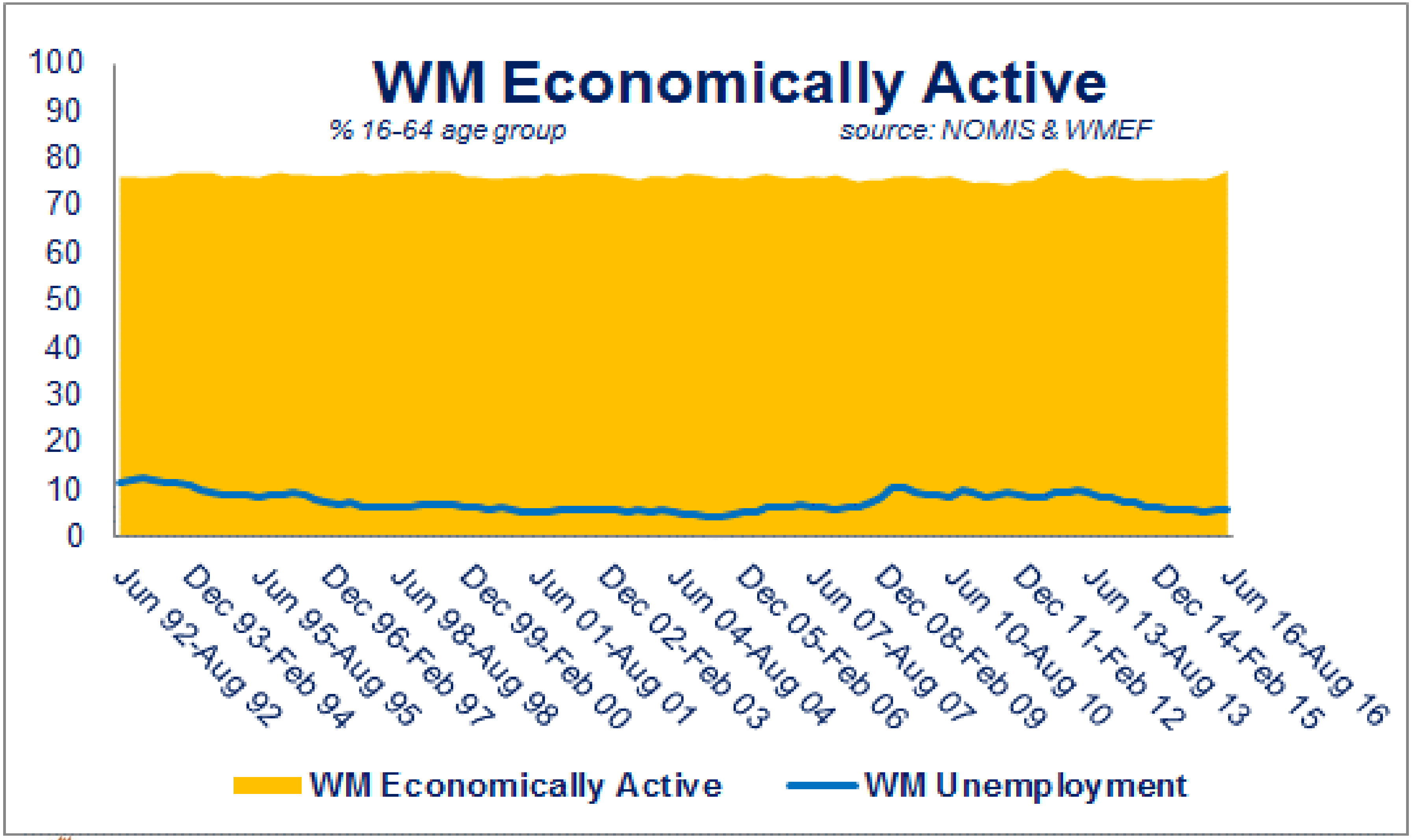
- *WM employs over 100,000*

• Construction Sector multiplier estimated at £2.84

- *£1 reduction in capital expenditure reduces output by £2.84*
- *estimated 90p of every £1 construction spend retained locally*

•Construction is more labour intensive than other sectors, given the high ratio of labour to GVA output

- Approximately 50% higher than manufacturing, given its capital intensity
- Some 330% higher than business services & finance, reflecting higher salaries
- Estimated that every new house build support 1.5 jobs



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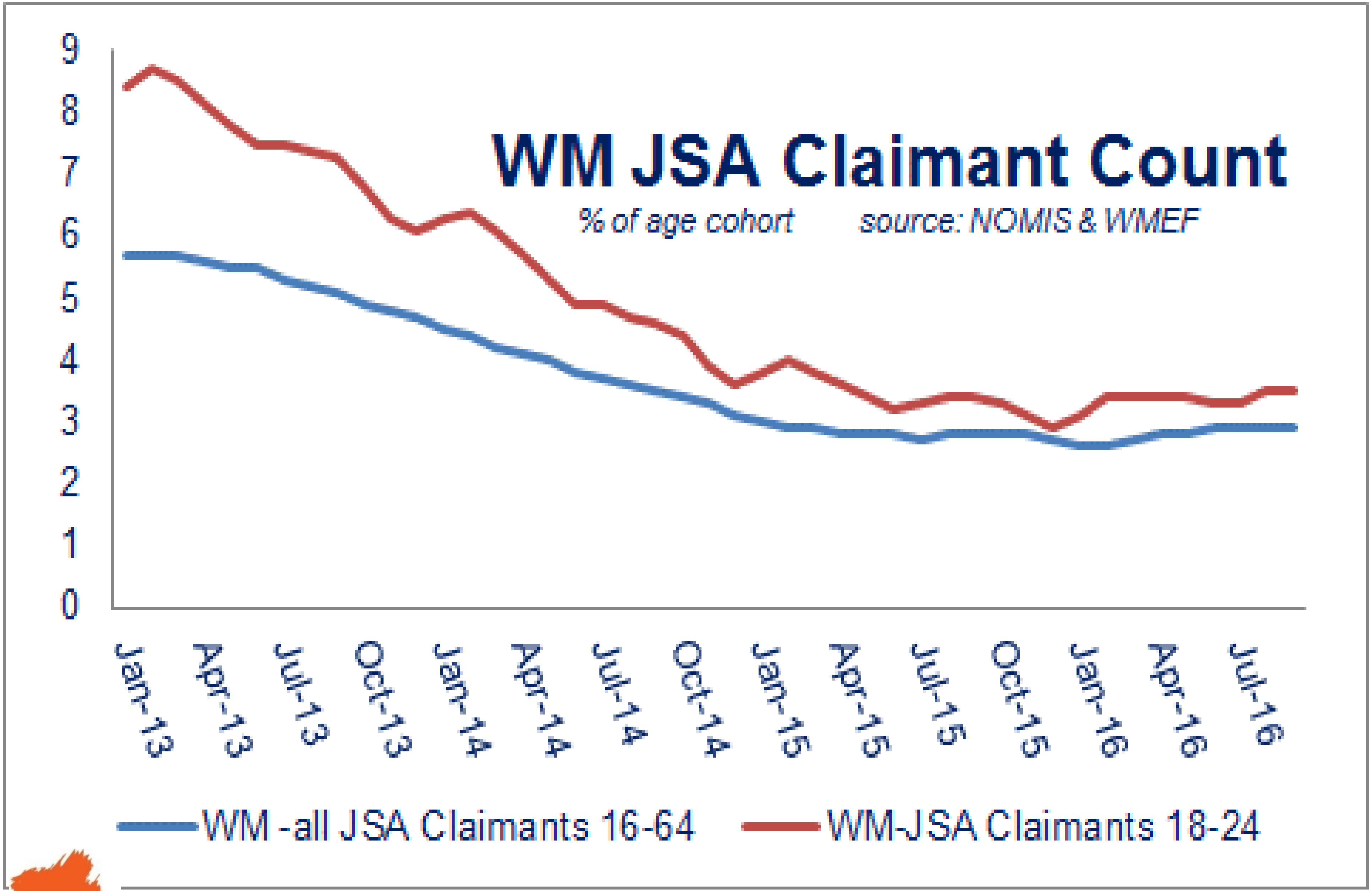

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The West Midlands Economic Forum is a neutral, independent forum bringing together representatives of the public, private and voluntary sectors to evaluate real trends in the local economy.

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