MIDLANDS ECONOMIC FORUM

Midlands Perspectives

APRIL 2018

BCU-MEF Output Model – Quarterly Assumption

Change in %	2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
GDP (Preliminary)	0.4	0.6	0.5	0.6	0.3	0.3	0.4	0.5	0.1	0.4	0.4	0.6
GDP (Final)	0.4	0.6	0.6	0.6	0.3	0.4	0.5	0.5	0.3	0.6	0.5	0.6
GVA	0.3	1.5	1.7	1.1	1.0	1.2	1.1	1.2	1.1	1.3	1.1	1.4
Midlands GVA	0.4	1.6	1.8	1.2	1.0	1.3	1.1	1.2	1.1	1.5	1.3	1.5
GDP	1.9				1.8				2.1			
Midlands GVA	3.5				4.8				5.4			

Source: ONS, IMF & MEF

The preliminary estimate for Q1 2018 shows a disappointing sharp downturn, with growth an anaemic 0.1%, only partially attributable to adverse weather conditions experienced during the period. This goes to some way to account for the 3.3% fall in construction sector output, with the retail sector similarly impacted. However, other sectors, perhaps reflecting an easing of global growth and export demand, also recorded weaker activity. Although production increased 0.7%, manufacturing eased to 0.2% growth. Revived energy output served to bolster overall production growth. The services sector expanded by 0.3%, but the ONS commented that there is an evident longer-term trend of weakening growth.

BCU-MEF Output Model – Yearly Assumption

	2015	2016e	2017f	2018f	2019f	2020f	2021f	2022f
UK GDP (£bln)	1,889	1,925	1,960	2,001	2,045	2,096	2,153	2,211
UK GDP % change	2.3	1.9	1.8	2.1	2.2	2.5	2.7	2.7
UK GVA (£bln)	1,685	1,748	1,828	1,930	2,031	2,132	2,233	2,337
UK GVA % change	2.8	3.7	4.6	5.6	5.2	5.0	4.7	4.7
Midlands GVA (£bln)	218.9	226.7	237.7	251.5	265.2	279.1	292.9	307.4
Midlands GVA % change	3.1	3.5	4.8	5..4	5.3	5.2	4.9	4.9

Source: ONS, IMF & MEF

Notwithstanding the disappointing Q1 data, the forecast is still based on stronger recovery in remainder of the year, and a spike in Q4 growth provided an accommodative Brexit strategy is agreed between the EU and Britain by the October deadline.

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Brexit Update: Customs Union Progress?

Questions around a customs union with the EU continue to dominate discussions at Government level. The House of Lords recently voted, by a majority of 123, in favour of an amendment calling for the government to negotiate an agreement that "enables the UK to continue participating in a customs union with the EU." Given that establishing a customs union with the EU is now also the official policy of the opposition Labour party (Starmer, 2018) and is a major point of contention between the opposition and government, it is a policy worth examining in more detail.

In this context, yesterday's (non-binding) motion in favour of remaining in a customs union with the EU was eventually passed by MPs without a vote as government whips chose not to object. Whilst this parliamentary tactic – of essentially ignoring non-binding votes that the government is unlikely to win – has become increasingly common over the past decade, the fact that the Government chose to do so over an issue of such central importance to Theresa May's Brexit policy is important. This is true both in terms of its ramifications for domestic politics but also, crucially, because it suggests that a majority of members of the House of Commons support remaining in a customs union of some form with the EU.

The Government will be unable to avoid binding votes on the same issue later this year. Amendments have already been proposed to the Trade and Customs Bill that would pose a much more serious challenge to existing government policy. Ultimately, of course, MPs have secured the right to a "meaningful" vote on any Brexit deal, at which point the House could vote to amend any deal to include a customs union. In any event, even if the UK and EU do eventually decide to establish a customs union a plethora of other aspects of the future relationship remain to be negotiated (both with the EU and with third parties).

There is confusion in some quarters (including some in the policy community) over the distinction between the European Union Customs Union (EUCU) and a customs union with the EU. The former is a key pillar of the European Union Single Market and the UK will leave this at the end of any transition period. There is minimal precedent for territories outside the EU to be members of the EUCU: only three areas are at present. Specifically, they are the British military bases at Akrotiri and Dhekelia (which are officially sovereign British Overseas Territories on Cyprus), the Channel Islands and Monaco. All three areas adhere to most EU legislation (albeit voluntarily in some cases) and given their relatively trivial economic size and dependence on an EU member, do not pose a risk to the integrity of the Single Market.

The UK is a large, diverse and sophisticated economy and thus would not fall into the above category. What is therefore being proposed instead is therefore that the UK would leave the EUCU and establish a separate bilateral customs union with the EU. It is something of a misnomer to label this "a" policy as, in practice, there are a plethora of different theoretical models. The EU at present has three bilateral customs unions with independent third parties. These are Andorra, San Marino and Turkey. The customs union with Andorra excludes agricultural products as does that with Turkey. The EU-San Marino customs union excludes Coal and Steel.

In all three cases, however, some formal customs procedures continue to exist, although they are naturally streamlined relative to those outside of any customs union. It is notable that as part of its agreement with the EU, Turkey must adhere to many aspects of the acquis – in essence following EU regulations for most industrial goods. More broadly, whilst a customs union would streamline customs checks and procedures, it would not eliminate the need for border checks, nor would it cover a host of other crucially important issues for the UK. Recognition of these issues is not, of

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course, to suggest that leaving the customs union is necessarily a panacea. It simply brings to mind the daunting complexity of negotiations facing the UK.

One element that is missing from a customs union relates to haulage and the delivery of components. Whilst it is possible that the UK would be able to negotiate a partial open-access road transport deal, in every case so far this has only been possible with countries with which the EU also shares freedom of movement of labour with (Srivastava and Barker, 2017). Absent this, delays are likely to be substantial: those at the Turkey border can take many hours (Srivastava and Barker, 2017).

Similar issues arise with aviation: whilst nobody is realistically anticipating that flights would be grounded, UK access to the European Aviation Safety Agency needs to be negotiated as the CAA has stated that taking over its functions in the short term is not a realistic option (Business Energy and Industrial Strategy Committee, 2018). Absent this, operators in the UK might be unable to perform maintenance on aircraft as they would be unable to get certification for it. Similarly, bilateral open skies treaties would need to be negotiated with every single partner. The US has already indicated that it will take a tough approach in these negotiations (Manson, Barker, & Powley, 2018).

None of these issues are even touched by a customs union. Whilst it is overwhelmingly likely that the UK will be able to sign a series of agreements with the EU to deal with each of these, the crucial point is that none of it is automatic – each and every piece requires both negotiation and a great deal of goodwill. It highlights that the UK is substantially the weaker party in negotiations and, contrary to rhetoric, is not realistically able to simply walk away from the negotiating table over issues such as the Irish border.

In addition, the greater the scope of the customs union, the more streamlined checks can be. As a result, a union that excluded agricultural produce, for example, would naturally require checks. Moreover, spot checks to eliminate smuggling would also be necessary and, given that official customs procedures would still exist, even this might cause queues. More broadly, any regulatory divergence between the UK and EU would necessitate some mechanism to ensure that goods imported into the EU remain compliant with all EU legislation (and, if the UK so chose, in reverse).

In relation to domestic policy regarding Brexit, Labour appears to support withdrawing from the European Economic Area, as evidenced by Corbyn's statement that "Labour would not countenance a deal that left Britain as a passive recipient of rules decided elsewhere by others." If, by this, he means the UK should have a joint say in negotiations then it's theoretically feasible but would depend upon the acquiescence of the EU. One clear question is what Britain would be prepared to offer in exchange for a role in policymaking and trade arrangements. No country outside of the EU at present has this favourable position. Why would the EU be prepared to grant this to a third party? This is particularly so as Labour has ruled out membership of the EEA.

Of course, a customs union without such guarantees would pose the same issues faced by Turkey. Free trade agreements signed by the EU would not automatically apply to the UK, just as is now the case for Turkey. Thus, for example, as a result of Mexico and the EU signing a free trade agreement, many goods from Mexico can be imported into Turkey tariff-free (Turkey needs to maintain the same tariffs as the EU). However, Mexico can levy tariffs on imports from Turkey as the two do not have a free trade agreement (even though the EU-Mexican trade agreement means that it cannot levy the same tariffs on the same goods produced in the EU).

In addition, to reiterate, the UK will undoubtedly seek to remain a part of various EU agencies (particularly the European Aviation Safety Agency, the European Chemicals Agency and the European Medicines Agency). Failure to agree this could have very severe consequences: the UK's Civil Aviation Authority does not consider leaving its European counterpart a viable option in the short term. This would have severe ramifications in terms of certification for all members of the UK's aerospace industry, including maintenance (this is crucial in order to certify aircraft as fit to fly). Whilst potential workarounds exist, these would likely require the cooperation of the agencies in question and, in any event, uncertainty would abound and costs would rise.

Any transition period and future trade agreement with the EU is, of course, contingent upon resolution of the outstanding issues relating to the Northern Ireland border, with seeming agreement having been reached on the "divorce bill" and the status of EU citizens in the UK (the current concerns around the Windrush saga notwithstanding). Recent comments from senior EU figures, such as President of the EU Council, Donald Tusk, have reiterated EU "solidarity" with Ireland on the border issue.

See Notes & References at end of document.

Midlands Perspectives

- Preliminary Q1 data shows weakening output, although firmer recovery expected in second half.
- Midlands output performance continues to exceed national growth, with the four broad component sector performing strongly.
- Midlands production sector forecast to continue robust growth trajectory.
- Regional distribution sector to sustain firm growth, exploiting comparative advantages.
- Reappraisal of regional fiscal flows required.
- Brexit remains an enigma, with even customs union proposals lacking credibility.

Global Trends

Current IMF forecasts are based on the evident strength of global output performance, however the basis of this growth is fragile and government administrations need to undertake a range of policy options to place growth on a more sustainable trajectory. According to the IMF, this should include avoidance of protectionist measures, controlling fiscal and financial risks and development of economic strategies that widen the delivery of benefits.

Furthermore, fears regarding global growth prospects being undermined at the beginning of the year, have eased. The potential for an all-out trade war between the US and China remains but tensions have calmed, and the Chinese administration has acted to insulate the economy from any further deterioration. Brexit remains an unknown although until the exit arrangements are apparent, remains a potential destabilising factor, notwithstanding increasing evidence of investment deferral. Moreover, this must be seen against a backdrop of firm, if moderating, growth in the EU since the beginning of the year. Nevertheless, the shift rightwards in EU elections continues, and the Commission's attempt to constrain this drift through increased civil society, primarily rule of law conditionality as part of the next Budget process may backfire, particularly given the depletion of available fiscal resources following Britain's exit.

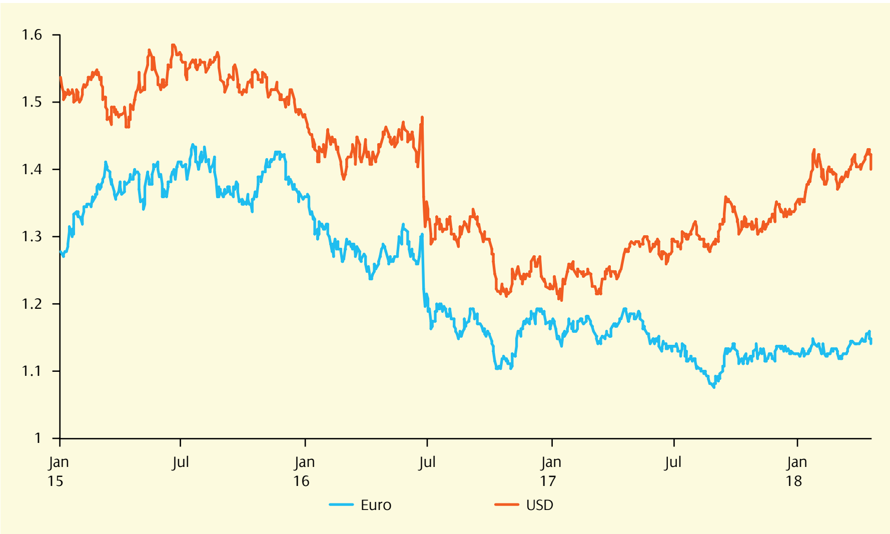
Summary of Forecasts

Source:	Forecast Date	2016	2017	2018	2019	2020	2021	2022
ONS	**Outturn**	**1.9**	**1.8**	**x**	**x**	**x**	**x**	**x**
OBR	Nov-16	2.1	1.4	1.7	2.1	2.1	2.0	x
	Mar-17	1.8	2.0	1.6	1.7	1.9	2.0	x
	Nov-17	1.8	1.5	1.4	1.3	1.3	1.5	1.6
HM Treasury	May-16	3.6-6% lower than base level by 2018						
Bank of England	Aug-16	1.8	0.8	1.8	x	x	x	x
	Feb-18	x	x	1.7	1.8	1.7	1.7	x
IMF	Oct-16	1.8	1.1	1.7	1.8	1.9	1.9	x
	Jan-18	x	1.7	1.5	1.6	1.7	1.7	1.7
OECD	Jan-18	x	1.5	1.2	1.1	x	x	x

Official projections regarding British growth prospects continue to remain muted, notwithstanding the fact that the achievement of Brexit remains at least a year distant and current preferential access remains in place, both via the Single Market and Customs Union. There are mixed signals on investment flows, some new initiatives launches but a number apparently deferred. In addition, it is plausible that immediate run-up to Brexit, with or without a stabilising transition period, EU supply-chain demand may increase as importers of British components build-up inventory as insurance against failure to secure alternative supply of the same reliability, quality and cost. As a result, the Midlands Perspectives is founded on these factors.

Perhaps of more concern, are non-Brexit factors. Notably the downturn in both automotive output and demand, especially given the increasing market aversion to diesel engines resulting from the lack of clarity over the government's future strategy toward this sector.

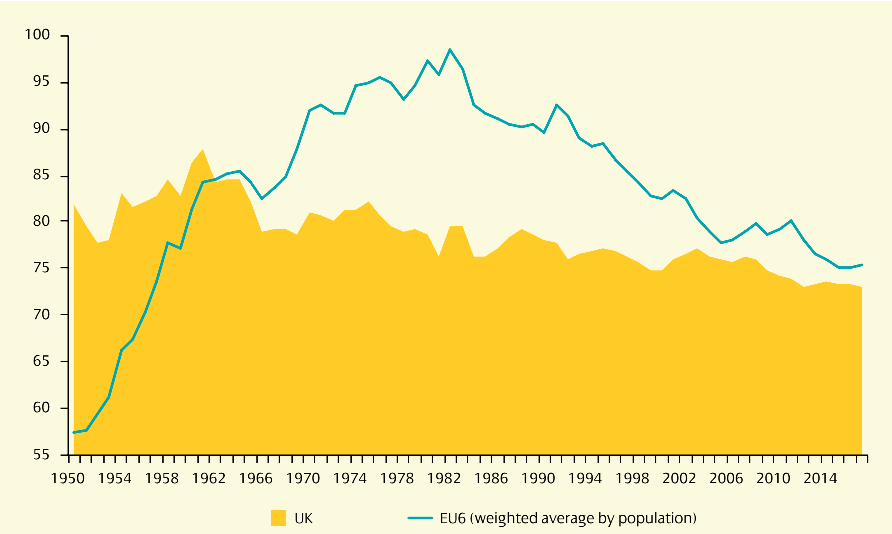
Sterling Exchange Rate



Source: BoE & MEF

The significant depreciation of £, following the 2016 referendum result, against both the US$ and € , was an apparent boost to international competitiveness, particularly as the currency effectively stabilised in the twelve months up to October 2017. However, these gains have since been largely reversed against the US$, and it remains to be seen whether this will have an impact of future export market penetration.

GDP per Capita Index for EU6 & UK (USA = 100)



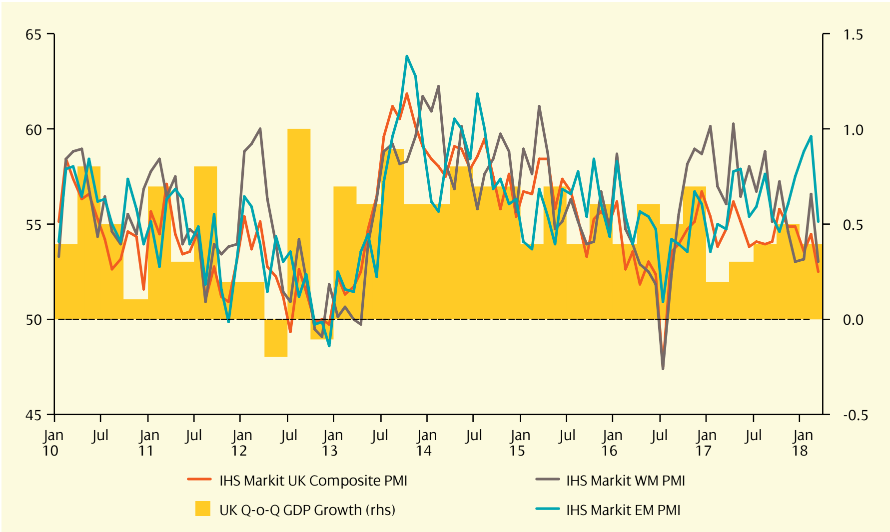
Source: US Conference Board, CBM & MEF

Notwithstanding Britain's membership of the EU, measured against US GDP per capita, Britain has failed to narrow the productivity gap with the US. Whilst EU membership may have helped arrest any further relative decline, it does not appear to contributed to a substantive transformation in performance. Indeed, it could be argued that Britain failed to effectively capitalise on the opportunities made available by being part of the EU. Going forward, the question now is, initially in a potentially more adverse external environment, how Britain will sustain its current international competitiveness, if no enhance its global position.

Midlands Overview

First quarter performance appears to have been subdued, with climatic factors, notably the severity of the recent wintery conditions, only partly to explain. The aftermath of the demise of Carillion continues to impact on regional projects and SME sub-contractors, particularly with regard to cash-flow. Extensive job retrenchment at JLR is of further, and more worrying concern given the previous focus on a new generation of diesel engines. Lack of official clarity on the comparative emission levels of diesel, petrol, hybrid and electric engines is a major contributory factor to market perceptions. Some studies suggest that over a 7-year life cycle (including production) there is currently little difference in the overall pollution impact of petrol and electric engines. How JLR offsets this apparent market reaction, which appears to be intensifying is perhaps a natural business cycle easing following a period of intense growth, will be of critical importance to the regional economy. Paradoxically, the release of these skilled workers, may ease some critical shortages elsewhere in the manufacturing sector, although pressures on component supplies may nevertheless intensify.

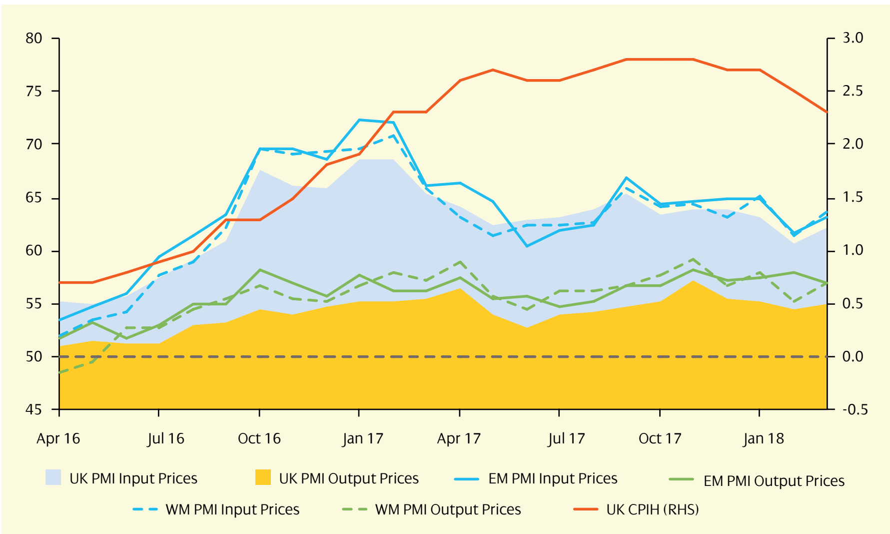
Midlands Output Performance



Source: ONS, IHS Markit & MEF

The EM saw a softening in growth in March, posting a PMI of 55.2 from 59.6 in February, although it remained the fastest growing region in the UK on a PMI basis. The WM PMI was also slightly lower from 56.6 in February to 53.0 in March. Nevertheless, growth in both the EM and the WM outpaced that in the UK overall, with expansion in new orders from new clients and for export, with the UK composite PMI down to 52.5 in March from 54.5 in February.

Comparative Price Pressures



Source: ONS, IHS Markit & MEF

Price pressures in the Midlands remain higher than in the UK overall, according to the latest PMI data, with manufacturers in particular facing higher raw material costs as well as higher wage burdens. This led to prices being passed on to customers and a rise in output costs. However, price pressures are not as great as they were in the second half of 2016, following the devaluation of Sterling in the aftermath of the Brexit Referendum

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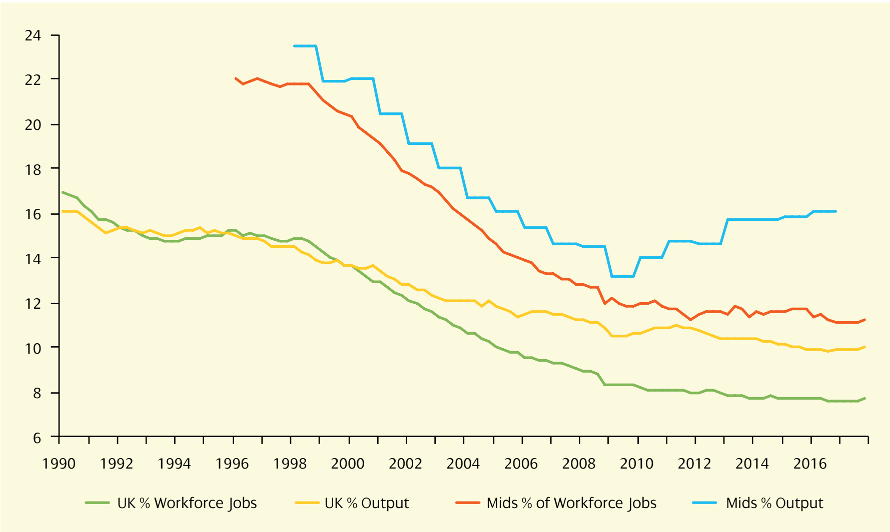
Despite easing business conditions, regional business confidence remains favourable and amongst the strongest in Britain, as new orders remain positive. However, although growth in job creation in the Midlands remained the strongest in the Britain, employment demand eased from February. Some firms, particularly in the manufacturing sector, reported a shortage of skilled labour. Staff shortages, and in particular skills shortages, in the Midlands and the wider UK labour market show how workers need to be up-skilled in order to move them from lower paid, less productive jobs, into more productive jobs in other industries, at the same time reducing wage compression on these lower-skilled jobs. At the same time, this will require capital investment from these labour intensive industries in order to increase labour productivity.

Productivity

In recent years, the share of the population employed in the manufacturing sector has declined, as indeed has the proportion of output that the manufacturing industry produces. This trend is evident in many advanced economies, as well as in the Midlands, although the Midlands retains a larger manufacturing sector than the UK overall.

Manufacturing as a % of Jobs & Output



Source: ONS, Nomis & MEF

Much of this shedding of labour has been attributed to increased productivity and automation. However, less productive sectors in the manufacturing industry moving to lower-cost areas, most notably China, has also played a part in increasing productivity within the UK's manufacturing industries.

Indeed, some of these structural changes within the manufacturing industry may be the cause of recent slow wage growth; as low and mid skilled jobs in the manufacturing sector moved abroad, workers transferred into the service sector, into jobs that are typically less well remunerated.

It has long been assumed that these jobs are less well-paid due to being less productive, however data shows that some of the sectors with the fastest growing rates of productivity are in the service sector.

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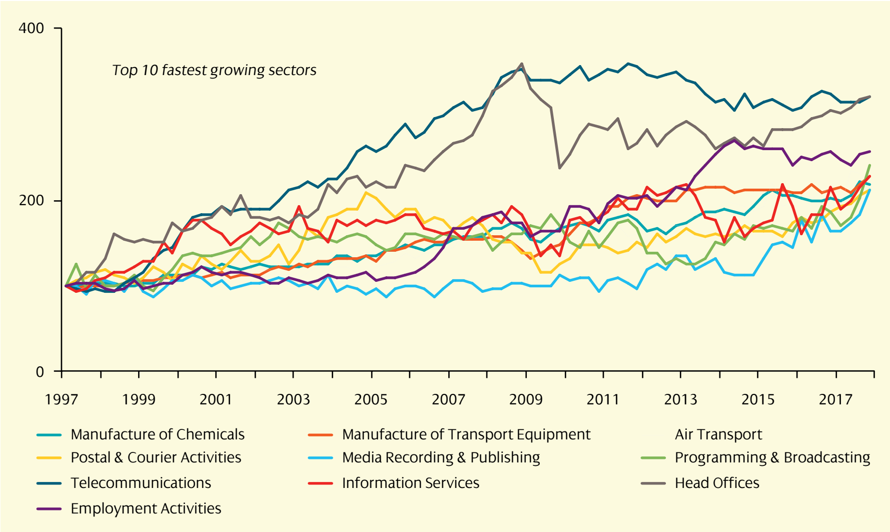
UK Productivity Index (1997Q1 = 100)



Source: ONS & MEF

Examples of these industries with fast growing productivity are telecommunications and head offices, with many of the services falling within the distribution sector. Some manufacturing industries are also included, including chemicals and transport equipment.

Nevertheless, as well as some service sectors with rapid improvements in productivity, some service sectors are among the least productive industries. These include many traditionally labour-intensive industries such as gyms and restaurants.

UK Output per Hour (£, Constant Prices)

1997			2017	
Sports & Recreation	4.02	1	7.96	Sports & Recreation
Security & Investigation	4.06	2	9.24	Security & Investigation
Employment Activities	6.81	3	10.67	Building & Landscape Services
Building & Landscape Services	7.23	4	10.81	Employment Activities
Head Offices	8.26	5	11.26	Agriculture, Forestry & Fishing
Food & Beverage Services	8.6	6	12.79	Social Work
Agriculture, Forestry & Fishing	8.78	7	14.54	Residential Care Activities
Social Work	8.95	8	16.48	Food & Beverage Services
Residential Care Activities	9.2	9	19.03	Specialised Construction
Specialised Construction	9.27	10	20.21	Accommodation

Source: ONS & MEF

In a labour market operating at close to capacity, particularly in the Midlands, this highlights the need to upskill workers in these less productive sectors in order for them to move to more productive sectors, in both the production and services sectors

Production

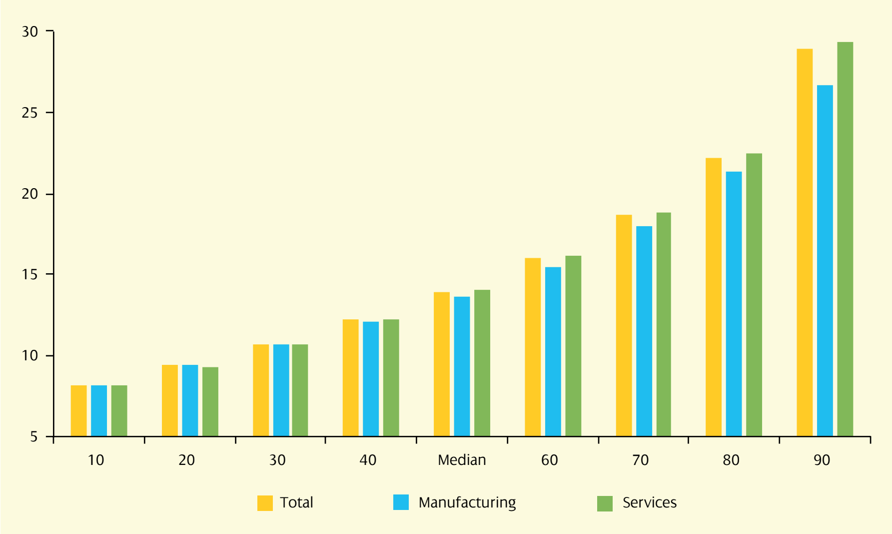
Production Output Growth (%)

	2016	2017e	2018f	2019f	2020f	2021f	2022f
Midlands	3.4	6.4	6.4	6.2	6.8	6.2	6.2
UK	4.2	5.2	5.2	5.1	5.7	5.1	5.1

Source: ONS & MEF

Government policies around the world are increasingly focused on inclusive growth, particularly in the aftermath of stark inequality rises surrounding the 2008/9 financial crisis. Inequalities in wages are higher in the services sector than in the manufacturing sector, as can be seen below.

UK Wage Distribution 2017 (Hourly Wage exc. Overtime, £)



Source: ASHE & MEF

This, in part, is due to the larger range of labour productivity in the services sector, ranging from lower productivity jobs in the hospitality and retail sectors, to high productivity positions in information and communication, as well as financial services.

This highlights the need for the re-skilling of the current workforce, especially in the context of the Midlands labour market, which is operating at near full employment, with demand for labour still increasing. Moving labour from low productivity jobs into higher productivity jobs in the Manufacturing and parts of the Services sector will raise overall productivity in the region. Re-skilling programmes may also move more people into the labour market, as in particular in the West Midlands, participation rates are lower than in other areas of the country.

Distribution

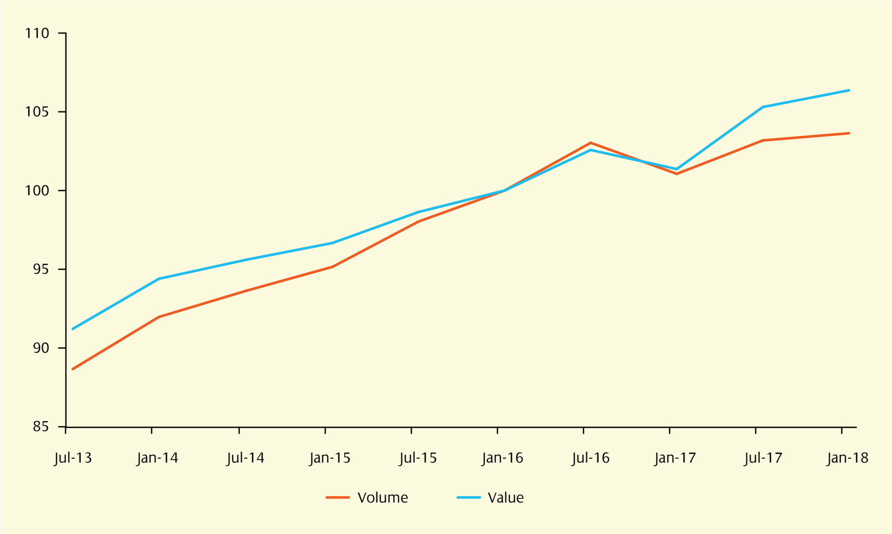
Distribution Output Growth (%)

	2016	2017e	2018f	2019f	2020f	2021f	2022f
Midlands	6.9	7.1	7.3	7.0	7.6	7.0	7.0
UK	5.3	5.1	5.5	5.3	5.9	5.3	5.3

Source: ONS & MEF

Several of Britain's high-profile retailers are currently facing pressure, with much of this stemming from falling sales. This can partly be explained by the pressure on consumer's wages from inflation rising faster than wages. As can be seen below, since the beginning of 2017, the volume of UK retail sales has risen far more slowly than the value of that bought. This inflationary impact is having a double effect on retailers as it means the price of their overheads is increasing at the same time as consumers are cutting back on their spending.

Seasonally Adjusted Retail Sales Index (2015=100)



Source: ONS, Nomis & MEF

The changing structure of the UK retail market is also having an impact on the more traditional high street retailers, as more sales are moving to the internet. This is providing a boost to online retailers, as well as other parts of the distribution sector, such as couriers.

Some argue that this is in fact a much-needed rebalancing of the UK economy, however, the slow in consumption is acting as a drag on UK economic growth, particularly in light of the large proportion of output based on consumer spending. Nevertheless, as recent inflation data shows that price rises are abating, there may be more positive news for high street retailers ahead.

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Services

Services Output Growth (%)

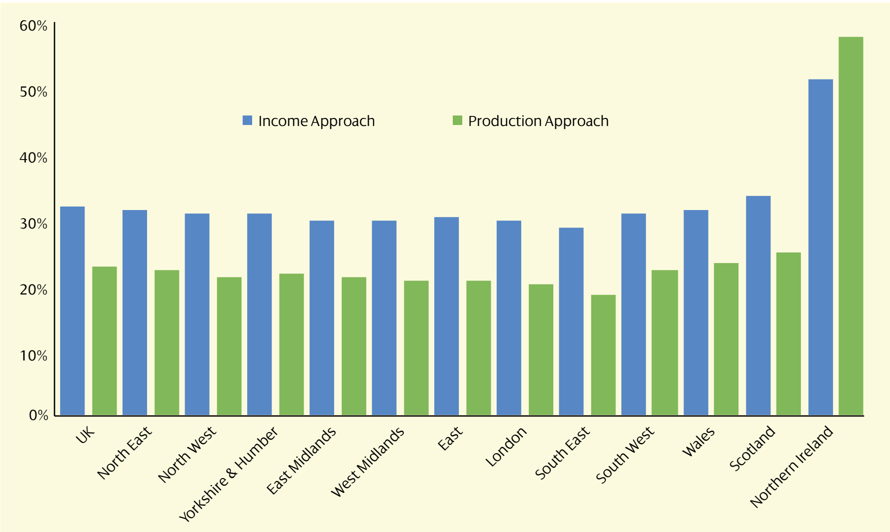
	2016	2017e	2018f	2019f	2020f	2021f	2022f
Midlands	6.9	7.1	7.3	7.0	7.6	7.0	7.0
UK	5.3	5.1	5.5	5.3	5.9	5.3	5.3

Source: ONS & MEF

In December, the ONS published the first balanced regional GVA, which combines the production and income approaches to GVA into a single figure. Both of these methods use modelled and estimated data, as well as observed data from business surveys such as the Annual Survey of Hours and Earnings and the Business Register and Employment Survey.

There is more observed data in the income approach than the production approach, and there is also regional variation in the amount of observed data for each measure. The outlier is Northern Ireland, which has some independent data collection methods and consequently has more observed data for both approaches. There are also industry variations, with production industries tending to rely more on the production approach, and the income approach used more for services industries. There are also industries, such as financial services, where other methods such as FISIM are used.

% of Observed Data in GVA (2014)



Source: ONS & MEF

These differences could have implications for regional output, where regions with a more production-based economy could have less observed data and more modelled data in their GVA figures.

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Societal

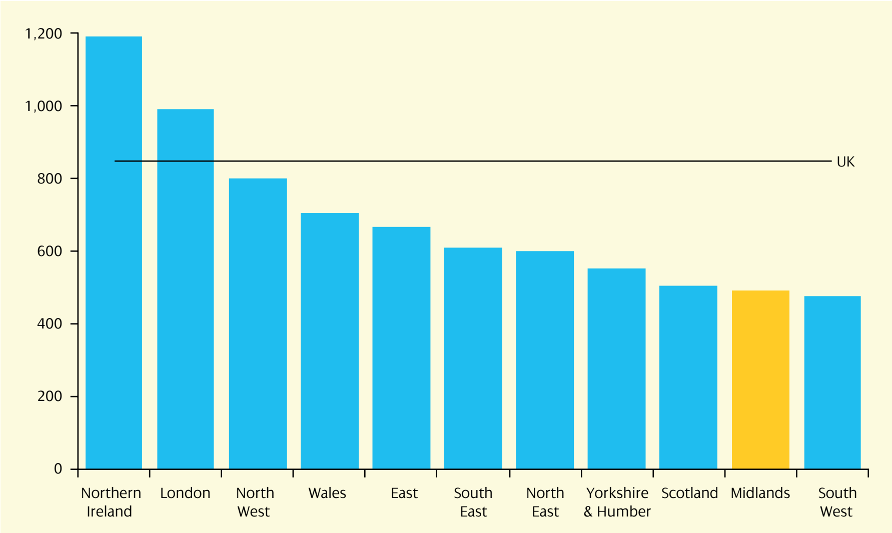
Services Output Growth (%)

	2016	2017e	2018f	2019f	2020f	2021f	2022f
Midlands	6.9	7.1	7.3	7.0	7.6	7.0	7.0
UK	5.3	5.1	5.5	5.3	5.9	5.3	5.3

Source: ONS & MEF

With the election of Metro Mayors across the UK, including in the WMCA in the Midlands, the devolution agenda has drawn some attention to regional funding disparities in the UK. As can be seen below, spending per capital on economic affairs in the Midlands is 58% of the UK level, and less than half of that in Northern Ireland or London.

Public Spending per Capita on Economic Affairs



Source: HMRC & MEF

One of the issues with the allocation of regional funding is the calculation of GVA uplift for investment – the West Midlands was ranked at the best destination in Europe for Greenfield FDI in terms of job creation by FDI magazine, and the UK regional PMIs showed the region as the best performer in 2017 – yet it is perceived that there will be greater returns from other regions in the UK.

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Fiscal Trends

Estimated Public Expenditure Balance

Region	GVA 2016 (£m)	Expenditure 2015/6 (£m)	Surplus/Deficit* (£m)	Surplus/Deficit as % of GVA
UK	1,747,647	616,643	-4,967	-0.28
North East	50,675	24,861	-7,125	-14.06
North West	166,542	67,344	-9,054	-5.44
Yorkshire and The	112,194	47,389	-8,121	-7.24
East Midlands	100,087	38,522	-3,492	-3.49
West Midlands	126,589	50,323	-6,017	-4.75
Midlands	226,676	88,845	-9,508	-4.19
East of England	147,382	49,600	1,984	1.35
London	408,479	87,852	55,116	13.49
South East	258,902	71,374	19,242	7.43
South West	127,372	45,743	-1,163	-0.91
Wales	59,585	30,978	-10,123	-16.99
Scotland	134,038	56,610	-9,697	-7.23
Northern Ireland	37,237	20,336	-7,303	-19.61

*Using Manchester model of 35% of GVA
Source: HMRC, ONS & MEF

Calculating the real structure of regional fiscal flows, remains a complex issue as HMRC itself recognises. Whilst it is recognised that most of the taxes may be paid in London, it is contested that these are mainly generated in the Capital. One approach, the so-called Manchester Model indicates that the fiscal performance of the region is stronger than perceived. However, the calculation is based on the calculation of regional GVA, which is itself a fragile exercise. A more nuanced approach is obviously required, if a truer understanding of the region's fiscal strengths and weaknesses is to be achieved.

Midlands Basic Data

	Source	Date	EM	WM	Midlands	UK
Population	ONS	2016	4,724,400	5,800,700	10,525,100	65,648,100
Population Aged 16-64	APS	2017	2,919,300	3,571,700	6,491,000	41,145,500
% Population 16-64 Economically Active	APS	Dec-17	77.6	76.4	76.9	78.2
% Employed of 16-64 Population	APS	Dec-17	74.1	72.4	73.1	74.7
% 16-64 Population with NVQ4+	APS	Dec-17	32.4	31.8	31.8	38.4
Claimant Count	Nomis	Nov-17	2.0	3.0	2.6	2.4
% of Output which is from:						
Production	ONS	2015	28.6	26.1	27.2	20.0
Distribution	ONS	2015	24.4	24.2	24.3	25.1
Services	ONS	2015	24.0	26.5	25.4	32.5
Societal	ONS	2015	23.0	23.2	23.1	22.4
% in Employment who are:						
Managers, Directors and Senior Officials	APS	2017	10.7	10.6	10.7	10.8
Professional Occupations	APS	2017	17.0	17.8	17.4	20.2
Associate Professional & Technical	APS	2017	13.5	13.1	13.3	14.3
Administrative & Secretarial	APS	2017	10.2	10.4	10.3	10.4
Skilled Trades	APS	2017	11.4	11.0	11.2	10.4
Caring, Leisure & Other Services	APS	2017	9.2	9.3	9.3	9.1
Sales & Customer Services	APS	2017	6.9	7.0	7.0	7.5
Process, Plant & Machine Operatives	APS	2017	8.6	8.0	8.3	6.4
Elementary Occupations	APS	2017	12.0	12.2	12.1	10.5
Top 5 SIC3 Midlands Location Quotients						
Manufacture of Porcelain & Ceramics	BRES	2016	1.7	7.6	4.9	1.0
Manufacture of Footwear	BRES	2016	8.9	0.3	4.3	1.0
Manufacture of Knitted & Crocheted Apparel	BRES	2016	7.6	0.2	3.6	1.0
Manufacture of Refractory Products	BRES	2016	4.2	2.5	3.2	1.0
Manufacture of Railway Locomotives	BRES	2016	5.9	0.9	3.2	1.0
Top 5 Midlands Export Markets (£m)			EM	WM	Midlands	% of UK
USA	HMRC	2017	5,119	14,438	19,558	17.4
Germany	HMRC	2017	5,342	8,229	13,571	16.4
PRC	HMRC	2017	1,670	8,455	10,125	29.6
France	HMRC	2017	4,407	4,971	9,379	17.5
Ireland	HMRC	2017	3,056	3,440	6,495	14.5
Total	**HMRC**	**2017**	**48,012**	**76,153**	**124,165**	**16.4**

Source: HMRC & MEF

Notes

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Midlands Perspectives

APRIL 2018

The Midlands Perspectives examines the comparative performance, international competitiveness and future prospects of the Midlands. Comments on how we could develop new perspectives on the regional economy are welcomed – we aim to create a dialogue rather than a monologue.

For further information:
info@midlandseconomicforum.co.uk

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The 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. Midlands Economic Forum is part of the West Midlands Economic Forum Group.

West Midlands Economic Forum
8 Beaufort Way, Aldridge, WS9 0HJ

info@westmidlandseconomicforum.co.uk
www.midlandseconomicforum.co.uk
Registered in Cardiff, number: 07025784.

Report Authors:
Rebecca Jones, Economist
Professor Paul Forrest, Head of Research
Calum Archibald, Research Officer
Alex De Ruyter, Head of Centre of Brexit Studies

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In conjunction with BIRMINGHAM CITY University Centre for Brexit Studies