



UK Government

# Invest 2035:

The UK's Modern Industrial Strategy

October 2024

## Executive Summary

The new modern Industrial Strategy “Invest 2035” is the UK government’s credible 10-year plan to deliver the certainty and stability businesses need to invest in the high growth sectors that will drive our growth mission.

The Strategy will focus on tackling barriers to growth in our highest potential growth-driving sectors and places, creating the right conditions for increased investment, high-quality jobs and ensuring tangible impact in communities right across the UK.

The Strategy’s goal is to capture a greater share of internationally mobile investment in strategic sectors and spur domestic businesses to boost their investment and scale up their growth – an essential step in achieving, sustainable, inclusive and resilient growth.

This Green Paper sets out the Government’s approach and asks for your views and evidence to help develop a successful, modern Industrial Strategy to be launched in Spring 2025.

### *UK context*

The UK has major strengths to celebrate and build on, such as high-quality research institutions and innovative firms, its status as a global trading nation, a recognised set of regulatory and competition institutions, the pro-entrepreneurial environment, a highly skilled workforce, and investment opportunities across the country. But the UK also faces significant challenges. The UK economy has faced significant shocks in recent years and has had a poor productivity record over the past decade and a half, consistently investing less than its international peers, and lagging on the performance of city regions outside London and the South-East. There is room for improvement in the adoption and diffusion of technology and ideas, as well as improving market dynamism.

### *Our approach*

The Industrial Strategy will be ambitious and targeted. Its primary objective is to drive growth, by taking advantage of the UK’s unique strengths and untapped potential, enabling the UK’s world-leading sectors to adapt and grow, and seizing opportunities to lead in new sectors, with high quality, well-paid jobs. It will shape the type of growth being pursued: the Government will also seek to support Net Zero, regional growth, and economic security and resilience. It will be grounded in long-term stability, a renewed commitment to free and fair trade, and a pro-business approach focused on reducing barriers to investment in the UK.

### *Growth-driving sectors*

The Industrial Strategy will focus on the sectors which offer the highest growth opportunity for the economy and business. Eight growth-driving sectors have been identified: Advanced Manufacturing, Clean Energy Industries, Creative Industries, Defence, Digital and Technologies, Financial Services, Life Sciences, and Professional and Business Services. In the next stage of development of the Industrial Strategy, the Government will prioritise subsectors within these broad sectors that meet our objectives and where there is evidence that policy can address barriers to growth. Ambitious and targeted Sector Plans will be designed in partnership with business, devolved governments, regions, experts, and other stakeholders, through bespoke arrangements tailored to each sector.

### *Pro-business environment*

Our Industrial Strategy will bring forward coordinated sector-specific and cross-cutting policies that support businesses to overcome barriers and invest. By considering and listening to businesses and experts, the Government can identify the most effective levers for our sectors and geographical clusters across the country. These policy areas include people and skills, innovation, energy and infrastructure, the regulatory environment, crowding in investment, and international partnerships and trade.

### *Place*

A core objective of the Industrial Strategy is unleashing the full potential of our cities and regions. The Industrial Strategy will concentrate efforts on places with the greatest potential for our growth sectors: city regions, high-potential clusters, and strategic industrial sites. The Government is committed to devolving significant powers to Mayoral Combined Authorities across England, giving them the tools they need to grow their sectoral clusters and improve the local business environment through ambitious Local Growth Plans. Partnership with devolved governments will make this a UK-wide effort and support the considerable sectoral strengths of Scotland, Wales, and Northern Ireland.

### *Partnership*

The ambitions set out in this document can only be realised in partnership. The Government will engage widely through the development of this Strategy: engaging businesses, trade unions, local and devolved leaders, experts, and international partners. A statutory, permanent, and independent Industrial Strategy Council will be established so that the Strategy is informed by a broad and high-quality evidence base.

The Industrial Strategy and growth-driving Sector Plans will be published alongside the Spending Review in Spring 2025.

The Government wants to hear from you and collaborate on the development of this modern, ambitious Industrial Strategy.



others (e.g. knowledge ‘spillovers’). Government policy can address undesirable costs (‘internalise externalities’) or stimulate activity to generate desirable benefits.

**From a practical perspective, a targeted approach also helps in terms of building a partnership with business.** Businesses organise, compete, and recognise themselves in terms of sectors – even if these do not always align with standard statistical definitions. Firms in these sectors are more likely to face similar barriers and opportunities to growth, making it easier to target them together.

## Objectives for the Industrial Strategy

**The Industrial Strategy is a central part of the Growth Mission.** The purpose of the Growth Mission is to fix the foundations of the UK economy and to kickstart a decade of national renewal in order to drive growth and to deliver on the mandate to rebuild Britain, support good jobs, unlock investment, and improve living standards across the country. This includes promoting productivity and growth in small businesses across our economy, particularly in supply chains across our growth-driving sectors.

**In its drive for growth, the Industrial Strategy will shape the economy,** taking advantage of the UK’s unique strengths and untapped potential, enabling already world-leading industries to adapt and grow, and seizing opportunities to lead in new and emerging industries. It is essential to consider the type of growth that the Industrial Strategy will deliver: growth that supports high quality jobs and ensures that the benefits are shared across people, places, and generations. To that end, it will also support Net Zero, regional growth, and economic security and resilience.

**Net Zero:** The UK is committed to sustainable growth – growth that is aligned with our Net Zero and environmental objectives. The UK approach will demonstrate global climate leadership, including focusing on supporting the Clean Energy Mission. It will build a strong domestic industrial base across services and manufacturing to gain strategic economic advantage – creating good, well-paid jobs in the green sectors of today and of the future. This includes opportunities presented by the circular economy.

**The Net Zero objectives for the Industrial Strategy will be to:**

- a. Capture the growth opportunities of the Clean Energy Mission and Net Zero transition.
- b. Identify and support Clean Energy industrial sectors with the greatest growth potential.
- c. Align sector plans with Net Zero and environmental objectives.

**Regional growth:** Higher national growth must involve unlocking the economic potential of the UK’s cities and regions, by tailoring policy to specific place-based constraints and opportunities. There are enormous growth opportunities in city regions and clusters across the UK. Businesses co-locate in specific clusters, with their own place-based opportunities and barriers to growth. The success of the Industrial Strategy’s growth-driving sectors can only be achieved if these clusters reach their full potential, supported through a place-based approach to policy.

**The regional growth objectives for the Industrial Strategy will be to:**

- a. Unleash the potential of UK cities and regions, taking into account regional growth when considering growth-driving sectors.