

Foreign takeovers revive talk of UK decline

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A flurry of cross-border takeover deals in the UK this summer has revived the debate over the future of the country's listed industrial companies.

Britain's domestically owned industrials are going through a decades-long transition from big business to niche production. Manufacturing now makes up only 11 per cent of UK gross domestic product but contributes half of exports and accounts for three-quarters of business expenditure on research and development.

Some see the takeovers as a sign of health in British manufacturing and the fruits of the UK's open market. For others, though, the deal making is fresh evidence of Britain's industrial decline. So far this year, more than two-thirds of manufacturing mergers and acquisitions have been so-called inbound M&A, where foreign companies have purchased UK targets.

There is concern not only that the UK is losing its listed industrial companies to foreign control, but that the nature of cross-border deals is also changing, writes Andy Sharman.

According to [Professor Simon Collinson \(/staff/profiles/business/collinson-simon.aspx\)](/staff/profiles/business/collinson-simon.aspx), Dean of Birmingham Business School, acquirers will in future come less from the US, Japan and Europe and more from the emerging economies of Brazil, India, Russia and, in particular, China.

“We know the motivations of this new set of investors are very different – MGRover illustrates that. When British carmaker MG Rover collapsed in 2005, China's Shanghai Automotive (SAIC) bought intellectual property rights to some of its vehicles and engines. Much of its production equipment was shipped to Nanjing Automobile with which SAIC has since merged.

Chinese companies last year spent \$1.2bn on UK manufacturing M&A, their biggest outlay since 2008, making the country the fourth most active industrial acquirer in Britain”

This shift, Prof Collinson says, “has real implications for total manufacturing employment but also the evolution of the manufacturing base in the UK”.

[Read the article in full with comments from our Dean, Prof. Simon Collinson, on the FT website \(registration required\).](http://www.ft.com/cms/s/0/a0ea0bb8-08d7-11e3-8b32-00144feabdc0.html) (<http://www.ft.com/cms/s/0/a0ea0bb8-08d7-11e3-8b32-00144feabdc0.html>)

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