



Summary Subgroup 1 • 24 June 2026

Directorate for Energy Supply Chain (DESC)



24 June 2026

SUBGROUP 1 – GLOBAL COMPETITION

Executive Summary

The subgroup discussed how the UK energy supply chain can improve its global competitiveness, focusing on three main themes: rebuilding industrial capability, using local content more effectively, and improving finance and export support. Participants agreed that the UK retains strong technical expertise, engineering capability, innovation and high-value manufacturing strengths, but is losing competitiveness because of weak long-term policy certainty, high costs, fragmented procurement, limited export support, and insufficient practical support for SMEs.

A central message was that policymakers need to be presented with solutions rather than a list of problems. The group therefore identified practical areas for intervention, including targeted re-industrialisation, clearer local content requirements, better supply chain mapping, reduced procurement barriers, more competitive energy costs, stronger skills pathways, and a more proactive export finance model.

Present

Kim Stephen, EIC (KS)

Neil Golding, EIC (NG)

Rebecca Groundwater, EIC (RG)

Ian Molloy, EIC

Peter Richards, DEEP Manufacturing Ltd

Vilasini Krishnan, Deugro (United Kingdom) Ltd

Jasmina Tuncheva, FRACHT UK Ltd

Stuart Billingham, Koso Kent Introl Limited

Frazer Budd, McDermott Marine Construction Ltd

Dan Rigby, Wood Group UK Ltd

Steve Simpson, Safelift Offshore

Paul Mudd, TRS Workforce Solutions

Apologies

Paul Bicker, asset55

Andrew Smith, Denholm Industrial Services Limited

1 Meeting Purpose and Context

The meeting was convened as part of the EIC Directorate for the Energy Supply Chain workstream on global competition. Neil Golding opened by explaining that global competition had been identified in earlier discussions as one of the biggest challenges facing the UK supply chain. The purpose of this subgroup was to explore where the UK is losing competitiveness and to identify constructive policy asks.

Rebecca Groundwater updated the group on the first DESC subgroup, which looked at the importance of policy. One of the actions to come out of the meeting was the mapping of project timelines and identifying where delays have affected the supply chain. This evidence will be used to show policymakers that project delays and delayed final investment decisions have material consequences for UK capability. The timing was considered important because the group believes there may be an opportunity to reset engagement with policymakers during the summer period.

2 Key Discussion Points

2.1 UK Industrial Capability and Re-Industrialisation

Participants agreed that the UK should not attempt to rebuild low-cost, high-volume manufacturing models that have moved overseas. Instead, the UK should focus on areas where it still has differentiating capability: high-value engineering, technical expertise, innovation, advanced manufacturing, complex customer interface, specialist components, and early-stage technology development. One of the key challenges highlighted was the commercialisation and scaling of new technologies.

Several contributors argued that the UK has strong ideas and technical capability but lacks the financial incentives, procurement environment and investment confidence needed to turn innovation into production at scale. The US was repeatedly cited as easier to do business with/in, with faster contracting and a stronger market pull. China was referenced as having long-term policy consistency and industrial direction, although participants recognised that the UK cannot replicate that model directly.

There was concern that the UK is losing manufacturing opportunities because companies are being pulled towards markets that offer clearer demand, faster procurement and more practical support. One SME example contrasted six months to reach a government contract in the US vs nearly 24 months of discussions with the UK MOD. Participants said this kind of delay makes it difficult for UK firms to plan, invest and retain capability.

2.2 Barriers to Doing Business in the UK

SMEs highlighted practical barriers in UK procurement, particularly onerous flow-down terms and conditions from primes, disproportionate liability requirements, cyber security insurance obligations, slow processes, and fragmented access routes into government contracts. One example involved a £150k contract requiring £10m of cyber liability insurance, making the work commercially unattractive.

The group suggested that government could underwrite or support certain insurance, cyber security and compliance requirements for SMEs, or provide shared support mechanisms that allow smaller businesses to meet procurement standards without pricing themselves out of contracts. Participants also called for a more joined-up procurement portal or qualification system for UK SMEs, similar in concept to historic

supplier registration models used in oil and gas (FPAL).

High energy prices were also identified as a fundamental competitiveness issue for manufacturers. Participants argued that if government wants domestic manufacturing, it must address the cost base through lower industrial energy prices, tax relief, targeted incentives or other immediate support.

2.3 Local Content as a Strategic Lever

Local content was seen as a central lever for rebuilding competitiveness, but participants warned that broad voluntary targets are not enough. There was support for more specific, enforceable and targeted local content requirements focused on areas where UK capability already exists or can realistically be developed. Participants questioned whether local content should be defined at UK level, European level, or even sub-regional level.

Several overseas models were discussed. Petrobras was cited as an example of a system where local content applies where capability exists, but is not forced where a country lacks the relevant technology. UAE in-country value models were also discussed as examples of government-led systems that encourage spend within the domestic economy, local hiring, local manufacturing and reinvestment. Participants felt the UK lacks an equivalent country-level framework.

The group discussed the need to map UK supply chain capability and align local content requirements to real strengths. Rather than setting blanket project-wide percentages, requirements could be targeted at specific equipment, components, services or packages where UK companies are already active. This would protect high-value capability without creating unrealistic obligations across every part of a project.

There was also interest in “local-local” content, such as assessing which companies within a 50-mile radius of a project could realistically supply packages. However, participants warned that local content should not simply become spend on taxis, hotels or low-value services. It should be designed to build industrial capability, skills, manufacturing and long-term regional economic value.

2.4 Skills, Graduates and Workforce Pipeline

The skills discussion highlighted a tension between perceived shortages and a lack of project work for new entrants. Some participants said graduates are available, but companies struggle to place them on contracts because clients see trainees as a cost and because the overall project pipeline is weak. This risks creating a cycle in which young people leave the UK energy sector for opportunities overseas.

Rebecca noted that skills cuts across all the DESC subgroups, but robust data is needed before making specific policy asks. Participants suggested that future work should link education, apprenticeships and STEM pathways to long-term industrial strategy, rather than treating skills as a separate issue. There was support for better-funded apprenticeships, incentives for taking on trainees, and targeted support for qualifications linked to industries the UK wants to retain or grow.

2.5 Finance and Export Support

The final discussion focused on export support and finance. Participants felt that support from DBT, overseas posts and UK Export Finance has weakened significantly. Several contributors said that the contact networks, trade missions, embassy support and practical market access routes that previously helped UK companies have either diminished or disappeared. SMEs increasingly have to identify opportunities, make introductions and finance overseas market entry themselves.

UK Export Finance was described as difficult to engage with and insufficiently transparent about supported projects. Participants argued that if UK taxpayer-backed finance supports overseas projects, there should be clearer visibility of those opportunities and a stronger link to UK supply chain participation.

The Japanese JBIC model was mentioned as a potential comparator, where support bodies proactively identify international projects and inform domestic companies where they can participate.

The group also questioned whether the UK's export strategy is too narrowly focused on emerging low-carbon sectors that are not yet mature enough to sustain the wider supply chain. Participants argued that while hydrogen, CCS and offshore wind are important, the UK should not ignore larger global energy markets where existing UK capability could still compete. A better export strategy would target markets and projects where UK companies can realistically win work across the supply chain.

3 Proposed Solutions and Policy Asks

- Target re-industrialisation: focus on high-value engineering, advanced manufacturing, technical services and specialist components where the UK has genuine strengths.
 - Map UK capability: use supply chain mapping to identify existing UK and regional capability by project, package and component type.
 - Design smarter local content rules: move beyond broad voluntary targets and consider package-specific or capability-specific requirements where UK suppliers can realistically deliver. NG – EICSupplyMap could be utilised for this work.
 - Create local-local evidence: assess which capable firms are located within practical project catchments, such as 50-mile radiuses, and compare this with actual contract awards.
 - Strengthen skills pathways: link apprenticeships, graduate placements and STEM education to a long-term industrial strategy and create incentives for clients to accept trainees on contracts.
 - Rebuild export support: restore practical overseas networks, trade missions and embassy support that help SMEs access international opportunities.
 - Improve UKEF transparency: publish clearer information on supported overseas projects and actively connect UK suppliers to relevant opportunities.
 - Adopt proactive export intelligence: explore models where government or finance institutions identify global projects and proactively notify UK companies of opportunities.
 - *Reduce procurement barriers for SMEs: simplify processes, improve access routes, and provide support for disproportionate insurance, liability, cyber and compliance requirements.*
 - *Address industrial cost competitiveness: consider energy cost relief, tax incentives or targeted support for manufacturers facing high input costs. (To come back to in future meetings).*
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4 Actions and Next Steps

Action	Owner	Timing
Work with the EICSupplyMap team to analyse supply chain companies with the capabilities to deliver work on selected projects, including mapping companies within a 50-mile radius and assessing capability against actual contract awards.	EIC	August/September 2026
Identify practical examples where UKEF or other export support has worked well in the past, including evidence of UK supply chain participation.	EIC/DESC participants	September 2026
Follow up with member company on the JBIC example and share further details on how Japan's model proactively links companies to overseas opportunities.	Neil	Q3 2026
Consider further work on local content models, including Petrobras-style capability-based requirements and UAE-style in-country value frameworks, and agree which equipment and services should be focused on.	EIC/Group	To be confirmed
Revisit skills and graduate pipeline evidence once the wider DESC work has generated more robust data.	EIC/Group	To be confirmed

- The date of the next meeting is to be scheduled



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