

# Manufacturing leaders turn to China and India to boost economic growth

China has topped a list of countries considered most important to industrial manufacturers for economic growth, according to a new report by PwC.



The findings are from PwC's Growth Reimagined: Industrial Manufacturing Survey (IM), a sector cut of the 14th PwC Global CEO Survey launched earlier this year. Over 1,200 business leaders and manufacturers from 69 countries took part in the initial survey (including 76 industrial manufacturers across 30 countries).

When asked by PwC, which countries do you consider most important for growth over the next three years, China scored top with 58%, followed by India with 32%, then USA, Brazil, Germany, Russia and UK with 8%. The list featured 59 countries and 27 scored zero.

Customer demand, uncertainty over economic growth and concerns over a rapidly shrinking talent pool are the top three concerns of business leaders.

Looking ahead, emerging markets will be a key source for new talent pools, the report says, although mature markets will also play a big part. Graeme Billings, Global Industrial Products Leader at PwC, said:

"The war for talent is particularly acute in rapidly emerging markets. Many businesses are therefore stepping up the overseas deployment of key employees. The number of international assignments among multinationals has increased 25% over the past decade, and PwC predicts that will grow by another 50% over the next 10 years."

As the world economy is still recovering from the worst economic crisis in 75 years, leaders polled expect recovery to come out of emerging markets of Latin America and Asia - particularly China. Other trends in the IM report show that manufacturers are directing more focus towards customers and on innovation opportunities as part of their growth plans. In addition, 43% of industrial manufacturers are increasing their commitment to innovation and safeguarding intellectual property compared to just 33% of CEOs in the overall sample.

When asked about innovation, 70% of the 76 manufacturing leaders said environmentally produced products would be an important part of their strategy, and 56% do not believe government assistance will play any part in boosting their innovative output.

The IM report is being launched with a sister paper, Customer Collaboration Designs Excellence, which is the second in PwC's Manufacturing Excellence Series (MX), and uses case studies to highlight how firms are collaborating to achieve better relationships and revenue, one of the elements highlighted in the IM CEO report.

Global case studies in the report include Emerson Electric, GE, Vestas and Keenan System, a dairy feed company based in Ireland. Gardner Denver, a global manufacturer of industrial compressors, pumps and fuel systems, recognised that their solar panel manufacturers had an issue with its pumping technology. After listening to concerns they successfully revised their product.

Ireland's Keenan System, is aiming to break into the world dairy market and has its ear to the ground, listening to what consumers want. Their technology, in some instances, is improving feed efficiency by up to 20%, the report states.

Increasing collaboration with customers, PwC says, could go a long way to supporting the success of companies. Those t don't could face loss of market share, more difficult routes to market and challenges in retaining business.

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