

OCTOBER 2026

UK logistics: a critical driver of growth and investment

A summary of a report commissioned by Logistics UK from Capital Economics assessing the indirect, induced and catalytic impact of the logistics sector on the UK economy

Nothing moves without logistics. Logistics UK analysis shows the sector directly contributes £175 billion in GVA annually and employs 8% of the UK workforce, providing good jobs with strong career progression in communities across the country. This is comparable to, and in some cases larger than, construction, manufacturing, and financial and professional services.

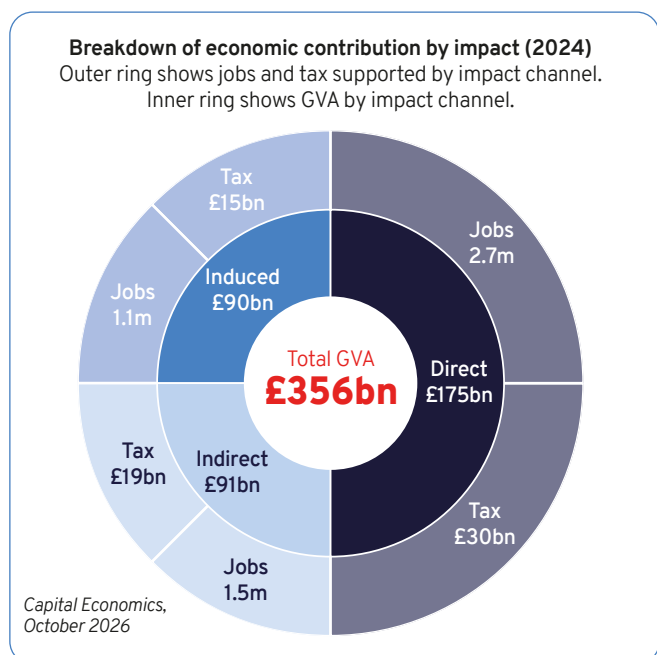
Logistics is critical to growth across the UK and is fundamental to our way of life, delivering for homes, businesses and public services every day, and enabling over £1 trillion of international trade.

Logistics UK asked Capital Economics to look at the wider economic importance of logistics by examining the impact of supply chains, employee spending and wider tax contributions.

The sector's economic contribution extends far beyond logistics businesses

A stronger logistics sector means a stronger economy, supporting growth through supply chains, household spending and increased investment.

Capital Economics' analysis shows that the sector's direct, indirect and induced impact totals:



The logistics sector's wider economic impact (2024)

Impact through supply chains

Spending by logistics businesses with UK suppliers generated £91 billion in GVA and supported 1.5 million jobs.

Impact through employee spending

Spending by logistics employees supported £90 billion in GVA and 1.1 million jobs across the UK.

Indirect and induced tax contribution

The logistics sector supported £34 billion in tax revenues through its supply chains (£19 billion) and employees' spending (£15 billion).

Powerful multiplier

Every £1 of GVA generated by logistics created an additional £1.04 in the wider economy through its supply chains and employee spending.

Every 100 logistics jobs supported a further 96 jobs through supply chains and employee spending.

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Logistics strengthens activity across the wider UK economy

High-quality logistics can:

- **Reduce production costs:** helping businesses lower the cost of producing and distributing goods and services, improving competitiveness.
- **Increase profits:** enabling goods to move more efficiently and cost-effectively through supply chains.
- **Lower barriers to growth and investment:** reducing the need for firms to invest in their own infrastructure, networks and distribution capacity.
- **Improve reliability:** increasing efficiency by reducing delays and supply chain disruption.
- **Expand access to markets:** connecting businesses to more customers across the UK and around the world.

A stronger logistics sector drives foreign direct investment (FDI)

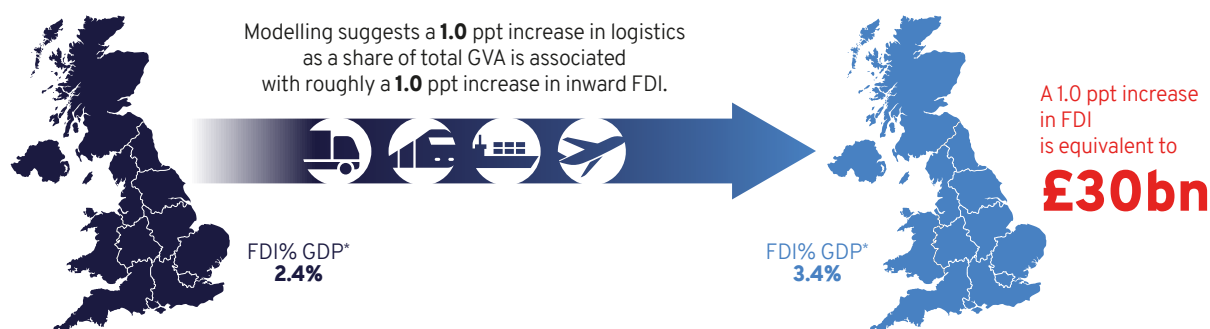
Empirical studies show that the quality and depth of the logistics sector is a key driver of inward FDI.

High-quality logistics improves reliability, lowers production costs and expands access to customers in the UK and international markets.

- Countries with stronger logistics sectors attract higher levels of foreign direct investment. This analysis suggests that a one percentage point increase in logistics' share of the economy is associated with a 0.7-1.5 percentage point increase in inward FDI as a share of GDP.
- Other measures of logistics strength, including port throughput and airports per capita, also show a positive relationship with inward investment, strengthening the evidence that logistics matters for attracting FDI.

Logistics should be recognised as enabling economic infrastructure. Policies that improve the capacity, reliability and efficiency of freight and logistics networks boost productivity, support growth across supply chains and strengthen the UK's attractiveness to international investors.

To read the report in full, scan here:



Source: Capital Economics, October 2026

*Note: 5-year average of UK inward foreign direct investment as a share of GDP used given volatility in annual data. Pound figure stated for FDI impact is to provide context to Capital Economics' modelling outputs, with the associated boost to investment from the rise in logistics assuming all else is equal. This figure is based on 2025 GDP.

Logistics UK is the champion of the logistics sector, the backbone of the UK economy and global trade, providing a unique and authoritative voice for our members. As one of the country's biggest business groups, we represent one of its largest economic sectors.

We are the only trade association which represents all of logistics, with over 22,000 members, operating in road, rail, waterways, sea and air freight, in ports, airports and warehousing, as well as the customers of freight services such as retailers and manufacturers.

We deliver industry representation, services and thought leadership, helping members and policymakers to seize new opportunities for the sector and the economy as a whole, right across the country.

To discuss how logistics can drive growth across the whole economy, contact publicaffairs@logistics.org.uk

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