



ALL-PARTY PARLIAMENTARY
MOTOR GROUP

Delivering opportunities:

Automotive investment for growth

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REPORT OF THE APMG 2011-2012

Introduction - from APMG Chair

It has been a momentous twelve months for automotive in the UK. Over £5.6 billion has been committed by automotive companies across the country, demonstrating the dedication of industry's dynamic workforce and marking a step-change in investment.

Amidst the backdrop of a challenging economy and the search for an achievable plan for growth, automotive has demonstrated that it is already delivering on opportunities to advance UK ambitions as a leading manufacturing force. This sector has many recent successes but industry and government cannot be complacent. More needs to be done to build on these foundations and set a long-term framework for growth.

I would like to dedicate this report to our valued colleague Robin, Lord Corbett of Castle Vale, who sadly passed away earlier this year. He was a Vice Chair of the APMG, a dedicated parliamentarian who supported the industry throughout his long career, and a very good friend. He will be sorely missed.

Richard Burden MP – Chair, All-Party Parliamentary Motor Group

DID YOU KNOW?

- The UK is home to seven volume car manufacturers, six commercial vehicle manufacturers, 11 bus and coach manufacturers, more than 100 specialist vehicle manufacturers and eight Formula One teams.
- Over one million vehicles and two million engines are produced in the UK each year.
- Over the last 18 months over £5.6 billion investment has been committed to UK automotive.
- Approximately 4,500 companies are involved in the UK motor-sport and performance engineering industry.
- Over 80% of vehicles manufactured in the UK are exported.

Summary

This report outlines the findings of meetings of the All-Party Parliamentary Motor Group (APMG) in its discussions over the last year.

The APMG has been a key forum in bringing together parliamentarians from across both Houses and all parties to discuss key issues facing the UK motor industry. It has also provided an opportunity to discuss the significant investment announcements made by the sector, which have been welcomed by the group.

The APMG has discussed a range of issues and would like to highlight to the government and members of both Houses that:

1. The government must take urgent action – on top of its existing business support measures – to enable businesses across automotive and manufacturing sectors to access finance. The government should establish a structured dialogue between the financial and automotive industries.
2. Smaller firms in the supply chain need to be supported in taking on apprentices to enable them to grow. More innovative solutions are needed from both the government and industry. Increasing efforts need to be made to improve access and quality in science, technology, engineering and mathematics education in schools to support manufacturing careers opportunities.
3. To enable low carbon consumer choices, the government should bolster its offer of support for R&D and incentives for charging infrastructure. Procurement is also a powerful tool and the government should include opportunities for low carbon vehicle purchasing in its review of procurement.
4. Motorsport is a key part of the wider automotive sector and should be supported in its endeavours to create a technology roadmap and collaborate with automotive companies and other industries including aerospace and defence.

UK automotive supply chain

The first APMG discussion in this series took place in October 2011 and focused on the challenges and opportunities facing the UK's automotive supply chain.

Looking at the competitiveness of the supply chain Philip Rutnam, a Director General at BIS, outlined government support for companies and policies around access to finance. Gareth Jones, Managing Director of supply chain company ebm-papst, gave first hand insight of issues facing the sector.

DISCUSSION KEY POINTS

- Access to finance was a major issue for supply chain companies, requiring an urgent change in approach from the financial sector. The government must ensure that credit easing programmes have a direct and clear impact on increasing lending to SMEs.
- Smaller companies often do not have the experience and resources for taking on apprentices. The government should therefore look into how it can support meeting this vital need.
- The government should undertake specific analysis of manufacturing supply chains to more effectively direct policy and ensure consistency in implementation of business support measures.
- Lessons should be learnt from other countries' industrial policies to ensure a coherent approach in attracting investment and strengthening the supply chain.



Low carbon consumer choices

In December 2011, transport minister Norman Baker MP joined the group to discuss the government’s policy on supporting low carbon consumer choices and support for transport technologies.

The Consensus Passenger Car Technology Roadmap outlines the range of technologies the industry is investing in to reduce emissions – from the internal combustion engine to hydrogen fuel cells. The importance of consumer support for purchasing ultra-low carbon vehicles was also debated.

DISCUSSION KEY POINTS

- A long-term approach to government policy is needed to support consumers and industry to create a viable market for ultra-low carbon vehicles.
- Incentives to increase the UK’s low carbon capabilities are needed – particularly for R&D and recharging infrastructure – to sustain and extend the UK’s leading position as a low carbon manufacturer.
- Public and private fleet procurement provides an opportunity for significant adoption of new low carbon technologies. The government should ensure its review on procurement includes this aspect.
- Electricity from the grid needs to be decarbonised to maximise the environmental proposition of low carbon vehicles to consumers. A smart grid and smart meters are important aspects that industry and the government need to work on together.



Sustaining growth in 2012

Ahead of the Budget, the economy was the focus of the March 2012 breakfast meeting. The discussion looked at how the government could focus its growth strategy and support business to maintain and lever further investment in the UK automotive industry.

The group was joined by John Leech, KPMG's UK Head of Automotive, who gave an overview of the prospects for the industry, as well as shadow business minister, Iain Wright MP, who discussed policy on industrial strategy.

DISCUSSION KEY POINTS

- The relationship between industry and banks continues to be a critical issue for growth potential in the automotive sector. The government must exploit its unique position to convene banking and manufacturing representatives to address these concerns.
- Work on skills development and improving the image of manufacturing is important. Industry has responded with great enthusiasm in enabling schools to see inside plants and facilities.
- A stable policy framework is needed so businesses can plan effectively for the future. The Automotive Council provides this opportunity and the government must reinforce focus on its outputs.
- There are huge export growth opportunities in the automotive industry, of benefit for the whole economy. The government must ensure that its industrial priorities are reflected in its trade policy.



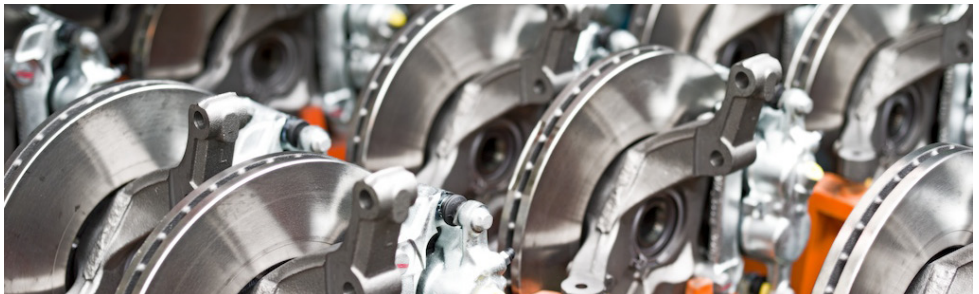
Motorsport to automotive

Trade and investment minister Lord Green joined representatives from the motorsport and automotive industries to explore linkages that demonstrate the strong innovative collaboration between companies in both sectors with the group at their meeting in May 2012.

Tony Harper from Jaguar Land Rover and George Lendrum from RML Group spoke about opportunities and areas where the government could further enhance growth.

DISCUSSION KEY POINTS

- Ensuring engineering skills are supported throughout the education system is important. It is concerning that science subjects are not a more popular option for young people. The government should continue efforts to increase access to and take up of STEM subjects.
- British university capabilities should be aligned to an industrial agenda to exploit commercial opportunities in both motorsport and automotive. Overseas visibility of the UK's research strengths should be enhanced to encourage more organisations to do business here.
- A motorsport technology roadmap, mirroring the existing roadmaps for automotive, should be supported and developed with buy-in from the wider industry and government. Low carbon technology development has benefitted greatly from cross-sector collaboration.



ALL-PARTY PARLIAMENTARY MOTOR GROUP

The purpose of the group is to debate and address issues of strategic importance to the UK automotive industry, the motorsport industry and vehicle users; to focus on the role of the motor vehicle, including the environmental impact; and to promote dialogue between politicians, industry, vehicle users and other stakeholders.

APMG Officers

Chair:	Richard Burden MP	Treasurer:	Heather Wheeler MP
Vice-chairs:	Lorely Burt MP Edward Timpson MP	Secretary:	Gavin Shuker MP

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Seminars, receptions, events and activities take place inside and outside of Parliament throughout the year. For more information on joining the group or its forthcoming programme, please do not hesitate to contact the officers or the secretariat on the details below.

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