Automotive Council

Minute of the Automotive Council 18 March 2010

BIS Conference Centre, 1 Victoria Street, London, SW1

Attendees:

Richard Parry-Jones (Chair)
Gordon Murray (Deputy Chair)
Brian Collins, DfT/BIS
Barry Dodd, GSM Group
Paul Everitt, SMMT
Joe Greenwell, Ford
Jerry Hardcastle, Nissan
Jürgen Hedrich, BMW
Dave Keene, Niche Vehicles Group
John Miles, ARUP
Dave Osborne, UNITE
Bill Parfitt, GM
Andrea Paver, Leyland Trucks
Graham Smith, Toyota

Lord Mandelson (Govt Chair)
Ian Lucas (Govt Acting Chair)
Iain Gray, TSB
Geoff Dart, BIS
Michael Hurwitz, OLEV
Andrew Levi, UKTI
Paul Mullins, BIS
Jane Whewell, BIS

Apologies:

Jon Carling, Aston Martin
Gwenne Henricks, Caterpillar/Perkins
Hermann Kaess, Bosch
Ken Keir, Honda
Trevor Mann, Nissan
Franz-Josef Paefgen, Bentley
Nigel Stein, GKN

Agenda Item 1: Chairs' Introduction

Ian Lucas opened the meeting and congratulated members on the progress achieved by the Council and its sub-groups.

IL noted the recent automotive investment announcements of GM, Ford and Nissan and their positive effect on the UK automotive sector.

Richard Parry-Jones thanked members and noted the level of commitment and collaboration achieved so far. **RPJ** noted the priorities and challenges of the Council but also the opportunities available if it is successful. For example, a single OEM has expressed its desire to bring £500 million of sourcing back to the UK.

To avoid any confusion over respective roles, **RPJ** clarified the purpose of the Council informal working group, explaining that it is open to all Council Members and is designed to ensure progress between formal Council meetings. However, it will remain an operational body with all strategic and policy decisions being deferred to the formal Council. Members confirmed they were happy with this arrangement.

Agenda Item 2: Technology Group Update

Jerry Hardcastle introduced Paper AC180310/01 setting out the proposed work streams of the group.

Andrea Paver noted she would like to nominate a crew member for work stream 1, Roadmaps and TestBed UK.

JH noted that **John Miles** had agreed to lead a study into ITS and set out where major opportunities for the UK can be found.

During the discussions the following points on ITS were made:

- The UK has the potential to develop a strong competitive position re the development of ITS. Many world leading companies developing related technologies are either UK owned or have a major UK presence.
- The UK needs to stay closely involved with EU standard setting on ITS so the UK can establish and maintain a competitive position
- The UK should seek to learn the lessons of existing large scale ITS demonstrator projects in Germany and Japan
- Fields such as telematics are highly diverse and as a result it will be important to set clear development objectives to ensure UK benefits are achieved.
- Other industries such as the defence and space sectors should be involved in ITS development
- Delivery mechanisms linking both regional and national infrastructure projects will be crucially important

Members confirmed they were content with the approach set out by **JH** and asked the Technology Group to proceed as proposed.

Iain Gray noted that the TSB would publish the UK Capability Study (Paper AC180310/02) within the next two weeks. Members confirmed they were happy for this to happen.

<u>Agenda Item 3: Supply Chain Group Update</u>

Bill Parfitt presented paper AC180310/03

IL emphasised that HMG views the work of the Supply Chain Group as being of the highest priority and endorses the approach of the Group set out by Bill.

Barry Dodd noted he would like to propose a volunteer to be involved in the work streams of the group.

Andrew Levi said that UKTI will continue to work very closely with the Group to support and deliver objectives relating to overseas investment in the UK automotive sector.

During discussions the following points were made:

- The Supply Chain Group needs to collect three sets of information:
    I. Anonymous (if required) cycle plans;
    II. What commodities OEMs want to source in the UK; and
    III. What suppliers think they are able to supply
- Commodities could in due course be categorised into the following rough groups
    I. Those that can be supplied but where OEMs lack the knowledge that such a capability in the UK exists.
    II. Those where there is potential for UK suppliers to provide such commodities but only through greater scale and collaboration.

III. Commodities where there is a near miss in cost/quality etc. that over the medium term the UK can develop solutions to address.
IV. Those where there is no UK capability and the UK needs to attract Tier 1s to fill the capability gap.
V. New technologies/commodities where collaboration and investment is required to ensure the UK can exploit future opportunities.

- The UK Science and Innovation Network based globally in UK embassies has recently completed an analysis of global suppliers/technologies. This analysis can be used to target potential inward investors

Agenda Break

Lord Mandelson joined the meeting to express his congratulations on progress to date and underline the importance of the automotive sector to British manufacturing particularly in the wake of the day's announcements.

Agenda Item 4: Auto Council Communications

Paul Everitt updated members on discussions so far regarding Automotive Council communications.

PE noted that industry and government would both need to feed into the communications work.

Dave Osborne stated UNITE would also like to participate in the communications work.

IL noted that it would be important to ensure that there was a clear distinction between formal Auto Council and auto industry communications.

During discussions the following points were made:

- There needs to be a bottom up communications strategy to target children and students and attract talent into the auto industry – Manufacturing Insight was already active in this area.
- The Council should consider how to use opportunities such as motor shows, conferences, major announcements to create a "drum beat" of communications activity
- Any communications work should remain focussed on achieving the original goals of the Council, and its sub-groups
- Key messages concerning the UK automotive sector fit into a wider story concerning the reinvigoration of UK manufacturing
- Any communications strategy should address the gap between the negative perception and more positive reality of the UK auto sector and make a business case for the UK.

Agenda Item 5: OLEV Update

Michael Hurwitz provided members an update on the work of OLEV since the last Council meeting.

During discussions the following points were made:

- Will a similar consumer incentive, as is available for the uptake of electric passenger cars, be forthcoming for HGVs?

MH stated this is an issue OLEV will keep under review and OLEV will continue to examine ways of incentivising take up of other non-car ultra low carbon vehicles.

Agenda Item 6: Tier 1 Engagement Strategy

RPJ and **IL** provided an update on their meetings in Geneva which had been very productive and illustrated ongoing interest by potential investors in the UK auto industry.

Andrew Levi noted UKTI's ongoing support for the Automotive Council Tier 1 engagement plan and its role in helping to prepare for the Paris 2010 and Frankfurt 2011 Motor Shows.

Agenda Item 7: Next Steps

IL noted an election would take place before the next formal Council meeting but that the work of the Council sub-groups will continue as "business as usual".

The meeting closed at 11.30am
Auto Council Secretariat