



AUTOMOTIVE COUNCIL

QUESTIONS AND ANSWERS:

What is the Automotive Council?

The Automotive Council is in place to provide an advisory and consultative forum for Government and the automotive industry in the UK – to ensure a sustained high-level communication between Government and the industry, and to put in place a long-term strategic framework for the industry's development.

Its aim is to help enhance the attractiveness of the UK as a location for global automotive investment, promote UK based manufacturers and technologies and position the UK as a leading global player in developing low carbon technologies.

What is its purpose?

The Automotive Council has a very clear set of objectives and its performance will be measured against specific pre-determined deliverables.

The council's purpose, therefore, is to:

- Enhance the perception of the UK automotive industry nationally and internationally and demonstrate its attractiveness as a location for global automotive investment
- Provide a stronger public voice for the industry to support the value of the industry to the UK and to global partners
- Develop further the technology roadmaps for low carbon vehicles and fuels and exploit opportunities to promote the UK as a strong candidate to develop these and other technologies
- Develop a stronger and more competitive supply chain
- Increase the appeal of the UK automotive sector as an exciting and rewarding career choice
- Ensure a strategic, continuous conversation between Government and the automotive industry

So what exactly has happened because of the Automotive Council since it was established in 2009?

The Automotive Council has met three times (December 2009, March 2010 and July 2010). It has established two working groups covering technology and supply chain issues. The Technology Working Group has established five work-streams and the Supply Chain Working Group has agreed seven key areas of activity.

What are the Automotive Council's initiatives and their deliverables?

These are being developed through the Technology and Supply Chain Group work-streams.

One key activity that the Supply Chain Group already has underway is the development of a sourcing (or commodities) roadmap. Work on this is being led by Dr. Matthias Holweg of Cambridge University with UK based vehicle manufacturers being asked to scope their upcoming sourcing requirements.

Who is on the Automotive Council?

Automotive Council members:

1. Professor Richard Parry-Jones (Chair)
2. Vince Cable MP, Secretary of State for BIS (Co-Chair)
3. Professor Gordon Murray, CEO Gordon Murray Design
4. Ralph Speth, CEO Jaguar Land Rover
5. Dr. Joseph Greenwell, Chairman Ford of Britain
6. Dr. Franz-Josef Paefgen, Chairman and Chief Executive Bentley Motors
7. Bill Parfitt, Chairman and Managing Director GMUK
8. Ken Keir, Managing Director Honda UK and Senior Vice President Honda Europe
9. Dr. Trevor Mann, Senior Vice President Nissan Europe
10. Dr. Jurgen Hedrich, Managing Director BMW Mini Plant Oxford
11. Graham Smith, Senior Vice President Toyota Europe
12. Jon Carling, COO Aston Martin
13. Dave Keene, MD RDM Automotive
14. Andrea Paver, Managing Director Leyland Trucks
15. Peter Fouquet, Managing Director, Robert Bosch UK
16. Nigel Stein, Chief Executive, Automotive GKN
17. Barry Dodd, Chairman, GSM Group
18. Paul Everitt, SMMT Chief Executive
19. Dr. John Miles, Group Board Director ARUP
20. Dave Osborne, National Secretary for the Automotive Sector, UNITE
21. Professor Brian Collins, Chief Scientific Adviser, BIS, DfT
22. Gwenne Henricks, President, Perkins Engines and VP, Caterpillar Inc
23. Jerry Hardcastle, VP Vehicle Design & Development, Nissan Europe

Automotive Council key partners:

- Manufacturing Insight (MI)
- Office of Low Emission Vehicles (OLEV)
- Society of Motor Manufacturers and Traders (SMMT)
- Technology Strategy Board (TSB)
- UK Trade and Investment (UKTI)
- Companies represented on the Automotive, Technology and Supply Chain Councils, e.g. Bentley, BMW, Bosch, Calsonic, Ford, GM, Jaguar Land Rover, Nissan, NTC Europe, Toyota.

Isn't the Automotive Council just a talking shop?

The creation of the Automotive Council marks a significant development in the relationship between the motor industry and UK Government, signaling a more collaborative approach which will help sustain industrial capability and place the UK as a leader in the development and exploitation of low carbon vehicle technologies.

The Automotive Council is a working body with a programme focused on building the future of UK based industry. It has a proactive agenda and will engage on technology, investment, research and skills. The Automotive Council will provide leadership for the industry and continued strategic engagement with Government about the challenges facing the industry.

How does it expect to deliver anything if it's only meeting about twice a year?

The Automotive Council will meet 2 – 3 times a year and the working groups will meet on a similar basis, with work on the 12 Supply Chain and Technology work-streams continuing between meetings to drive forward the Council's agenda.

What will the Automotive Council be doing that the SMMT isn't?

The Automotive Council will be tasked to harness insight from a wide range of sources' established manufacturers and suppliers, technology specialists, researchers, leaders from

the built environment, social thinkers, retailers, the financial sector and the UK's world class Universities. In addition, the Automotive Council will have the advantage of working closely with Government, including the BIS, the TSB and other policymakers to offer an industry view.

The Council will work closely with the SMMT and other industry bodies, with the SMMT and BIS also represented as members of the Council.

Is the UK behind the rest of the world when it comes to low-carbon vehicles and policies to encourage their use?

Absolutely not, the UK has a dynamic and coherent approach to maximising the value of the transition to a low carbon economy, and in fact there are more electric vehicles on the streets of London than in most other cities around the world. In addition:

- BIS is committed to the development and uptake of ultra low carbon vehicles in the UK
- Through OLEV, working with UK industry and the regions, the Government aims to position the UK as a world leader in the development, demonstration, manufacture and use of ultra-low carbon automotive technology
- Very attractive consumer incentives to stimulate the take up of electric and plug-in-hybrid vehicles

Is the UK an expensive and inefficient place to invest?

Absolutely not, and on the contrary, the UK ranks 4th in Europe and 12th in world as far as manufacturing output is concerned – it is responsible for 2.4% of global output in vehicle manufacturing.

Also:

- Productivity in the sector has risen by over 80% in cash terms since 2000. Eurostat data show the UK overtook France and Italy in mid-decade productivity, with only Germany achieving greater productivity in this period (2006) in terms of value / head.
- We have eleven of the world's volume vehicle manufacturers in the UK, supported by nineteen of the world's top twenty suppliers.
- Over one million vehicles were manufactured in the UK in 2009, 77% of which were for export markets around the world.
- Automotive is the UK's no. 1 manufactured export sector. 2009 trade data shows UK auto exports were worth £21billion.

What is the Automotive Council doing to engage overseas investors and companies working in the international automotive industry?

The Automotive Council has prioritised strengthening the UK-based automotive supply chain as an issue of the highest priority. At the first Automotive Council meeting on 10 December 2009, it was decided that a key goal in achieving this objective should be a programme of high-level engagement with Tier 1 suppliers to set out the case for new or incremental investment in the UK. The Automotive Council asked UKTI to take this work forward and already key target markets are being identified as part of this.

In the short term, the Automotive Council and UKTI are looking to use existing exhibitions, shows and conferences as a vehicle for members to engage with suppliers. In particular, significant BIS/UKTI/Automotive Council presence is planned for The Low Carbon Vehicle Conference and Exhibition (Millbrook, UK 15 – 16 September 2010) and the Paris Motor Show (2 – 17 October 2010).

Are these companies just collaborating to protect themselves, as opposed to promoting the greater good?

They are promoting the greater good of the UK automotive industry. It is in their interest to do this because simply protecting themselves without ensuring the future and security of the UK automotive sector at large would be a very short-term strategy. All members and partners are working in collaboration for the greater good of the UK automotive industry, and as stated, they have a very significant desire and vested interest in doing this.

The UK automotive industry suffers internationally from something of a poor perception – is this perception correct?

The perception, unfortunately, is out there, but it is absolutely baseless. This is one of the reasons the Automotive Council has been established – to close this perception gap. The reality is:

- On top of the eleven volume vehicle manufacturers and nineteen of the world's top 20 suppliers that choose a base in the UK, there are also an unparalleled number of niche/premium manufacturers here too, such as Rolls Royce, Bentley, Aston Martin, McLaren, Morgan, Lotus, Land Rover and several others.
- Over £1billion is spent every year in the UK on automotive R&D
- We have two of the most globally renowned test and development facilities anywhere: Millbrook and MIRA.
- We are the world centre for Jaguar Land Rover and Ford R&D. Also, the UK is at the cutting edge of developments within the supplier community (e.g. Delphi's advanced, world-leading diesel injection systems are not just manufactured here, but also designed and developed in the UK too).
- The UK is determined and committed to being at the forefront of ultra low carbon vehicle development, demonstration, manufacture and adoption. Already, there are several niche manufacturers from this sector with a base here, such as Modec, Smiths and Lotus (Tesla). And Nissan has selected the UK (Sunderland) as the global manufacturing hub for its revolutionary electric vehicle, the Leaf.
- In an assessment of 178 countries, the World Bank ranks the UK as the leading major European economy and fifth globally, for ease of doing business the UK ranks significantly higher than countries such as Switzerland, France, Holland and Germany.
- The UK is also considered the easiest place to set up and run a business in Europe – setting up in the UK takes just 13 days on average, whilst the Europe-wide equivalent is 32 days.