

AUTOMOTIVE COUNCIL NEWS RELEASE

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Rise in amount of British parts used in British car production as manufacturers boost UK automotive supply chain investment, finds new research

- New Automotive Council study shows 44% of parts used to make UK cars now come from UK suppliers, up from 41% in 2015.¹
- UK car part makers boost turnover by £3.7 billion since 2011.
- Long-term trend for reshoring continues – local content was just 36% in 2011.

Tuesday 20 June, 2017 Cars manufactured in Britain are becoming more British, according to a new Automotive Council study released today. The report, *Growing the Automotive Supply Chain – Local Vehicle Content Analysis*, shows that 44% of all components used by UK car makers now come from domestic suppliers, compared with 41% in 2015 when the study was last carried out.¹

The figures are a significant move in the right direction as efforts to re-shore the automotive supply chain continue. In 2011 local vehicle content stood at just 36%, which itself was an improvement following years of decline in UK automotive manufacturing.

British car manufacturing hit a 17-year high in 2016 with more than 1.7 million vehicles made and, since 2009 when the Automotive Council was formed, production has risen more than 72%.² Another measure of success is the amount of locally sourced parts and components used in vehicle manufacturing, because much of the sector's value added is created at the start of the production process.

In pure financial terms, with regard to output of the UK automotive parts sector, turnover has increased from £9 billion at the start of 2011 to £12.7 billion today – a 41% uplift.

Exhausts, large pressings, small pressings and plastics have all enjoyed growth, though opportunities to increase production capacity in these commodities, and others, remain. When combined with the increase in the proportion of parts sourced locally, it means domestic suppliers have increased their output by 60% since 2011.

Increasing the British supply base in this way offers benefits to the UK's vehicle manufacturers. Operating on a 'just in time' delivery basis, sourcing from UK suppliers reduces time and cost of supply chains, reducing the risk of delays which can halt production. Growing local content – and thus the domestic supply chain – also helps increase the attractiveness of the UK as an inward investment destination as a healthy supply chain is a pre-requisite of vehicle production location decisions. Furthermore, if the industry is to take advantage of beneficial trading terms included in free trade deals, originating content must meet minimum rules of origin thresholds else reduced tariffs may not apply.³

Secretary of State for the Department for Business, Energy and Industrial Strategy Greg Clark, said, "This Automotive Council report shows that we are still making good progress in increasing the UK content of the vehicles we produce. It also highlights that there are many more opportunities for us to exploit.

“Through our modern Industrial Strategy we will build on our strengths in the automotive sector in R&D, creating skilled jobs and further extending our supply chain. The Government is committed to maintaining the international competitiveness of the UK automotive sector.”

International Trade Minister Mark Garnier, said, “Our car industry is highly competitive and these figures are a vote of confidence not just for the UK automotive supply chain, but the sector as a whole.

“As an international economic department, DIT is committed to supporting British businesses to achieve success at home and overseas. That’s why we work closely with vehicle makers and supply chain companies across the country to attract further inward investment into our automotive industry.”

Mike Hawes, SMMT Chief Executive, said, “The domestic supply chain is the backbone of UK Automotive and its health is crucial to the success of the whole sector. While it is good news that British cars are becoming more British and re-shoring efforts are enjoying success, the process takes considerable time. To grow our supply chain further, the long term competitiveness of the UK must be maintained. Collaboration with government has been an undoubted factor in the recent success and we hope to continue this approach to ensure the economic and trading conditions we currently enjoy are maintained.”

The turnaround in the competitiveness of UK Automotive over the past few years has been marked, helping to attract billions of pounds of new investment. Collaboration with government, through the Automotive Council and supported by the work of the Automotive Investment Organisation in the Department for International Trade, has been significant in helping to put the industry back on the global automotive map.

One example of investment is that of automotive supplier Magna Cosma International. In May 2016 it announced that it would build a new aluminium casting facility in Telford, Shropshire. The new facility will be opened in November 2017 and will create up to 295 jobs at full capacity, representing the first significant investment into the UK’s aluminium foundry capacity for 20 years.

Ben Goater, General Manager Magna International Holding (UK) Limited and Cosma Casting UK, said “This investment by Magna into a new state of the art high pressure aluminium casting facility highlights the importance of localising manufacturing where it makes most sense to Magna and its customers. It means we are able to bring the full depth of our experience and expertise to the UK, ensuring best practice, leading process development and delivering world class aluminium systems within the country.”

The study, *Growing the Automotive Supply Chain – Local Vehicle Content Analysis*, is released today at the ninth SMMT International Automotive Summit. The event brings together industry, government and the media to discuss and debate the opportunities and challenges facing the industry.

To download the full report, visit www.automotivecouncil.co.uk.

Notes for editors

[Download the report via dropbox.](#)

1. In value terms
2. 999,460 cars were produced in the UK in 2009, rising to 1,722,698 in 2016 – a 72.4% uplift.
3. It should be noted that the methodology used for this report is one of several possible methodologies that could be used to assess local vehicle content. Our metric is designed solely as an indicator of the geographical source of UK car industry purchasing volume. The specific UK content of individual models will vary, and this report cannot be used as a definitive source when considering trade and tariff issues, such as WTO rules of origin/and/or originating content. It is, however, believed to be a reliable indicator of the degree of progress towards overall re-shoring objectives, and should be viewed in that context alone.

About the Automotive Council

The United Kingdom Automotive Council was established in December 2009. It is a joint UK government-industry organisation that is tasked with establishing the UK automotive sector as a world leader.

The Automotive Council aims to:

- Create a transformed business environment for the automotive industry in the UK to provide a more compelling investment proposition for related industries;

- 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 automotive supply chain;
- Provide a stronger public voice for the industry to support the value of the industry to the UK and to global partners;
- Ensure a strategic, continuous conversation between Government and the automotive industry in the UK.

www.automotivecouncil.co.uk

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