

The UK Automotive Scene

David Croxson – SMMT Head of International

Society of Motor Manufacturers and Traders Limited
71 Great Peter Street London SW1P 2BN

An introduction to SMMT

The Society of Motor Manufacturers and Traders (SMMT) is the principal UK motor industry trade association

- Since 1902 - representing the UK industry - vehicle manufacturers, OEM component and independent aftermarket manufacturers, suppliers and distributors www.smmt.co.uk .
- Liaising with UK government – Automotive Council.
- Contact with EU Commission and trade bodies to influence national and international standards and legislation – and help members access UK and European government funding.
- Promoting industry - inward / outward trade delegations / exhibitor groups overseas, organising UK Commercial Vehicle Show and Meet the Buyer B2B events.
- Support on technical and vehicle legislation, e-business, quality, environment, education and training.
- Providing data services - acknowledged as reliable, accurate and comprehensive.

Introduction to the UK automotive sector

- Rising to the economic challenge – production and registration
- A place in the global market – foreign investment and exports
- Climate change and emissions
- Government and industry working together – a low-carbon future
- Research & Development in the UK
- UK Supply Chain
- Electric, Ultra-Low Carbon and Alternatively Fuelled Vehicles
- A European perspective

UK Automotive rising to the challenge

- April year to date manufacturing volumes for cars and engines strong, CVs weaker.
- Major strides in reducing environmental impact in products and manufacturing processes.
- New car sales totalled 1.94mn. units in 2011, down 4.4% on 2010, but ahead of the 1.92mn. forecast.
- In 2011 better than expected trend in commercial vehicle registration: truck registrations up 42,944 units (24.6%), vans to 3.5t registrations up 16.7% to 260,153. Bus & Coach down 12.8%.
- 2011 UK production remained encouraging – strong export growth
- Significant increase in UK investment by VMs in R&D and local sourcing of components.
- Car production up 5.8%, engine production up 4.9% on 2010 but commercial vehicle production down 2.3%.

A place in the global market

- Large majority of UK vehicle assembly capacity owned by non-British companies.
- Focus on quality, flexibility and emerging technologies and markets.
- New growth technologies – electric vehicles, low-carbon energy efficient engines, new powertrains, instrumentation and controls.
- Significant focus on increasing purchasing sourced from UK.
- Unique global talent and resource in, automotive academia, independent design engineering, motorsport and formula motor racing - closely linked to mainstream automotive manufacturing.
- UK remains 4th largest vehicle manufacturer in Europe.
- High proportion of automotive production continues to be exported.
- Vehicle and engine production increasing in both 2010 and 2011
- Exports continue to increase – 83.7% car, 57.7% commercial vehicle and 70.2% engine production exported.

Climate Change and Emissions

- Post Durban 2011 – increased European focus on climate change and air quality inevitable.
- Strong UK government focus on e-mobility but government is technology neutral.
- Transition to ultra low carbon vehicles is high priority.
- SMMT's publication of CO₂ Report tracks further reductions in CO₂ and emission – with further improvements anticipated.
- Several UK cities installing charging points and SMMT EV Group supporting emerging technical and standards agenda in Europe.
- Introduction of Euro 6 emission standard for heavy commercial vehicles significant challenge for industry.
- Emissions in 2011 fell by 4.2% to 138.1g/km average – down 23% since 2000.
- Diesel and AFVs take 50.6% and 1.3% of market respectively in 2011. EV registrations 1,098 units.

Government and Industry Working Together

- Automotive Council set up in December 2009.
- Effective collaboration to identify challenges and stimulate growth.
- Sub groups for Supply Chain and Technology focus
- Publication of: Commodities Roadmap and Technology Roadmap
- Meet the Buyer events develop local UK sourcing opportunities.
- Technology Strategy Board (TSB) and Office for Low Emission Vehicles (OLEV) coordinating R&D funding spend to best advantage.
- Low Carbon Vehicle Innovation and Public procurement Programmes launched
- Engineering and Physical Sciences Research Council (EPSRC) coordinating academic research and linkage with industry.
- SEMTA and Skills Academy - responding to increased demand for engineering skills through apprenticeships, graduate programmes and staff training courses.

Research & Development in the UK

- UK government introducing beneficial tax changes and incentives to support manufacturing R&D.
- Development of wide range of low carbon vehicle, associated technologies and infrastructure.
- R&D in UK automotive is over £1.5bn per annum increasing 9% year on year.
- World class universities linked to industry creating inward investment opportunities.
- Low CO₂ engine technology has led to significant new VM investment.
- UK is aiming to be global centre of excellence for low carbon and high value technologies.
- EV investment, research, development and production in UK at an increasing level

UK supply chain

- Around 2,350 UK companies regard themselves as 'automotive' suppliers, employing around 82,000 people – SMMT Automotive Industry Finder database
- About 80% of all component types required for vehicle assembly operations can be procured from UK suppliers but two thirds in value of OEM requirement is imported.
- The UK automotive supply chain estimated to be £7.4bn per annum, typically generates further £4.5 - £5bn of added value annually.
- Automotive Council Supply Chain Group survey and report published – sourcing roadmap.

Electric, Ultra Low Carbon and Alternatively Fuelled Vehicles

- UK Government policy suite to encourage early market adoption.
- £300 million Plug In Car and Plug In Van grants.
- Recent move towards hydrogen with UKH2Mobility initiative.
- Third round of Green Bus Fund announced – 526 hybrid-electric and 16 all electric buses purchased under scheme.
- £8 million Green Truck Fund for low emission HGVs.
- Government initiative to encourage 8000 charging points by 2013 – 2500 installed as at October 2011

Market Sector	Market Sector Line	Month End	Year To Date	Month End Last Year	Year To Date Last Year
CAR GRANT SCHEME		128	488	174	438
CARS	DIESEL/ELECTRIC HYBRIDS	103	299	0	0
	OTHERS	189	700	113	335
	PETROL/ELECTRIC HYBRIDS	1,519	8,843	1,693	8,945
	PLUG-IN HYBRID	0	0	0	3
	PURE EV	92	430	179	450
	RANGE EXTENDER	39	64	0	0
CARS		1,942	10,336	1,985	9,733

A European perspective

- Close involvement with ACEA, CLEPA and FIGIEFA to influence European Commission agenda.
- Development and harmonisation of technical standards and regulations continues apace with e-mobility, safety and security.
- Close liaison with UK Department of Transport to influence UNECE WP29.
- Whole Vehicle Type Approval, Harmonised Light Vehicle Testing, EU Noise Limits are challenging for industry.
- Europe still has significant economic growth, sovereign debt and overcapacity issues to resolve.

Why Inward Investors Choose the UK

- Proven industry capability.
- In EU / outside Euro / Internationally aware / globally connected / politically stable
- English speaking, flexible and skilled labour force.
- Extensive, sophisticated & established vehicle and components manufacturing cluster.
- World-leading hub of innovation and R&D.
- Strength and direction of the Automotive Council and Government support for automotive R&D and manufacturing.
- World leader in the development, demonstration, manufacture and use of ultra-low carbon automotive technology.



BMW Mini



Jaguar C-X75 Prototype
now to go into production

The UK is leading the change for new transport low carbon technologies and reducing production and usage emissions.