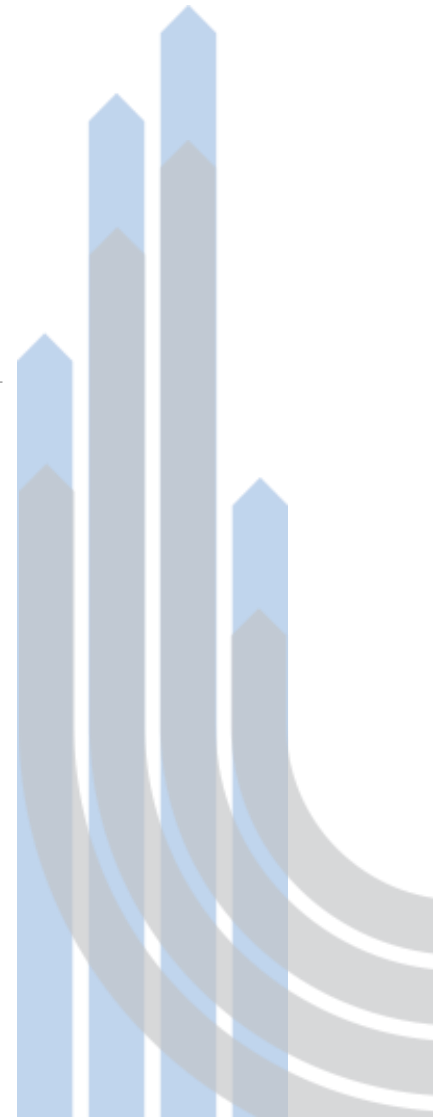
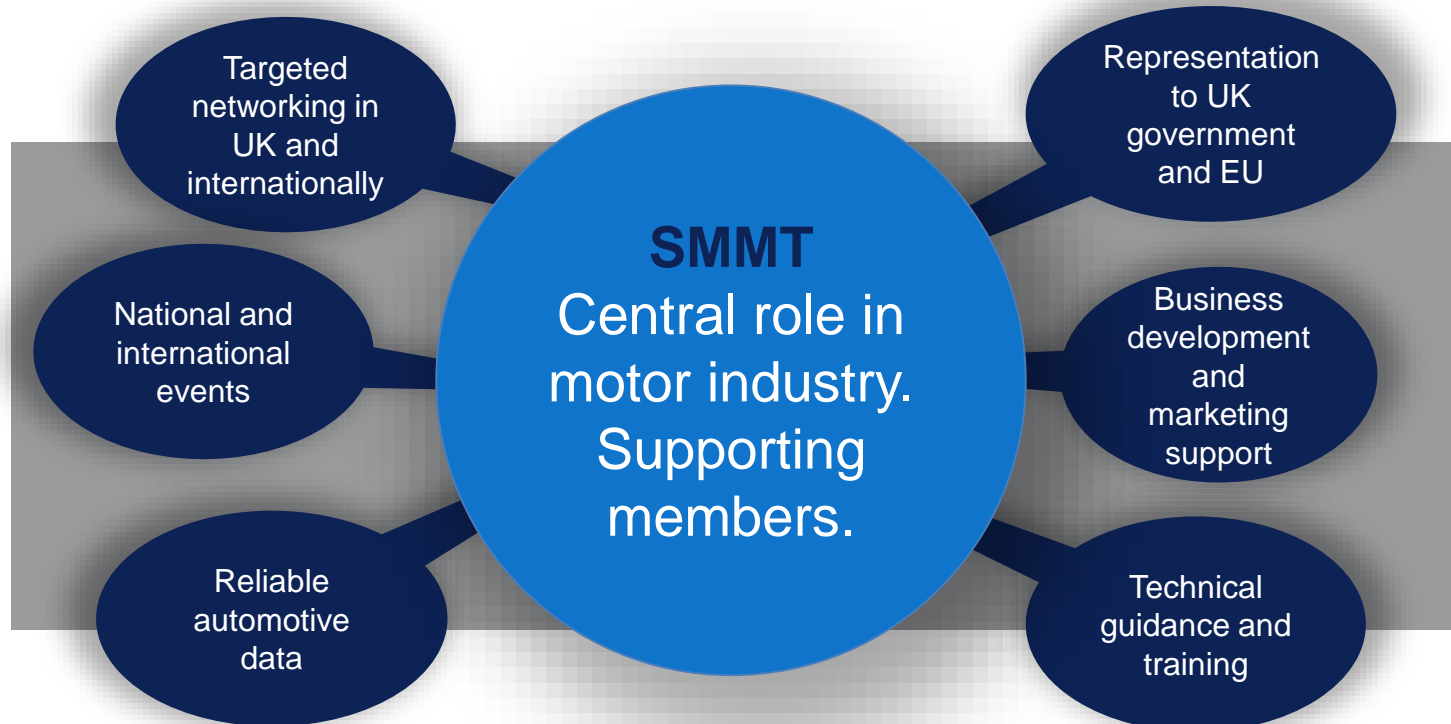


The UK's Industrial Strategy; the Automotive Sector Deal

Mike Hawes, SMMT
LowCVP - 12 April 2018



What is SMMT?



SMMT activities



Regional and International Events

Regional Networking

- Networking and knowledge sharing
- 50+ delegates in attendance, Free to SMMT members
- Member best practice showcase and tour of facilities (if available)

Midlands: 16 May

North: 6 September

International Missions

Trade mission to South Korea July1-6

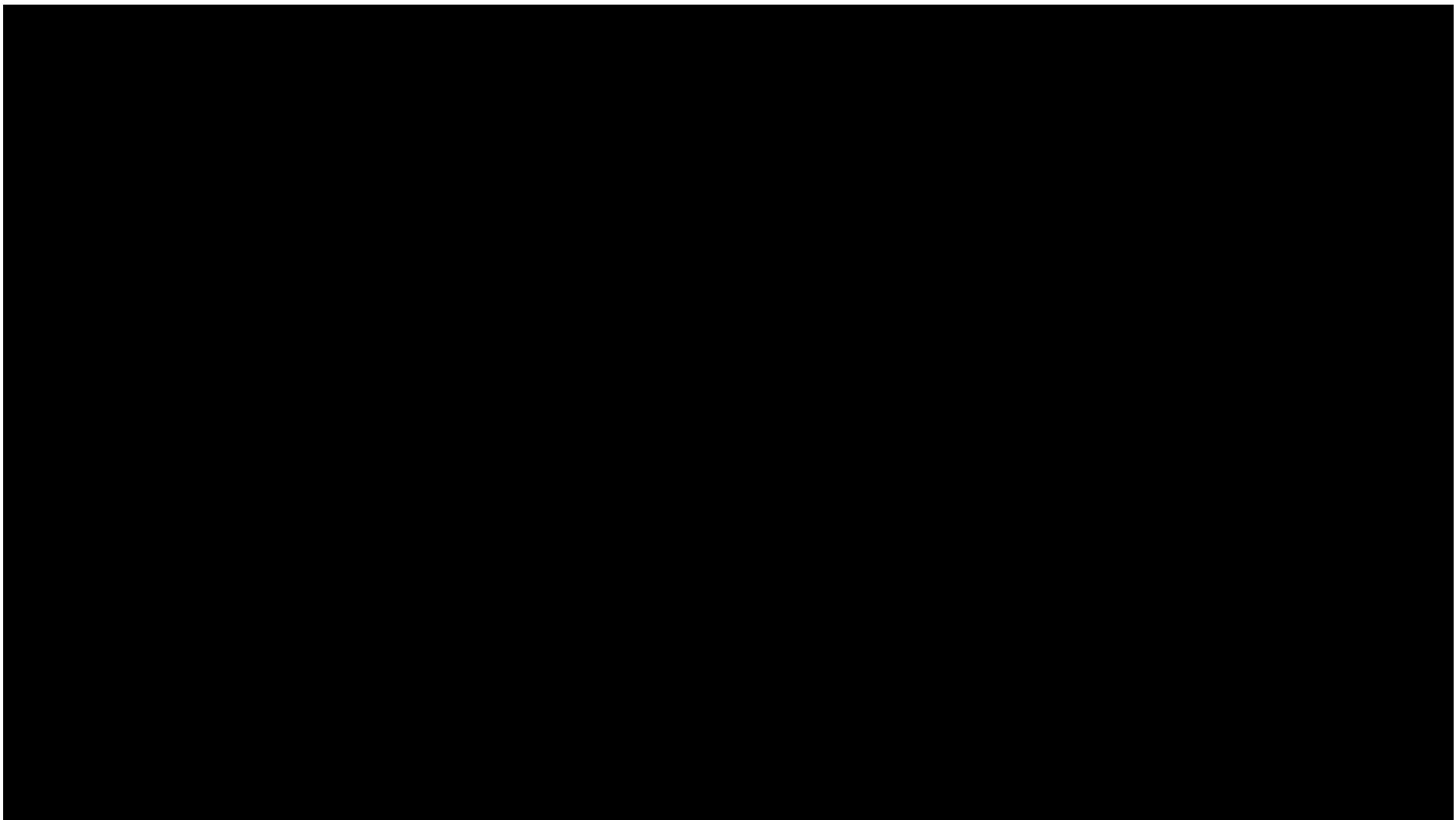
- Calls on Hyundai and Kia Motors
- Presence at Green Car Korea exhibition
- Package including flight for £1,995 with TAP grant

EVS31, Japan 30 September – 2 October

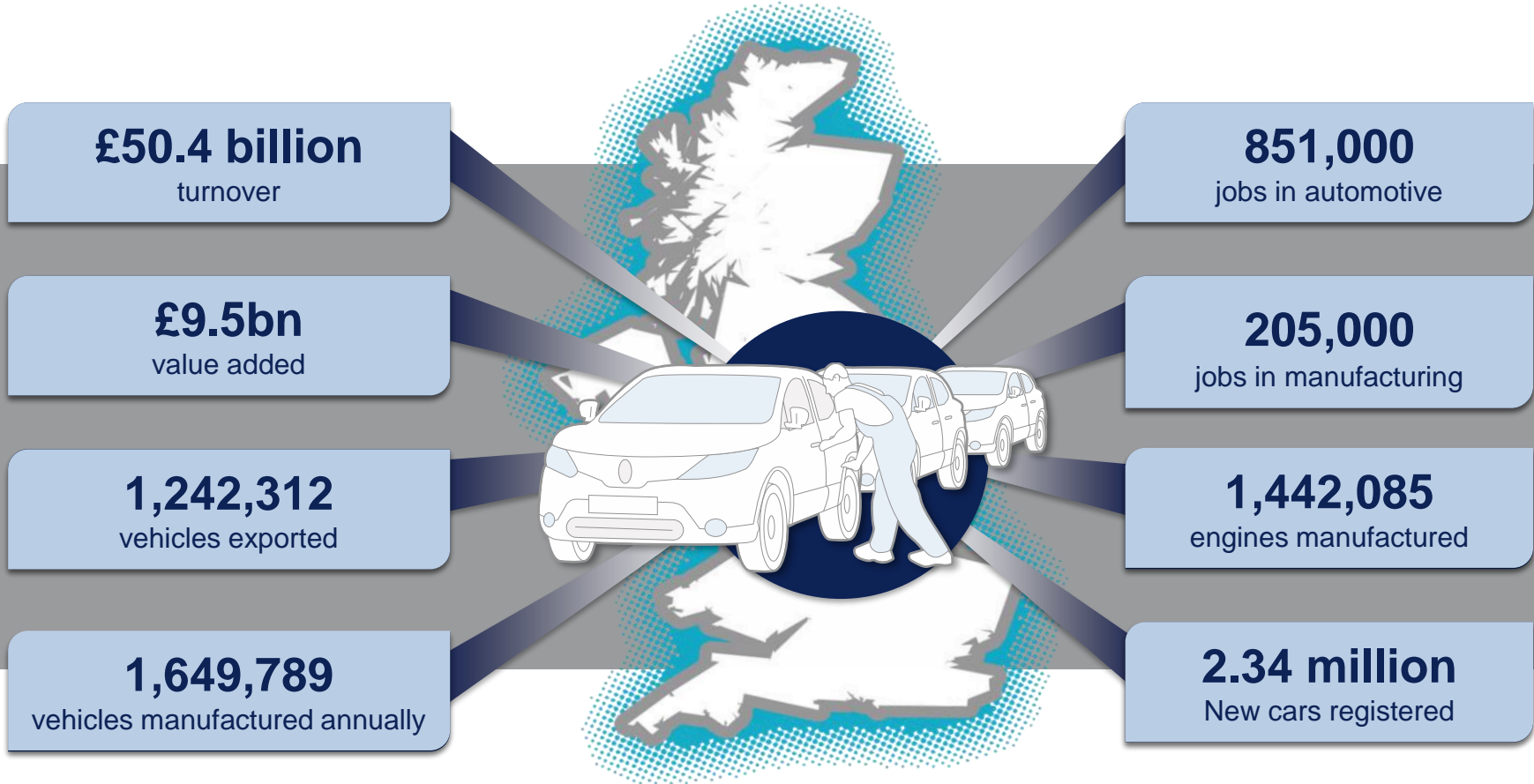
- Key EV exhibition this year in Kobe
- Exhibition and conference programme
- Pod £2,500 TAP available

international@smmt.co.uk

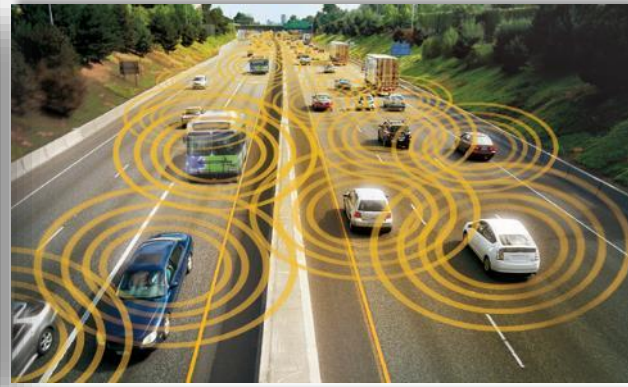




The UK automotive sector: 2006 vs 2017



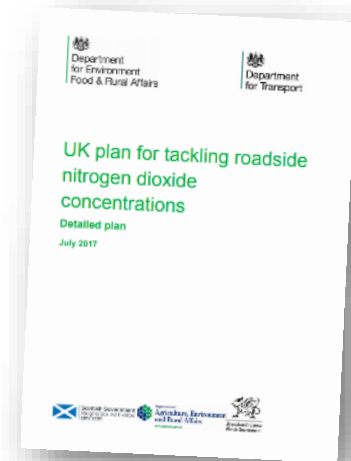
Key issues



Air quality

National Air Quality Plan

- Outlining government's ambition to “end the sale of conventional diesel and petrol vehicles by 2040”
- Clean Air Zones – original five cities to develop plans, plus an additional 29 local authorities to produce new plans (March and December 2018)
- Funding - £255 million Implementation Fund and new Clean Air Fund which would cover mitigating actions
- Consultation to be launched in Autumn 2017 on mitigation measures (retrofit, discounts, car clubs, subsidised public transport and scrappage)
- New labelling and consumer information requirements to be developed



European CO₂ targets

Driving clean mobility

Average CO₂ emissions from new **passenger cars** registered in the EU in 2025 will have to be **15%** and in 2030 **30%** lower compared to 2021 (starting point 95g CO₂/km).

In 2025
15% ↓

In 2030
30% ↓



Average CO₂ emissions from **vans** registered in the EU in 2025 will have to be **15%** and in 2030 **30%** lower compared to 2021 (starting point 147g CO₂/km).

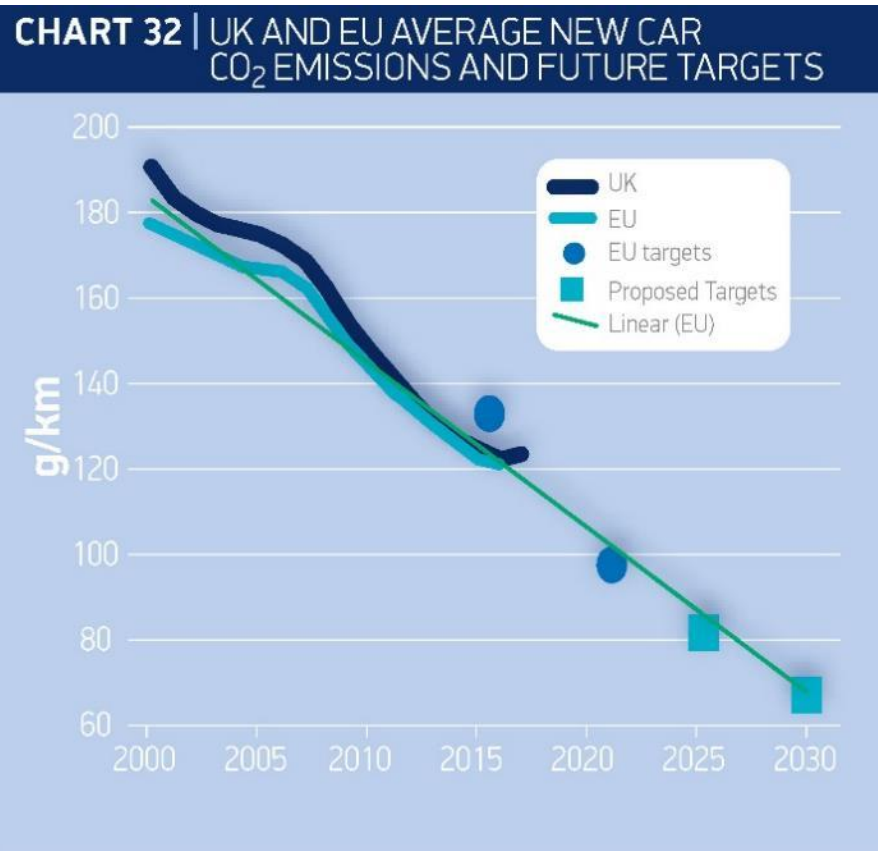
In 2025
15% ↓

In 2030
30% ↓



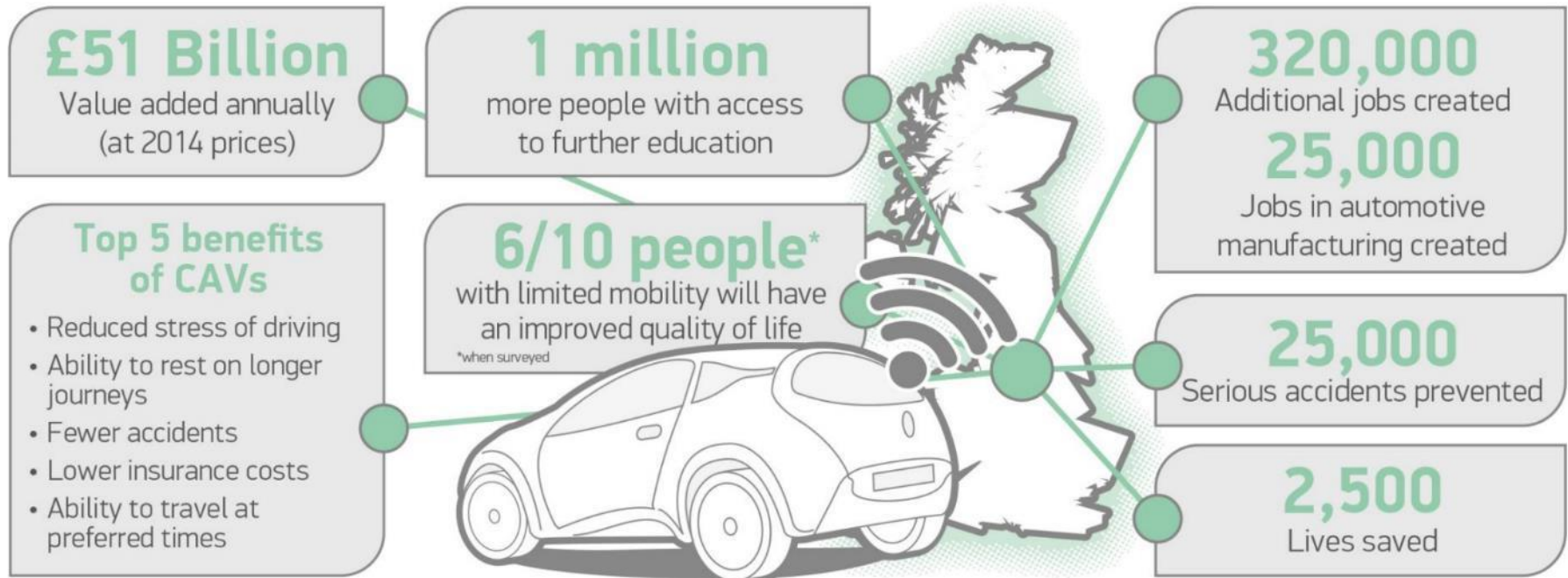
CO₂ post 2020 Regulation

Challenging targets – UK no position yet, but to push for higher ambition?



- UK average 121.0g/km in 2017 – first rise on record (+0.8%).
- UK and EU performance close.
- 2020/2021 target looking ever more challenging.
- Van emissions down 4.8% in UK in 2017, and by 16.6% vs 2011.
- EC proposal looks for 15% cut by 2025 and 30% by 2030 (v 2021).
- UK considering whether to support higher level of ambition.

A technological revolution



Changing Paradigms: Five over-arching challenges

Technology



Policy, regulation and standards



Infrastructure



Business models



Behavioural issues and public acceptance



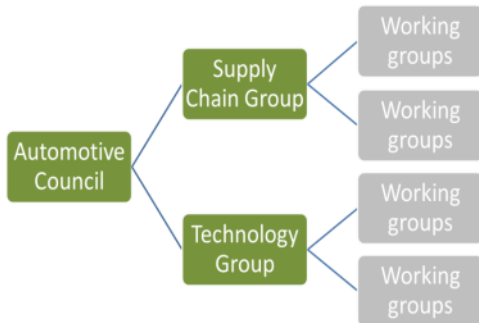
Industrial Strategy

Building a Britain fit for the future



Automotive Council

Development



2010

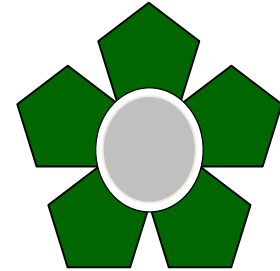
Publication



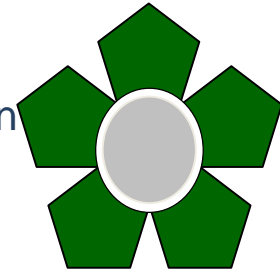
2013

Delivery

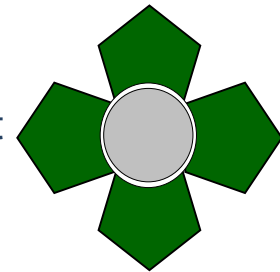
Technology Group



Supply Chain Group



Business Environment and Skills Group



2014 onwards

Industrial Strategy Overview

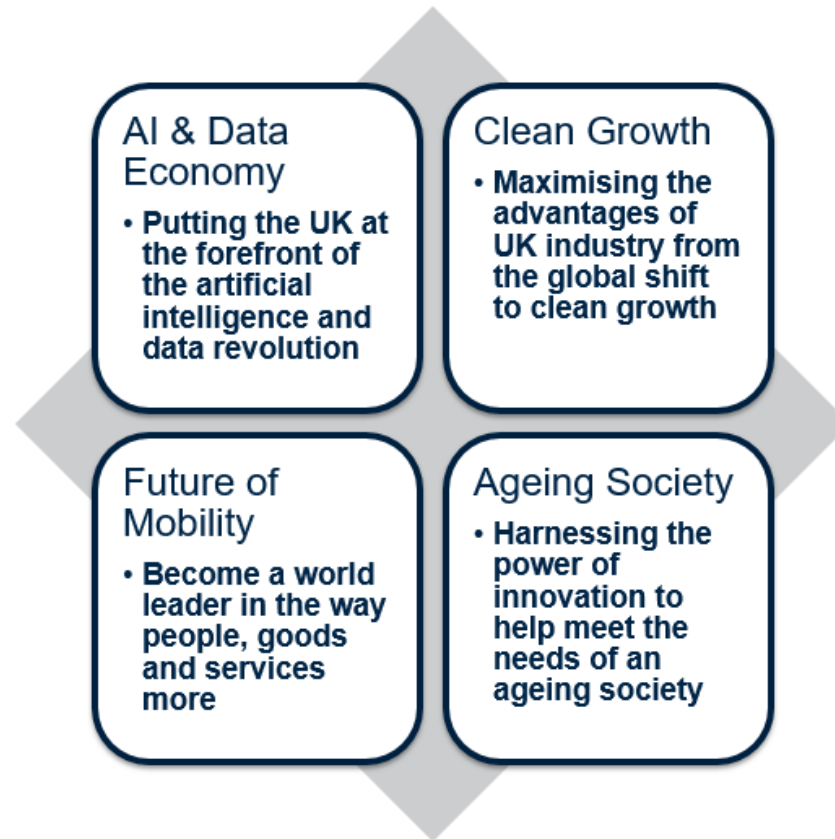
- **A long term plan to boost productivity and earning power of people throughout the UK**
- **Government's aim is to build a Britain fit for the future – helping businesses create better, higher-paying jobs in every part of the UK with investment in the skills, industries and infrastructure of the future**
- **Build the UK's competitive advantage as well as improve the quality of everyday lives**

Five Foundations of productivity

- **Ideas** – the world’s most innovative economy
- **People** – goods jobs and greater earning power for all
- **Infrastructure** – major upgrade to the UK’s infrastructure
- **Business Environment** – the best place to start and grow a business
- **Places** – prosperous communities across the UK

Grand Challenges

The Grand Challenges have been designed to put the UK at the forefront of industries of the future



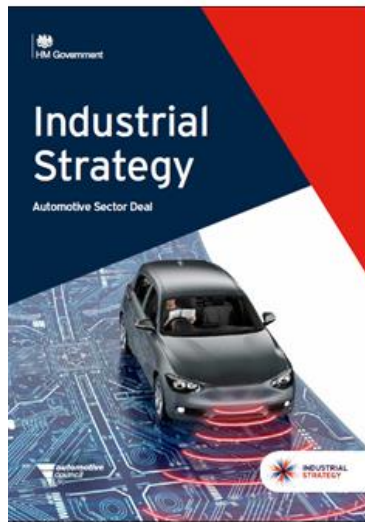
Automotive Sector Deal

Launched at SMMT - 8 January 2018

- Among first four sector deals under Industrial Strategy
- First in a 'rolling series of intended deals' with the sector
- £246m Faraday Battery Challenge over four years
- £250m CAV funding - R&D and testing infrastructure
- £16m Supplier Competitiveness Improvement programme
- Matchfunding by industry
- Support for industry's ambition to increase local content of UK built vehicles to 50% (by value) by 2022
- Future proposals: Digital design & manufacturing, Skills?



National Manufacturing Competitiveness Levels (NMCL)



Business Environment

Supply chain competitiveness and productivity improvement

▶ £16m funding subject to business case for an industry-led national supplier competitiveness and productivity improvement programme to support a sustainable and internationally

competitive UK supply chain for future volume vehicle production. A robust monitoring and evaluation framework will be set up to measure the success of this programme.

Business Environment

Supply chain competitiveness and productivity improvement

In order to support the industry's ambition to increase the value of UK content in domestically produced vehicles to 50 per cent by 2022, industry will:

- ▶ Implement a single scalable productivity improvement programme; and
- ▶ Match fund at least £16m (contribution in kind) from supply

chain companies participating in the competitiveness and productivity improvement programme.

- ▶ Vehicle manufacturers and Tier one suppliers will take a leading role in identifying key strategic suppliers and take part in the governance of programme.

© Copyright, SMMT, 2018, All rights reserved

How the Sector Deal aligns with Industry priorities

The Sector deal cuts across 4 of SMMT's priorities for 2018:

Brexit

- Remaining globally competitive has always been a key aim of the industry
- The strategic importance of the Sector Deal has now been magnified given uncertain future trading conditions

Environment

- Faraday Battery Challenge looks to provide *Clean and Flexible energy* supporting the industry's transition to ULEV's

Productivity and Competitiveness

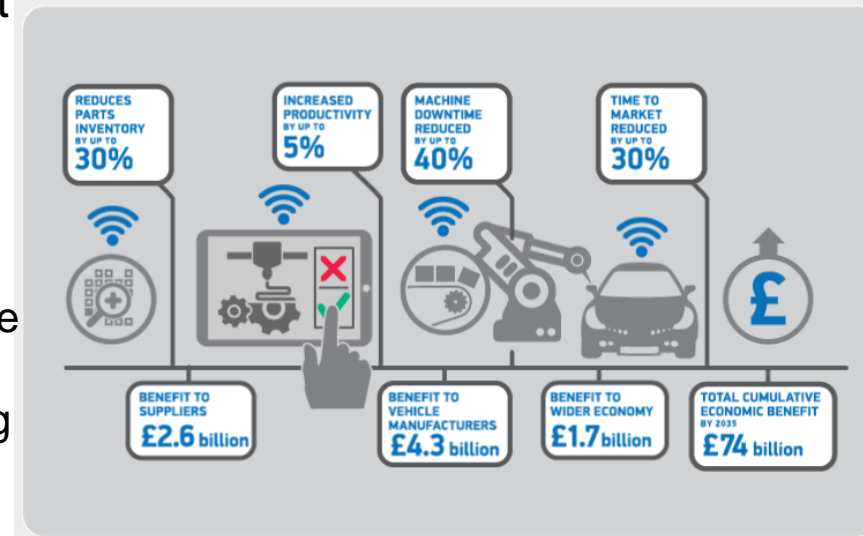
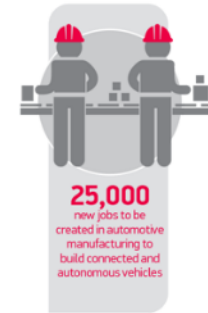
- Collaboration with Government and Automotive Council to deliver on supply chain improvement and overall competitiveness

Innovation

- CAV funding for both testing and infrastructure
- Open regulatory approach to promote innovation in the industry

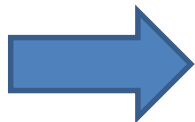
Additional strands being developed

- **Skills** element of the sector deal currently being worked on:
 - Local skills delivery for local needs
 - Meeting the challenge of new technologies – EV's, CAV's and Industry 4.0
 - Exploring synergies with other sectors
- **Digitalisation** aspect also in development with the primary objectives being:
 - To deliver tools & processes to halve the time & cost product development.
 - To complement toolsets & developments from commercial companies
 - Anchored in the UK, open and free to use by UK companies
 - Building on previous work and leveraging promising emergent UK technologies (Gaming, HPC, AI, etc)



Making the Sector Deal a reality

- Continuation of our partnership with government to build on the UK's strengths and ensure Automotive remains at the forefront of technological change
- SMMT, along with members and stakeholders will work in partnership to ensure the industry capitalises on the opportunities available
- Updates and continued collaboration through the Automotive Council will ensure projects and funding is delivered
- 2018 is about commencing the various programmes discussed today and delivering on the sector deal
- Skills element of the sector deal has potential to be finalised this year
- Brexit implications will be managed - priority sector



The North is a critical region which should look to fully engage with us to reap the benefits the Sector Deal offers

Thank you

The Society of Motor Manufacturers and Traders Limited

71 Great Peter Street, London SW1P 2BN

www.smmt.co.uk

