

## MEDIA RELEASE

15 July 2014

### UK auto sector renaissance driven by low carbon policy focus

A major new report published today (15 July 2014) at the Low Carbon Vehicle Partnership's Annual Conference shows the UK automotive sector has been revitalised by consistently applied policy centred on cutting carbon.

Carried out for LowCVP by E4tech and the Centre for Automotive Industry Research at Cardiff Business School, the study was conducted between March and June 2014.

The broad industry survey, supplemented by in depth interviews with senior executives showed that a consistent and sustained policy approach can produce both 'green' results and growth. The link between consistently applied policy and a 'win-win' in terms of investment and emissions performance was validated by the survey involving over 120 senior industry and stakeholder respondents.

UK investments in the low carbon automotive sector have amounted to about £40bn since 2003, a figure which matches increases in the turnover of the sector, also accompanied by a 10% increase in UK exports from the sector over the last 10 years.

In the early 2000s, the car industry was in a state of decline. Factory closures were commonplace, innovation was minimal, and the supply chain had become hollowed out. Environmental regulations were seen as a threat in some quarters.

This started to change with the establishment of a more active, collaborative industrial policy driven by the need to cut carbon emissions from the sector and protect against climate change.

The **LowCVP Managing Director, Andy Eastlake** said:

*"The emphasis of policy makers on environmental achievements and 'green growth' has bolstered the foundations of the UK automotive sector.*

*"Experience over the last ten years shows that a consistent policy approach based on collaboration between all stakeholders can deliver dividends. This represents the first strides on the road to meeting the environmental imperative of decarbonising road transport by 2050.*

*"There are, however, no grounds for complacency and the job is far from done. We urgently need to repeat the success seen in our passenger car and bus sectors, in all aspects of road transport such as the truck and commercial vehicle industries and of course the supply of low carbon fuels and energy to power all forms of transport."*

One of the report authors, **Adam Chase, Director of E4tech**, said:

*"It's unusual to receive such a consistently positive message when reviewing the effects of government policy.*

*"Time and again we heard that a long term vision, collaboration and supportive policies are giving companies the confidence to invest in low carbon developments. Where these are missing the opposite is true."*

With its investment in production of the electric Leaf in Sunderland and in battery production nearby, Nissan has been one of the leading auto industry investors in the drive for low carbon in the UK. Nissan's **Jerry Hardcastle OBE, General Manager, Innovation and Performance Projects** and a senior industry respondent to the study said:

*"The NAIGT clearly identified that the requirement to produce low carbon vehicles was a major driver of change. We needed an engaged and determined body to show strategic direction. The collective strengths of the UK automotive industry have been galvanised through the Automotive Council to introduce low carbon vehicles and promote sustainable growth.*

*"This report clearly shows the evidence of the work so far. The journey has only just started; we need to seize the opportunity for further growth."*

**Conference speakers including those above are available for interview in advance of the report launch and on the day itself.**

Media are welcome to attend the LowCVP Conference where the report will be launched. Please contact James Noble at Connect Communications for media accreditation: [lowcvp@connectpa.co.uk](mailto:lowcvp@connectpa.co.uk)

**Media Contact:** Neil Wallis, Low Carbon Vehicle Partnership, 0207 304 6806; Mob: 07974 255720  
[neil.wallis@lowcvp.org.uk](mailto:neil.wallis@lowcvp.org.uk)

**Alternative contact** on LowCVP Conference day, 15 July: George Robinson, Connect Communications.  
Tel: 020 7592 9592. Mobile: 07551 171 259. Email: [g.robinson@connectpa.co.uk](mailto:g.robinson@connectpa.co.uk)

## **NOTES TO EDITORS**

***"Investing in the low carbon journey: Lessons from the first decade of UK policy on the road to 2050"*** by E4tech/CAIR, 2014. Full report available for download [HERE](#). Executive Summary [HERE](#).

The study sought to establish if there has been a causal link between policies that favour low carbon vehicles and the rising levels of UK automotive investment which have been observed. Evidence was gathered via a broad industry survey, supported by interviews with senior executives, and extensive desk research. Together these provided a rich evidence base from which several clear messages emerged.

Over 100 responses were received to the call for evidence which was supported by the SMMT and other stakeholders collaborating in the study.

### **Report headlines:**

- Over the last decade, unprecedented and sustained reductions in carbon emissions (tailpipe emissions down by a quarter) have coincided with rising investment in the UK automotive

sector. Fuel costs for motorists are also lower than they would otherwise have been due to improved efficiency – a ‘win-win-win’ for the environment, industry and consumers.

- A clear policy focus (backed by the Stern Review and the Climate Change Act, amongst others) combined with a suite of supportive and sustained policy mechanisms (across and between governments) have created a favourable environment for low carbon auto investment in UK
  - UK investments in low carbon automotive amount to c£40bn since 2003 and total UK auto sector investment has also risen.
  - UK automotive production and exports are rising and there is a recent strong revival in R&D spending. UK auto sector turnover was £64.1bn in 2013 compared with £46.3bn in 2003. Exports as a proportion of UK car production are up 10% compared with a decade ago.
  - European ‘Cars and CO2’ regulation has underpinned progress; a vital component in creating a ‘level playing field’ for investors.
  - Findings point to the effectiveness of collaborative approach between government, industry and other stakeholders which has created a climate of confidence for investment the auto industry.
  - The UK has made a good start on the road to decarbonising its road transport sector but there are greater challenges ahead: truck sector has been neglected and fuels policy has been problematic.
  - Policy changes have helped to produce a healthy UK bus and coach sector with nine manufacturers and a total UK market of 3,685 units in 2013.
  - Work on the supply chain, the skills base and air quality improvements must also be supported in order to create industrial depth and resilience for the long term.
- **About the LowCVP**  
The LowCVP is a public-private, not-for-profit partnership that exists to accelerate a sustainable shift to lower carbon vehicles and fuels and create opportunities for UK businesses. Approaching 200 organisations are members, from diverse backgrounds including government representatives, automotive and fuel supply chains, vehicle users, academics and environment/not-for-profit bodies. Visit [www.lowcvp.org.uk/projects](http://www.lowcvp.org.uk/projects) for full details about the LowCVP’s 2014-15 work programme. For more information visit: [www.lowcvp.org.uk](http://www.lowcvp.org.uk)
  - **E4tech**  
E4tech is an independent, technologically-informed business and policy consultancy in sustainable energy. Since 1997 it has served companies, investors and public bodies internationally, drawing upon a detailed knowledge of the technology and business issues across the sector. Low carbon vehicles and fuels are a major area of E4tech activity
  - **The Centre for Automotive Industry Research, Cardiff University**  
CAIR's mission is to focus on the broader business, strategic, social, environmental and economic impacts of global automobility and of the sector that provides it. We seek to continue to be recognised worldwide by academics, policy makers, industry and other stakeholders as a source of theoretical insight and objective analysis with a uniquely cross-disciplinary perspective.