# SMMT AUTOMOTIVE MANUFACTURING

# 20 September 2012 (data for August 2012)

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# Car output falls in August, but is up overall in 2012

* Car output fell 8.9% in low-volume August, but remains up 12.7% over the year-to-date.
* CV output rose 18.3% in the month, but fell 5.5% during the first eight months of 2012.
* UK engine production increased 12.5% in August and 1.5% during the January-August period.

"UK vehicle production is 11.2% up this year, but down 7% in August. Volumes are traditionally low and variable in August as manufacturers use the holiday period to undertake important maintenance and facility upgrades," said Paul Everitt, SMMT Chief Executive. "Continued weak demand in Europe is a concern, although significant new investment and stronger demand from better performing global markets will ensure UK output continues on an upward trend."

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| **SMMT** | **Cars** | **Commercial Vehicles** | **Total Vehicles** | **Total Engines** |
| **Data.** | **Aug-12** | **YTD-12** | **Aug-12** | **YTD-12** | **Aug-12** | **YTD-12** | **Aug-12** | **YTD-12** |
| Total | **78,577** | **955,084** | **7,608** | **72,708** | **86,185** | **1,027,792** | **149,024** | **1,669,251** |
| % change | -8.9% | 12.7% | 18.3% | -5.5% | -7.0% | 11.2% | 12.5% | 1.5% |
| **Export** | **61,812** | **786,500** | **3,960** | **42,790** | **65,772** | **829,290** | **87,286** | **1,052,969** |
| % change | -8.1% | 12.5% | 11.0% | -4.6% | -7.2% | 11.4% | -1.2% | -11.8% |
| % of total | *78.7%* | *82.3%* | *52.1%* | *58.9%* | *76.3%* | *80.7%* | *58.6%* | *63.1%* |
| **Home** | **16,765** | **168,584** | **3,648** | **29,918** | **20,413** | **198,502** | **61,738** | **616,282** |
| % change | -11.6% | 14.0% | 27.3% | -6.8% | -6.5% | 10.3% | 39.7% | 36.6% |
| % of total | *21.3%* | *17.7%* | *47.9%* | *41.1%* | *23.7%* | *19.3%* | *41.4%* | *36.9%* |

**Car and CV output rolling year total Car forecast output\***

\*Independent forecast based on current investment and output levels and sustained stability in Europe.

**Pre-Paris Motor Show: UK automotive headline facts**

The UK automotive industry is Europe’s fourth largest manufacturer of cars and a major international producer of engines and components. The country is a global leader in low carbon technology with significant investment being made in its R&D, engineering, design and manufacturing expertise by multinational automotive companies.

The key facts and figures below demonstrate the scale and scope of UK automotive:

**Economy**

* UK automotive represents around 3% of total GDP.
* Automotive manufacturing turnover accounts for two thirds of the UK’s total for the sector.
* Last year UK automotive recorded turnover of 55bn.
* In 2011, net value-added to the economy was £12bn.
* Automotive accounts for more than 10% of total UK exports.
* The UK industry invests around £1.3bn each year in automotive R&D.
* The industry employs over 700,000 people, with more than 139,000 directly employed in manufacturing.

**Manufacturing**

* The UK is home to:
	+ Seven volume car manufacturers.
	+ Eight commercial vehicle manufacturers.
	+ 11 bus and coach manufacturers.
	+ 10 major premium and sports car manufacturers.
	+ Eight Formula One teams.
	+ The greatest concentration of specialist brands anywhere in the world.
* Over one million vehicles and two million engines are produced in the UK each year.
* Independent forecasts indicate that automotive manufacturing will hit record levels by 2015.
* More than 80% of vehicles and 70% of engines manufactured in the UK are exported.

**Supply chain**

* At present, about 80% of all component types required for vehicle assembly operations can be sourced from UK suppliers.
* The UK automotive supply chain typically generates £4.8bn of added value annually to the UK economy.
* There are around 2,350 UK companies that regard themselves as ‘automotive’ suppliers, employing 82,000 people.
* It is estimated that every job in UK vehicle assembly supports 7.5 elsewhere in the economy.
* Of all UK suppliers, more than 70% manufacture their products in the UK.

**Business environment**

* There is an industry-wide desire to source more components locally, particularly components relevant to the low carbon and electric vehicle market.
* Government is investing £50 million over the next three years to support UK manufacturers to improve productivity and international competitiveness.
* The UK is internationally recognised for its ability to use workforce flexibility to manage efficiently fluctuation in production levels.
* The Automotive Council is a collaborative industry and government body that is working strategically to shape the future of UK automotive.

**Environmental credentials**

* Since 2000, CO2 emissions of new cars registered in the UK have fallen by 23% to 138g/km CO2.
* Emissions from the entire UK car parc have fallen 10.2% since 2000. The total number of vehicles on the road in 2011 emitting less than 100g/km CO2 was 123,296.
* The UK government has committed over £450m to position the UK at the global forefront of the development, demonstration, manufacture and use of ultra-low carbon vehicles.
* The next 20 years will see over £150bn invested in low and ultra-low carbon vehicle technologies.
* The Automotive Council has identified five ‘sticky’ technology groups where the UK has the potential for a significant return on investment.

**Latest market information**

UK new car registration figures:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Year-to-date** | **Total** | **Diesel** | **Petrol** | **AFV** | **Private** | **Fleet** | **Business** |
|  |  |  |  |  |  |  |   |
| 2012 | 1,260,997 | 643,133 | 600,504 | 17,360 | 567,772 | 641,608 | 51,617 |
| 2011 | 1,220,618 | 613,928 | 591,631 | 15,059 | 513,346 | 646,294 | 60,978 |
| % change | 3.3% | 4.8% | 1.5% | 15.3% | 10.6% | -0.7% | -15.4% |
| Mkt share '12 |   | 51.0% | 47.6% | 1.4% | 45.0% | 50.9% | 4.1% |
| Mkt share '11 |   | 50.3% | 48.5% | 1.2% | 42.1% | 52.9% | 5.0% |

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| **SMMT forecasts for 2012 and 2013** **2012** New car registrations: 1.97 million units, up 1.6% on the 2011 total. Diesel penetration: 51.0%, compared with 50.6% in 2011. New LCV registrations: 236,000 units, down 9.3% on the 2011 total. **2013** New car registrations: 1.99 million units, up 1.0% on the 2012 forecast. Diesel penetration: 50.9%. New LCV registrations: 250,300 units, up 6.1% on the 2012 forecast. |

# UK AUTOMOTIVE INVESTMENT NEWS

# RErrrrrrSportBusiness.com

**UK automotive investment announcements during the last three months:**

**10 September –** MG’s parent company, SAIC Motor UK announced plans to expand its European Design Centre, based at the company’s Longbridge headquarters. Following a total investment of £1.5 million in the facility, the European Design Centre is to double in size to more than 2,000m2.

**6 September –** Jaguar Land Rover (JLR) announced that it has invested £370 million to upgrade its UK manufacturing facilities and increase productivity as it prepares to launch the new Range Rover in 170 countries around the world.

**6 September –** Honda confirmed a £267 million investment programme supporting the introduction of the new Civic and CR-V models and the 1.6 litre diesel engine for Honda Civic going into production in December 2012. 500 new staff have joined the facility this year, taking the total workforce to 3,500.

**10 August** – Pirelli Group has announced £20 million investment in R&D and new process machinery; creating 37 new jobs and safeguarding 120.

**10 August** – GKN plc has announced a significant commitment of more than £12m to increase capacity at its Birmingham and Telford facilities, supporting its role as a tier-one supplier to the key automotive brands.

**25 July** – Ford has announced it is investing 1.44 million in a High Speed Sustainable Manufacturing Institute (HSSMI) being launched by the government at the Centre for Engineering and Manufacturing Excellence (CEME) in East London.

**25 July** – Jaguar Land Rover (JLR) announced that it will create more than 1,100 new jobs at its Castle Bromwich facility to support the launch of new Jaguar models.

**20 July** **– IAC has invested £3.5m at its Solihull and Scunthorpe plants as a result of major wins with Jaguar Land Rover (JLR).**The company is investing in new equipment for the launch of the new Evoque, along with ongoing production of the Range Rover.

**19 July** – Following the allocation of £3.1 million from the second round of Regional Growth Fund (RGF) bidding, matched with £12.7m of private investment, DTR VMS announced plans to move to a new site will include research facilities and create 21 new jobs, while safeguarding existing 187 employees.

**9 July –** BMW Group confirmed a further £250 million investment in its UK manufacturing operations by the end of 2015 at its plants in Oxford, Swindon and Hams Hall to support international growth of the MINI brand.

**4 July 2012** – Brose announced more than 250 jobs to be created at the North Warwickshire components manufacturing site with a £7 million expansion.

**3 July** – Toyota supplier Futaba Industrial UK confirmed that it is to create up to 100 jobs at its Derbyshire plant as a result of the Burnaston-based car manufacturer’s decision to produce the new Auris in the UK.

For a full breakdown of the investment pledged to UK automotive during the last two years, go to [www.smmt.co.uk/investment](file:///C%3A%5CUsers%5Cvisscj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CTemporary%20Internet%20Files%5CContent.Outlook%5CG4UA28WW%5Cwww.smmt.co.uk%5Cinvestment).