

## SMMT 2015 GENERAL ELECTION MANIFESTO PRIORITIES SEPTEMBER 2014

### Introduction

Ahead of the 2015 General Election, the Society of Motor Manufacturers and Traders (SMMT) has identified five priority areas that the UK automotive industry considers essential to ensure future success of the sector. The UK automotive industry has received unprecedented levels of investment over the past few years and the sector accounts for £64 billion turnover and £12 billion value added to the economy. 160,000 people are employed directly in manufacturing and over 770,000 across the wider automotive industry. SMMT urges all political parties to put in place policies that ensure this success continues and future growth is assured.

#### SMMT's manifesto priorities are:

1. **Cross-party commitment to long-term industrial strategy:** Ensuring that existing mechanisms to support ambitions for industrial strategy, such as the Automotive Council are maintained in the next Parliament and beyond.
2. **Creating the right conditions for investment:** Implementing policies that create an internationally competitive business environment for the automotive industry, making the UK a leading location for investment.
3. **Positioning the UK as a global leader on innovation:** Enhancing support measures for research and development that bolster the UK's manufacturing base and promote investment in new technologies.
4. **Supporting ultra-low emission vehicles and a strong, sustainable vehicle market:** Guaranteeing funding and support for ultra-low emission vehicles and committing to a long-term, consistent and coordinated approach on vehicle taxation.
5. **Maintaining a strong UK voice in Europe:** The UK's membership of the European Union is fundamental to the current and future success of the UK automotive industry. The next government should ensure that the UK maintains a strong voice in Europe.

### Cross-party commitment to long-term industrial strategy

The next government must ensure that it is committed to pursuing and implementing a long-term industrial strategy for the automotive sector in collaboration with industry through the Automotive Council. The Automotive Sector Strategy, published in July 2013 provides the framework and mechanisms by which industrial strategy for UK automotive should be delivered. This is crucial in realising ambitions to grow the UK's automotive supply chain and encouraging companies to reshore manufacturing operations.

- **Continuation of the Automotive Council:** SMMT calls on all political parties to commit to the Automotive Council, with high-level leadership from the Secretary of State for Business, Innovation and Skills and involvement of ministers from government departments across Whitehall.
- **Commit to shared Automotive Sector Strategy priorities:** The next government should commit to following through on key areas within the Automotive Sector Strategy, particularly priorities on supply chain, technology, business environment and skills.
- **Sustain and strengthen existing structures and institutions:** It is critical that structures created through the Automotive Sector Strategy are maintained and strengthened. These include continued support for the Advanced Propulsion Centre, long-term funding for the Automotive Investment Organisation in efforts to attract supply chain investment, and substantial commitment to mechanisms that help address skills shortages in the sector.

### Creating the right conditions for investment

It is important that the future success of UK automotive is underpinned by wider government policy that enables a competitive business environment which encourages growth and investment. Ensuring that the right infrastructure and incentives are in place to address future skills shortages and secure the UK's skills

base is imperative. Costs on automotive businesses must also take priority with issues around energy and business rates having the potential to present considerable barriers to investment.

- **Commitment to a long-term automotive skills infrastructure:** Action on skills is imperative to enable the automotive sector to be equipped with the talent needed to meet the ambitions of a growing automotive industry in the UK. Certainty, stability and simplicity in the skills system and its funding is critical to ensure that industry has the confidence to take on new apprentices, upskill its employees and build the workforce to take advantage of future opportunities.
- **Reduce energy costs and business rates for automotive businesses:** A future government should take action to reduce costs on the automotive sector related to energy and business rates. These costs put UK automotive manufacturers at a competitive disadvantage when global decisions are being made about where to invest. Cost competitiveness is crucial for future industrial success.

### Positioning the UK as a global leader on innovation

The UK has the opportunity to lead on automotive innovation, particularly in low carbon technologies and connectivity. To realise this ambition, government should enhance its research and development funding to a level that is at least comparable with international competitors. A concerted effort to increase the size and capability of automotive R&D would strongly underpin the UK's automotive manufacturing base.

- **Increase the rate of the R&D tax credit:** Key fiscal levers should be used to encourage greater investment in R&D through mechanisms such as the R&D tax credit. Increasing the rate of the R&D tax credit is a key ask from automotive to put the sector on a more equal footing with our international competitors.
- **Bolster long-term innovation funding:** Government commitment to £500 million for the Advanced Propulsion Centre is essential in leveraging match funding from industry that will lead to significant investment in automotive technologies and cementing the UK's competitive advantage. Funding for other aspects of automotive R&D should be bolstered in order to create a world-leading offer to automotive investors.
- **Build on the UK's strategic approach to innovation policy:** Pursuing a strategic policy that directs automotive R&D funding to the places where it adds most value is a key element in advancing the UK's competitive edge on innovation. The Technology Strategy Board provides an important route for early stage innovation support and this must continue. Catapults should also be supported in the long-term with scaled-up ambition and funding.

### Supporting ultra-low emission vehicles and a strong, sustainable vehicle market

A priority issue looking ahead to the next Parliament is the continuation of policy and funding that supports the emerging market for ultra-low emission vehicles. Equally important is support for a strong and sustainable domestic vehicle market, which is fundamental to the UK economy and essential for inward investment. The UK has a diverse automotive sector, including the manufacturing, design and marketing of cars, commercial vehicles, buses and components. This diversity should be reflected in government action that supports a vibrant vehicle market as well as introduction of new low carbon technologies.

- **Cross-party guarantee on £500 million of funding for ULEVs:** It is essential that the £500 million funding currently committed by the Coalition from 2015 to 2020 for ULEVs is guaranteed by any new government. In supporting UK industrial ambitions for ultra-low emission technologies, it is imperative that there is continuity in the agreed funding arrangements for consumer incentives, R&D and infrastructure. Scope to go beyond the current commitment of £500 million should also be considered to position the UK as a world-leading location for low emission vehicle technology.
- **Integrated approach to air quality challenges:** In addressing challenges faced by air quality it is important that future government policy is reflective of the advances in new vehicle technology and standards. An integrated approach that takes into account wider transport policy and driver behaviour is critical in ensuring a sensible and robust political response.
- **Collaboration on a long-term approach to vehicle taxation:** The next government should engage with the automotive industry at an early stage to discuss the future of motoring taxation, with the key aim of ensuring long-term certainty on Vehicle Excise Duty (VED). Objectives on fiscal sustainability, the environment and affordability should be discussed with industry on transparent basis to avoid negative impacts and market distortion.

## Maintaining a strong UK voice in Europe

The UK's membership of the European Union is fundamental to the current and future success of the UK automotive industry. It is vital that government maintains a strong voice in Europe so that UK automotive companies can continue to benefit from access to the European market, international trade agreements, common EU regulations, innovation funding and free movement of labour.

- **Pursue a strong EU industrial competitiveness agenda:** Building on work in the UK to promote manufacturing through strategies for key sectors, such as automotive, the next government should ensure that this ambition is reflected at EU-level. EU policy and legislation should take into account the contribution of automotive to the European economy and encourage greater competitiveness.
- **Reflect automotive priorities in any EU reform agenda:** SMMT members have highlighted a clear call for reform in order to secure economic growth in the EU, as well as simplification and reduction of the regulatory burdens. Government should ensure that automotive priorities including better regulation, industrial competitiveness and trade policy are reflected in any EU reform agenda.

### Contact

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