

SMMT - UK automotive manufacturing figures

Car manufacturing

UK car output was down 1.2% to 127,385 units in January, as manufacturers prepare for new models. Output was 16% higher than January's mean performance from 2009 and the outlook remains positive for 2015 with manufacturers set to realise £7 billion-worth of investment in new products and facilities.

Commercial Vehicle (CV) manufacturing

The UK produced 5,443 CVs in January 2015, down 18.8% on last year with subdued exports accounting for the decrease in production. However, confidence in the sector is high with the home market remaining strong and steady and production expected to ramp up on recently introduced models in the coming months.

Engine manufacturing

UK engine manufacturing has had a solid start to the year, posting positive growth of 0.2% in January, driven by demand in the home market. Manufacturers have invested over £1 billion to UK engine production in recent years, which is expected to yield an increase in output.

(Source: SMMT)

<http://www.smmt.co.uk/category/manufacturing/>

DfT – Take-up of plug-in car grant continues to rise

The popularity of ultra-low emission vehicles (ULEVs) continues to rise, with more than 25,000 plug-in car and plug-in van grant claims submitted since the scheme began in 2010. The traditionally quiet January sales market saw nearly 2000 claims and total ULEV sales in 2014 were nearly four times the level of the previous year. The UK is now ahead of France and Germany in ULEV take-up, placing it at the forefront of this car technology. To take account of rapidly developing technology, and the growing range of ULEVs on the market, the criteria for the plug-in car grant are being updated. From April 2014, eligible

ULEVs must meet criteria in one of the following categories depending on emission levels and zero-emission-capable mileage:

- Category 1: CO2 emissions of less than 50g/km and a zero emission range of at least 70 miles
- Category 2: CO2 emissions of less than 50g/km and a zero emission range between 10 and 69 miles
- Category 3: CO2 emissions of 50-75g/km and a zero emission range of at least 20 miles

As announced in April 2014 by government, vehicles in all categories will continue to be eligible for the full grant of up to £5000, until either 50,000 grants are issued or 2017, whichever is first. Government has stated that the new categories should better reflect the range of vehicles on the market and make them accessible to the widest range of people. Government has also announced that three new car brands have joined the campaign to boost awareness of the benefits of ultra-low emission vehicles. The Go Ultra Low campaign now has support from Audi, Mitsubishi and Volkswagen as well from existing members BMW, Nissan, Renault and Toyota. Go Ultra Low is a one-stop shop for anyone seeking further information on the types of vehicles available and government grants with full details of costs and performance of each available on the website, together with an [online tool help people decide which car suits them best](#).

(Source: DfT)

<https://www.gov.uk/government/news/take-up-of-plug-in-car-grant-continues-to-rise>

CBI – Growth picks up speed in manufacturing sector

Activity in the manufacturing sector picked up space in February, and output is expected to grow faster still in the next three months, according to the latest CBI Industrial Trends Survey. The survey found that total order books strengthened on already robust levels, climbing to a six month high. Export orders also rallied this month, to a level well above average, regaining some of the ground lost towards the end of last year. Growth in output volumes rose in February, reaching their highest level for seven months, and 16 of the 18 sectors anticipate growth in the coming quarter. Manufacturers expect a modest rise in selling prices

over the next three months, although expectations for price inflation remain moderate on the whole. The CBI has also upgraded its growth prediction for 2015 in its latest economic forecast against a backdrop of lower oil prices and inflation. Job creation continues apace and wage growth is picking up. Coupled with low inflation, this will give a boost to real household incomes, going some way to improving living standards. Lower energy prices are also feeding through to lower operating costs for companies, leaving more space for investment. The brighter picture for growth this year of 2.7% also reflects the likelihood that the Monetary Policy Committee won't raise interest rates until early next year, helping to support growth of 2.6% in 2016. But political volatility, both domestic and foreign, continues as the UK General Election approaches, Greece's fiscal position remains in the spotlight and instability continues in Ukraine. As a result, exporters are finding it harder to secure orders and net trade is unlikely to provide much of a boost to growth over the next two years. (Source: CBI)

<http://news.cbi.org.uk/news/growth-picks-up-speed-in-manufacturing-sector/>

<http://news.cbi.org.uk/news/february-economic-forecast/>

Vince Cable urges greater transparency in TTIP

Secretary of State for Business, Vince Cable has announced that the UK is expected to benefit from closer economic ties with the US, via the proposed EU-US Transatlantic Trade and Investment Partnership (TTIP), but more transparency is needed to help address public concerns. Vince Cable and UK Trade Minister Lord Livingston met with Commissioner Malmström and asked to give senior UK parliamentarians access to TTIP treaty text as it is developed, so that they can monitor progress and ask questions on the public's behalf. In addition, the UK government offered to make other key documents relating to the progress of the negotiations available to all UK MPs and members of the House of Lords, ensuring that they have the same access as Members of the European Parliament to view EU-authored TTIP negotiating materials. This new offer of access follows the European Commission's recent decision to publish previously restricted material relating to the TTIP negotiations. (Source: BIS)

<https://www.gov.uk/government/news/transatlantic-trade-and-investment-partnership-cable-urges-greater-transparency>

SMMT – Number of car exports to China multiplied

Figures released by SMMT show that exports of cars to China have increased seven-fold since 2009. In 2014, 137,410 UK-built cars were exported to China, an increase of 14.5% over 2013. The trend in China reflects substantial growth in the wider Asian market, with the number of UK-built cars exported to Asia having more than trebled in five years. In 2014, the UK exported 220,682 cars to the region, compared to 60,804 in 2009. Asia is now the UK automotive industry's largest export market after Europe, with 18.5% of all cars destined for the region. Economic growth in a number of Asian markets such as China has led to an increased demand for high-quality and luxury vehicles. There has been growth in almost all Asian export markets since 2009. The number of cars exported to South Korea has increased five-fold, making it the UK's eighth largest export market outside of Europe – up from 16th in 2009. Export volumes are still modest in a number of Asian markets, with the majority of countries enforcing high import duty to drive local production. However, there has been significant growth in the number of cars exported to most Asian countries, underlining the strong appetite for UK-built cars.

(Source: SMMT)

<http://www.smmt.co.uk/2015/02/number-car-exports-china-multiplied-seven-times-since-2009/>

Week ahead

Commons Committees

Tuesday, 24 February

- Business, Innovation and Skills Committee (9:30am, room 8) – Work of the Department

Thursday, 26 February

- European Scrutiny Committee (10:30am, room 15) – Transatlantic Trade and Investment Partnership

House of Commons

Friday, 27 February

- EU Membership (Audit of Costs and Benefits) Bill

Lords Chamber

Tuesday 24 February

- Consumer Rights Bill: Consideration of the Commons reasons

Wednesday 25 February

- Modern Slavery Bill: Report