

WEEK IN WESTMINSTER

Week ending Friday 17 June

Shadow Chancellor Ed Balls calls for VAT cut to boost economy

Shadow Chancellor, Ed Balls, has called for an “emergency temporary” cut in VAT, in order “give the flat lining economy the jump-start it so urgently needs”. In a keynote speech delivered at the London School of Economics, Mr. Balls asserted that the government’s current plan to eliminate the deficit is hindering UK growth, and that Chancellor Osborne needs to consider a “Plan B” in order to avoid “a permanent dent in our nation’s prosperity”. Mr Balls stated “We all know that the financial crisis exposed the vulnerability of banks and the over-reliance of the British economy and tax receipts on financial services. But it also accelerated the rise of India and China as our competitors – not just in low-cost manufacturing; but in top-class design, education and attracting international investment. And we can’t afford to be left behind. We need to rebuild our banking and financial sectors – and do so by rewarding investment and sustainable growth, not short-term risk taking. We need a modern industrial policy that provides incentives for technological and scientific innovation. And we must ensure every company takes their responsibilities seriously and every employee gets the chance to up skill”. (Source: Labour)

<http://www.labour.org.uk/lecture-london-school-of-economics-ed-balls>

SMMT declare excellent prospects for UK automotive

SMMT have announced that despite a blip in May, the UK automotive industry has excellent prospects. Manufacturing figures released by the SMMT show that in the face of difficulties caused by supply shortages from Japan, UK automotive production dropped by just 4.9% in May, and remains up 4.6% over the first five months of 2011. UK engine

production rose by 4% in May, up 5.6% this year, however commercial vehicle output fell 5% in May, down 5.5% this year. Paul Everitt, SMMT Chief Executive, stated: “Recent announcements demonstrate the commitment being made by global vehicle manufacturers to the UK motor industry. These will secure future production and jobs, as well as opening up new opportunities for the UK-based supply chain”. (Source: SMMT)

<http://www.smmt.co.uk/2011/06/smmt-uk-automotive-manufacturing-may-2011/>



CBI calls for help for energy intensive industries

John Cridland, Director-General of the CBI, has stated that recent changes to energy policy, and the government’s need to raise revenues, are placing an undue burden on the manufacturing sector, which it needs to spur new economic growth. Addressing the CBI energy conference on 14 June, Mr Cridland said “Over the last year the Government has triple-dipped into the industry till because of the need to raise revenue, with the Carbon Reduction Commitment (CRC), carbon floor price and the recent hike in oil and gas tax. At a time when rebalancing of the economy needs UK manufacturing to be playing a bigger role, energy-intensive industrial users need more help”. Mr Cridland went on to call for the CRC to be axed, and stated that the carbon floor price “risks tipping energy-intensive industries over the edge”. Mr Cridland stated that “The CBI supports the carbon

floor price in principle, but we have to see exemptions for those industries most at risk - those very industries that a critical part of our low-carbon economy. Therefore, we propose a rebate-based exemption linked to the energy intensive industries' work on energy efficiency". (Source: CBI)

<http://www.cbi.org.uk/ndbs/press.nsf/0363c1f07c6ca12a8025671c00381cc7/470e82f74b3130db802578ae00570348?OpenDocument>

Westminster Hall debate on rising fuel prices

A debate on the rising cost of fuel was held in Westminster Hall on 15 June. Opening the debate Robert Halfon MP said, "Cars, vans and lorries are the lifeblood of British industry", and that the current price of petrol and diesel was "one of the biggest brakes on economic growth". Economic Secretary to the Treasury, Justine Greening MP, acknowledged that the cost of fuel was a concern, stating "Fuel costs affect us all, and as the price of petrol continues to rise, those costs have become an evermore significant part of everyday life for people and companies. We were keen to look at what could be done". (Source: Parliament)

<http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm110614/halltext/110614h0002.htm#11061448000002>

Chancellor announces Bank of England will take over financial regulatory role

The Chancellor of the Exchequer, George Osborne, has announced significant changes to the way financial institutions are regulated in the UK, by handing the power of financial regulation to the Bank of England. In Mr Osborne's speech to Mansion House on 15 June, he stated that the new regulation framework "learns the lessons of the greatest banking crisis in our lifetime". The new framework will abandon the previous tripartite system of regulation, where responsibility was shared equally between the Bank of England the FSA and the Treasury, and instead will hand the vast majority of regulatory responsibilities solely to the Bank of England. In addition Mr Osborne announced that the government would demand

"further restraint on pay and bonuses" in the financial sector. (Source: HM Treasury)

http://www.hm-treasury.gov.uk/press_58_11.htm



LowCVP study highlights importance of measuring whole life carbon emissions

A LowCVP commissioned report, prepared by Ricardo, has highlighted the increasing importance of accounting for whole life carbon emissions to compare the environmental performance of vehicles. The study found that some of the CO₂ savings made during the use of low carbon vehicles are offset by increased emissions created during their production and, to a lesser extent, disposal. However, overall electric and hybrid vehicles still have lower carbon footprints than normal cars. Greg Archer, LowCVP Managing Director, said: "This work dispels the myth that low carbon vehicles simply displace emissions from the exhaust to other sources. However, it does highlight the need to look at reducing carbon emissions from vehicles throughout their lifecycle. The automotive industry is already taking positive steps to address this issue - the recent announcement by Toyota of a solar array to provide electricity to power the hybrid Auris production facility and wind power at the Nissan Leaf plant are excellent examples of this". The report also indicates that lifecycle carbon emissions for mid-sized petrol and diesel vehicles doing a similar lifetime mileage are almost identical - the greater efficiency of the diesel being offset by higher production emissions, and also highlights that some regulations designed to improve recyclability, safety or reduce air pollution can increase carbon emissions in production or use.

(Source: LowCVP)

http://lowcvp.org.uk/assets/pressreleases/LowCVP_Lifecycle_Study_June2011.pdf

Week ahead

Commons Chamber

Thursday 23 June

Transport questions – 10:30 am (topical questions at 11.05am)

Commons Committees

No relevant activity

Westminster Hall

No relevant activity

Lords Chamber

No relevant activity