



SMMT Update

Issue 37 - 26 September 2008

Welcome

The new car CO₂ regulation is the most important piece of the legislation the motor industry has ever faced. It is essential that it creates the right framework to achieve Europe's environmental and economic ambitions. The vote by the European Parliament's Environment Committee is an important part of a longer political process. We hope that in the coming weeks MEPs, the European Parliament and member states will find acceptable compromises on a range of issues, particularly around a sensible phase-in period and penalty levels. A failure to find the right framework will put at risk the diversity and dynamism of the European automotive industry, particularly at a time when the sector and its customers are facing a global economic downturn.



Membership renewals - important information

Recognising the challenges facing members in the current economic climate, SMMT's recommendation to the Board of Directors was agreed and there will be no increase in subscription rates for 2009, ie the 2008 subscription rate will apply to annual subscriptions for next year. To help offset this, however, the early payment discount (available to members who pay their subscriptions before 31 January) will be reduced from 2.5% to 1.5%. The renewal documents will be sent out during October, but if you require any additional information or further clarification please contact membership@smmt.co.uk

UK vehicle production falls in August

This week we issued UK vehicle production figures which showed a slowdown in production. August 2007 was a strong month and so we expected demand to fall slightly. Volatility in the global market has affected demand for new vehicles around the globe and, as a result, the numbers produced has fallen. UK produced vehicles are exported to over 100 markets globally and this spread of demand should provide greater resilience and we expect the market for UK produced vehicles to reach 1.7 million - on par with 2007 figures. More from www.smmt.co.uk

IATF meeting

SMMT hosted the International Automotive Task Force meeting for the management of the ISO/TS16949:2002 certification scheme at the Alveston Manor Hotel, Stratford-on-Avon. The IATF members are representatives from vehicle manufacturers, BMW, Chrysler LLC, Daimler, Fiat, Ford, GM, PSA, Renault and VW and representatives from the following national associations, AIAG, ANFIA, FIEV, SMMT and VDA-QMC. The meeting included a formal dinner hosted by Paul Everitt, SMMT chief executive. More from www.industryforum.co.uk

Daytime Running Lights

The directive on Daytime Running Lights (DRL) was adopted this week. The mandatory introduction of dedicated DRL was discussed in the Commission's High Level Group CARS 21 (Competitive Automotive Regulatory System for the 21st Century) with high level executives from member states, industry and non-governmental organisations and received unanimous approval. The Directive foresees that from 7 February 2011 onwards, all new types of passenger cars and small delivery vans will have to be equipped with DRL. Trucks and buses will follow 18 months later, in August 2012. More from policy@smmt.co.uk

September new members

SMMT is pleased to welcome Right Connections UK Ltd, TVR Motors Company Ltd and United Springs Ltd to membership in September. All will benefit from market information, advice, political influence and networking and business development opportunities. More from ahandley@smmt.co.uk

Skills high on competitiveness agenda

John Denham MP, secretary of state for skills, attended the SMMT joint reception with Unite the Union at this year's Labour party conference in Manchester. Denham views improving skills and training as vital to UK economy and sustainability of the automotive sector. Tony Woodley, general secretary of Unite, welcomed attendees and expected a healthy future for manufacturing. Skills were raised as part of the manufacturing review which was published last week. SMMT hopes government will take timely action on skills gaps in the sector. More from policy@smmt.co.uk



Dates for your diary

SMMT Annual Dinner, Park Lane Hilton, London 25 November - annualdinner@smmt.co.uk
CV Show 2009, Birmingham NEC, 28-30 April 2009 - www.cvshow.com

Week in Westminster and Brussels

In Westminster, this week, news has centered on the Labour Party Conference. The Prime minister said he was dedicated to lead the party in tough times and transport secretary, Ruth Kelly announced that she's to leave at the next reshuffle.

In Brussels, the Environment Committee voted against the tabled amendments to the regulation on CO₂ from passenger cars. The European Parliament and the French Presidency of the EU are expected to back European Commission proposals to relax the limit on the maximum vapour pressure of transport biofuels. More from www.smmt.co.uk



Electric Vehicle Partnership

SMMT met a GLA official to discuss a forthcoming initiative on electric vehicles, the Electrical Vehicle Partnership. The Partnership was announced in a speech to a LowCVP conference at the Motor Show in July, by the London Mayor's director of transport policy, Kulveer Ranger. The Partnership will bring together the London Boroughs, electricity suppliers and vehicle manufacturers. The plan is to use London as a test bed for the take-up of electric vehicles and to triple the number of charging points across London (up to 250) with charging points in public car parks, on the road and through the planning process in newly-built houses. The points will use 'smart metering' technology and bills will be sent to users. The project is funded by GLA in-house resources and if needed by TfL. The draft terms of reference have not yet been released. SMMT will keep members informed of developments. More from policy@smmt.co.uk

Significant returns on skills investment

The Sector Skills Council for Science, Engineering and Manufacturing Technologies (Semta), announced to Rt Hon John Denham MP, secretary of state for innovation, universities and skills, this week what difference Semta skills interventions have made to employers. The Department for Innovation, University and Skills has given the science, engineering and manufacturing sector access to £65million to improve competitiveness. Semta chief executive Philip Whiteman explained that through Semta's Productivity and Competitiveness approach, companies went through a process linking training to organisational and operational changes, which yielded increased productivity that could be measured on the bottom line. The training also provided employees with sustainable skills such as Business Improvement Techniques and supported government targets to improve qualification levels in this strategic sector. All manufacturing organisations have Semta services available to them and SMMT Industry Forum works closely with Semta in a number of areas such as NVQs and vocational GCSEs.

More from www.industryforum.co.uk

Economics update

In the UK, retail spending was in the spotlight again this week with survey data released from the CBI. The Distributive Trades survey for September reported another month of weak sales volumes, a contrast to last week's ONS data on retail sales where the key theme was moderate underlying growth. The CBI survey has seen a fall in sales volumes for four consecutive months and the decline is expected to extend into October. It is evident that the trend in consumers' retail spending growth has changed abruptly, is now very modest and likely to be squeezed for some time, despite the emphasis given from differing sources. The uninspiring outlook for consumer spending growth is well captured by HM Treasury's recent survey of economic forecasts. The volume of spending economy-wide grew by 3.1% in 2007, but for 2008 and 2009 the average rates expected are just 1.8% and 0%.

The CBI survey gives some insight into activity in the motor traders sector. Here, the headlines were, an abrupt fall in sales volumes from May, no immediate or foreseeable improvement ahead and very low, unseasonal trading. This confirms the most recent trends in new car and van registrations for the three months to August as reported by SMMT. For cars, volumes were down 10.7% on the June to August period in 2007 and for vans down 13.8%. September is a key month for both car and van sales, typically accounting for one in six and one in seven of the annual sales volumes. The immediate outlook is disappointing with market conditions having the potential to deliver an even weaker drop in demand.

More from economics@smmt.co.uk