

SMMT RESPONSE TO BALANCE OF COMPETENCIES REVIEW OF RESEARCH AND DEVELOPMENT

6 AUGUST 2013

Introduction

The Society of Motor Manufacturers and Traders (SMMT) is one of the largest and most influential trade associations in the UK. It supports the interests of the UK automotive industry at home and abroad, promoting a united position to government, stakeholders and the media. The automotive industry is a vital part of the UK economy accounting for £59 billion turnover and £12 billion value added. With more than 700,000 jobs dependent on the industry, it accounts for 10% of total UK exports and invests £1.7 billion each year in automotive R&D. The industry plays an important role in the UK's trade balance, with vehicle manufacturers exporting around 80% of production. Additionally, the UK is home to the world's largest number of specialist vehicle manufacturers and boasts global centres of design, R&D and engineering staffed by some of the industry's most highly skilled employees.

SMMT welcomes the opportunity to respond to the Department for Business, Innovation and Skills' Balance of Competencies Review on Research and Development. The automotive industry is global, exporting primarily to European markets and selling high value products into key markets across the world. Success for growth depends on active leadership by UK government in key decisions about the EU's political, economic and industrial future.

SMMT has called for government to pursue an industrial strategy that prioritises proactive UK engagement and leadership in the EU across all critical policy areas which pursue growth, innovation and employment, supporting stabilisation of the Eurozone and completion of the internal market. It is also vital that government ensures that UK positions on current trade negotiations and the development of EU free trade agreements reflect the UK's industrial priorities on growth in automotive, prioritising free and reciprocal market access and the abolition of non-tariff barriers (NTBs) to support UK export ambitions. The recently published, joint government and industry, sector strategy for automotive, recognises the importance of Europe to the sector.

Comments on research and development

SMMT has identified areas relevant to the UK automotive sector in relation to the role of the EU in research and development.

European level funding and access to R&D support

SMMT considers that EU-level action on research and development is needed to ensure that Europe is competitive on a global basis. As identified in the call for evidence document, the EU's focus on research and development has increased as EU priorities reflect the need for growth in establishing an economically competitive region, as well as responding to challenges presented by the financial crisis and economic downturn.

It is evident that the UK is a primary beneficiary of EU R&D funding, with 16.2% of the Framework Programme 7 funding coming to the UK. This as well as the fact that the UK is involved in more successful projects than any other country demonstrates the strong engagement business, academia and industry has in EU schemes. However, SMMT would highlight that the application process for support under FP7 has been at times overly burdensome and administratively complex. Improvements made to the process under Horizon 2020 should go some way to reduce the burden on businesses.

Horizon 2020 represents a significant opportunity for UK companies to access EU R&D funding, where UK government should continue to work with the manufacturing sector to ensure that key industrial priorities are communicated to the European Commission and that the UK can access a competitive share of the funding opportunity.

Competence of R&D policy at an EU level is also of importance when reflecting the international and European nature of the automotive industry. Funding for intra-EU and multi-national projects is best served

at the EU-level and provides the clearest and most transparent method of bringing together different partners from different member states.

UK support for R&D

The role for the UK in supporting R&D is to make the UK a competitive location within Europe to invest in research and development projects that underpin the manufacturing base. Understanding the needs of the UK automotive sector is most appropriately done at a national level through tailored programmes that have been designed in collaboration with industry.

The Technology Strategy Board (TSB) plays a key role in providing and directing innovation funding in the UK. Industry works closely and collaboratively with the TSB in identifying the areas where support is needed. Through the Automotive Council the TSB works alongside industry participants in developing strategy and the future direction for technology development in the UK. The development of technology roadmaps and identifying key areas of strategic technological importance has been a vital process led at a UK level in ensuring funding and support is targeted at specific needs and areas in which the UK has competitive advantage.

Role of other organisations such as the Office for Low Emission Vehicles in funding TSB activity and other R&D support is also important. OLEV's understanding of the UK ultra-low carbon vehicle market and close engagement with industry is well placed to make judgements on how the UK should direct its R&D funding for low carbon automotive projects.

The development of catapults at a UK level and the recent announcement of the creation of the Advanced Propulsion Centre (APC) within the Automotive Sector Strategy are key to ensuring the UK is competitive amongst its European member state counterparts. The APC will bring together a cross-section of industry and government players and capitalise on the UK's comparative strength and expertise in design, development and manufacture of powertrains and capabilities in new technology. This collaborative approach will help position the UK as a R&D hub and go-to location for powertrain development and manufacturing, as well as, benefit the supply chain and increase exports.

Conclusion

SMMT believes that the balance of competencies in the field of research and development are on the whole set at the right level. It is important for shared competency to continue between member states and the EU in order for Europe to be able to position itself as a competitive region for investment in R&D, but also for the UK to position itself within Europe and meet the R&D requirements of the industry locally.

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