Report Highlights New £2bn Potential For UK Auto Parts Supply

Tuesday 4 November, 2014

- £2 billion opportunity identified for 'upstream' UK automotive supply chain firms to grow their businesses in the UK.
- Automotive Council report examines potential for increased UK component and raw material supply to Tier-1* companies.
- Figure is in addition to the £3bn opportunity previously identified for increased component sourcing direct to vehicle manufacturers, on which progress continues to be made.
- Automotive suppliers confident about the future: 80% of companies expect near-term growth.

A new Automotive Council report has highlighted a fresh £2 billion growth opportunity for UK component suppliers as UK car makers enjoy an unprecedented period of success.

The report, released today (Tuesday 4 November) at the Society of Motor Manufacturers and Traders' (SMMT) Open Forum event at Cranmore Park, Solihull, assesses the 're-shoring' potential for 'upstream' automotive suppliers – in other words, the capacity for the UK to increase local supply of components and raw materials which are currently imported.

The £2bn figure comes on top of £3bn identified last year for supply direct to vehicle manufacturers, on which progress is being made. Industry experts point to the accelerating growth potential in the automotive sector as well as local-sourcing benefits of lower logistics costs, greater flexibility and faster response times.

Currently around one third of the components in a UK-built vehicle are sourced in the UK. The report identifies a realistic aim to increase this local content to around 60% – similar to other European countries such as France, Germany, Italy and Spain.

Business Minister Matthew Hancock said, "The automotive sector is thriving and our supply chain firms are helping to create jobs and generate growth, but there is more to be done. That is why last month we announced £10 million of government money to address skills shortages in the auto supply chain to help UK companies win more contracts.

"This news that there is an extra £2bn of sourcing opportunities for UK automotive suppliers – taking the total to £5bn – is great news for the UK economy."

Another key finding to emerge from the report is that UK automotive suppliers are – in the main – confident about their future prospects. Of the companies surveyed, 80% expect their business to grow in the near-term.

Dave Allen, Purchasing Director, Jaguar Land Rover and Chair of the Automotive Council Supply Chain Group, said, "The current success of the UK automotive sector presents a renewed opportunity for automotive suppliers to invest in the UK and to increase local sourcing of the high value components that the UK's world-class vehicle makers require.

"With this report we now have good visibility of the depth and value of the opportunity throughout the supply chain, together with deliverable actions to turn this opportunity into reality."

Developing a globally competitive UK automotive supply chain is one of the core aims of the Automotive Council's industrial strategy, published last year.

UK suppliers looking to expand their sourcing activities can make a significant step towards doing so by attending the joint SMMT and UKTI Meet the Buyer event on 12 May 2015. The event brings together automotive companies with specific sourcing requirements with UK-based suppliers that can match those demands. For more details, e-mail nhuggett@smmt.co.uk.

Automotive companies seeking local content supply can also take advantage of SMMT's Automotive Supplier Finder, a comprehensive database covering over 4,000 automotive product and service categories.

To download the full report, click here.

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Notes for editors

*A Tier-1, or 'first tier' supplier, is a company that directly delivers parts, components or materials to vehicle manufacturers. Tier-2 suppliers deliver predominantly to Tier-1 suppliers, while Tier-3 suppliers deliver to Tier-2 suppliers, and so on. 'Upstream' refers to Tier-2 and below.

About the Automotive Council

The United Kingdom Automotive Council was established in December 2009. It is a joint UK government-industry organisation that is tasked with establishing the UK automotive sector as a world leader.

Co-chaired by Vince Cable MP and Richard Parry-Jones, the Automotive Council aims to:

- Create a transformed business environment for the automotive industry in the UK to provide a more compelling investment proposition for related industries;
- Develop further the technology roadmaps for low carbon vehicles and fuels, and exploit opportunities to promote the UK as a strong candidate to develop these and other technologies;
- Develop a stronger and more competitive automotive supply chain;
- Provide a stronger public voice for the industry to support the value of the industry to the UK and to global partners;
- Ensure a strategic, continuous conversation between Government and the automotive industry in the UK.

www.automotivecouncil.co.uk

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