



British Ceramic Confederation

KEY PRIORITIES FOR THE NEW GOVERNMENT

We need the next government to concentrate on four key priorities to support our manufacturing industry: -

- Energy
- Taxation
- Better Regulation
- Planning

and three key priorities to aid recovery:-

- Financial markets
- Capital investment
- Skills retention and development

“We need to ensure that the UK is a competitive place to do business and invest in manufacturing industry”

All sectors of the UK ceramics industry use advanced innovative technologies.

The recession exposed the need for a stronger manufacturing industry in the UK to rebalance the economy, increase GDP and generate export income.

We recognise that these are not times when it will be easy to reduce tax, but neither is it the time to impose yet greater burdens on business by raising taxes or increasing regulatory demands.

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Manufacturing - Energy:

The ceramic industry is energy-intensive. Energy is up to 30-35% of manufacturing costs. 85% of the energy used is from gas. The **range and interaction of energy issues** in the UK now are making industry less competitive than in other countries in and outside the European Union and deterring further investment.

We need a **fair transition to a low carbon economy** so the UK won't just be exporting jobs and importing higher carbon products:-

- we need a low-cost strategy with a low cumulative tax and regulatory burden on industry
- we need fair treatment for materials with a low carbon footprint. Under EU-ETS Phase III, UK ceramic construction products are at risk of being substituted with imports or other materials with higher environmental impact.
- to reduce emissions and develop radical changes in low carbon technology, our industry needs funding for demonstration projects and access to cost-effective finance.

Security of gas and electricity supply at competitive rates needs to be improved. Increased gas storage is essential.

Manufacturing - Taxation:

Priorities should be to:-

- avoid the proposed **National Insurance** rises which will be damaging to businesses.
- reduce the **corporation tax** rate of up to 28%, which is one of the highest rates within the EU, giving other EU countries a clear competitive advantage.
- stop retrospective taxation of businesses-withdrawal of **Industrial Building Allowances** continues to damage companies' balance sheets.

Manufacturing – Better Regulation:

To ensure that the UK doesn't remain at a major disadvantage against the rest of Europe, it is important that EU Directives are implemented to minimise the burden on business. This requires a purposive, risk-based approach to meet the underlying objectives of Directives.

Examples causing problems for our industry include: **Mining Waste Directive, IPPC** and a range of overlapping EU and UK initiatives aimed at **reducing energy consumption** e.g. EU ETS.

Some EU regulations e.g. **REACH** are also written in a very bureaucratic manner and risks are not managed proportionately across Europe. This puts EU manufactured product at a disadvantage.

Manufacturing - Planning:

The **planning system** remains a major handicap to our industry. As a result investment is being held back which in turn will have long term detrimental implications for the UK economy.

We urge the new government to commission an **immediate review** of the impact of the planning system on business investment and competitiveness. A streamlined system is needed.

Faster Recovery from Recession:

Recovery - Financial Market:

Access to funds and credit is essential as businesses expand in the recovery.

- we need government lending to banks to be matched by delivery of **commitments by the banks to lend the money** to credit-worthy businesses of all sizes and homebuyers.
- many energy suppliers are denying credit to all ceramic businesses. A **prompt objective assessment of credit-worthiness** needs to be made by suppliers and policed by regulators if necessary.

Recovery - Capital Investment:

A new government needs to reduce the public sector deficit. However **maintaining capital investment in the built environment is crucial** to securing the economic recovery, meeting the targets for carbon reduction and improving quality of life for people in this country.

Ceramic products are used in construction (bricks, roof tiles, sanitaryware, wall and floor tiles, drainage pipes).

Every pound invested in construction generates £2.84 of economic activity and creates employment. Priorities include:

- increase the number of **social homes** being built to 50,000 per year by 2012.
- continue to support **affordable and private housing** markets until the recovery is more secure.
- invest in better quality **educational buildings**.

Skills Retention and Development:

Priorities include:-

- support greater investment in **tertiary education** in science, technology, engineering and maths skills. **Vocational courses**, and courses with more flexibility (e.g. sandwich courses) in these areas are also useful for students during the economic recovery.
- ensure that experienced and essential skills and personnel are retained by businesses. UK businesses need some means of **covering employment costs temporarily** as in other European countries during business downturn.
- continue the valued **graduate internships** and support for **apprenticeships**, particularly where this is focussed in helping the transition to a lower carbon economy.

UK Ceramic Industry Key Facts

- Sales, including **supply chain**, of **£2 billion**
- More than **20,000 employed** in industry and suppliers
- Export sales over £500 million – particularly for industrial ceramics, refractories, table and giftware and clay drainage pipes
- Sectors also include bricks, wall and floor tiles, clay roof tiles, sanitaryware and materials suppliers
- **Solution provider for low carbon economy:**
 - Ceramic products have **low carbon footprints**
 - Industrial ceramics provide **critical components** for renewable energy and electricity production and distribution.
 - **Long-life refractory materials** are essential for glass, steel and ceramic production – key materials in construction and low carbon energy generation



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