BRITISH ceramic CONFEDERATION

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Ceramics Briefing for Stoke-on-Trent Central By-election

As a trade association, the British Ceramic Confederation (BCC) represents the collective interests of all facets of the UK ceramic manufacturing industry. Our 100 member companies operate 160 sites across more than 100 UK constituencies. Our sector (including materials suppliers) generates annual sales of around £2bn, employs 20,000 people directly and is an active exporter, with over £400m in export sales. 75% of our member companies are SMEs.

The UK ceramic industry is simultaneously steeped in heritage, yet in the vanguard of novel materials development and advanced manufacturing. Clay construction products have been used on the British Isles for over two thousand years and we have recently invested in some of the most energy and carbon-efficient manufacturing ceramic operations in the world using locally sourced raw materials quarried in an environmentally sensitive manner. Similarly, our whiteware manufacturers past and present are a roll call of some of Britain's most iconic brands. The 'Made in England' back-stamp remains sought after by discerning consumers around the globe. Our membership also includes manufacturers of technical ceramics, refractories and suppliers of raw materials to the sector.

The full growth potential of the industry is not being realised, even in the Ceramic Valley Enterprise Zone which covers part of the Stoke-on-Trent constituency, because a combination of policies is undermining investment, trade, growth and jobs. This does not need to be the case. **Overleaf we outline five key areas of policy change that would unleash the latent growth in our sector.**

The industry is energy-intensive, with energy and climate-related costs representing up 35% of total production costs. Consequently, the ceramic sector has been driven over several decades to maximise efficiency; with UK operations typically more energy / carbon-efficient than competitors elsewhere. The sector is committed to developing a competitive, sustainable, low-carbon and resource-efficient future economy.

The development of a new industrial strategy for the UK and Brexit are heavily intertwined. The stated aim of Government is to create a country that works for the many and not just the few. Boosting investment and employment in ceramics, a manufacturing sector that provides good quality jobs throughout the UK (and often in economically challenged or semi-rural areas), would both support and enhance the Government's overarching policy objectives.

As a trade association we have been working with the Stoke-on-Trent and Staffordshire LEP at the request of Greg Clark to develop our offer for a deal to Government for a sector-led strategy with a strong element of place. In addition to the policy areas overleaf we are including broader work on skills, innovation (new product and process development is the lifeblood of the sector), supply chain and local issues.

UK ceramic manufacturers want at least a level playing field to compete internationally, they want to contribute to the success of Brexit and help the UK to stand on her own two feet. We need a smooth Brexit, minimising disruption.

Ceramics in Stoke-on-Trent Central constituency:

The ceramic industry, both directly and through its supply chain, is a significant local employer. 8 BCC members operate in the constituency directly employing 1300 people making tableware, giftware, tiles and supplying materials to the sector. Many other ceramic companies are based in neighbouring constituencies in the North Staffordshire conurbation.

We thank you for your time engaging with BCC and our members and if you require any further information then please do not hesitate to contact us:

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E

Emissions Trading Scheme

Whether part of the EU ETS, or as a separate scheme, the key issue for the ceramic sector is how to retain full “carbon leakage” status. UK Government had proposed free allowances should be focused or “tiered” on just a handful of sectors. For manufacturers of bricks, roof tiles and clay pipes, this would mean even world class, energy efficient factories would have to buy all their carbon after 2027 or after 2020 if a “Border Adjustment Mechanism” is adopted. This cost for many would exceed their profits. We need ALL MEPs to vote against these proposals in February and UK Government to change their position on tiering. We need a fair UK approach now that allows survival of the industry before and after Brexit and encourages investment in new capacity and improvements.

A

Action to lighten cumulative compliance costs

Ceramic manufacturers compete in a fiercely-competitive global market and therefore the success of the sector is reliant on internationally competitive energy, climate and environmental costs. The cumulative impact of the current plethora of UK/EU energy, climate and environmental policies such as uncompensated EU ETS, UK Carbon Price Support charges on electricity and very limited renewables compensation is leading to the loss of jobs, investment and tax revenue. We must ensure the UK is not simply decarbonising by deindustrialising. UK ceramic manufacturers need a level playing field against their EU and non-EU competitors. We need abolition, or at very least permanent freezing, of the UK Carbon Price Support tax and use post-Brexit opportunities to expand renewables exemption/compensation to many more manufacturers.

R

Reduce industrial CO_2 emissions by developing a long-term policy

Building more energy and carbon efficient industries requires capital investment in new plant. But most remaining opportunities require investments that are prohibitively expensive, have excessively long payback times or require development and deployment of high-risk, breakthrough technologies. Higher UK compliance costs make it more difficult to justify investment in UK operations. We need genuine partnership with Government in developing long-term policies and co-funding to help meet UK decarbonisation requirements without driving the sector abroad.

T

Trade freely but fairly

UK Ceramic manufacturers make products heavily traded around the world. Free trade is welcomed by our members, provided it is fair. With 50% of the sector’s exports sold to the EU, we need to ensure an adequate and comprehensive tariff-free UK-EU trade settlement with no cliff-edge when we leave the EU. New UK free trade agreements must support UK ceramic manufacturers. Transitional arrangements whereby the UK is able to remain party to the EU’s FTAs until it is able to sign its own similar UK-third country agreements would be highly welcomed by our industry. We must develop and deploy adequate UK Trade Defence Instruments to protect UK manufacturers against dumped products and there needs to be a clear plan to manage the transition from EU to new UK trade remedies.

H

Housing

An immediate post-referendum boost of new house building by Government is essential. To meet a desperately growing demand for new homes additional UK construction product manufacturing capacity is needed: we estimate a 60% uplift. For UK ceramics manufacturing this could create 4000 new UK jobs with £300 million of turnover and investment in the UK. Ceramic construction products are extremely durable with low lifecycle environmental footprints. It is important that Government does not distort the market by subsidising imported construction materials or untried technologies. UK-manufactured materials must not be disadvantaged. A key target in the UK 2025 Construction Strategy is a 50% reduction in the trade gap. To realise this opportunity we need genuine partnership with Government and cross-department working as imports continue to rocket in sectors like bricks and clay roof tiles.