

## Senate Economics References Committee

Inquiry into the future of Australia's automotive industry

Hearing in Adelaide on Friday 13<sup>th</sup> March 2015.

### **Part 2: further material provided by Prof Göran Roos:** Subsidies provided to the automotive sector in the UK.

The attached table is for illustrative purposes only. In the time available it has not been possible to source and synthesise all the information necessary to provide a comprehensive response on the subsidies provided to the automotive industry in the UK.

The information provided is complementary to publicly available and previously referenced documents including: the Productivity Commission report, the ACIL Allen Consulting report referenced in the Productivity Commission report and other documents in the Australian public domain.

The table below and the attached source documents, clearly indicate the UK government's support for the automotive industry; from a low level before and during the GFC, to a high level after the GFC. It is clear the UK government considers this an investment with a very high return.

For further information and discussion, please see the list of source documents at the end of the table.

Year	Cost	Project
2008	£6.2 million	Nissan
2009	£4.5 million	For one R&D project
2008/2009	Reduced 15% VAT rate	
2008/2009	Total of £400m	Scrappage Incentive Scheme
2012	£19 million	For five government-backed R&D projects
2012	£1 billion	Automotive Advanced Propulsion Centre
2012	£140 million over 6 years	For the first High Value Manufacturing Catapult
2012	£150 million	Program focused on the development of ultra-low emission vehicle technologies.
2012	£600 million	To eight emerging technologies with potential cross-sectoral applications in which the United Kingdom has research expertise and business capability [including automotive]
2013	£213 million	Joint government and industry investment to strengthen UK advanced manufacturing supply chains including automotive

Year	Cost	Project
2013	£500 million	<p>For low emission vehicles:</p> <ul style="list-style-type: none"> <li>• £200m for the continuation of the Plug-in Car Grant, securing the government contribution of up to £5,000 towards the cost of qualifying, new ultra-low emission vehicles (ULEVs);</li> <li>• £30m to assist the purchase of other vehicles;</li> <li>• £100m for R&amp;D projects;</li> <li>• £20m for taxi infrastructure and incentives; £30m for buses;</li> <li>• £35m for a new city scheme;</li> <li>• £32m on infrastructure (including for a rapid charging network);</li> <li>• £4m for gas refuelling network for HCVs]</li> </ul>
		R&D Tax credits across all businesses = 0.08% of GDP

#### Sources:

1. Bailey, D., De Propis, L. (2014) 'Manufacturing reshoring and its limits: the UK automotive case'. *Cambridge Journal of Regions, Economy and Society*. Oxford University Press
2. 'Chapter 2: The Automobile Industry In and Beyond the Crisis', OECD (2009)
3. Cooke, P. (2009) 'The United Kingdom Automotive Industries: Status, Economic Recovery and Expectations', a report for the SMMT
4. 'Driving success: a strategy for growth and sustainability in the UK automotive sector – summary', Department for Business, Innovation and Skills (UK) 2013
5. 'European Government Support for the Auto Industry' (index only), IHS Global (2013). [The full version of this document is available for purchase from <https://www.ihs.com/Info/0215/automotive/solutions.html>]
6. Leach, D. (2013) 'Full Speed Ahead: An industrial strategy for the UK automotive sector', Confederation of British Industry.
7. *Motor Industry Facts 2014*, Society of Motor Manufacturers and Traders, March 2014
8. Pourvand, K. (2013) 'Picking Winners: How UK industrial policy ensured the success of the aerospace and automotive industries'. Institute for the Study of Civil Society (Civitas)
9. Robinson, A. (2013) 'Overview of UK auto industry', Society of Motor Manufacturers and Traders Ltd (SMMT)
10. 'The Motor Industry' (2014) House of Commons Library (UK) Standard note SN00611
11. 'UK Automotive: Driving Ahead', Report of the All-Parliamentary Motor Group (UK) 2013-14