



published by
The Manufacturing Technologies Association
62 Bayswater Road
London W2 3PS

Tel: 020 7298 6400 / Fax: 020 7298 6430
Email: info@mta.org.uk
Web: www.mta.org.uk

→ The Manufacturing Technologies Association

→ MTA
Key Messages

→ The Manufacturing Technologies Association

→ The Manufacturing Technologies Association



If you need any further information on any of our Key Messages, please contact the Public Affairs Department at the MTA on tel: 020 7298 6400

For more information about MTA, please visit our website at www.mta.org.uk



What MTA would like
the Government to do.

Reinforce our Key Messages
in your local community.

Identity concept, visual construction & typeset:
Jordan FAN for Visual Lab
fckj@hotmail.com / 01883 340 252

	Director General's Foreword	
→	The Importance of Manufacturing	→ 1
→	The Future of Manufacturing in the UK / Key Facts	→ 2
→	Business messages for Government	→ 3
→	Raising the profile of engineering and manufacturing	→ 9
→	The MTA / Key Facts	→ 12



- The Manufacturing Technologies Association changed its name in October 2002 from the Machine Tool Technologies Association (MTTA) in recognition of the changing nature of its membership and manufacturing more generally;
- The MTA was founded in 1919 and is the leading trade organisation for the UK machine tool and related manufacturing technologies sectors;
- MTA's member companies are located throughout the UK and include manufacturers and importers of manufacturing technologies and ancillary equipment. There are 200 members at present, the majority of which are small to medium sized companies;
- MTA has an overseas office in China and is researching the establishment of another in Russia, with representatives in Brazil and India. It is also involved in organising inward and outward trade missions in order to build business relationships between UK and overseas markets;
- MTA provides a range of services for its members covering areas such as business support, business development, skills and training, statistics, technical advice, standards and external relations. It owns and organises MACH, the UK's premier manufacturing technologies exhibition, held every two years.

to promote education and training within the sector, for example: Grants provide financial assistance for employees of member companies who wish to undertake a wide range of courses to enhance their skills;

4. The Association organises various programmes to raise awareness, through competitions, awards and other initiatives, in primary schools, secondary schools and colleges, of the opportunities for careers in manufacturing industry and to enthuse students in the study of science and technology subjects;

5. The Association was a partner in the Engineering Consortium, which provided funding for three of the first engineering specialist schools in the UK.

→ Director General's Foreword

Dear Member,

Welcome to MTA's Key Messages.

This booklet provides you with short summaries of what MTA would like the Government to do in a range of key policy areas, to help manufacturing in the UK. These positions have been put together in consultation with the members of the Association's committees.

As your trade association we represent your interests at a national level to Government Ministers, Civil Servants and the national media but it is also important that you help to reinforce our Key Messages in your local community. You may be speaking to local politicians such as your Member of Parliament, Parliamentary Candidates, local councillors or local press, schools, business links or your Chamber of Commerce.

If we speak with one voice to all interested parties our messages will be stronger and therefore have more impact on those in power.

You will also find up to date statistical information on our sector's performance in MTA's Basic Facts booklet, which is published annually.

I hope that you find MTA's Key Messages useful to help raise the profile of manufacturing and engineering in your area.

Best wishes
Andrew Manly
Director General



Manufacturing is extremely important to the UK economy:

- Manufacturing is 18% of the UK's GDP;
- Manufacturing is 15% of the UK workforce;
- There are 3.5 million people directly employed within the manufacturing industry in the UK;
- There are almost as many people employed in dependent industries;
- Manufacturing contributes £150 billion to the UK's balance of payments;
- Manufacturing is 60% of all UK exports;
- The productivity of the sector is 15% higher than other UK sectors;
- Manufacturing is responsible for nearly 90% of all UK private sector Research and Development.

Maths (STEM) skills available to employers;

- Encourage companies to improve staff development through the effective use of mature employees in the training process. Early retirement policies can lead to companies throwing away their greatest asset.

MTA's Education and Training Initiatives / Key Facts

The MTA is committed to raising the profile of manufacturing industry amongst young people to promote engineering as a career and to ensuring that those already employed in the sector receive support for their continuing professional development.

1. The MTA's Education and Training Committee plays an active role in putting forward the industry's position on education and training policies to Government. It also works closely with other organisations, such as SEMTA (the Sector Skills Council for Engineering), the CBI, universities and Education Business Partnerships, to try to address issues such as skills shortages within the industry;

2. The Association runs two programmes to provide funding for employees of member companies to undertake management development courses at top UK business schools and to enhance their knowledge and understanding of best practice techniques;

3. The MTA Awards Scheme is a registered charity, which aims

→ Raising the profile of engineering and manufacturing

→ MTA Key Messages → 9

The profile of engineering and manufacturing must be raised in order to attract young people – and more women – into the industry, to ensure the future of manufacturing in the UK. We are encouraged that the Government has recognised this as an issue and has asked the DTI's Manufacturing Forum to address the issue as we believe that it is crucial that action is taken sooner rather than later.

MTA would like the Government to:

- Improve careers advice to ensure that all young people have access to high quality information and advice;
- Ensure that vocational and academic qualifications receive equal recognition, resources and status. On the CONTINENT vocational training is, culturally, valued far more highly than in the UK;
- Ensure that the education system delivers a workforce with good levels of literacy and numeracy and a willingness to learn new skills;
- Provide adequate funding for opportunities for apprenticeships regardless of age;
- Increase resources to colleges and universities to make it financially viable to continue to deliver high cost and often low recruiting programmes of study, such as engineering degrees;
- Increase the supply of Science, Technology, Engineering and

→ The Future of Manufacturing in the UK / Key Facts

→ MTA Key Messages → 2

1. A combination of technological change, competitive pressures and more demanding customers will create opportunities but also growing pressures for manufacturing;
2. UK manufacturers will need to develop more distinctive products with a greater emphasis on design, efficiency and added value. Achieving these improvements will require significant increases in investment. Already we are seeing a number of customers looking to source components overseas;
3. It is wrong to assume that all manufacturing will automatically transfer away from mature economies to low cost economies. All G8 countries have important manufacturing sectors, which create wealth and support flourishing service sectors;
4. In economies with high wage and social costs, low value manufacturing has to be replaced with high added value products and high levels of productivity, achieved through capital investment and exploitation of the latest technology available.

Investment

The Government urgently needs to tackle the under-investment in capital equipment, which according to its own figures has declined in the period from 1998 to 2003 by 37%; although in the last year there has been some recovery, it remains well below 1998 levels.

MTA would like the Government to:

- Look at introducing permanent 100% first-year capital allowances for investment in plant and machinery (including leasing) for SMEs. We believe capital allowances are an effective way to boost manufacturing investment;
- Look at introducing a Capital Investment Tax Credit that helps to address cash flow constraints on investment, including leased assets. The benefits of this scheme are that it has cross sector support (EEF is a strong backer) and it helps companies not in profit to invest in new equipment;
- Look at reforming the Corporation Tax regime, because this will play an important role in encouraging business investment and leasing.

Increased investment leads to increased productivity and profitability, introducing any of the reforms above would in the short-term lead to a deferment of revenues to the Treasury,

Department of Trade and Industry and the Regional Development Agencies

MTA supports a strong and effective DTI that champions the interests of business across Government and overseas. The DTI must also be represented at Cabinet level to take part in all the strategic decisions that Government must take. We are disappointed that so much of the Business Support agenda has gone out to the RDAs. We support a sectoral approach rather than a regional one and would like to see the RDAs collaborating to develop this.

MTA would like the Government to:

- Simplify the way information is presented to businesses. Companies remain frustrated by their inability to identify which regional body is able to give which type of support. Some simplification, especially for SMEs, is essential;
- Improve performance in some MAS regions. The Manufacturing Advisory Service (MAS) has proved to be excellent in helping companies find support in some regions, eg West Midlands, however the service is not consistent. We would like to see MAS continue but all reaching the standard of the West Midlands.

Exporting

MTA is deeply concerned by the reduction of the UK Trade and Investment budget and the over emphasis on inward investment rather than on export support, which can help British companies identify new opportunities and markets for exports, especially given the growth of trade in developing economies. We believe this will inevitably put us at a competitive disadvantage.

MTA would like the Government to:

- Ensure that British companies are competing on a level playing field with our competitors;
- Be more transparent throughout the whole process of issuing export licences. Many member companies experience difficulties, for example, where they initially obtain a licence for an overseas order but are later rejected for the same export. We would like to see the Government give a full explanation of why this happens.

rather than affect the long-term levels of revenue generated.

Tax Burdens on Business

Manufacturers, especially SMEs, are concerned that the UK is losing its competitive edge on taxation, with increases in the tax burden at a time when many of our competitors are reducing theirs. Many of the recent increases in taxation have been those which add to companies costs, such as national insurance contributions, at a time when other costs, such as materials and liability insurance are also rising.

MTA would like the Government to:

- Freeze the business tax burden over the course of the Parliament;
- Ensure that the tax system is used to encourage business investment and invest in areas fundamental to our national competitiveness: infrastructure, skills and research and development;
- Reduce the administrative burden on companies associated with regulation and with complying with the tax system.

The Regulatory Burden

Despite the efforts of successive governments, companies remain concerned about the growing regulatory burden and poor quality of some legislation. Legislation is often badly drafted and introduced with little guidance or insufficient time for companies to prepare. SMEs believe that this is especially damaging to their competitiveness and distracts management time from efforts to improve performance.

MTA would like the Government to:

- Ensure that regulation encourages rather than constrains innovation;
- Ensure companies are given sufficient notice of the introduction of new legislation and provided with accurate and practical guidance;
- Improve the assessment of the impact of regulation and its cumulative burden;
- Introduce, where possible, sunset clauses into legislation;
- Drive forward the better regulation agenda at EU-level;
- Ensure that the planning system helps rather than hinders industry's attempts to improve productivity and addresses

important environmental considerations;

- Maintain a flexible labour market which particularly takes into account the difficulties of SMEs in areas such as family friendly policies.

Encouraging Research & Development

In an increasingly competitive world, our science and innovation performance will be key as competition from low cost countries becomes more intense. The UK still needs to significantly raise its level of expenditure on research and development, especially in medium size companies and in less R&D intensive industries. We remain behind our European competitors in exploiting business and academic links and networking.

MTA would like the Government to:

- Extend the definition of the R&D tax credit to cover more design and development activities and also look at ways to encourage greater R&D activity by medium-sized firms, including improving the rate of credit available to them.