

# Setting a new agenda

**BLM Group UK\* managing director Paul Lake calls for a new, business-led agenda for manufacturing, further government help now to spur car demand, plus support for investment**

**T**he challenges of this recession are greater than those posed by the '79-'82, '90-'92 and 2000-01 recessions.

A financial crisis of global proportions, following decades of indifference under successive governments, is taking its toll. Inevitably, companies have begun to experience cash flow difficulties and problems in accessing the finance that all businesses involved in manufacturing need if they are to invest in physical assets, such as machine tools. We need nothing less than a second Industrial Revolution.

I suggest government appoints an experienced business person with the knowledge and drive to get things done. Reporting directly to the Prime Minister, their brief should be to take UK manufacturing from its current 6<sup>th</sup> in the world position (behind US, China, Japan, Germany and then Italy) to 4<sup>th</sup> within two years, together with the creation of an additional 1.5 million jobs in UK manufacturing.

Supporting this individual would be seven regional directors, also businessmen or women with proven track records, each supported by a board with a membership representative of large, medium and small manufacturing companies. They would establish and then implement an agenda, free of political bias and with the minimum of civil service meddling.

Meanwhile, although Peter Mandelson, business secretary, has



announced measures to support the automotive sector, much more has to be done. Companies will only invest in new and more productive methods of manufacture when there is demand. Government must therefore act decisively to stimulate customer demand throughout the automotive supply chain.

So, why not make it possible for anyone in the UK to buy a new car from the current stockpile via, say, a 50 per cent 'gift' from the government and car makers' discounts, plus a 50 per cent interest-free, government-backed loan? There could even be a government-funded incentive to take older, less environmentally-friendly and possibly unsafe cars off the road. The resulting reduction in the new car stockpile would stimulate the entire automotive supply chain, effectively underwriting a capital investment programme and safeguarding

employment.

But, as manufacturing industry becomes more technology-dependent, investment in high-cost plant demands greater upfront commitment. So, why not provide 30 to 40 per cent government grants for capital expenditure – to be used to finance the initial deposit – and couple that with deferred VAT payments and 100 per cent capital allowances that can be 'flexed' forward or retrospectively?

The fact is, investment in productive assets must continue, for without the equipment to do the job at a competitive price, UK-based OEMs, first-tier suppliers and their sub-contractors will be seriously disadvantaged, and could well fail to benefit in the longer term from major projects that may find a home elsewhere, abroad.

And with UK labour rates above those in Asia and Eastern Europe, and with skills in short supply, alternatives to labour-intensive and inflexible production methods offer a sensible and realistic counter.

Equipment suppliers are committed to helping manufacturers secure the most affordable route to installing new technology, but it is government that is best placed to offer incentives to support investment in the production technology necessary to secure UK manufacturing's long-term future. □

□ BLM Group UK supplies laser tube cutting, bending, end-forming and sawing technology



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