



British Ambassador To Egypt – H.E. Dominic Asquith

HMA CAIRO'S REMARKS TO THE EGYPTIAN ENGINEERING EXPORT COUNCIL ON THE UK AUTOMOTIVE SECTOR: 12 OCTOBER 2008

Good morning. It is a great pleasure to be here today. Like to thank the Egyptian British Chamber of Commerce, the Engineering Export Council of Egypt and UK Trade and Investment for sponsoring the event. Our common objective must be that, as a result of today, we will see the development of more business partnerships between our two countries, particularly if the effect is to contribute to more efficient energy use and thereby a low carbon economy.

As many of you may know the UK is the largest overseas investor in Egypt with cumulative investments in excess of £10 billion across a broad range of sectors involving some 800 UK companies. This vote of confidence from UK business is due, in part, to the longstanding relationship between our two countries. But of even greater importance has been Egypt's programme of

economic reform and liberalisation which has delivered a growth rate in excess of 7%.

This confidence to invest in Egypt is reflected in World Bank figures, which rank Egypt among the three largest recipients of FDI across the Middle East and North Africa. British companies recognise not only the opportunities presented by a growing and more sophisticated Egyptian market but also Egypt's potential as a hub through which to operate into third markets. As Dr Ahmad said the Egyptian automotive sector offers a number of potential attractions for UK involvement.

- The Egyptian Industrial Development Authority is implementing a strategic plan to develop the automotive sector to include incentives to automotive assembly, particularly those producing for export.
- Egypt is one of the fastest growing automotive markets in ME/Africa. The market for passenger cars increased by 300% 2004-07 and expected to go on rising within the next three years, with export volumes doubling in that period.
- The Egyptian market has existing experience of supplying the UK automotive market, in areas such as glass manufacturing and wiring for which there are companies operating in Egypt exporting between 30-80% of their product to the UK.

As in other areas, growth/success/beating the competition depends on meeting international standards, modernising and

integrating into global industry. That's where partnership will produce the results.

But I'd like to tell you about the British automotive sector. Much of what I have to say may surprise you – even in the UK the success of our automotive business is little known and appreciated. I am delighted to have this opportunity to set out just how accomplished Britain is in this field – and how we can be of benefit to you and your businesses.

So first, a few facts and figures.

The UK automotive industry is worth almost £10 billion and represents 13% of the UK's total manufactured exports. In 2007 the automotive sector produced 1.7 million vehicles, close to the peak achieved in the 1970s, and 3 million engines. The industry directly employs almost 200,000 people of whom just under a half are engaged in vehicle and engine manufacture and the rest in auto parts manufacture. 11 global vehicle makers and 19 of the top 20 auto parts makers operate in the UK. Major car manufacturers who export from the UK include Nissan, Toyota, Honda, BMW, Ford, General Motors and Jaguar-Land Rover, now of course owned by Tata of India.

In fact, more than three quarters of UK car output and 61% of commercial vehicle production in 2007 was exported. You may well be driving a British-built vehicle. The name of the manufacturer is not a reliable guide. The Nissan Qashqai, for example, one of the most successful cars of the last decade, was

designed in London, engineered in Cranfield and is built only in Sunderland, in the North of England.

And why do Nissan build cars in Sunderland? Well, you would have to ask Nissan to get a definitive answer, but the Sunderland plant is one of the most productive in Europe and that is because of the quality of the workforce and the competitive business culture of the UK.

Nissan and other vehicle manufacturers are making significant investments at the moment. Honda is investing £80 million to upgrade its Swindon car plant, in the South West of England. And on the commercial vehicle side, Leyland Trucks are expanding their output.

Despite difficult global market conditions, the UK automotive industry is not just holding its position, but is experiencing sustainable long term growth, even in the luxury car sector. Bentley, Aston Martin and Rolls Royce are all making new investments, or launching new ranges. And Longbridge is now starting production of MG sports cars, for the first time in five years, under its new Chinese owners.

And do not forget that the UK is also a world motor sport centre. Six out of 10 Formula One teams are based in the UK, namely Renault, Williams, Honda, McLaren, Red Bull Racing and Force India. The UK motor sport industry is reckoned to contribute over £5 billion per year to the UK economy, half of which is earned by exporting. This industry has at its core a cluster of high-

performance engineering companies, supported by numerous, world-class manufacturing and service companies.

At what might be seen as the other end of the performance scale in off-highway vehicles and construction equipment, the UK is also a leader. We build earthmovers, concrete mixers, crushers and screens, as well as components like axles, transmission systems and engines, along with a range of safety, security and monitoring equipment.

So with a global reach and high quality product, the UK automotive industry makes you the ideal supplier - or partner - wherever you sit in the industry and wherever you are in the world. This is not just because of the UK industry's technical achievements, its innovation and its manufacturing prowess, but is largely due to the business culture I mentioned earlier. It is a business culture that has made Britain a world leader in many industries and has brought many industry leaders from around the world to Britain.

The fact so many of the leading global names in the automotive sector have invested in the UK re-emphasises the global nature of our companies. The lack of a major British-owned volume vehicle manufacturer may be seen by some as a weakness. It does mean that our success is often overlooked. But it is also one of our strengths. So many national supply chains are tied to their national brands in some way. The absence of such a phenomenon in the UK often means our companies can act as independent sources of goods and services to overseas clients regardless of where they are based.

At the heart of our business culture is adaptability. This is one of our greatest strengths - a consequence of the pragmatism that is central to British culture. That is why the UK automotive industry is a centre of excellence across a wide range of products and disciplines – from the high-performance and luxury end of the spectrum, to the more everyday and familiar family car.

Britain has long been and remains one of the world's great trading nations. This has made UK business especially well equipped to work with overseas partners – another aspect of our adaptability. British companies understand the value of working with local partners, their local connections and local knowledge. Such factors are critical components of competitiveness.

But you shouldn't just take my assertion. You must learn it direct from British companies, who are more than capable of speaking for themselves and more persuasively than I. I will conclude by saying simply that the UK is your natural partner in this as in so much else. Work with us and maximise your benefit.