

HOT ISSUES

dti

Materials, Engineering &
Manufacturing Policy Newsletter
Hot Issues

Issue 22: May 2006

Dear Reader

Welcome to the latest edition of our Hot issues Newsletter.

In this edition we provide updates on the High Level Group on Energy, Environment & Competitiveness, Energy Supply and EU ETS.

Any new subject ideas for future issues of the newsletter

can be sent to tony.mills@dti.gsi.gov.uk who would be happy to take these on board.



Should you wish to discuss issues affecting your sector please feel free to contact us. Your first port of call to arrange a meeting should be your relationship manager. Contact details are included in the newsletter (Last Page) should you need them.

Materials, Engineering and Manufacturing Policy

Influence and Impact Team

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Hot Issues

HIGH LEVEL GROUP ON ENERGY ENVIRONMENT & COMPETITIVENESS

The High Level Group on Energy, Environment and Competitiveness (HLG EE&C) is a strategic advisory group for the European Commission. The UK is very supportive of this development. It is an output of the European Commission's Industry Policy Communication (October 2005), and forms part of the EU's partnership for jobs and growth.

This High Level Group presents us with a good opportunity to take forward the Better Regulation agenda, and to encourage greater investment and technological development, so that competitiveness and environmental improvements (including clean, secure energy) go hand in hand.

Over the next two years the HLG will aim to foster closer coordination between policy and legislative initiatives, and to contribute to creating a more stable and predictable regulatory framework. It will explore ways to unleash the growth potential of basic and intermediate product industries by further integrating competitiveness, energy and environmental policies. The group will also examine the links between industrial, energy and environmental policies to make sure that initiatives in each area are mutually compatible.

The High Level Group on Energy, Environment, and Competitiveness is holding its second meeting on Friday 2nd June 2006. Alistair Darling, Secretary of State for Trade and Industry, is attending as a representative of the Member States.

The discussion is expected to focus on the four working groups the European Commission have facilitated since the first meeting in February. These covered; the EU energy market; the European Unions emission-trading scheme; energy efficiency; and competitive energy inputs for energy intensive users.

We expect this meeting to direct the Sherpa's towards more strategic long-term work. Specifically looking at how policy options can be developed for a more sustainable, low carbon, energy system that contributes to strengthening the competitiveness of the European economy and promotes energy security post 2010.

We also expect agreement on, among others, an investment workstream. This can be fed into the work of the HLG providing relevant information on the most effective policy and tools on making investment in the EU more attractive in order to analyse the existing barriers and disincentives, both at EU and at national level. Such a study could also give advice on appropriate regulatory and financing mechanisms and most appropriate means to increase awareness at all levels.

In addition to Günter Verheugen (European Commission Vice President responsible for Enterprise and Industry), the High Level Group also contains: Stavros Dimas (European Commissioner for Environment), Neelie Kroes (European Commissioner for Competition), Andris Piebalgs (European Commissioner for Energy), as well as representatives from industry and the civil society.

Alistair Darling, Secretary of State for Trade and Industry, has been invited to participate as one of the Member State representatives. Simon Edmonds, Deputy Director General of DTI's Business Group, is the UK Lead Official.

For further information, please contact: Tim Cullen (timothy.cullen@dti.gsi.gov.uk),
Telephone: 0207 - 215 - 1096.
The European Commission's web site for this High Level Group is
http://ec.europa.eu/enterprise/environment/hlg/hlg_en.htm

Energy Supply

On 16 May the Government published a statement on the winter energy supply which gives an overview of the outturn for winter 05/06 and of the work underway in preparation for winter 06/07.

As part of this statement, it was announced that a Business Energy Forum would be created. This will be a high level-group jointly chaired by Malcolm Wicks, Energy Minister, and Richard Lambert, Director General Designate of the CBI. The group will provide the forum for discussion of a broad range of strategic energy issues, with a focus on security of supply next winter. Its members will include representatives from industry bodies, including, the EEF and the Energy Intensive Users Group, gas producers and shippers, electricity generators and suppliers and representatives of other groups. The Written Parliamentary Statement can be accessed via the weblink below.

In terms of the longer term security of supply issues, the Government published a statement on the need for additional gas supply infrastructure, encouraging planning professionals and local decision makers to consider the national interest when looking at planning applications. The statement can be accessed via the weblink below.

Also published on 16 May was the National Grid's draft winter Consultation Document – **deadline for comments is 9 June** – and the annual DTI/Ofgem Joint Energy Security of Supply (JESS) report. Both these documents can be accessed via the weblinks below. The National Grid's initial assessment indicates that the supply-demand balance for gas next winter is expected again to be tight.

The market is already responding to the need for more gas supply and storage by developing new infrastructure online for next winter, listed below. If they all go forward to their respective schedules, these projects could increase GB's gas import capacity by over 100mcm/day for this winter. The utilisation of facilities would however depend on technical and commercial factors.

- Full availability of the new Humbly Grove storage facility
- The new Langeled pipeline from Norway (first gas planned for the Autumn)
- Further expansion of the Belgium-GB Interconnector (completion planned for December 2006)
- The new BBL pipeline from the Netherlands to Bacton (first gas planned for +December 2006)
- New LNG import project into Teesside (subject to regulatory consents, planned for December 2006)

For further information, please contact: Terry Martin (terry.martin@dti.gsi.gov.uk),

Weblinks

Parliamentary Written Statements on Winter Energy Supply and on need for additional gas infrastructure <http://www.dti.gov.uk/energy/energy-reliability/index.html>

National Grid Winter 06/07 Consultation Document –
www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/15061_8406a.pdf

DTI/Ofgem annual JESS report - <http://www.dti.gov.uk/files/file28800.pdf?pubpdfdownload=06%2F331>

Energy Review moves to next phase

After meeting over 500 energy and environment experts, receiving more than 2000 written responses and listening to the views of the public the Energy Review consultation, which has now closed.

The Energy Minister, Malcolm Wicks said:

“The public consultation launched three months ago has sparked some heated debate with valuable contributions from environmentalists, energy groups, the public, and business. It is now time for us to analyse this evidence, incorporate it together with our own analysis and thinking to prepare a report for the Prime Minister by the summer.”

Full details of the consultation process, including submissions received, can be found at www.dti.gov.uk/energy/review

Emissions Trading Scheme

The EU Emissions Trading Scheme (EU ETS) is a community-wide scheme established for trading allowances to cover the emissions of greenhouse gases from permitted installations. Along with a number of other sectors, steel production is captured by the scheme, as are any combustion plants that have an aggregated thermal input of over 20MW.

The results of the first year of Phase One of the emissions trading scheme were published on 15 May 2006. All sectors had sufficient allowances to surrender in order to cover their 2005 emissions other than the Electricity Supply Industry. Other sectors as a whole emitted around 10Mt of CO₂ less than their allocations. These UK results are broadly within the ranges we expected. Further information is available on the [Defra website](#).

The consultation on the draft Phase 2 NAP has now concluded and Government officials are working to take on board views expressed and produce the UK National Allocation Plan for Phase 2 of EU ETS, 2008-2012.

Those captured by the Scheme, should submit verified data to the Environment Agency by **6 June** so that they can prepare a provisional list of installation level allocations. This list will be consulted on in the Summer.

The Government is also seeking views from incumbents on developing the Scheme post 2012 and a [questionnaire](#) has been published on the Defra website.

Links

- Results for Year 1, Phase 1
<http://www.defra.gov.uk/environment/climatechange/trading/eu/permits/pdf/sectorresults-060515.pdf>
- Review of the Scheme
<http://www.defra.gov.uk/environment/climatechange/trading/eu/review/index.htm#4>
- Contact: keith.avis@dti.gsi.gov.uk or georgiana.glaysheer@dti.gsi.gov.uk

The Implementation in Great Britain of Directive 2004/67/EC concerning measures to safeguard security of natural gas supply

Directive 2004/67/EC of 26 April 2004 concerning measures to safeguard security of natural gas supply must be implemented in all Member States by 19 May 2006. This consultation document compares the requirements of the Directive with the current GB arrangements. DTI analysis shows that our present arrangements largely ensure compliance and we would welcome any views consultees may have on our analysis.

Closing date 06 June 2006

Consultation Documents: <http://www.dti.gov.uk/consultations/open/page28160.html>

Consultation on the review of the Air Quality Strategy

The Department for Environment, Food and Rural Affairs and the devolved administrations for Scotland, Wales and Northern Ireland have issued a consultation document on a review of the UK air quality strategy: "Options for further improvements in air quality."

Volume 1 of the consultation document seeks stakeholders' views on a number of potential additional national policy measures which could secure further improvement in air quality. Among the measures on which the Government are seeking views are:

- new tighter European vehicle emissions standards (so called Euro-standards);
- incentives for cleaner vehicles;
- further reductions in emissions from small combustion plants; and
- further reductions in emissions from ships.
- a new, more cost effective, policy framework and objectives for controlling pollutants for which there is no safe level such as fine particles (known as PM 2.5);
- improved protection for Sites of Special Scientific Interest and other protected habitats
- a new objective on ozone for the protection of our environment.

Volume 2 of the consultation document includes Technical Annexes and a Regulatory Impact Assessment which set out the scientific and economic underpinning for the assessments carried out. Published alongside the consultation document is the 3rd report by the Interdepartmental Group on Costs and Benefits giving an in depth presentation and discussion of the assessment and other evidence underpinning the review.

<http://www.defra.gov.uk/corporate/consult/airqualstrat-review/index.htm>

The deadline for responses to Defra is 11 July 2006

**DTI industry-focussed workshop on the Air Quality Strategy Review
Consultation**

The DTI is holding an industry-focussed workshop on the Air Quality Strategy Review Consultation on **Monday 19th June 2006** from 1pm until 5pm in the DTI's Conference Centre at 1 Victoria Street, London. Lunch will be provided and we would very much like stakeholders to attend.

The workshop is intended to provide industry stakeholders with the information they need to respond constructively and effectively to the ongoing public consultation on the Review of the Air Quality Strategy that closes on 11 July 2006. There will be presentations on what is being proposed by the relevant DEFRA policy officials as well as a session focussing on industry impacts from a DTI economist. There will also be substantial time allocated for you to ask questions and make observations.

Closing date for invitations: 9 June 2006

Contact: Robert.Falk@dti.gsi.gov.uk

Other Issues

DTI Ministerial team Portfolios

Following the recent changes to the DTI Ministerial team, the Ministerial portfolios are:

The Rt Hon Alistair Darling MP – Secretary of State for trade and Industry

Overall responsibility for the Department of Trade and Industry

Malcolm Wicks MP - Minister of State for Energy

Energy Issues

Sustainability and the environment

Security of energy supply

Fuel poverty

Nuclear security and export control

Shareholder Executive (energy portfolio)

Steel Industry

Margaret Hodge MBE MP – Minister of State for Industry and the Regions

Overall responsibility for Business Group issues (except Steel), including:

Enterprise, growth and business investment

Strengthening regional economies

Small Business Service

Company Law Reform Bill

Companies House

Corporate Social Responsibility

Jim Fitpatrick MP – Parliamentary Under Secretary of State for Employment Relations and Postal Services

Employment Relations including oversight of ACAS

Better Regulation

Shareholder Executive

Royal mail and post Office Counters Ltd

Corporate & Insolvency activity

Insolvency Service

Ian McCartney MP – Minister of State for trade, Investment and Foreign Affairs (joint with FCO)

Trade Policy

UK Trade and Investment

Exports Credits Guarantee Department

Foreign Affairs (FCO)

Competition

Consumer affairs

Corporate governance

Lord Sainsbury of Turville – Parliamentary Under Secretary of State for Science and Innovation

Science and Engineering
10 year investment framework for science and innovation
Office of Science and innovation (OSI)
Research Councils
Knowledge Transfer and innovation
Technology Strategy
Patent Office
National Weights and Measures Laboratory (NWML)
Bioscience (excluding GM)
DTI's interest in skills
British National Space Centre (BNSC)

**Implementing the new Electromagnetic Compatibility (EMC) Directive
2004/108/EC in the United Kingdom**

This consultation seeks views of businesses, manufacturers, retailers, producers and enforcement authorities on draft regulations implementing Directive 2004/108/EC of the European Parliament and the Council on the approximation of the laws of the Member States relating to electromagnetic compatibility and repealing Directive 89/336/EEC. This consultation does not seek views on the provisions of the Directive itself but on our proposed interpretation of it.

Directive 2004/108/EC regulates the electromagnetic compatibility (EMC) of both apparatus and fixed installations. The Directive aims to reduce the regulatory burden on manufacturers as compared to the previous Directive. Notified Body involvement will be voluntary. There are new regulatory requirements for fixed installations.

Consultation closes: 3 August 2006

Consultation documents can be obtained at
<http://www.dti.gov.uk/consultations/page28218.html>

EU Ministers reach long-awaited agreement on Services Directive

The UK Government warmly welcomed the political agreement reached on the Services Directive. This commitment by Member States will bring new opportunities for businesses, consumers and jobseekers, who will all benefit from the liberalisation of the Services sector.

The UK has always supported the Services Directive and worked towards agreement at the earliest opportunity, whilst ensuring our ability to uphold standards in sensitive areas.

Political agreement on the Services Directive is a landmark achievement in the realisation of the internal market, covering around 45% of the UK's economy, with small businesses benefiting the most from the dismantling of barriers to trade and reduced red tape. Small and medium sized enterprises represent more than 90% of service providers.

The UK will be one of the main beneficiaries of the Services Directive. Based on a study by Copenhagen Economics, the revised directive is estimated to be worth approximately £5 billion a year to the UK economy - boosting services such as construction companies, retailing, management consultancies, advertising companies, estate agents, architects, plumbers, bakers, electricians and leisure services.

Trade and Industry Minister, Lord Sainsbury said:

"This is excellent news for UK businesses and consumers and will provide many job opportunities for skilled British workers. It has been a long time coming and I am pleased that the Government's continuous support for this directive has now been rewarded. This commitment by Member States will protect workers' rights whilst providing opportunities for British business across Europe".

European Conference on Competitiveness Aspects of Sustainable Development (reducing administrative burdens for industry)

The European Commission's Enterprise and Industry Directorate General is organising a one-day conference on reducing administrative burdens on industry from the field of environmental regulation on **Thursday 22 June 2006 in Brussels**. This conference will see the launch of a report that will help to focus high-level political attention on key issues to bring about changes in national policies and practices to improve the business environment. Speakers will be drawn from national ministries, environmental protection agencies and industry trade bodies. They will showcase Member States' national and regional initiatives which have been implemented in such a way as to minimise the burden on industry whilst respecting EU Directives on the environment.

For further details:

<http://www.ec.europa.eu/enterprise/events/events.htm>

Consultation on draft second edition of IPPC SG5 in the A2 galvanising sector

Defra have launched a public consultation on revision of guidance on Best Available Techniques for minimising pollution from activities in the A2 Galvanizing sector.

<http://www.defra.gov.uk/corporate/consult/sg5-galvanising/index.htm>

This is one of a series of reviews of all the Sector Guidance notes for the local authority IPPC-regime.

This revised version of SG5 takes account of two sector specific issues. The first concerns how surface water runoff from roofs and yards should be dealt with. This could lead among other things to a revision of the benchmark emission to water including the limits for zinc and ammonia. The second concerns a trial of non-galvanizing jigs.

Defra contacts are:

imalka.oyewole@defra.gsi.gov.uk

andy.french@defra.gsi.gov.uk

The consultation closes on 16 June 2006.

Consultations on Conservation (Natural habitats, & c.) Regulations 2006

Defra have issued two consultations on conservation matters. These are both to make amendments to existing regulations, primarily in order to reflect a need for European directives to be fully reflected in the UK legislation rather than being implied or merely in guidelines.

The amendments relate, amongst other things, to water abstraction and land use plans, surveillance of conservation status, the keeping, transportation and sale etc of Annex IV species, monitoring incidental capture/killing, and indiscriminate capture/killing.

Until now many of these obligations have been delivered through policies and guidance without specific legislative transposition and by means of general legal duties.

Draft Conservation (Natural Habitats, &c.) (Amendment) (England and Wales) Regulations 2006

<http://www.defra.gov.uk/corporate/consult/nat-habitats-2006/index.htm>

Draft Offshore Marine Conservation (Natural Habitats, &c.) Regulations 2006

<http://www.defra.gov.uk/corporate/consult/offshore-marine-2006/index.htm>

Both consultations close on 30 June 2006.

Consultation on Miscellaneous Amendments to the Pollution Prevention and Control Regulations 2000

Defra have published a consultation on various miscellaneous amendments to the Pollution Prevention and Control Regulations 2000

The proposed changes relate to:

- Implementation of Petrol Vapour Recovery "Stage II" Controls
- Amendment which will increase the penalties for offences committed under the PPC Regulations in line with those in Section 105 of the Clean Neighbourhoods and Environment Act
 - To provide that where a coin-operated dry cleaning machine is to cease operation in October 2007 because it is not possible to comply with the Solvent Emissions Directive no application for a PPC permit is required in the interim.
 - Minor technical amendment to regulations concerning burning of landfill gas containing halogens.

<http://www.defra.gov.uk/corporate/consult/ppc-amendregs-2006/index.htm>

The consultation closes on 14 July 2006.

Consultation on mercury marketing and use restriction

This consultation seeks views on a proposal to restrict the marketing of fever thermometers and other measuring devices intended for consumer use, such as manometers, barometers, sphygmomanometers, which contain mercury.

<http://www.defra.gov.uk/corporate/consult/commdir-mercury/index.htm>

The consultation closes on 21 July 2006.

Consultation on a proposed voluntary reporting scheme for engineered nanoscale materials

The proposed voluntary reporting scheme is part of the programme of work across Government to build the evidence on any potential risks posed by nanotechnologies, in order to move towards evidence-based appropriate controls.

<http://www.defra.gov.uk/corporate/consult/nanotech-vrs/index.htm>

The consultation closes on 23 June 2006.

EU Battery Directive

On 2 May 2006 the Council and the European Parliament succeeded in reaching agreement on a new Batteries Directive in the Conciliation Committee.

The agreement must now be endorsed by the wider Parliament and Council. It is anticipated that this will take place in July 2006.

- **Website:** www.dti.gov.uk/sustainability/ep/batteries.htm
- **Contact:** paul.creary@dti.gsi.gov.uk

Industry Support

Manufacturing Advisory Service (MAS)

The Manufacturing Advisory Service (MAS) aims to address the practical needs of British manufacturers by delivering hands-on advice and assistance from experts in a wide range of manufacturing disciplines.

MAS recently celebrated its fourth birthday and can justly be proud of its achievements to date. Delivered by manufacturers for manufacturers, and funded through the Regional Development Agencies, the service is focused on delivering real bottom-line results for manufacturing firms. In the short time since it was established, MAS has responded to almost 80,000 enquiries and requests for help from manufacturing firms; its experts have carried out 14,000 free, on-site reviews; and through its in-depth project work the service has generated over £200 million of added value for UK manufacturing firms.

For further information about the services offered by MAS, go to the MAS national website www.mas.dti.gov.uk or get in touch with your local MAS Regional Centre direct by calling the MAS helpline number 0845 658 9600.

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