

Materials and engineering Hot Issues. Issue 1: November 2002

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The newsletter is produced by the DTI's Materials and Engineering Sector Team. The team aims to be a trusted partner for companies, organisations and individuals in the materials and engineering sector, and is particularly keen to support those who are pioneering and driving up productivity. To fulfil that aim the Materials and Engineering Sector Team will be working within Government and with key partners to improve the business environment and eliminate the barriers that hold back businesses like yours, in line with the Government's manufacturing strategy.

Specific details of [The government's manufacturing strategy \(2002\)](#) are available for download

To make sure that we're focusing on the issues that matter to businesses like yours, we've appointed a number of Relationship Managers – people who will work to build a strong relationship with key companies in the sector and an in-depth understanding of the issues that affect them. With the rest of the Materials and Engineering Sector Team, we want our Relationship Managers to become a powerful representative for your views across Government - influencing policy makers and regulators, and helping DTI to develop the sorts of support that meet your business needs. We may not always get the result you hope for but I know that you value this service we provide. Of course no relationship is completely one-sided. Our Relationship Managers will also be looking to challenge the companies they work with to raise their game and giving advice on where companies can get the support they need to do so.

This Newsletter has been developed to complement the work of our Relationship Managers, by bringing you the latest news on policy and regulatory developments in your area. We plan to publish the newsletter every two months and we want you to use it to give us your views about the issues it covers. The more you tell us about your thoughts and concerns, the more robust we can be in influencing the policy making process.

I hope you find this first edition of Hot Issues useful and that you take the opportunity to tell us what you think. If you get the chance, we'd also like to hear about contacts and colleagues you have who you think should also see a copy of Hot Issues.

Simon Edmonds

Director of the Materials and Engineering Sector Team

Please contact us

We hope this newsletter will be of use to you. Any comments you have on the format or subjects to be covered in future issues would be welcome. Please feel free to forward this newsletter to others who you feel might have an interest in the issues. If they would like to contact us with their details, we will ensure that they are placed on the future circulation list. We welcome your comments. Your point of contact for this is Keith Avis at Keith.Avis@dti.gsi.gov.uk (020 7215 1455). If there are any specific issues you wish to discuss with our unit, a contacts list can be accessed [here](#).

THE ISSUES

Fiscal

Issue: Chancellor's Pre-Budget Report

Main Points:

On 27 November the Chancellor published the 2002 Pre-Budget Report.

You will have your own key areas of the Report that are specific to your business, but from a general point of view we feel the main points on which you will wish to be aware are:

No increase of the Climate Change Levy

A Department of Work and Pensions review of Employers' Liability Insurance, details of which will be announced soon

Government to consult on proposal to increase the landfill tax escalator to £3 per tonne in 2005-06 and to increase the rate of tax by at least £3 per tonne in future years, on the way to a medium to long-term rate of £35 per tonne.

The Chancellor has made clear there is a need to discuss issues surrounding the landfill tax with stakeholders, and we will, of course, look to engage our sectors in the debate. We will also welcome your input into the review of Employers' Liability Insurance.

The Chancellor's statement can be accessed from the link below.

Deadline for input: Ongoing

Hot links (to further information/consultation documents): www.hm-treasury.gov.uk/Pre_Budget_Report/prebud_pbr02/report/prebud_pbr02_repindex.cfm

Contact us at: Terry.Martin@dti.gsi.gov.uk

Issue: Enterprise Act

Main Points:

The Enterprise Act contains major reforms of competition, consumer protection and insolvency law. It received Royal Assent on 7 November 2002, with many provisions coming into force in Summer 2003.

Further information on the Act can be accessed through the link below. Workshops explaining the implications of the Act are currently being organised. Please contact us (see below) for further details.

Deadline for input: dependent on workshop dates

Hot links (to further information/consultation documents):

www.dti.gov.uk/enterpriseact/index.htm

Contact us at: Terry.Martin@dti.gsi.gov.uk

Energy

Issue: Energy Review

Main Points:

The Government's Energy Review is driven by shifting trends in the UK's energy markets, in particular the future dependence on imported oil and gas, and greater demands for greenhouse gas reductions.

Consultation on the Government's Energy Review proposals ran from February to September this year. It sought views on policy in areas such as security of supply, climate change, renewables and the future use of gas, oil, coal and nuclear resources.

Having considered comments from the consultation, the Energy Review

Team are aiming to produce a White Paper by end 2002/early 2003. While the deadline for comments has now passed, we would encourage you to continue to pass any views to us. Our aim is to maintain close links with the Review Team, as there may still be an opportunity to influence the debate.

Deadline for input: 20 December 2002

Hot links (to further information/consultation documents): A copy of the Energy Review Consultation Document can be found at: www.cabinet-office.gov.uk/innovation/2002/energy/report/index.htm

Contact us at: Keith.Avis@dti.gsi.gov.uk

Issue: Climate Change Levy

Main Points:

The Levy has now been in operation for 18 months. We want to better understand the impact of the Levy on your business, in particular:

The costs of the Levy

The impact of the Levy on your business decisions (e.g. investment)

Impact on the energy efficiency of your operations

Take up of various incentives in the Levy package

A recently published joint CBI/EEF report offers an assessment of the Levy's impact on business since its introduction. Copies of the report can be accessed through either the CBI or EEF websites.

Deadline for input: 20 December 2002

Hot links (to further information/consultation documents):

www.defra.gov.uk/environment/ccl/

www.cbi.org.uk

[/www.eef.org.uk](http://www.eef.org.uk)

Contact us at: Terry.Martin@dti.gsi.gov.uk

Issue: EU Proposal for a Directive on the promotion of Cogeneration (CHP)

Main Points:

Cogeneration or CHP is a highly fuel-efficient technology, which uses waste heat produced as a by-product of the electricity generation process. The European Commission has issued proposals for a Directive to facilitate a stable framework, which promotes the CHP generation process. The Government supports the aim of the proposed Directive, but considers that, as currently drafted, the proposal would hinder rather than promote cogeneration in the UK by placing additional barriers in the way of achieving the Government's CHP target.

Defra, who are coordinating the UK reply, launched a public consultation on 25 September with a deadline for responses of 21 December.

Main proposals look to: adopt common definitions, evaluate support schemes for CHP and "guarantee of origin" for electricity from CHP.

We will be happy to receive any comments you have which can be incorporated into a specific Materials and Engineering Sector Team (MEST) response.

Deadline for input: 13 December to DTI/MEST 21 December direct to Defra

Hot links (to further information/consultation documents): Details of



the Defra consultation and the European Commission Green Paper can be found at: www.defra.gov.uk/environment/consult/ec-chp/letter.htm

Contact us at: Keith.Avis@dti.gsi.gov.uk

Environment

Issue: EU Chemicals Strategy

Main Points:

The EU White Paper on the Strategy for a future chemicals policy was published in February 2001. This addressed the shortcomings of the current system and proposes a single regime to control new and existing chemicals, which will be registered for various downstream uses. A draft Regulation is expected during the Greek Presidency (January-June 2003).

DTI officials have set up an industry based Downstream Users Group, which will actively feed into the Whitehall and EU Chemicals debate. The group will focus on:

the distribution of costs along the supply chain

the implications of substance withdrawal

information flows along the supply chain

Paul Marsh at the Non-Ferrous Alliance (E-Mail: marsh@ldaint.org) and Anthony Hume at the EEF (E-mail: ahume@eef-fed.org.uk) will be representing the interests of MEST sectors on this group.

Please feed comments direct to them and also to MEST as below. More general comments on the strategy should be sent to the MEST contact below.

Deadline for input: Ongoing

Hot links (to further information/consultation documents): The EU Chemicals Strategy White Paper is available from the following site: <http://europa.eu.int/comm/environment/chemicals/whitepaper.htm>

Contact us at: Keith.Avis@dti.gsi.gov.uk

Issue: EU Environmental Liability Directive

Main Points:

The European Commission has issued a draft Directive on environmental liability to establish a framework for the prevention and remedying of environmental damage, based on the polluter pays principle.

The scope of the draft Directive is wide ranging, potentially including operations covered by IPPC and the Water Framework Directive and could have implications for many MEST sectors.

We would welcome your views on the draft Directive, in particular

those issues of key concern and also any proposals that you can support. We can then feed these views into Government officials leading the debate.

The European Parliament's "first reading" of the draft Directive is provisionally planned for early in the New Year. There is therefore an opportunity for you to lobby MEPs both directly and through your National and European Trade Associations ahead of this meeting.

You may also want to consider asking your European Trade Association to encourage its members to lobby their own Member States. Similarly it could be a good idea to approach your European contacts in other Member States to discuss your concerns and encourage them to lobby their own MEPs

Deadline for input: Ongoing

Hot links (to further information/consultation documents): The EU White Paper on Environmental Liability, along with other background papers is available from the following site:
<http://europa.eu.int/comm/environment/liability/index.htm>.

The draft Directive is available from the following site:
<http://register.consilium.eu.int/pdf/en/02/st10/10458en2.pdf>

Contact us at: Terry.Martin@dti.gsi.gov.uk

Issue: Draft EU Mining Waste Directive

Main Points:

The European Commission anticipates producing a draft Directive on the management of waste from the extractive industries early in the new year. The main issues are likely to be scope, definitions, classification type, financial guarantees and financial securities.

The Office of the Deputy Prime Minister has appointed GHK Consultants to undertake a research project on financial guarantees and financial securities. A Steering Group, made up of representatives from industry and Government Departments has been set up to oversee the project. Further details on the draft Directive and research project can be obtained from Terry Martin (see below).

Deadline for input: Ongoing

Hot links (to further information/consultation documents): The European Commission's 3rd working document can be found at:
<http://europa.eu.int/comm/environment/waste/020624workingdocument3.pdf>

Contact us at: Terry.Martin@dti.gsi.gov.uk

OPPORTUNITIES

PARTNERSHIP FUND –

The Fund is a grant award scheme designed to improve employer-employee relationships, workplace productivity and job satisfaction. Building on the success of earlier rounds of individual workplace grants, the Partnership Fund is now seeking to provide support for partners to develop more strategic sectoral/regional projects and for promoting the partnership approach more widely, including better dissemination of Partnership success. For more details look at the DTI website at: <http://www.dti.gov.uk/partnershipfund>

EU CORPORATE SOCIAL RESPONSIBILITY (CSR) –

The European Commission issued a Green Paper in July 2001 on CSR. A communication paper was published in August 2002, which is to be followed by a 24-month consultation period from November 2002 before policy implementation by 2005. There is an opportunity for MEST organisations to participate in EU roundtables to help formulate EU policy/self regulation on CSR. For more details look at: <http://www.societyandbusiness.gov.uk/social/index.html>

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Industrial Minerals

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Metal Finishing

Metal Packaging

Metals Recycling

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Industrial Robotics/Automation

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Printing Machinery
Commercial Catering Equipment
Machine Tools
Gauge and Toolmaking
Mechanical Transmission & Components

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Responsible for:

Engineering Construction

Process Engineering Contracting

Process Plant

Electrical Power Generation, Transmission & Distribution Equipment

Mechanical Handling

Mining Machinery

Railway Equipment

Domestic White Goods