

Materials and engineering Hot Issues. Issue 3: January 2003.

URN No: 03/415a

We hope you have found the first November 2002 edition and special December edition of Materials and Engineering Hot Issues useful. Our intention is to publish the newsletter every two months, unless of course significant issues arise where we need to consult you more urgently. If this is the first time you have seen the newsletter we hope you will find it helpful.

You will see that we have maintained the format of the November 2002 edition, e.g. fiscal, energy, environment, recognising that each issue will be of greater or lesser importance to each company. However, we would like to hear your views on this approach.

This edition covers new issues (i.e. those not previously covered), and updates on previous editions and reminders of ongoing consultations. We have included a contents section on page 2 to help you through the Newsletter. The more you tell us about your thoughts and concerns on these issues, the more robust we can be in influencing policy developments.

Any comments you have on 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).

Terry Martin

Assistant Director, Influence and Impact Section

Materials and Engineering Sector Team (MEST)

Fiscal**Issue: Pensions Green Paper****Main Points:**

On 17 December 2002, the Government published its Green Paper *Simplicity, Security and Choice: Working and Saving for Retirement* on the reform of pensions.

The Green Paper opens consultation about future policy and legislation, inviting comments and ideas from interested parties. It contains options for reform, proposals for action and requests views on particular issues. The Green Paper, executive summary and press release are available from the Department for Work and Pensions (DWP) website. Please use the web link below.

Comments on the Green Paper should be sent direct to DWP, and copied to the MEST contact, as below:

Working and Saving for Retirement Consultation
 Department for Work and Pensions
 Pensions Strategy Team
 3rd Floor
 Adelphi
 1-11 John Adam Street
 London,
 WC2N 6HT

Or by e-mail to: pensionsresponse@dwp.gsi.gov.uk

Deadline for input: 28 March 2003

Hot links (to further information/consultation documents):

The Green Paper is available from the following site:
www.dwp.gov.uk/consultations/consult/2002/pensions/index.htm

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

Issue: Review of Employers Liability Compulsory Insurance (ELCI)**Main Points:**

As mentioned in our December 2002 Special Edition, the Department for Work and Pensions (DWP) is leading the review of ELCI, but will have the close involvement of a number of other Government Departments including HM Treasury, DTI and the Lord

Chancellor's Department. It will report to Ministers in Spring 2003.

There is still time for you to feed your comments in to DWP, if you have not done so already. The deadline for comments is Monday 17 February. In particular we would be interested to understand your views as to:

- the long-term commercial sustainability of ELCI;
- the economic efficiency – or otherwise – of the operation of the present system;
- the impact of the current system on employers, including whether it incentivises good health and safety management; and
- the extent to which the system meets the needs of affected employees and encourages their rehabilitation.

We would also value any views you might have as to options for reform, their potential cost implications and the possible inter-linkages with state benefits such as Industrial Injuries Disability Benefit (IIDB). The terms of reference of the review can be accessed via the DWP weblink below. Written contributions should be sent to DWP and copied to MEST as below:

Bob Elam
Dept of Work and Pensions,
The Adelphi, Level 2
1-11 John Adam Street
London, WC2N 6HT

bob.elam@dwp.gsi.gov.uk

Unless you ask us (DWP and DTI) to treat some or all of your evidence in confidence, we may refer to it in the review's final report.

Deadline for input: Contributions should be sent to DWP (copied to MEST) by Monday 17 February.

Hot links (to further information/consultation documents):

The DWP announcement can be accessed from the following website
www.dwp.gov.uk/publications/dwp/2002/health-safety/eli-review/index.htm

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

Energy**Issue: Emissions Trading Scheme****Main Points:**

The UK Emissions Trading Scheme (UKETS), which started in April 2002, Allows companies to buy and sell emissions allowances. At the end of the year (or milestone period for Climate Change Agreement firms) companies have to present sufficient allowances to cover their own emissions. Emissions trading is a lowest cost approach to reducing greenhouse gas emissions. Firms with cheap mitigation opportunities have access to a wide market of potential buyers and firms seeking to buy allowances on the market should also find a range of potential sellers. A compliance regime is in place to ensure firms carry out the necessary steps to balance their books at the end of the year. Details on the UKETS are held on the Defra website at the address below.

European Environment Ministers reached political agreement on the proposed EU Emissions Trading Directive (EUETD) on 10 December 2002. The European Commission's press release can be accessed from the link below. The European Parliament will give the Directive a second reading in Spring 2003, with remaining differences to be resolved through conciliation between the Presidency and the Parliament during Summer 2003. The Directive should be adopted in late 2003, with the scheme coming into force in 2005. There is still a window of opportunity to register comments on this issue, which we advise may be best placed through your European Trade Association to MEPs in the European Parliament.

We are giving early consideration to the UK's implementation of the Directive, based on the political agreement, and recognise the obvious implications for the UKETS. The opportunity will, of course, be given to comment on our proposed implementation at a later stage, but please feel free to register any views at this juncture via the contact below.

Deadline for input: To MEPs or European Trade Associations by April 2003

Hot links (to further information/consultation documents):

<http://www.defra.gov.uk/environment/climatechange/trading/index.htm>

http://europa.eu.int/rapid/start/cgi/guesten.ksh?p_action.gettxt=gt&doc=IP/02/1832|0|RAPID&lg=EN&display

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

Issue: EU Proposal for a Directive on the promotion of Cogeneration of Heat and Power (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. Both Member States and MEPs are currently considering the proposal which has been afforded priority status by the Greek Presidency.

Defra's consultation on the nature of the UK reply ended on 21 December 2002. A summary of responses and an indication of what actions the Government intends to take following the consultation will be published on the Defra web site in due course. We will update you through Hot Issues when details are available, but for the time being you should refer to the Defra site at the address below.

We remain keen to hear your views on this issue, so please feel free to email any comments to us at the contact point at the bottom of this section. Of course, you may also want to consider lobbying within Europe through the usual channels – Trade Associations, MEPs etc.

Deadline for input: Ongoing

Hot links (to further information/consultation documents):
<http://www.defra.gov.uk/environment/consult/ec-chp/index.htm>

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

Issue: Energy Review

Main Points:

Following on from the November 2002 Hot Issues entry, having received and analysed over 6,500 responses to the consultation, the Energy White Paper team are looking to publish the White Paper shortly. As soon as the White Paper is issued we will email details to those on the Hot Issues circulation list.

Deadline for input: N/A

Hot links (to further information/consultation documents): A copy of the Energy Review Consultation Document can be found at:

<http://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:**

We recognize that the Climate Change Levy continues to be a hot issue for many of our companies. Please, therefore, continue to make any comments to us regarding the impact the Levy has had on your business. In particular, you may wish to consider:

- 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

Deadline for input: Ongoing

Hot links (to further information/consultation documents):
<http://www.defra.gov.uk/environment/ccl/>

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

Environment**Issue: EU Environmental Liability Directive****Main Points:**

As reported in our November 2002 edition, 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 draft Environmental Liability Directive is now a priority area for Greece during its Presidency. It is therefore likely to be the subject of fast moving debate over the first 6 months of this year.

The scope of the current draft Directive is wide ranging, potentially including MEST operations covered by:

- Integrated Pollution and Prevention Control (IPPC) Directive (96/61/EC)
- Water Framework Directive (2000/60/EC)
- Hazardous Waste Directive (75/442/EEC and 91/689/EEC)
- Air Pollution from Industrial Plants (84/360/EEC)
- Landfill Directive (1999/31/EC)
- Groundwater Directive (80/68/EEC)
- Classification, packaging and labelling of dangerous substances Directive (2001/59/EC)

We would welcome your views on the draft Directive, particularly on issues of key concern and on any proposals that you support. For instance your views, particularly with examples of the potential affects on your operations, would be welcome on the following issues which are currently under discussion:

- Possible options for financial security (including compulsory measures)
- The need for a permit exception
- The possibility of phased implementation
- An extension to all occupation activities

As well as feeding your views into us, you may also want to consider asking your European Trade Association to encourage its members to lobby their own Member States and similarly their own MEPs, as the lead committee vote on amendments to the draft

Directive is provisionally planned for March.

Deadline for input: 14 February 2003

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: EU Chemicals Strategy

Main Points:

As mentioned in our December 2002 Special Edition, on 9 December the Government issued its position statement on the new EU Chemicals Strategy outlining its continued commitment to ensuring that the UK has legislation that fully protects public health and the environment (see web link below).

It is hoped that publishing this statement, before the Commission's proposal, will help stimulate debate within both the UK and EU and inform the decision making process. The European Commission has indicated that it will carry out a 4-week Internet consultation on aspects of the legislation, possibly in April. The Government will in any case carry out a formal public consultation once the Commission's proposals are available.

If you have not already done so, please feed comments direct to Defra and also to MEST as below.

Guila Musto
Chemicals & GM Policy Division
Defra
Zone 3/E3 Ashdown House
123 Victoria Street
London, SW1P 6DE

Email: necs@defra.gsi.gov.uk

Deadline for input: Ongoing

Hot links (to further information/consultation documents): The Defra announcement is available from the following site:

www.defra.gov.uk/news/2002/021209b.htm

The Government position statement is available from the following site: www.defra.gov.uk/environment/chemicals/pdf/necs-ukposition.pdf

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

Issue: Proposed charging scheme for pollution prevention and control regulations and applying OPRA for waste to waste management licensing charges

Main Points:

As mentioned in our December 2002 Special Edition, the Environment Agency is formally consulting on proposed a charging scheme for pollution prevention and control regulations and applying OPRA for waste to waste management licensing charges. If the proposals are supported then the Agency will seek to introduce these new charging schemes from April 2003.

The proposals and a Regulatory Impact Assessment can be accessed from the website below. Comments should be sent to Amanda.consultation@environment-agency.gov.uk and copied to the MEST.

Deadline for input: 24 February 2003

Hot links (to further information/consultation documents):
www.environment-agency.gov.uk/yourenv/consultations/410481/?version=1&lang

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

Issue: Waste Incineration Regulations

Main Points:

On 28 December 2002, an EU Directive limiting dioxins found in air emissions from waste incinerators was put into law in England and Wales.

The Waste Incineration Directive sets a new limit of 0.1 ng/m³ for dioxins (i.e. no more than 1 part in 10 billion) in air emissions. The Waste Incineration regulations and associated directions to the regulators introduce stringent operating conditions and set minimum technical requirements for some 950 incinerators and co-incinerators, including large plant, such as cement kilns and other smaller plant like clinical waste incinerators. This may be of

particular significance to the steel and non-ferrous metals industries.

The Regulations apply immediately to all new plant and to existing plant from 28 December 2005. The operator of each plant within the scope of the Regulations must apply for a permit. The Regulations (Statutory Instrument 2002/ 2980) are available from the HMSO website and the directions are available from the Defra website (please see web links below).

Guidance on the Regulations will be produced by Defra during February and will be available from the Defra publications line 08459 556 000 and the Defra website

Deadline for input: For information

Hot links (to further information/consultation documents): The Regulations are available from the HMSO website at www.hmso.gov.uk

The directions are available from the Defra website at www.defra.gov.uk/environment/ppc/wasteincin/index.htm

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

Issue: EU proposals on emissions from internal combustion engines in non-road mobile machinery

Main Points:

The European Commission have issued proposals designed to strengthen EU limits on nitrogen oxides (Nox) and particulate emissions from internal combustion engines to be installed in non-road mobile machinery. Designed to update an existing Directive, the proposal covers engines used in a wide range of machinery, especially those used in the construction industry. Under the proposals, maximum allowable Nox emissions from regulated machinery would be cut from existing levels by 30-40% in 2006. Particulate limits could be made up to 90% tougher than current standards in 2010, subject to confirmation in 2006.

Details on the proposals are held on the Commission website at either of the links below.

Deadline for input: 28 February 2003.

Hot links (to further information/consultation documents):

http://europa.eu.int/comm/index_en.htm

<http://europa.eu.int/eur->

lex/en/com/pdf/2002/com2002_0765en01.pdf.

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

Employment

Issue: EU Agency Workers Directive

Main Points:

In January 2003, the Government published a summary of responses to a consultation (which closed on 18 October 2002) on the potential impact in the UK of the European Commission proposal for a directive on the working conditions of temporary (agency) workers. Following the publication in December 2002 of a revised proposal by the European Commission, the Government has also published:

- A revised Regulatory Impact Assessment to look at the potential benefits and costs of implementing the Commission's proposal in the UK
- A revised Explanatory Memorandum.

The Government believes that temporary agency workers deserve adequate protection, which is why the national minimum wage and working time legislation make specific provisions to cover them. However, it remains concerned that the directive risks decreasing the attractiveness of agency workers to user companies, which might reduce the number of jobs available. It is necessary that the directive is sufficiently flexible to accommodate UK practices and to accommodate the diverse labour market practices in the EU.

The European Parliament completed its first reading of the proposals on 21 November 2002 and the European Commission published a revised draft of the proposed directive. The Council of Ministers has yet to reach a common position on the proposal and the working group will continue discussions under the Greek Presidency. There is still some way to go in the process before the directive is adopted.

As well as feeding your views into us, you may also want to consider asking your European Trade Association to encourage its members to lobby their own Member States and similarly their own MEPs.

The summary of responses, Regulatory Impact Assessment and Explanatory Memorandum can be accessed from the link below.

Deadline for input: Ongoing

Hot links (to further information/consultation documents):

<http://www.dti.gov.uk/er/agency/directive.htm>

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

Standards

Issue: National Standardisation Strategic Framework

Main Points:

The DTI, the British Standards Institution (BSI) and the CBI have initiated development of the National Standardisation Strategic Framework (NSSF) to shape the future of standardization in the UK. In a global environment, where the pace of change is accelerating, standards are a valuable strategic tool that can open new markets, reduce cost, increase certainty and assist innovation within business, government and society. The NSSF is a means of co-ordinating the efforts of all stakeholders to make better use of standards in the UK.

Attached is the draft NSSF, which incorporates comments, received on earlier discussion papers and at workshops with key stakeholders. Feedback on the draft NSSF is being sought and should be sent to:

- o by e-mail to NSSF@bsi-global.com
- o by post to NSSF Discussion Feedback, 10 West, British Standards House, 389 Chiswick High Road, London, W4 4AL

Deadline for input: Feedback should be sent by 4 March 2003, as the aim is to publish the NSSF in early April 2003.

Hot links (to further information/consultation documents):

www.bsi-global.com/nssf

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

OPPORTUNITIES

The Manufacturing Advisory Service (MAS)

The Government believes that a strong high value added manufacturing base is essential to a knowledge driven and prosperous economy. However whilst there are many world class manufacturing firms in the UK, far too many manufacturers are underperforming in terms of their productivity when compared to the benchmark set by our international competitors in the US, Japan, France and Germany. We need to improve our manufacturing productivity by utilising the best manufacturing practices and focusing on high value added products and markets. We need to compete on what we know, our natural creativity and the quality of competitively priced products, but not on low value added goods determined by price alone. To achieve this overall aim there is a need to make external expertise and skills easier to access. SMEs would benefit from affordable advice. Seeing the results of investment in the latest manufacturing processes and technologies would also be beneficial. MAS addresses these needs. It provides easily accessible assistance from experts to enable SME manufacturers to immediately improve their productivity.

The DTI MAS has been developed through a partnership with the Regional Development Agencies and is delivered on a regional basis (as well as in Wales through Cymru MAS) in close association with the Small Business Service's network of Business Links in England and the Welsh Development Agency's equivalent in Wales. It is aimed at providing hands-on practical advice to companies to help them improve productivity, product quality and production processes. It also provides clear access to practical expert advice from highly professional MAS Advisers in the field, on lean manufacturing and other operational know-how and provides access to some of the latest technologies available to manufacturers.

The two main components of MAS are:

- A network of Regional Centres for Manufacturing Excellence—focal points for the delivery of support services to manufacturers (of which all ten are up and running).
- A supporting and constantly expanding National Network of Centres of Expertise in Manufacturing (for which there are currently some 200 registered member organisations).

Case study material, alongside further information and direct access to the full range of Centres and services within MAS can be found on the MAS website www.dti.gov.uk/manufacturing/mas . An in depth

explanation of what MAS does can be found on the DTI's manufacturing site at www.dti.gov.uk/manufacturing.

WEEE / ROHS Directive Seminars

The DTI, DEFRA and the Small Business Service are running a number of introductory briefings on the recently adopted EU Directives on Waste Electrical and Electronic Equipment (WEEE) and the Restrictions of the Use of Certain Hazardous Substances Directive in Electrical and Electronic Equipment (ROHS). The Seminars are aimed mainly at small businesses with limited knowledge of the WEEE and ROHS Directives. This legislation is likely to affect you if you are involved in manufacturing, importing, selling or recycling electrical or electronic equipment. Please note, the seminars are about raising general awareness of current legislation, and will not be covering implementation plans for the legislation. They are free of charge to attend and will be allocated firstly to those in the local area.

More information can be obtained on the DTI website at www.dti.gov.uk/sustainability/weee/index.htm

Materials and Engineering Sector Team Contacts

Director: Simon Edmonds

Deputy Director (Materials): Gerry Miles

Deputy Director (Engineering): Keith Hodgkinson

Cross-cutting Teams

Influence and Impact: Terry Martin (Terry.Martin@dti.gsi.gov.uk)

Knowledge Management: David Rose

Metals and Minerals Team

Contact: Zoë Dayan (Zoe.Dayan@dti.gsi.gov.uk)

Responsible for:

Steel

Non-Ferrous Metals (Aluminium, Lead, Zinc, Copper and Nickel)

Industrial Minerals

Materials Processing and Recycling Team

Contact: Brian Greenwood (Brian.Greenwood@dti.gsi.gov.uk)

Responsible for:

Castings

Forgings

Sheet Metals

Powder Metallurgy

Metal Finishing

Metal Packaging

Metals Recycling

Precision Engineering Team

Contact: Tony Keegan (Tony.Keegan@dti.gsi.gov.uk)

Responsible for:

Industrial Robotics/Automation

Packaging Machinery

Printing Machinery

Commercial Catering Equipment

Machine Tools

Gauge and Toolmaking

Mechanical Transmission & Components

Process Plant and Products Team

Contact: Valerie Allcock (Valerie.Allcock@dti.gsi.gov.uk)

Responsible for:

Engineering Construction

Process Engineering Contracting

Process Plant

Electrical Power Generation, Transmission & Distribution Equipment

Mechanical Handling

Mining Machinery

Railway Equipment

Domestic White Goods