

Notes From SMMT Regional Forum

10 October 2018

Derby, UK



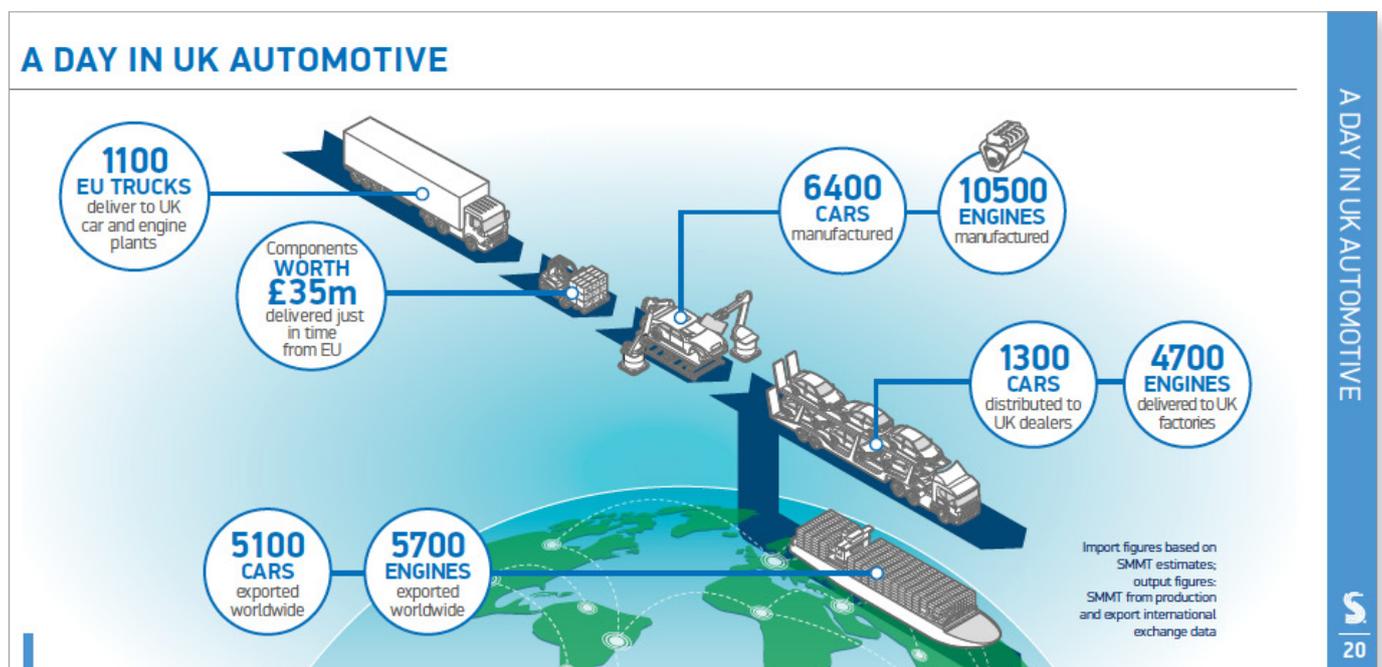
At the Regional Forum in October 2018, SMMT was pleased to announce its latest member benefit – the Brexit Readiness Programme. With March and Brexit rapidly approaching, it is time to ensure your organisation is as prepared as possible for Brexit – whatever the outcome. SMMT is working with five professional advisory firms, including our firm, to provide members with expert advice and guidance, including:

- Insightful articles
- Free advice helpline with specialist experts
- Dedicated webinars and events on specific issues
- Discount on any bespoke paid-for services

We have provided to SMMT members via a web portal, which can be accessed using the link below, information on a wide variety of topics, including trade, tax, customs, employment, intellectual property, finance, regulatory changes, state aid, environment, new technology and contracts. We look forward to advising members on these and other issues.

We are delighted to have been working closely with SMMT since June 2017 on the development of this Programme. As key advisers to many companies in the automotive sector, we understand the issues being faced by companies in the sector, not only in relation to Brexit, but also in relation to the impact of new technologies.

[Explore the Brexit Readiness Programme](#)



Source: SMMT Motor Industry Facts 2018

Introduction

Mike Hawes, Chief Executive, SMMT

- In his introductory remarks, Mike Hawes reminded the audience, 250-plus business leaders from across the industry, on the importance of the UK automotive sector by sharing these facts:
 - £82 billion turnover
 - £20.2 billion value added
 - 1.33 million vehicles exported
 - 1.67 million vehicles manufactured annually
 - 856,000 jobs in automotive
 - 186,000 jobs in manufacturing
 - 2.72 million engines manufactured
 - 2.54 million vehicles registered
- The challenge is to “keep these figures strong” during a turbulent and uncertain period.
- Registrations are down in September 2018, impacted by a drop in demand, continuing uncertainty regarding diesel and new testing delays reducing supply.
- Key issues for the industry include:
 - Meeting stringent CO2 emissions reduction targets
 - Changing ownership of vehicles
 - Emergence of connected vehicles
 - Digitisation of the industry
 - Smart mobility

The challenge relates to how quickly the industry can use fleet renewal to get the cleanest and most connected cars onto the roads. US automotive trade investigation presents significant risks to the industry in relation to tariffs on vehicle exports, as well as escalating tensions and forced localisation. Our [Industrials Insight](#) summarises the recent US trade actions, the potential impact on the automotive industry and the actions you should take now.

- SMMT’s Brexit priorities for automotive:
 - Government must agree the Withdrawal Agreement with the EU as soon as possible, rule out a “no-deal” Brexit and secure the transition
 - Secure the benefits of single market, maintain regulatory harmonisation and avoid non-tariff barriers
 - Remain in the customs union to guarantee the free flow of goods across the border
 - Retain the ability to access talent freely and from across the EU
 - Securing existing preferential trading arrangements with third-country markets



Toyota in the Midlands



Tony Walker, CBE, Managing Director, Toyota Motor Europe

Marvin Cooke, Managing Director, Toyota Motor Manufacturing (UK) Ltd

- Toyota has a rich history that spans over 25 years of manufacturing in the UK.
- Toyota environmental challenge 2050 focuses on:
 - New vehicle zero emissions
 - Life cycle zero emissions
 - Plant zero emissions
 - Minimising and optimising water usage
 - Establishing a recycling-based society
 - Establishing a future society in harmony with nature
 - 90% reduction in CO2 emissions by 2050
- Toyota is making huge progress in hybrid self-charging vehicles with the arrival of the fourth-generation Prius.



- Toyota has a huge stake in the East Midlands electric vehicle revolution.
- There has been a £2.75 billion investment across the Deeside and Burnaston plants.
- “No more boring cars,” according to Toyota’s chairman.
- The key to future success for Toyota and other car manufacturers is having a strategy for disruption in the supply chain.
- “Now is a critical time for the UK automotive industry.”

Update on Brexit

Sydney Nash, Senior Policy Manager, SMMT

- Complicated Brexit lexicon has serious consequences for the automotive industry, not least the drop in car sales and manufacturing in the UK.
- SMMT has established a comprehensive set of Brexit priorities for automotive (see above).
- Automotive is by far the biggest sector in Europe.
- Brexit risks damage to competitiveness and increased tariffs on exports and imports.

Preparing for Brexit

Laura Gilmore, Government Relations Director for Europe, Cummins Ltd

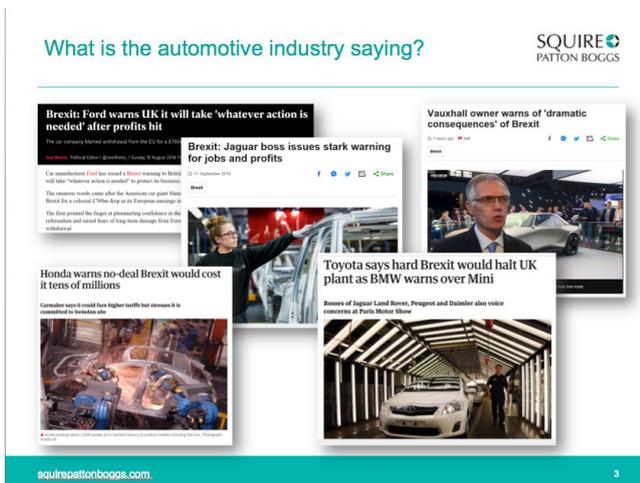
- Cummins is working in collaboration with industry bodies on advocacy for the automotive sector.
- The company is doing all it can operationally to mitigate Brexit risks, including putting measures in place to limit customs and border delays.
- It is preparing to switch its type approvals to continue to trade seamlessly.
- A priority is to ensure all its staff feel valued and have the right support.



Brexit Readiness

Simon Jones, Partner, Squire Patton Boggs

- We are a law firm with local connections and global influence.
- We are working with SMMT to deliver a wide range of Brexit Readiness Services on special terms to SMMT members as part of SMMT's Brexit Readiness Programme.
- We provide:
 - A long history of advising the automotive industry
 - Lawyers who have industry knowledge, are involved in the latest technological developments and are expert problem-solvers
 - The services and capability of a leading global legal services provider
 - Global influence and reach, combined with powerful local insight
 - Deep relationships with clients
 - Stronger connectivity between government, law and business
 - A deep bench of lawyers in key places
- What is the industry saying?



- How are we helping our clients?
 - Brexit Readiness Service for SMMT members
 - Trade impact assessments
 - Migration disruption
 - Contract reviews
 - Tax
 - Intellectual property and data
 - Regulatory issues – changes, data, environmental
 - Corporate structures
 - Growth opportunities
 - Selling and exiting underperforming businesses



- Reviewing contracts – some key areas to consider:
 - Who pays for tariff and customs costs?
 - Who is responsible for customs clearances?
 - Ability to deliver on time
 - Staff shortages and travel
 - Frustration and force majeure – hidden traps
 - Change clauses
 - Termination
 - Liability
 - Data transfers
 - Regulation, governing law, arbitration and jurisdiction
- What next?
 - Plan for the worst?
 - Think about how you will deal with:
 - Tariffs
 - Customs compliance changes
 - Further exchange rate changes
 - Issues within your supply chain and supply chain delays
 - Impacts regarding your ability to sell to your current markets in the EU/UK
 - Impact on existing contracts
 - Writing new contracts
 - Staff shortages and travel disruption
 - Regulatory compliance changes

[SMMT Regional Forum presentations](#)

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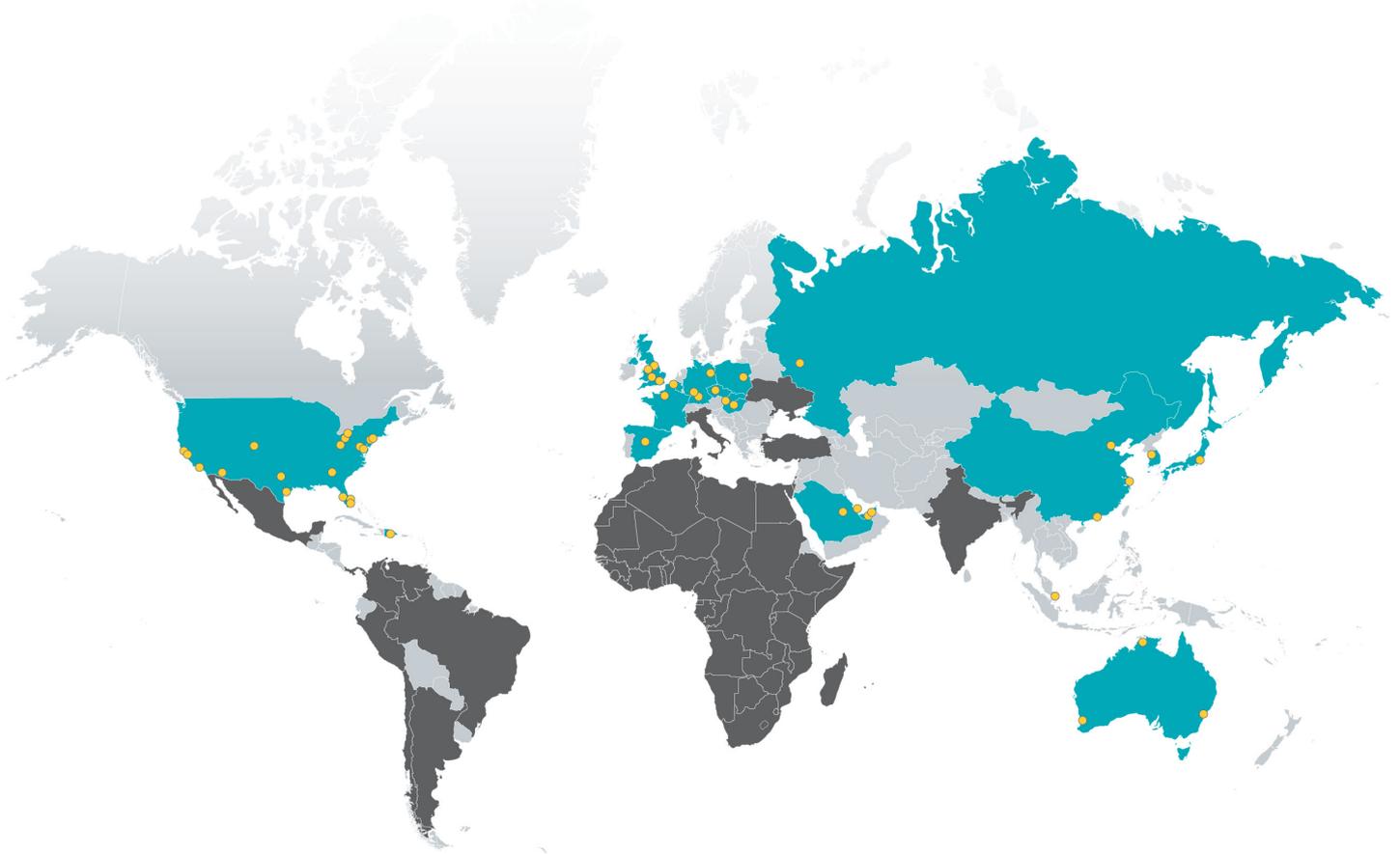
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Core Area: Corporate

We Are Where You Are

47 Offices in 20 Countries

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Bratislava	Hong Kong	Palo Alto	Tampa	India	Venezuela
Brussels	Houston	Paris	Tokyo	Israel	
Budapest	Leeds	Perth	Warsaw		
Cincinnati	London	Phoenix	Washington DC		
Cleveland	Los Angeles	Prague	West Palm Beach		
Columbus	Madrid	Riyadh			



- Office locations
- Regional desks and strategic alliances

