RESHORING

bringing jobs back to Europe

European Conservatives and Reformists Group



25-50% of Western European manufacturing companies moved part of their production overseas by 2002-03 (source: European Union, 2014)

40% of European high-energy-use sectors companies moved their production abroad in 2007-2009. (source: EESC 2014)

3.5 million jobs have been lost in the European manufacturing industry since 2008 (source: EESC 2014)

What companies need to bring jobs back?

- Reduced bureaucracy
- Clear, simple regulations
- Competitive energy market
- Flexible labour market
- Lower taxes
- Skilled work force for the global market
- Focus on quality

If we can do that, up to **60%** of firms would reshore back to Europe. (CBI, 2014)

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ACKNOWLEDGEMENTS

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David Caro	President, European Small Business Alliance
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Martina Dlabajová MEP	ALDE Group, Czech Republic
Vicky Ford MEP	ECR Group, Eastern Region. Chairman, Internal Markets and Consumer Protection Committee
Daniel Korski	Special Adviser to the Prime Minister, 10 Downing Street
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Fergus McReynolds	Director of EU Affairs, EEF
Michael Mychajluk	Supply Chain & External Engagement Manager, Government Programmes, Jaguar LandRover Ltd.
Georgi Pirinski MEP	S&D Group, Bulgaria
Madeleine Scott	Senior Policy Researcher, EEF
Stephen Steel	Industry attaché, UK Representation to Brussels
Tim Thomas	CEEMET and EEF

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Introduction



Anthea McIntyre MEP
Chairman of ECR Policy Group
on Better Regulation & Re-Shoring

Re-shoring can be Europe's employment success story of the next ten years. Not only will new employment opportunities be created, but jobs which have left Europe for a more friendly business environment will return home.

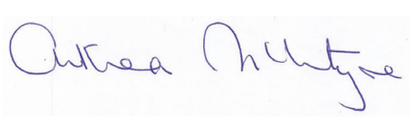
As policy makers we all have a responsibility to ensure that Europe is open for business and that we get Europe back working. Our hidden strength in Europe, is the variety of solutions Members States propose to address similar problems. Within Europe, there is ample opportunity for Member States to share best practice and learn from each other's experiences.

In Germany, they have built on a strong track-record of good labour relations and maximised the benefits of a dual-education system to prepare a highly productive workforce. This has proved to be an excellent environment for companies to produce the high quality, high tech products that succeed globally.

Consistency of quality materials and components is essential for companies' competitive advantage and their brand reputation. In Italy, footwear manufacturers began off-shoring in the 1990s but, by 2010 production began to return to Italy. The reasons for this included poor quality materials and workmanship from abroad, as well as a failure to meet delivery deadlines.

In Britain, the EEF-the manufactures organisation survey identified quality concerns as a key factor in re-shoring. For smaller companies, over half said quality was a key reason for returning production to the UK or for looking for UK-based sourcing options.

Individual countries and the EU should focus clearly on creating an environment which helps our companies to succeed in the global economy, to make profits, to grow and to employ more people. A reduction in bureaucracy; regulations which are clear, simple and avoid duplication; a competitive energy market which produces lower prices; a flexible labour market and education systems which give workers the skills the market needs; all have their part to play.



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PUBLIC HEARING

COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

European Parliament

Wednesday, 23 09 2015 – **15.00-17.30**

JÓZSEF ANTALL BUILDING – ROOM **6Q2**

RE-SHORING EUROPE - bringing jobs back to Europe

Chair: ***Thomas HÄNDEL***



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COMMITTEE OF EMPLOYMENT AND SOCIAL AFFAIRS

Following a proposal made by the ECR Group, the Employment and Social Affairs Committee agreed to hold a hearing on the issue of Re-shoring to look at ways in which the EU can create a hospitable environment to encourage businesses to relocate and bring jobs back to the EU.

Committee on Employment and Social Affairs

Public Hearing
on
Re-shoring Europe - bringing jobs back to Europe

Wednesday, 23 September 2015
15.00 - 17.30
Room: JAN 6Q2
European Parliament
Brussels

Draft PROGRAMME

Introduction by the Chairman: Thomas Händel

Presentations by the experts

Mr Raymond Torres, Director of the ILO Research Department - International Labour Organization

Mr Tony Caldeira, Managing Director, Caldeira Ltd

Mr Manuel García Salgado, Federal Secretary for Employment and Sectoral Policy of the National Federation of Metal Workers (MCA-UGT)

Questions and Answers

Conclusions by the Chairman: Thomas Händel

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RE-SHORING EUROPE - BRINGING JOBS BACK TO EUROPE

Speakers: *Raymond Torres (International Labour Organization), Tony Caldeira (Caldeira Ltd), Manuel García Salgado (MCA-UGT), Edouard Martin MEP, Anthea McIntyre MEP, Jutta Steinruck MEP, Maria Arena MEP, Martina Dlabajová MEP, Guillaume Balas MEP, Dominique Martin MEP, Marita Ulvskog MEP.*

Background: Building on its own successful hearing in January 2015, the ECR Group made a proposal to the Employment and Social Affairs Committee to hold a hearing as part of the Committee work programme on "Re-shoring - bringing jobs back to Europe". The Committee decided to hold the hearing to look at ways that Europe can make a success of globaisation and bring the benefits of globalisation back to Europe.

Introduction: The Chairman gave a brief overview of the issue of re-shoring. The Chairman noted that in recent years there has been a practice of offshoring where companies move production facilities to low cost countries. There is now an opportunity for the reverse: there is now an opportunity for some of those jobs to come back to Europe.

A survey of major US-based manufacturing companies found that more than a third were planning or actively considering shifting production facilities from China to America. While one recent forecast suggests millions of jobs could be available for re-shoring globally.

To win these jobs it is important that we understand what is driving these changes. Part of the story is about rising costs in the emerging markets, a natural consequence of these economies developing and their people becoming wealthier. Senior pay in China now matches or exceeds pay in America and Europe while rising oil prices and complex supply chains are increasing transport costs too. At the same time, there are a number of factors pulling companies back home. Some companies are choosing to locate production nearer to their consumer markets in the West.

Overview: The Hearing started with a presentation by Mr. Raymond Torres, Director, ILO Research Department. Mr Torres indicated that re-shoring is happening at a slow pace, but that the extent to which it is happening is probably underestimated. Re-shoring is relatively new, there is not a wide availability of data but it is politically extremely important.

The next presentation was made by Mr. Tony Caldeira from Caldeira ltd who successfully re-shored manufacturing jobs back to the UK from China. Mr. Caldeira indicated that while there is not a wide source of data, he is confident that it is actually happening and he outlined ways in which Europe can ensure it continues to happen.

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PRESENTATION BY MR RAYMOND TORRES

Re-shoring in Europe: trends and policy issues

Raymond Torres, Director, ILO Research Department

What is the issue ?

- Re-shoring is the relocation of activities closer to country of origin
  - Relocating part or all of activities back in the home country (back-shoring)
  - Relocating activities to countries closer to home (near-shoring)
- More and more cases of re-shoring (GE moving manufacturing from China to Kentucky; Nestlé closing offices in Africa)

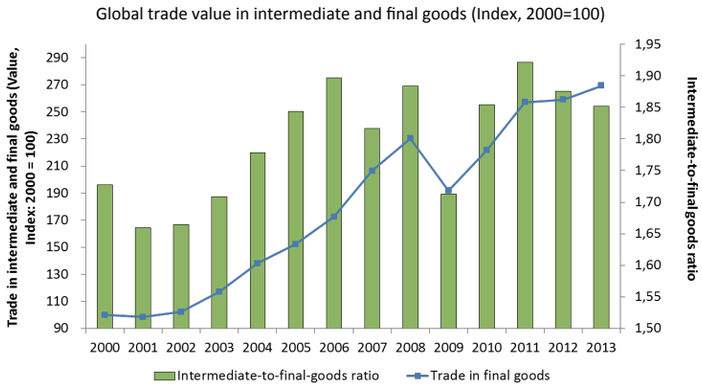
- Is this indicative of a new trend?
- What are the expected impacts on jobs and incomes?
- What should policy makers do?

What is the evidence on re-shoring?

- Scarce data availability and proxies
- Difficult to establish a direct link between change in key trends and re-shoring
- Few studies on re-shoring

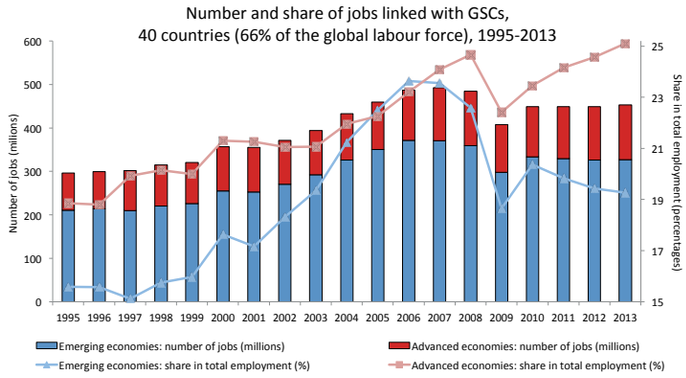
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Slowdown in trade since the crisis, notably with respect to intermediate goods



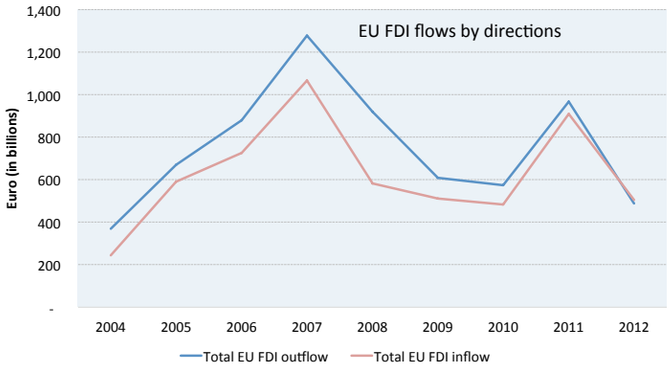
Source: ILO Research Department calculation based on OECD STAN database.

Pause in the rise of global supply chains



Source: ILO Research Department estimates based on WIOD.

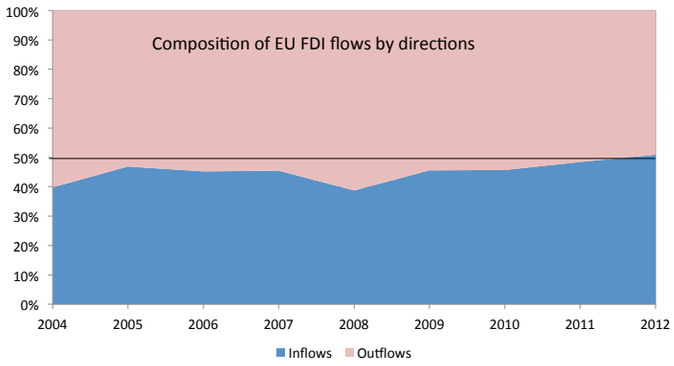
Slowdown in foreign direct investment (FDI)



Source: Eurostat Note: EU refers to EU-27 countries

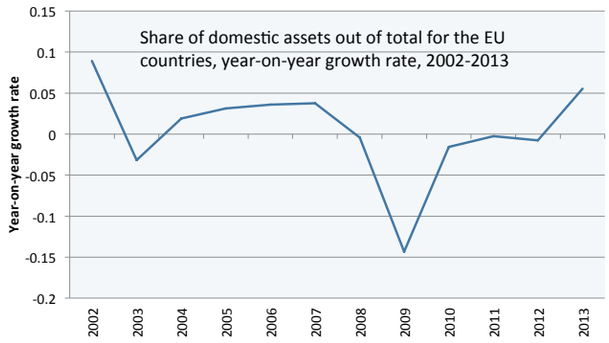
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Increasing incidence of FDI inflows, and lower outflows

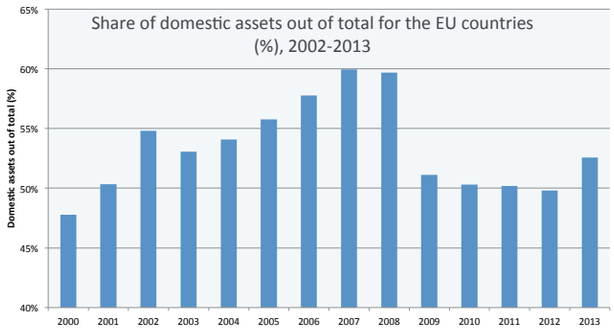


Source: Eurostat. Note: EU refers to EU-27 countries

More domestic assets as a proportion of all assets in EU listed firms



Source: ILO Research Department based on FactSet



Source: ILO Research Department based on FactSet

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Evidence from studies

- Capital-intensive activities more often re-shored than labour-intensive ones
- Non-standardized products relatively more re-shored
- Large firms more likely to re-shore than smaller ones

→ Re-shoring happening at a slow pace but probably underestimated

  - Creates jobs in other sectors
  - Stops jobs from other sectors to be offshored

What do firm surveys show?

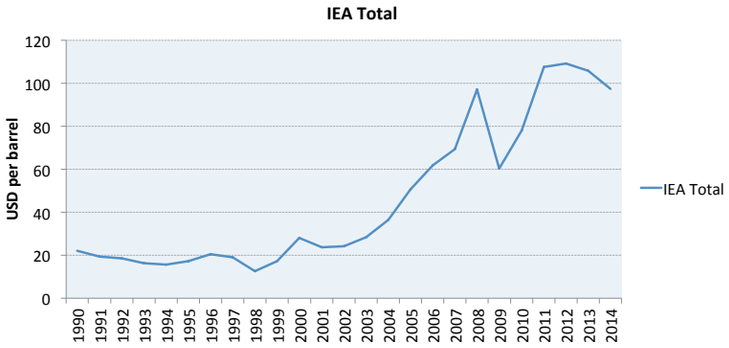
Region or country	Source	Findings
Europe	Eurofound, 2013	28 per cent of offshoring job losses due to re-shoring, pre and post crisis
	Dachs&Zanker, 2015	4 per cent of surveyed firms back-shored. More offshored 2010 to mid 2012
UK	MAS, 2014	11 per cent re-shored. Only 4 per cent offshored, 2013
	EEF, 2014	1 in 6 manufacturers re-shored, 2011-2014, slight increase
Germany	Kinkel, 2012	3 per cent re-shored. Smaller percentage offshored (15 instead of 9), compares 2007-2009 to mid 2004-mid 2006

Why are firms re-shoring?

- Reducing risks associated with offshoring
  - Demand prospects in emerging economies
  - Supply chain risks
  - Country risks
- Diminishing cost gaps
  - Wages in China up by 15-20% between 2000 and 2010
  - Increasing transportation costs
- Productivity and quality improvements
  - Re-locating production activities to technology hubs
  - Search for qualified and skilled workers
- Proximity to strong/stable middle-class groups

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Fuel costs have increased substantially in the last decades



Challenges and Implications

- For home countries
  - Jobs coming back not the same as those offshored
  - Skills lost: re-shoring in manufacturing?
- For host countries, possible loss of
  - Employment
  - Productive capacities
  - Tax revenues

→ These factors determine overall impact

What are the policy options?

- Increase attractiveness
  - Improved infrastructure
  - Education, improved quality and productivity
  - Role of new technology & knowledge hubs
  - Stable and balanced regulations: tax system
- Sustaining demand and the middle class
  - Unemployment benefits, minimum wage
  - Addressing inequalities

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PRESENTATION BY MR TONY CALDERA



Tony Caldeira

Founder & CEO

Caldeira

Caldeira
Great British Textiles



Caldeira A re-shoring case study

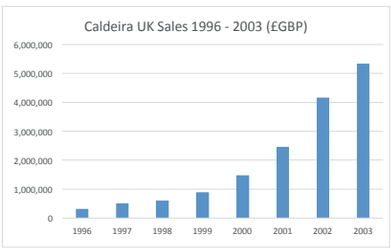
- Brief introduction to Caldeira
- Key factors behind re-shoring
- Issues for companies re-shoring
- What should Governments do?

Caldeira
Great British Textiles



Caldeira UK – Introduction 1991 – 2003

- Founded 1991 by Tony Caldeira in Liverpool, UK
- Sells cushions & textiles to volume retailers
- Grew from a market stall to UK market leader
- 2003 Sales £5m+ 100+ Staff 2 UK factories
- Successful UK SME - Then came globalization...



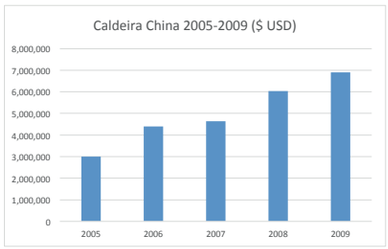
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Caldeira China – 2005 – 2009

- China admitted to the WTO so easier to trade
- China selling price cheaper than UK cost prices
- Retailers and supply chain forced to react
- Simple choice - "China or bust""step by step"
- UK designs at Chinese prices - Rapid growth

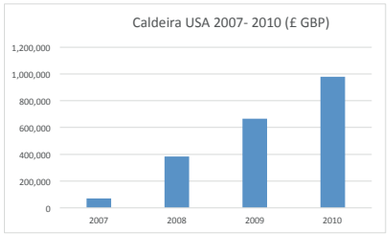


Caldeira
Great British Textiles



Caldeira UK & USA – Reaction to Globalization

- Moved upmarket with European fabrics - Fashion
- Higher quality, faster lead times, service, JIT
- Advantages - Same language, business culture
- Advantages - Time zone, currency, close to market
- Caldeira USA - Opened in New York, rapid growth

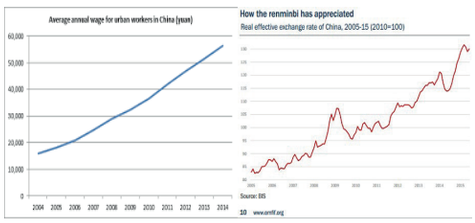


Caldeira
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The Tipping Point

- Tipping point happened around 2007-2008
- Next phase of globalization begins
- Tide turned - Chinese prices rise faster than West
- UK & Europe become more competitive each year
- Two critical factors labour costs & exchange rates



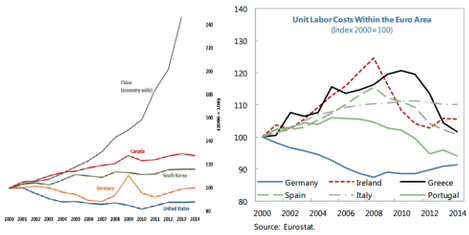
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Key Factors – Relative Labour Costs

- Since 2007 Chinese labour costs have rocketed
- Caldeira China factory staff earnings up 400%
- 2003 RMB 1000 per month - 2015 RMB 4000 pm
- 2003 China factory staff earned 10% v UK
- 2015 Now China staff earn 35% v UK and rising



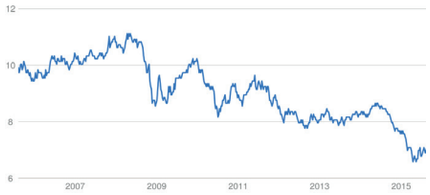
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Key Factors – Relative Exchange Rates

- In 7 years the Euro has dropped by 34% v RMB
- This makes Chinese goods even less competitive
- Caldeira Reaction - Downsizing in China step by step
- Caldeira Reaction - Re-shoring jobs back to the UK
- Others moving all production home

EUR V RMB - JULY 2008 EUR 1 = RMB 10.87 SEPTEMBER 2015 EUR 1 = RMB 7.20



Caldeira
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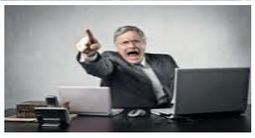


Issues for Companies Re-shoring

- Capacity - Production moved East, capacity lost
- Skills - Production moved East, skills also lost
- Supply Chain - China "cluster model" strong
- Supply Chain - Local supply chain lost in West
- Finance - Following crash, banks reluctant to lend







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What Should Governments Do To Help Re-shoring?

- **Aim High** – Aim to make the UK & EU "the best place in the world to do business"
- **Create Economic Stability** – Sustainable public finances help investment decisions
- **Create a Pro Business Environment** – Tax and regulation should be low, simple, competitive & fair
- **"Talk the Talk"** – UK is the role model "Britain is open for business!" Sell your market.
- **Prepare and Set Expectations** – Educate and advise business and consumers of global changes.
- **Understand** – "Tipping point" & help step change
- **Investment** – Infrastructure, education &training
- **Incentivise** – Help companies to invest & re-shore
- **Opportunity** – More growth and jobs in countries which re-shore, both in companies & supply chains

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Are You Ready For Re-shoring?

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CONTRIBUTION BY ANTHEA MCINTYRE MEP

The presentations at the Reshoring Hearing were very interesting.

Mr Torres produced some fascinating statistics and pointed out the likely trend, even though there is still insufficient scientific evidence to be sure. He highlighted the fact that more production is taking place in Europe than outside and that more investment is coming into Europe than going out of Europe. I find that hugely encouraging.

I loved hearing from Tony Caldeira about the success of his company and the way he has brought jobs back to Europe, in this case back to the United Kingdom. His manifesto for how we can help this trend to continue is very, very interesting.

Mr Salgado really depressed me! I found myself thinking “I’m very sad for Spain”, because, in my part of Europe, we’re seeing an increase in jobs. We’re seeing average pay growth at nearly 3% and we have record numbers of people at work. So I am just very sad that your experience in Spain is like it is, because it doesn’t have to be like that.

If we understand the importance of helping entrepreneurs, not slowing them down and not tying them up in red tape, we can help the businesses that would like to bring jobs back here to Europe. I’m a particular fan of the Commission Vice-President Mr Timmermans. Now he’s a Socialist - I’m a Conservative, but he’s a Socialist - and I very much agree with his approach and his idea of better regulation, so that we can enable our entrepreneurs to spend more time doing the job that they intended to do.

I am interested in drawing out of our speakers how they think the better regulation agenda can particularly help with the re-shoring agenda. I would also just like to touch briefly on innovation. I’m very aware that we have to be careful as legislators not to stifle innovation. It is very important that we make good use of the Horizon 2020 budget with 80 billion Euros there to be spent in the five year period. It needs to provide practical help for small businesses in particular, so that they can use innovation to enable them to be really competitive, This can give them the edge which makes it more likely for them to return jobs to Europe, which have previously been outsourced. The for reshoring jobs to Europe is bright, and I would love to hear from our three speakers on the points I’ve raised.

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RE-SHORING

BRINGING JOBS BACK TO EUROPE

Wednesday 28th January

9:00-11:30 - ASP Building 1H1

Round table chaired by Anthea McIntyre MEP

Tony Caldeira	David Caro	Daniel Korski	Michael Mychajluk	Madeleine Scott
Managing Director of Caldeira Ltd	President, European Small Business Alliance	Special Adviser to the Prime Minister, 10 Downing Street	Supply Chain & External Engagement Manager, Government Programmes, Jaguar LandRover Ltd.	Senior Policy Researcher, Re-shoring Report, EEF The manufacturers' organisation

ECR European Conservatives and Reformists Group

Registration by mail: ECREvents@europarl.europa.eu, if you require access to the European Parliament please include your full name, date of birth, passport number and nationality.

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ECR PUBLIC HEARING ON RE-SHORING - BRINGING JOBS BACK TO EUROPE

The ECR Policy Group on Better Regulation and Re-shoring organised the following hearing as a first step in our efforts to put the concepts of "Re-shoring" onto the policy agenda in the European Parliament.

"Re-shoring - bringing jobs back to Europe"

ECR Policy Group - Better Regulation and Re-shoring
Wednesday, 28th January 2015
Alterio Spinelli Building, European Parliament Brussels.

Agenda

Opening address: Anthea McIntyre MEP Chairman of ECR Policy Group

Opening comments by panellists
(5-6 minutes each)

Round table discussion questions:

Q1. What were the main factors driving off-shoring and do you think the tide is turning? What evidence is there of this? What are the benefits of re-shoring for companies returning and for Member States?

Q&A

Q2. Moving production across borders, whether it involves shifting facilities or sourcing supplies from other countries, is not without its challenges. What in your view are the main challenges in re-shoring and how can they be overcome?

Q&A

Q3. What are the attractions of European Member States and what do they offer companies returning? How can we create the right business environment for companies' seeking to return to allow them to grow in European markets and compete throughout the world?

Q&A

Closing remarks and conclusion.

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CONTRIBUTION BY DAVID CARO PRESIDENT, EUROPEAN SMALL BUSINESS ALLIANCE.

Whilst re-shoring and the factors around this are not regarded as being directly the remit of the vast majority of small businesses, many small businesses are affected by re-shoring or off-shoring decisions made by large companies, particularly if those small companies operate within a supply chain.

I would think many factors will influence a decision on whether to re-shore business currently being carried out in a non-European country, or whether work is moved overseas. I also think that the influences on that decision are potentially different depending on the type of industry.

Initially I think the EU needs to look at programmes one of our main trading rivals use to encourage re-shoring, i.e. the USA. The USA has a specific programme (On-shoring Initiative) of financial incentives to encourage US firms to bring back work within US borders (this may also prove a problem of loss of work from the EU with a TTIP agreement and the resultant removal of tariffs) and probably accounts for a much higher percentage of re-shoring into the US than takes place in the EU. When these sort of programmes are flagged to the Commission we are always met with State Aid arguments, which are in place to stop unfair competition between one EU Company/Country and another, I think these objections are rather spurious and if State Aid was offered on an EU wide remit to promote re-shoring and is administered by the Commission how can it be regarded as giving advantage to one business/country over another? We must find ways around these restrictions if we are to compete with programmes in other countries, not continually creating barriers with no willingness to investigate if a variation should be applied. If a review is decided then it must be carried out quickly, reaction times in these situations is critical to the business decision making process.

Some of the general factors influencing re-shoring (or off-shoring) will include exchange rate stability, businesses with the skills and capacity to take on the work being re-shored (access to finance for SME's to invest), a realisation that multi sourcing is more important than ever after recent natural/man-made disasters (Tsunami, Japan Nuclear, political instability/extremism) and energy security.

A major factor having an influence is Regulation. We have seen several examples recently that have (or will soon) promoted off-shoring from the EU. A couple of examples are the possibility of major aircraft servicing being removed from EU countries because of REACH and the restrictions concerning the use of chromates. There will be a knock-on effect to the supply chain, which in this industry is reasonably high tech, and the consequences

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for employment. The same applies to Land Rover and its iconic Defender model. Changes in EU regulations regarding the automotive industry means that this model will now be produced overseas Again this will have consequences for the supply chain and many specialised small businesses in the UK that supply technical parts for all the special derivatives that this marque is famous for.

The question then which has to be posed is have products that are being allowed to be imported into the EU been produced in accordance with our regulations or are these goods undermining our own industries, on our own turf, because they don't have the same expensive restrictions placed upon them? Are our businesses being forced to produce off-shore and then import into the EU with an obvious affect on small business supply chains in the EU who cannot re-locate on a whim? There is a great need for our legislators to think on a more global scale and with much thought to the affect on small businesses, both directly and indirectly, when introducing legislation, and not think they are creating a level playing field because all European countries will have to comply. Too much internally focussed and agenda driven legislation, with no thought to globalisation, will impact our EU businesses negatively. We must get away from thinking we (EU) design and they (Developing Economies) manufacture. We do everything here and we must put the environment in place that allows us to do it in the most efficient and cost effective way possible. The FSB would support the CBI's RE-Shoring survey conclusions with the addition of the real need to "Think Small First" in legislative creation.

To my mind, different industries will have different drivers behind decisions to off or on shore.

Automotive – the 1st tier companies are the deciders in most cases where work is sourced, rather than OEM's, and global regulations will be a factor. It is home based regulation that affects the non-mobile SME supply chain and raises costs with a rolling up of those costs through the tiers of the supply chain. Final decisions in the automotive industry tend to be driven by three key factors, cost, quality and delivery. Additionally, these decisions can be influenced by Member States, like the French government's insistence on Peugeot's need to re-shore if it wanted to benefit from government assistance (during the recession).

Aerospace – regulation (REACH) and quality driven, this could lead to a great loss of the spur to develop within our high tech engineering small businesses.

Cosmetics – the industry worries about patent infringements and copycat drugs so would be more secure in a jurisdiction where there is a high level of patent protection, staff reliability and contract enforcement.

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CONTRIBUTION BY TONY CALDEIRA, MANAGING DIRECTOR, CALDEIRA LTD.

Caldeira UK Ltd, one of the world's fastest growing home textile companies and the UK's market-leading cushion company, has brought back to the UK several production lines that were previously manufactured in China. Rising costs of labour in China mean that the company's UK factory is able to compete with China on products with a lower-labour cost component and, as such, the products Caldeira has re-shored have tended to be more expensive.

The move allows Caldeira to bring the production process closer to key markets and customers and to have more control in its supply chain. Barriers and issues arising from language and cultural differences have also been reduced. More than that, though, is the ability to add the 'Made in Britain' brand to more of its products, and customers have shown interest in new product ranges to take advantage of this brand.

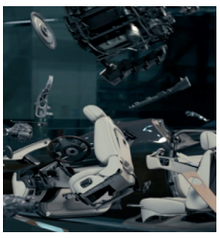
While it is still too early to know the full impact re-shoring has had for the company, Tony Caldeira, Managing Director, does expect the move to pay off for the company. So far Caldeira UK Ltd has taken on twenty new staff as a result of re-shoring. Furthermore, as more businesses re-shore and more customers look to use British-made products, UK supply chains will be boosted over time, and Caldeira expects this to translate into more sales and faster growth for the company.

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CONTRIBUTION BY MICHAEL MYCHAJLUK, SUPPLY CHAIN & EXTERNAL ENGAGEMENT MANAGER, GOVERNMENT PROGRAMMES, JAGUAR LANDROVER LTD

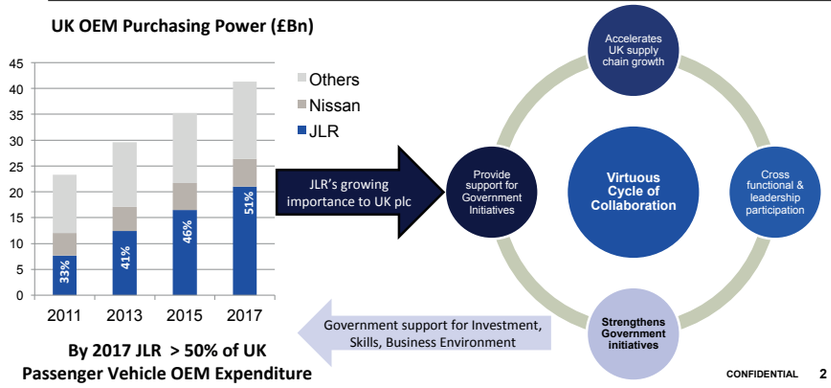
Developing the UK Automotive Supply Chain
Capacity & Skills





Rita Davey & Mike Mychajluk
Jaguar Land Rover Government Programmes

Automotive Council Update
Importance to JLR & Purchasing Function



CONFIDENTIAL 2

Supporting the UK Automotive Industrial Strategy

Government and industry in partnership

Proactively supporting the key priorities in the Automotive Strategy

- Active on:
  - Full Forum
  - Technology Group
- Chair & dedicated resource in the Supply Chain Group
- Lead & Dedicated resource in Skills



CONFIDENTIAL 3

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JLR's Contribution to the UK Automotive Industrial Strategy

Business & Environment

- **Automotive Immersion Course for Banks** – JLR written, run and hosted;
- **Tooling Funding** - led steering group creating £24m RGF4 and >£50m from Banks;
- **Responsible Business of the Year 2013**;
- **3 Senior Directors sit on LEP boards**;

Innovation & Technology

- **Advanced Propulsion Centre** – JLR supported;
- **Warwick University** – JLR Chair of the Hybrids Team with 120 research engineers;
- **National Automotive Innovation Campus** - £50m direct JLR investment

JLR's Contribution to the UK Automotive Industrial Strategy

Supply Chain Support

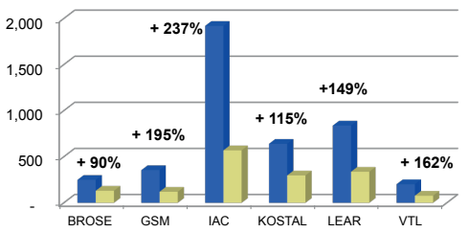
- **c50% of global purchasing spend made within the UK,** compared to an aggregated sourced content across all OEM's of 30%;
- **Direct UK investment of more than £210m** made in the past 2-3 years but JLR supply chain companies
- Long term supply chain competitiveness – JLR **supported £45m supply chain AMSCI investment**;
- **Supplier event** held in August 2014 to provide an overview of Government support available to the supply chain.
- **c£180m of potential opportunities** for the UK through to 2018;
- Delivered the UK local sourcing message publicly: **SMMT 2014 Summit; Welsh Automotive Forum 2014; MIA Conference 2015**

UK Vehicle Component Suppliers

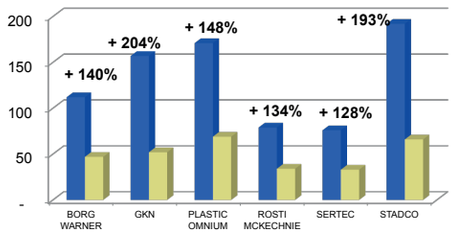
Post Recession Growth Top 150 UK Suppliers (13 vs 09)

- Employment increased **28%** to over 80,000 c. **18,000 new jobs**
- Turnover increased over **50%**, an increase of c. **£5 Billion**
- Return to solid profitability from an average loss making position
- SMEs (with reporting exemptions) estimated as a factor of 3 of this employment growth

Employment Growth Examples



Turnover Growth (£Mils) Examples



Source: Company House filed accounts for 150 UK automotive component suppliers latest filed data vs 2009

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2014 Government Programmes
Supplier beneficiaries

Funds available to all sizes

RGF	AMSCI	Tooling Loan Fund	Advanced Propulsion Centre	Employer Ownership Fund
Grants from £1Mils	Grants & Loans from £1Mils	Loans from £50k to £1Mils	Grants dependent on type of project	

SMEs only

Green Bridge	ERDF
Grants from £10k to £1Mils	

Welsh Regional Assistance

Grants from £1Mils

Cabauto, ZF, MAGAL engineering ltd, brose, Sarginsons, TENNECO Automotive, BorgWarner, petford, SERTEC, EXPERT, Gestamp, AMTEK, Covpress Ltd, TRW, Calsonic Kansei, STADCO

JLR suppliers have accessed Government supported initiatives & more growth opportunities will be delivered in 2015

Automotive Investment Organisation (AIO)
Attracting in FDI to meet the UK Supply Chain Challenge

The AIO forms part of UKTI and takes strategic direction from Automotive Council.

- Increase foreign investment in the automotive supply chain and R&D, strengthen the government's links with global automotive HQs, and promote UK automotive
- Dedicated and funded senior automotive experience into government
- CEO is Joe Greenwell, formerly CEO and Chairman JLR & Ford of Britain

- In the first year 13/14 achieved £450Mils FDI for 80 projects, c.5,600 new jobs
- 14/15 YTD ahead of first year for investment enquiries
- Targets multi national automotive suppliers at their HQ, completed trade missions: China; France; Germany & Japan; India and Turkey next.
- Relies on UK OEMs to provide accurate commodity demand analysis

JLR has created improved links to the AIO from 2014 to support accelerated FDI

JAGUAR XE SOURCING

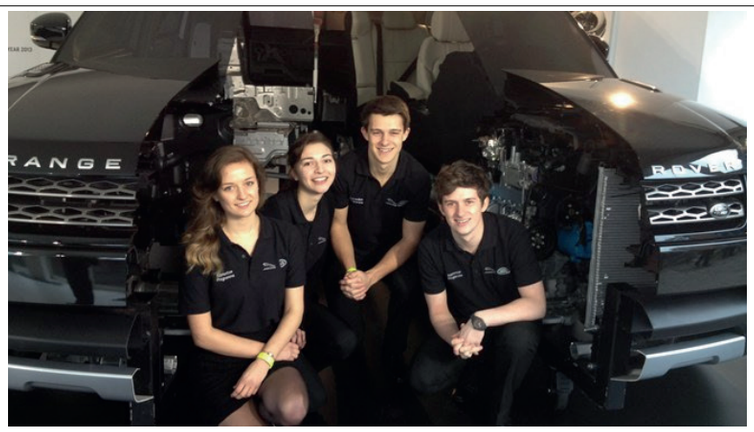
- **Highest UK sourced content in comparison to the other 5 major UK OEMs**
- **55% UK Sourced delivering over £4 Billion of supply contracts to UK component suppliers**
- **Supported by all British engines included the new Ingenium engine from JLR's Engine Manufacturing Centre in Wolverhampton**
- **55 UK tier 1 suppliers**
- **Over 100 UK 2nd Tier SMEs**



- **High levels of new employment**
- **Many international suppliers providing Foreign Direct Investment into UK capacity expansion: Autoneum; Borgers; Brose; GKN; Kautex Unipart; Magna; Plastic Omnium; Rosti; Tenneco Walker.**
- **Strong organic supply chain growth: Automotive Insulations; DMS; GSM; Sertec; Stadco.**

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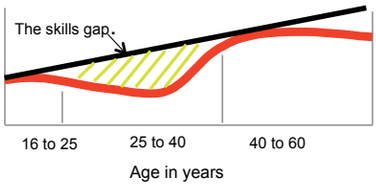
Developing the UK Automotive Supply Chain
Focus on Skills



Automotive Skills Gap
Why JLR has engaged in supplier skills

- **Between 2014-2020, 500,000 employees in manufacturing will be required**

Sector age / skills profile



- Jaguar Land Rover global supply base needs to increase output by 170% by 2017/18 while improving quality and delivery.
- Cost of growth – 50% of the cost of expansion is labour & skills related
- JLR have been criticised for taking resources out of the supply chain in particular the West Midlands
- 19% of AME companies recruit apprentices and 5% recruit graduates

UK Automotive Industrial Strategy
JLR Engagement on the Skills Agenda



Skills

- **Apprenticeships & Graduates** – leading the way with advanced apprenticeship, trailblazers & graduate schemes - 2300 recruited in last 4 years;
- **300,000 school children engage** each year in JLR's schools programme;
- **Lead Industrial Partnership for automotive skills;**
- **Refurbished Education Business Partnership Centres at each site** supporting local Traineeship programme;
- **Support and develop skills initiatives** such as Inspiring Tomorrow's Engineers, 4x4 challenge, WISE, Women in Work;
- Deep dive into the **Supply Chain skills status** & provide appropriate **support** via EOF applications, joint approach, existing internal training.

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JLR Supplier Skills Deep Dive Analysis

Barriers to training

"Funding limited"

"Time & resource constraints"

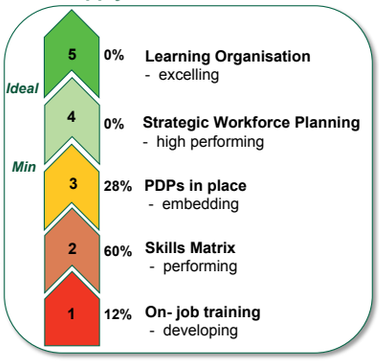
"Training done *to us with little business benefit*"

"Difficulties prioritising training needs"

"Lack of work ready applicants"

Current State

Supply chain v's skills ladder



Supplier skills analysis

45% of employees have a training need

70% Systems and Processes
Need to increase productivity while improving quality. Requirement for operators to take more responsibility

20% Leadership & Management
A move from 1 shift to 3/4 shifts, requires up-skilling of team leaders

10% Technicians
Maintenance/Robotics/Setting - highest technical training requirement. Limited provision but critical for growth

30% increase in employee population

Employer Ownership of Skills Fund
Government automotive supply chain skills fund

Simple fast non competitive grant to support employers overcoming barriers to investment in strategically important areas ensuring employees have the skills to deliver the business needs

Round One
- 5 of the 6 successful bidders where JLR suppliers -Brose, Benteler, Getrag, Gestamp, Nifco
- Collectively £2.5M of government funding for Learning and Development
- This is 50:50 match funded by the supplier so means a £5M investment in L&D

Estimate for round 2
- Additional 25 suppliers 'interested' in submitting applications, average bid value £250k, potential total value £6m for our supply chain

brose
Technik für Automobile

- Project value £2.9m over 3years, creating a Centre of Excellence
- 5 of the top 6 quality failures are operator related rather than machine errors
- Current staff attrition rate for temps is 13% per month and 15.4% annually for employees.

"A workforce that is invested in and has defined progression paths is less likely to leave their job for another."

Skills Show – NEC 13th – 15th November

- JLR for the first time had a dedicated supplier stand
- Four key suppliers attended – Brose, IAC, Lear and Stadco
- Suppliers collectively managed the stand with support from L&D, technical and current apprentices, with directors visiting on the Saturday
- Lear launched their apprenticeship programme
- Collectively suppliers got in excess of 500 warm apprenticeship leads to follow up
- Organisation were able to raise their profile on the back of the JLR brand
- Brose connected with 8 local schools/colleges
- Stadco and IAC used it a an activity against their Business in the Community scheme





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Supplier Skills Forum – 25th November

Objective: to engage suppliers and support them overcome skills challenges, by sharing good practice and highlighting the benefits of investing in training



Over 50 Tier 1 and Tier 2 suppliers attended

Event Feedback

- Best aspect of events:
  - Information regarding easily accessible funding
  - Skills analysis data
  - JLR growth/vision information
  - Opportunity to network
- Do differently
  - More time to take in all of the information

Circa 70% of attendees requested further information/support on individual programmes/case studies shared at the event



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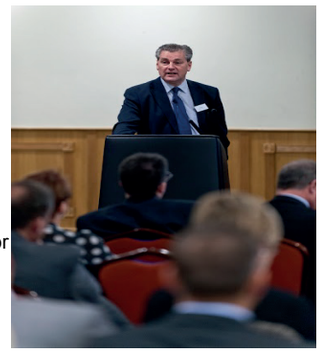
Supplier Skills Forum – Current Engagement

Recruitment

5% have existing Traineeship Programmes
56% want support to further develop or establish a Traineeship programme

60% have existing intermediate apprenticeship programme
44% at advanced level
15% at higher level
50% want support to further develop or establish apprenticeship programmes

45% have graduate programmes 45% want support to further develop or establish graduate programmes



Upskilling

70% want further information on the JLR Maintenance Programme
60% want further information on structured problem solving
60% interested in submitting EOF bid (20% already done so)

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Supplier Skills Forum – Specific Skills Needs

Business Support

- Strategic Work Planning



Leadership and Management

- Challenges from L2 to L4
- Coaching and Train the Trainer

Systems and Processes

- Lean – including CI (Kaizen), SMED, TPM, Six Sigma and FMEA
- Problem Solving and Project Management
- New Product Introduction

Technical

- Electrical and Mechanical Maintenance
- Automation and Robotic Programming and troubleshooting in this area
- Tool making skills were also highlighted by 10 suppliers

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Maintenance Technician Programme

14 weeks off the job training in a simulated environment on full pay with Midland Group Training Services. Trade-tested to determine suitability and skills gaps.
Candidate applications from a wide range of employers.

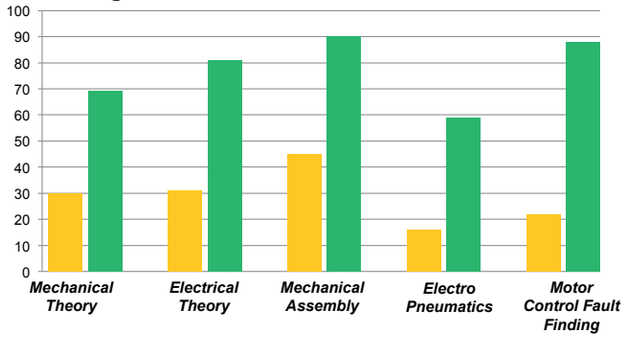


Supply chain up-skilling
Candidates are existing employees, either experienced operators with potential, recently recruited apprentices or maintenance assistants with limited or no qualifications.

JLR Maintenance Technical Programme

20 individuals from 9 suppliers have attended from network group. Currently waiting list of 12, with further interest from 30 other suppliers

Average assessment scores



"strengthened our maintenance skills which will in turn strengthen our output"

"increased skill levels are now being used daily to improve our machine efficiencies"

Supporting sustainability
Supplier Skills Network Group

Chartership – IMechE and IET

Supporting suppliers recruit and retain graduates
- MPDS programme details shared with Yasaki
- 2 places secured on JLR Mentoring Training in January 2015

High Performance Programmes

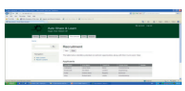
Support identification and fast track talent within their organisation to support business growth

- Understand JLR Provision – what can be replicated/opened to suppliers



Web Resource – Auto Share & Learn

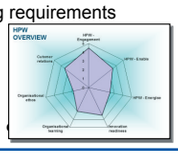
- Store/link to resources such as learning materials
- List of recommended providers with 'Trip Advisor' element
- Diagnostics/self-review toolkits – for companies, teams and individuals
- Discussion forum
- Recruitment tab



High Performance Working Audit

Design and develop a self assessment skills audit tool for supply chain to enable them to

- understand and prioritise their training requirements
- assess overall company productivity
- understand areas/opportunities for improvement



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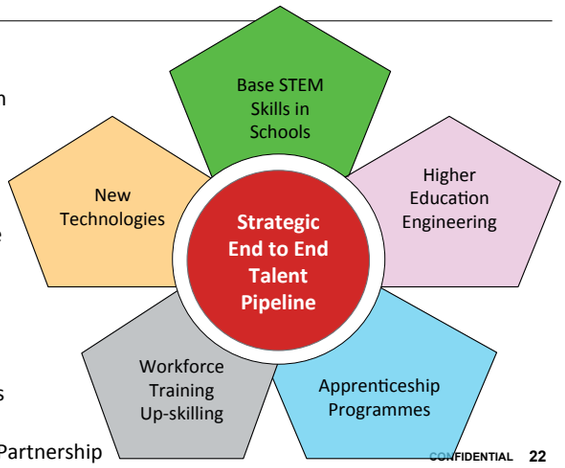
Automotive Council
Focus on Skills

automotive industrial partnership

- Decades of decline in STEM subjects, Apprenticeships, Recruitment & Training has led to the creation of a skills gap & an aged skills demographic
- Accentuated by high growth in the Automotive Sector since 2009
- Availability of Skills is now the most pressing issue preventing UK Automotive sector reaching its full potential

5 Priority Areas **5 Sections in the Pipeline**

- Chair: Jo Lopes, JLR
- Dedicated Resource on Supply Chain skills
- Partner with EEF, SEMTA
- Established as the Automotive Industrial Partnership



Conclusions & Discussion

'If we don't address the skills gap and grow our manufacturing supply chain the UK will no longer be able to call itself an advanced nation'



Technology Group





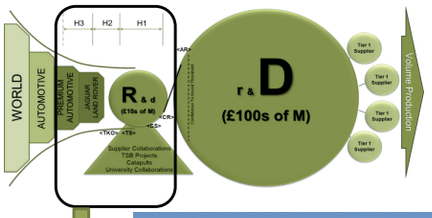


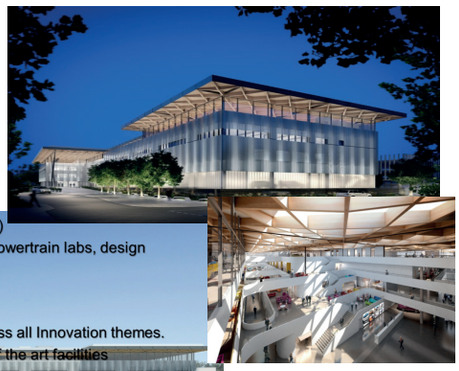
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Technology Group
Priorities

1. Invest [up to £1 billion over 10 years] in a new Advanced Propulsion Centre (APC).
2. Enhance collaboration on innovation and technology between motorsport and mainstream automotive.
3. Recommit to the Automotive Council prioritisation of the priority technologies, and to on-going collaboration with funders and delivery bodies on meeting those priorities.
4. Consider opportunities from EU research and development funding and how to improve collaboration to better access it.
5. To improve coordination and collaboration with the academic research community, establish an advisory group to help align research funding with industry challenges where relevant.
6. Conduct analysis of future technology needs for the sector to support the prioritisation of future collaborative technology work. This includes consideration of wider emissions reduction and air quality challenges.

The Future Of JLR Innovation Collaboration
National Automotive Innovation Campus (NAIC)





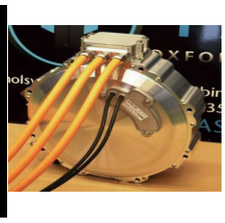
£94m overall investment (£50m Jaguar Land Rover)
27,000m² collaborative research facility, including powertrain labs, design studios and rapid prototyping technologies
500 Jaguar Land Rover employees based onsite
2014 construction start, for 2016 opening
Collaborative "hub" for SMEs, ESP, T1s, Unis across all Innovation themes.
World-class collaboration environment with state of the art facilities
Education training and open innovation are key elements
Skills developed through education centre and skills programmes

Advanced Propulsion Centre (APC)

£1bn in funding over 10 years: As part of the Automotive Strategy, Government and Industry are jointly investing over £1bn over the next 10 years in the APC
Bringing together world class expertise: The APC will bring together expertise and capability across the UK to research, develop and commercialise the technologies for the vehicles of the future
Competitive funding competitions every 6 months: Operating on a 6-month cycle projects can be bid for in the following technology areas:

- **Internal Combustion Engines**
- **Lightweight Powertrain and Structures**
- **Electric Machines and Power Electronics**
- **Energy Storage and Energy management**
- **Other Propulsion Systems**





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Advanced Propulsion Centre
A Global Centre of Low Carbon Propulsion Development









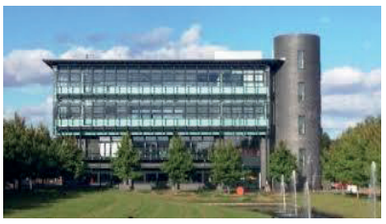




Status:
APC1: December 2013 – April 2014 4 projects awarded grants of over £30m. £133 million total project value.

APC2: May 2014 – Autumn 2014 Up to £75 million available.

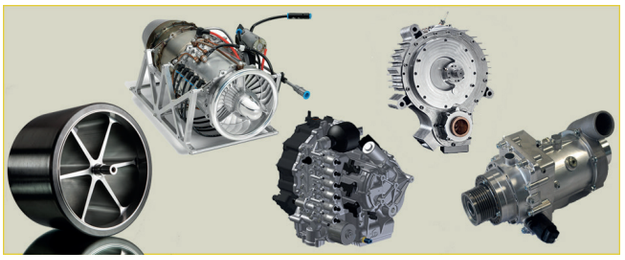
APC3: Announced



Automotive Proving Factory
Opens February 2015

The Proving Factory is a unique manufacturing, assembly and validation organisation for the UK automotive industry, credibly bridging the current market 'gap' between technology developers making innovative, low carbon prototypes and the needs of vehicle manufacturers for volume supply.

AMCSI funded with two sites: Rotherham & Coventry to prove out volume production between 10,000-20,000 units pa



Automotive Industrial Strategy
Summary of Key Achievements to date

2 BIS Reports identifying **£3bn OEM** & **£2bn Tier 1** potential demand for UK supply

Automotive Investment Organisation (AIO) established to target automotive FDI

£45m AMSCI investment in Supplier Development

SME/ **Low Volume Supplier Standard** acceptable to the UK OEMs/ Tier 1s

R&D Tax Credits £100Mils+ cash benefit to auto

Advanced Capital Allowances £25Mils+ cash benefit

Automotive Immersion Courses for FSS



Industrial Partnership for automotive skills, with £13Mils funding support

5 JLR suppliers supported through Employment Ownership Fund (EOF) £5m , further 30 suppliers being reviewed

Skills initiatives e.g. Maintenance programme, Skills Show

APC – JLR supported £1Billion 50:50 investment

The Proving Factory - AMSCI supported bid

Warwick University – JLR Chair of the Hybrids Team with 120 research engineers;

NAIC - £50m direct JLR investment

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Conclusions & Discussion

- Automotive Industry has Collectively aligned the UK Government via the Automotive Council to follow its High Priority Agenda for Growth
- Automotive Council has set out the long term strategy which will ensure the sustainability of the UK Automotive Industry
- Positive results are now being delivered but we need to be mindful of the speed of delivery and of potential other areas not being addressed



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CONTRIBUTION BY MADELEINE SCOTT, SENIOR POLICY RESEARCHER, EEF, THE MANUFACTURERS' ORGANISATION RE-SHORING REPORT

RESHORING – EEF RESEARCH AND EVIDENCE FROM UK MANUFACTURERS

Madeleine Scott – Senior Policy Researcher, EEF

In March 2014, EEF published a new report looking at the reshoring story. The research looks at the factors that make UK manufacturers competitive; what's great about making things in the UK and at one particular type of investment decision - switching production or suppliers from low labour cost economies back to Britain....or reshoring for short.

There has been a significant increase in public interest in the reshoring phenomenon over the past couple of years. But how significant is the trend itself?

Here are the key issues you need to know about reshoring...

- Quality and customer service are the order of the day for UK manufacturers

In today's manufacturing sector, an emphasis on quality and brand reputation remains key. In identifying the three main areas of competitive advantage, product quality was highlighted by almost half of all respondents in our survey. Customer service and maintaining a strong record of on-time delivery to customers are identified by at least one-third of surveyed companies as the main areas in which they compete. These trends have come to the fore in recent years, when a climate of uncertainty and reduced order visibility have meant that manufacturers who could move quickly and deliver on commitment were well placed to thrive.

- Aspects of the UK business environment are strongly supportive of these competitiveness strategies

Some 84% of survey respondents emphasise an advantage to their business brand and reputation from the production of UK-made goods, the quality of which is held in high regard around the world. And having worked hard to establish high-value brands in the market, companies are understandably keen to protect their intellectual property. In an environment of widely differing levels of regulatory compliance around the world, more than two-thirds of manufacturers in our survey highlight the benefit of production in Britain in terms of

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reducing intellectual property risk. Access to the right suppliers is another critical factor, especially among smaller firms. More than four-fifths of companies in our survey identify the quality of suppliers as an advantage to being based in the UK.

• One in six companies has reshored production in the past three years

We are seeing a movement of production that was previously done in low-cost economies moving back to or closer to UK markets. EEF's survey shows that in the past three years one in six respondents have reshored production in house, and the same proportion has switched to a UK supplier from a low-cost country. Reshoring is not limited to any specific size or characteristic of company, and we are seeing all sizes of firms from all sectors moving production and suppliers closer to home.

• Quality and delivery times are driving reshoring decisions

Among the top reasons for reshoring amongst all sizes of firms is greater certainty around delivery times and shorter delivery times. According to our survey, a third of companies are bringing production back to the UK for reasons of delivery certainty and 30% to increase speed of delivery. A guarantee of quality is critical for a large minority of companies who report this as contributing to their competitive advantage in the market. Almost half of manufacturers believe that the quality of goods sourced from lower-labour-cost economies is getting better, with larger companies seemingly better able to secure quality improvements, but confidence that overseas operators will supply to the required specifications is not sufficient for many. Quality issues have been among the top reasons for 35% of reshorers.

• Gains in profitability and employment - especially in the supply chain

For a lot of companies the reshoring decision is strategic - improving quality and service and minimising supply chain risks. But there are bottom line benefits too.

Nearly three in five companies who have reshored in the past three years report profits increasing as a direct result, and just under a third say that profits have stayed the same. The increases in both turnover and profitability are most likely to be moderate – an increase of up to 10%; however, some firms do see increases above that proportion.

It is not just companies who have made the decision to reshore who have realised the benefits. Companies in the supply chain who have received orders that were previously sourced from low-cost overseas locations also report benefits. Of companies who report increases in profitability or turnover, the majority say it is moderate of up to 10%.

Over half of companies report their employee numbers rising as a result of winning reshored work, but again this is most likely to be moderate, with the largest proportion of companies seeing gains of between 1% and 5%.

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TRANSCRIPT OF THE ECR PUBLIC HEARING ON RE-SHORING - BRINGING JOBS BACK TO EUROPE

Anthea McIntyre MEP: Well good morning, ladies and gentlemen. Welcome. Thank you very much for coming this morning. I'll start by just introducing myself, and then I will introduce everyone else. So I'm Anthea McIntyre, ECR Member from the West Midlands in the UK, and I chair the ECR's policy group on Better Regulation, Cutting Red Tape and Re-Shoring. We are very keen to use this opportunity to learn from people with real experience of doing it: what are the problems for re-shoring, what are the benefits from re-shoring, and how we can encourage it. I started when I wrote a report on 'How can the EU create hospitable environment for businesses and start-ups create jobs, and in that we specifically highlighted the concept of re-shoring. What particularly pleased me in that was that I had 84 members of the Parliament sign a particular amendment on re-shoring. Coming from a Group with less than fifty MEPs at the time, it shows that I had wide support from all political quarters. So I'm particularly delighted to see that we have Mr Georgi Pirinski MEP from the S&D Group here with us today, we have Mrs Mairead McGuiness MEP from the EPP group and Vice President of the Parliament - thank you so much for coming - and we have Mr Krasnodebski MEP who's also from my own Group - thank you for coming. We have other members who will arrive - my colleague Vicky Ford, Chairman of the Internal Markets Committee, so we have some important, distinguished MEPs with us today.

I'm going to introduce our panel, and then I'm going to let each of them make introductory remarks for about five minutes each, and then we'll get into the Questions and Answers. We're going to make a recording of today, and so anyone that speaks - I'd like you please to use the microphone and the idea then is that we can distil from that - from a transcript - a policy booklet which can include some of the important points. I don't want to miss anything, basically, that's why recording it is so much easier than writing notes. And our hope from today is that our panellists especially, but in fact other members are invited - to contribute policy papers, which as a working group we will publish. So really today, we're in at the start of a process. It's important that we learn from the experts and those with real experience before we come out with policy ideas; let's understand the real world and then together we can develop policies that my group will push and hopefully improve the situation across Europe for jobs and growth. So the panel that we have with us today - I will introduce them - they've all got nameplates, so you can see who they are. I have got them in alphabetical order. I will tell you about them all, and then I will invite them to speak. So, alphabetically: Tony Caldeira founded a company called Caldeira Limited in 1991. It's based in Merseyside, in the UK, and he is a market leader in the supply of cushions to volume retailers and he's won many awards for sales and growth. He started with a market stall in Liverpool, and he's become Europe's largest cushion company within fifteen years. He's starred in a number of TV programs: Channel Four's documentary on 'Brits get rich in China', the BBC had a very interesting program 'The Town Taking on China' in 2012, and a year ago, ITV had a documentary on 'Is Britain back in business?', which focused on re-shoring and its issues. So Tony, we're delighted that you're with us today. We also have with us David Caro, who's President of the European Small Business Alliance. Now he represents over a million small and micro businesses across Europe. And David has his own business, so he combines the role of entrepreneur and policy executive, so it enables him to identify the potential regulatory obstructions to small business, and he's also the EU and International Affairs Chairman of the Federation of Small Businesses. Then we have Daniel Korski, who is a Special Adviser to the Prime Minister, whom he advises on innovation and enterprise and technology. He's also worked as an adviser to the Development Secretary when it was Andrew Mitchell, and he's worked in the cabinet of the British Member of the European Commission. So he's well-versed in what goes on here as well as what happens in the UK. In 2008 he established a bi-partisan think-tank - the European Council and Foreign Relations - and he writes regularly for the Spectator's Coffeehouse Blog. So we're delighted to have you with us. The next speaker is Michael Mychajluk, who is the Supply Chain and External Engagement Manager for Government Programs for Jaguar Land Rover, and having worked in the automotive industry for a number of years, he currently leads the development of sustainable supply chain policy and procedures for JLR's purchasing function. So it'll be an interesting perspective on this. And our final - last but definitely not least - contributor is Madeline Scott, who is Senior Policy Researcher for the EEF - the Manufacturers' Organization. Madeline joined them in 2005, and she is responsible for providing project management guidance and support for research projects across their policy team. So these policies - these projects are developing knowledge and understanding of manufacturing, highlighting trends,

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behaviours, developments across the sector, and so she provides their policy teams with some solid evidence to bring solid and robust policy positions. And that's what we're relying on - in fact all our policy - all our panellists to do for us today. So I think I should start probably at one end and work across. So can I invite you Madeline to give us a few minutes' rundown. Over to you.

Madeleine Scott: Good morning everyone. Thank you Anthea for the invitation to speak today. As Anthea said, I'm Madeline Scott. I'm a researcher at EEF - the Manufacturers' Organization. Manufacturing is important for the UK. We employ 2.6 million people, we account for 11% of the economy, half of UK exports, and also 72% of business R&D. Average wages in manufacturing is higher than the rest of the economy. So moving to re-shoring - we started looking at this in 2009. We were looking at the off-shoring trend, and went into a piece of research on global value chains and how manufacturing was located around the world. So where companies were choosing to place investments, whether their production facilities, R&D and other such activities. We were mainly looking at the re(?)-shoring trend, and how this was being affected, but we also decided to just include one question on re-shoring. And this came out in 2009: that 1 in 7 companies had re-shored production back from a low-cost labour economy back to the UK either in-house to their own company, or back to a UK supplier. This stat - the 1 in 7 stat - got a lot of media attention, and unfortunately we hadn't got anything else around that. Last year, we looked again at the topic, and went into it in more depth. So in March last year, we published a report called 'Back in Britain'. It was a survey of 275 manufacturing companies. We looked at what manufacturers are competing on, the reasons why manufacturers make it in Britain, the extent of re-shoring, why companies are re-shoring, the impact of re-shoring on companies, and the challenges also associated with re-shoring. What do we mean when we say re-shoring? We mean the movement of production back from a low-labour cost economy back to the UK or Europe. So what did we find out from the research? Is re-shoring happening? Yes it is. In the past three years 1 in 6 manufacturers had re-shored back in-house, into their own company, some elements of production. And the same proportion had switched to a UK supplier from a low labour cost country supplier. A further percentage were actively planning on re-shoring in the next couple of years; again either in-house or to a UK supplier. And this was evident across all sizes of companies, all sectors, and from all countries back to the UK. The UK manufacturing emphasis is really on quality, customer service, brand reputation, and, you know, companies doing what they say they'll do, and re-shoring really feeds into this competitive advantage that manufacturers see.

David Caro: Thank you Anthea, and thank you for the opportunity to speak to this group. And it's good to see that the EU is starting to understand the importance to jobs that re-shoring can have. I would look at it in a different way. Obviously ESBA represents small and micro businesses, and not many of those are re-shoring because they haven't offshored in many cases, but they definitely benefit from re-shoring of the larger companies, and then that makes the issues multifaceted for the small business sector. The usual comments that you hear - access to finance, skills, confidence - that that re-shoring will be here for a good long time, so that the investment's worthwhile, and the risks of that investment are worthwhile, and of course regulation. All these affect the small businesses, which are going to be taking on more work as the larger companies re-shore. The multifaceted aspect apart from that also are the reasons why particular industries re-shore, and I think there are different reasons for different industries; I don't think you can group it all in one package. The automotive industry - we heard an awful lot about the effects of the tsunami in Japan, and the problems that created. A lot of the automotive industry, because of that, looked at different areas of manufacturing rather than grouping things into one company in one area, and it really highlighted the risks of that. Concentrating the mind on that but on other areas and should we have the long supply chains, one supplier. And this helps then with re-shoring. You look at the aerospace industry. You've got a definite offshore trend there because of REACH, and the difficulties of chromium use for fuselages, for the creation of turbine blades - these sorts of regulations force businesses offshore, and this is a definite area where regulation has had a negative effect. Cosmetics industry - re-shoring there potential because of the stealing of copyright IP. There are all different reasons, so you can't group it under one simple heading or one simple reason to why people re-shore or offshore. You need to look across industry to see where the different reasons for re-shoring and offshoring are, and combat those rather than just looking at a narrow aspect of this. As I say, regulation is very important, particularly for the smaller businesses that are in the supply chain and benefit from re-shoring. We have to look at regulation, it has to be employment-based in many instances, because so many small firms have had problems with employment legislation - both national and EU - all these areas need to be taken into consideration to grow the supply chain, because the larger companies like JLR and the others will not re-shore if they haven't got the structure underneath that re-shoring to supply them, and to have confidence in the supply base. So it's that complete structure and infrastructure that needs to be looked at, not just 'how can we re-shore?' It's the whole business, the whole package that needs to be looked at.

Michael Mychajluk: Hello. Mike Mychajluk from Jaguar Land Rover. Just at the start of this meeting, over breakfast, when someone was talking about Leeds, and that's just reminded me that's why I started my career - in the 80s. Even though I've got a young face, I can actually claim four decades in the automotive industry, because I started - one of my clients was a turbo manufacturer in Bradford. Who actually still supplies Jaguar Land Rover today, I'm glad to say, and are going from strength to strength. But I've been for the last two decades actually at Jaguar Land Rover, and I've seen three different owners of our company - German, American and now India. And that's an important point first of all to note that the large companies in Europe are large multinationals, with bases all around the world, and they make multinational decisions. So moving on from that - what changes have I seen in culture during those last two decades? Under BMW, it was very much 'look to our suppliers for support, we trust our suppliers in Germany'. Maybe there's something to be learnt from that, and we saw quite a lot moving out of the UK into Germany. Under Ford, a volume manufacturer, you saw a big push on costs and margins, and that resulted in a lot of jobs going out to low-cost countries. And now, under TATA, we're actually being governed by a low-cost country. There is some pressure to move jobs out to India. And we have seen that certainly with the IT and services side of it, not so much on the components. So we've seen these changes occur. Now one of

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my other roles is also to operate on the Automotive Council for the UK. I work on the supply chain group, and within that group, I lead and work on a number of work streams, including access to finance. And that allows me to get into depth with a lot of the smaller companies in finding out what they're doing and to do bench-marking with them, and to understand their concerns. Now, just a little bit about my recent career - 10 years ago, I was - it wasn't a commercial role, but a supply restructuring role. If I turned up - if you're a supplier and I turned up on your doorstep, you would have to be very worried. It was a very negative role; it was about shutting factories down. That was the situation, and there were a lot of jobs leaving the UK during that period. Now when I turn up, although they still recognize me from the last time I turned up, it's very much about a growth role - it's a very positive role, and that actual role within JLR was only put in place last year. We're putting dedicated resource into supporting the supply chain, rather than having the culture and the methodology of just saying 'you look after yourselves', because I don't think that's a way to run a multinational business, certainly when you have the (???) level, because there are too many things that can affect you in the supply chain, which comes through to bite you in your factories and therefore your customers getting (??) up to market. And that's actually resulted in a change in the messages that come out from the directors, executive directors and Jaguar Land Rover. You can google Ian Harnett, who's my boss - I work in the purchasing functions - as I said I'm a commercial person - and you could look at his speeches recently, at the SMMT Annual Summit, and he is making a plea that I want our supply base to be based in the regions of our manufacturing base, and there are good reasons for that which I think we'll come on to during the course of today. So I think I'll probably leave that there. I just want - a couple of points on Jaguar Land Rover, just so everyone's up to speed on them: over the last few years, we have doubled our employment in the UK to 30,000 - so that's 15,000 jobs. I can pick up my (??) accounts in the UK and I can see that they've created more than 15,000 jobs, so I haven't got to that 1:7 ratio yet. But that means there's a lot of SMEs out there who don't have to produce accounts, who don't have to state how many employees they've got, for the bulk of the employment that supports manufacturing across Europe, and we must remember the whole of the supply chain and the importance of the smaller companies, so I'm glad David's here today.

Anthea McIntyre MEP: Thank you, Michael, and I just must say that I've visited one of the JLR supply chain in my own regions. They are making castings which were previously made in China, and the company in Coventry has now taken it on, so that's a bit of good news. Daniel, over to you.

Daniel Korski: Thank you very much, and good morning everybody. I'm, as Anthea says, Daniel Korski. I work for the Prime Minister in the UK. First of all Anthea, thank you very much for organizing this - it's really exciting to be here and discuss what we think in the UK is an incredibly important trend - an industrial trend, an economic trend - and it's really exciting to have that discussion with colleagues here in the EU. My experience and relationship with re-shoring began more than a year ago in the preparation for the Prime Minister's remarks at Davos, where he took to the stage to talk about the possibility that the UK could become the re-shore nation, give the trends that we were seeing, and that the EEF have documents so well. But since most of the competition that we face is global in today's marketplace, I think it's only appropriate to think of the challenge not as to creating the UK as the re-shore nation, but perhaps Europe as the re-shore continent. And in the course of preparing for that speech, I think I spoke to more than sixty different CEOs, commissioned lots of research, trying to understand, a bit like EEF has done, what are the main drivers for the kind of re-shoring trend that we're seeing, and I thought I'd lay out for you today what I have seen those to be, and the challenges that emerge. To me, they're five-fold. And some of them have already been picked up, so apologies to go over this, but I thought it'd be useful to lay out how we see it. I mean, first of all there is definitely a challenge of rising labour costs in a lot of outsource markets. In China we've seen a tripling of the labour, of wages, but we have not seen a similar growth in the kind of labour force skills that's required. So we have seen a considerable rising of labour cost for those companies who have outsourced. The second, and this is very much to David's point, there's a much greater customer requirement for bespoke services, fast-changing products, and all that supports the creation of much shorter, and more regionally-based supply chains. People want something different, and they want it quick, and it's much easier to do if your supply chain is closer. So we see a change in nature of consumer demand. An element of which we haven't discussed yet, but is also a concern about the origin of products. People are becoming increasingly interested and concerned about where their products are made, under what conditions they're produced, under what rules and what regimes, and that also plays into consumer choices. The third, and this has been touched on before, is a much greater appreciation of the risks that are now confronting out-shored/off-shored production facilities. David mentioned the Thai flood, the Fukashima incident in Japan, the conflicts that rage around the world. There's just - I find in conversations with CEOs - a much greater appreciation of some of the risks than there were before. But those risks are also becoming more complex. IP theft in a number of jurisdictions is an issue people talk about now, the kind of cyber security attacks that they face in their supply chain that can corrupt the much bigger primes. So for me, the changing nature of the risks is something that came through quite clearly. The fourth is of course the technological change that we've seen - I don't want to dwell too much on that, but the changing nature of manufacturing, 3D printing and so on, allows lots of companies to produce in ways that they never could dream of before and much closer to their market. And finally I think this is something that's come through in the EEF research, but I think it's worth highlighting, is this relationship between quality and brand. A lot of people who say - who answer surveys 'why have you re-shored?' - They come back to this because we are sure of the quality of the product, and we're sure of the -as a result of the brand that that represents. I think we should still be realistic. EU wages are still going to be a lot higher than Chinese wages, despite the fact that they've increased at the rate that they have in China, and there are many other obstacles that manufacturing faces in the EU, whether it's regulation, energy costs, access to finance - particularly growth finance, so there are a number of different issues and as a result it's realistic to say, as David says, that the re-shoring is probably going to be stronger in certain sectors, probably the more capital-intensive ones, and it's going to be more prevalent in sectors that re-shored through contracting rather than those who have moved facilities. And here we have some interesting trends between countries, where from what we have seen, on the whole German companies over many years move

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production facilities wholesale, whereas British companies have on the whole operated through contracting, that are much -subcontracting- which is much easier to change if you wanted to switch back. But just to wrap up to say, for us re-shoring is this extraordinary opportunity, but it does require us to do our, as it were, homework, to ensure that we have a skilled labour force, to create access to finance, particularly growth finance, to provide for a stable regulatory environment with the least possible burdens on businesses, and of course low and predictable energy costs and a low and predictable tax system. If you pursue all those things, I think we can - we can take advantage of this trend that I think we're all talking about.

Tony Caldeira: Thank you very much, Anthea, and it's a great pleasure to be here today. Thanks for the invite. Hopefully today I can bring a little bit of "real world" to the debate, because in England we say that I've "worn the t-shirt". My company has already taken part in re-shoring. We're actually bringing jobs back every month as factors change, and I'm going to go through some of the reasons why during the Q&A a little later. To give you a little bit of background about myself and my company: I graduated with a degree in Economics and Government, and then made the obvious choice of starting a business in cushions, and then took that business from a market stall in Liverpool to become the market leader in the UK, selling cushions to different retailers within ten years, and we then in 2003 decided to set up a joint venture business in China, to try to replicate the growth of business in the UK. From there we sold products to twenty different countries, we set up an American sorting office and show room and a rep office there, and supply products from both the UK and China to North America, and repeated the success around the world. So my company understands its niche very well - it's a global SME, and something that we're very proud of. At this moment in time, the production within the business is split between East and West - we have something called the half-chips, half-rice solution, which probably doesn't mean too much in certain parts in Europe, but anybody that's been to a chip shop in the North of England will understand what I'm talking about. And we have choices. And those choices are made with the head and not with the heart, because of course if we could choose where we would do business, we would all do business locally. We would all do business to help our own communities, our own local economies, but the market doesn't allow us to do that, so it's up to individual nation states, individual governments at all levels, to actually make their own economy as competitive as possible, to encourage companies like mine to actually bring that investment back from China. Britain is in a good place to do that right now - I think it's a country that's open for business, I think it's more business-friendly than it was under the last government; it's a good place to do business. I think its regulation and its taxation levels have made a big part in the decision-making process about bringing work back to the UK, and I think lessons can be learned from the relative success in the UK, although there's still lots of work that needs to be done. I think lessons can be learnt throughout the EU. When I arrived this morning, I was a little surprised to understand the position of the re-shoring debate in the EU. In the UK, it's a given. It's happening - again, I'm fortunate enough to have made the TV shows about it. My company is doing it as mentioned on a monthly basis. So, what I hope to do today is actually convince people that it's not a question of if it's going to happen within your member state, it's a question of when it's going to happen. And what you need to ask yourselves is 'is your country/is your state ready for the influx of returning companies and return investments back, because there is a huge opportunity in Europe right now - not just because of the short-term exchange rates, not just because of certain factors, but there is a sea change in the global economy. I actually say that it's the latest phase in globalization - globalization has now entered a new stage, a new phase, and it's very important that Europe is aware of that and is ready for that, because frankly sometimes it isn't. And I hope today that this session can convince people of that. There're clear advantages for both countries and companies to bring production back to the EU, and I hope we have a very good session today.

Anthea McIntyre MEP: Tony, thank you very much. Well you've heard, ladies and gentlemen, an introduction from each of our panellists, and as a sort of framework for the discussion, we've got three questions that sort of lead us through what's happened, and what can we do, and what are the attractions of returning, so we've sort of got a progression. So the first questions - we won't stick totally to half an hour on each, but I do want to cover each of these topics, and invite people's questions and comments - obviously kick it off with the panellists. So the first - the first question is to understand what were the main factors driving offshoring, do we think that the tide is turning, and what evidence do we have of that, and what are the benefits of re-shoring for the companies returning, and also for the member states? Some of the answers may seem obvious, but I always think it's worth asking the question, and can I ask - see for a volunteer from our panellists first of all. Is there anyone that wants to kick off with that? David, we'll give you the floor.

David Caro: Thank you Anthea. Again I think it depends on the business. But looking at the automotive industry, and understanding the structure of the automotive industry, in many instances the offshoring and re-shoring is not necessarily down to the OEMs - it's down to the first tiers. Because the OEMs contract the first tiers, and then - walk away is probably too strong, but the responsibility is then the first tiers' to decide how and where they supply the paths that make the element that that then they supply into the OEMS. So the first tier organizations tend to be global and in many cases more powerful than the original equipment manufacturers. And they can move between their various elements in different countries, so you have to make the environment conducive to the first tier suppliers to work in your particular area of the globe. Again that comes back to the EU in some ways, and regulation within the EU. And in many instances we see creation of regulation within the EU - an agenda-driven item by the various political influences within the EU - without much thought to how that's going to impact globally. A lot of the legislation that comes in is considered from a particular political aspect - an enthusiasm to drive a particular agenda, looking internally. And I think it's very short-sighted of the EU if we don't look at the impact of regulation that we bring in on a global term and how it affects the trading within Europe - both in and out of Europe - the impact that that legislation's brought in. Some of the legislation that we've brought in - REACH is a classic example - can undermine sales of our own companies within Europe, because it makes the good cheaper to come into Europe from countries that don't apply legislation like REACH, and it also then makes it more difficult to export the goods, so not only are you reducing or potentially reducing

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your export market, but you're also undermining your home market because of goods coming in. So all these considerations need to be taken into effect and considered when legislation is produced. A classic example - just one other thing - a classic example is the Defender model which JLR produced, which I believe is coming to the end of its life, because of legislation brought in by the EU of car manufacturing and the requirements of car manufacturing. Now the Defender model has been produced virtually from day one of Land Rover, and it's sad to see that legislation is driving that out of Europe probably to India - potentially to India - and out of Europe purely because legislation has moved on, and that car in now incapable of being brought up to the latest legislation requirements, and these are aspects where there could be job losses in the supply chain because of that model moving somewhere else, because it's not able to be produced or sold in the EU much longer.

Anthea McIntyre MEP: So from your point of view, it's main the EU regulatory burden that's causing offshoring, and when we talk about 'is the tide turning?' you're actually pointing to examples where the tide isn't turning - it's still going offshore. I'm going to come onto Daniel to come onto that.

Daniel Korski: I just wanted a quick point, which is that in the past there was a trend one-way almost exclusively, which was to offshore, and when we looked at the figures, we came up with something like between 1995 and 2011 the UK lost something like 36 billion pounds of output, or half a million jobs. What we're now seeing is a much more complex trend. We're seeing the re-shoring, but that doesn't mean that there's going to be no offshoring - indeed there's still going to be offshoring in the same sectors that are re-shoring, and even by some of the same companies. But in order to get the balance right - in order to attract more jobs, I think we have to look at David's points - how are we creating the best possible environment. David, you spoke a lot about regulation -let me just touch a moment on energy cost. The shale gas revolution in the US has made manufacturing not only possible in an entirely different way; it's led to an industrial renaissance in America. When I then look at the debate that we're having in the EU about shale gas, it is totally and wholly uninformed by that particular experience, and what it's done for industrial renaissance. And I think it's just worth reflecting not only - although it's incredibly important to look at regulations - but also a number of other issues, for me and what I hear a lot of companies talk to us about are the costs of energy, and I think it's worth from a European perspective thinking about particularly as there are trends to clamp down what we certainly see as really positive - namely the exploration of shale.

Anthea McIntyre MEP: Agrees regarding shale. Ceramics industry in her constituency - energy costs are one of their largest problems and shale gas would help. Tony - what evidence do you see of re-shoring? What were the factors that drove you offshore to start with?

Tony Caldeira: At the time, there were four main factors that led my business offshore: firstly the marketplace expected it. I was dealing with large retail corporations who are very competitive, can buy goods from anywhere in the world, they loved the products we were making and liked the British design, but ultimately we couldn't compete on price. Competitiveness matters in the real world. So I had no choice - for Caldeira it was China or bust at the time, and we had the courage to close one of our factories in the UK - we did keep one of our UK factories open, and that turned out to be a very important decision - at the time we were considered absolutely barmy to do so, but it was the right thing to do - because at the time the cost of labour in China was so low, because of the way the Chinese renminbi was undervalued and the implications that had on a global macroeconomic level. At the micro-level, it meant that a Chinese sewing worker cost a tenth of their European counterparts. So it was clear at that particular point, there was no way we could compete on costs and trying to operate in a perfectly competitive market was almost impossible. People forget the impact that the undervalued Chinese currency had on the global economy - it lead to what we now call the 'nice period' in the UK where there was no inflation and continual expansion, and the huge levels of double-digit growth that was seen in China, and the subsequent industrial decline here in the EU. At that time the Chinese developed a fantastic cluster model for the supply chain probably more appropriate for a business like Land Rover rather than mine, but there were a million people working in textiles in the Hangzhou Bay area alone in China, and they were weaving enough fabric to take up half of the world's capacity.

To answer your question 'is the tide turning?' - No, it's not turning, it's already turned. I noticed in Maddie's opening remarks mentioning 2009 starting to look at re-shoring - but at that time there was a fundamental shift in exchange rates between the Chinese renminbi and both the Euro and the British Pound. Within 12 months, Chinese goods had become 30% more expensive on the open market, and I think that was where the re-shoring debate actually started. Chinese costs are rising more quickly than costs here in Europe, and that means at Caldeira we have our tipping point, where there's a fabric price for each individual type of fabric that our company uses to make its product, and when the fabric reaches a particular price point, it's more cost effective to manufacture that product in the EU, using EU fabrics more often than not, which is good for the whole of the area. That price has moved in our direction every year for the last six years, and this year that shift is more pronounced than ever. So for those people who think 'is it still happening, is it going to happen?' - No, it's clearly happening, and it's actually quite advanced in the UK. The question40:44 for people around this gather today is 'how are we going to prepare for it, and how are we making the most of this fantastic phenomenon?' If you can make your country as open for business as possible, get the conditions right to do business to make trading as easy as possible then more businesses will come back.

Anthea McIntyre MEP: Thank you.
Welcome Martina Dlabajová (MEP ALDE), Daniel Dalton (MEP ECR), Vicky Ford (MEP ECR), Georgi Prinski (MEP S&D).

Vicky Ford MEP: Congratulates Anthea, Exactly the right issues to be thinking about. Two immediate things that are on MEP agendas: one is the burden of our regulation. We've been talking about the need to remove bureaucracy/burdens. I've seen the EPP suggesting they'd like the Commission to set a target for reducing the cost of bureaucracy by 25% by the end of the decade. They're now suggesting setting up a stakeholder group to work on delivering that. What do you think of that? The ECR has suggested a 'competitiveness test' which our leader has said every new piece of legislation should face that simple test - will it make it easier

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or harder to do business? What do you think about those? Is one better than the other, or do we need both?

My second question: Picking up on Daniel's point about consumers caring about where products are made, and quality and brand. In the middle of a negotiation about product safety, this Parliament has suggested that every manufactured good should have to carry a label of where it is made in. I understand in countries like Italy for example, they're making a big marketing move on 'Made in Italy' being quality brand, and they want to force every manufactured good to mandatorily put this on their product. Is that the right thing to do, and if not, what other solutions do you think we could do to try and reinforce this quality and brand, and give consumers confidence? (44:46)

Anthea McIntyre MEP: Thank you, Vicky. David -

David Caro: On the last comment first - sticking a label on something where it's manufactured. If you look at an automobile...how do you do that? I remember when the Labour party had its conference in Birmingham, and I went along to one of the Fringe events, when they had the then-new Jaguar XF displayed at this meeting, and the talk was all about British manufacturing, the growth of Jaguar, how it had come from its bad times and where it was going now. This was all part of the Midlands and the manufacturing. At the end of this, I can't remember who the Minister was at the time, but there was a question and answer session with the XF in the background, and the Minister and Sion Simon - then he was an MP and he was the industry committee guy, and the discussion went on around manufacturing, and my comment was 'you have this beautiful XF in the background - you say this is a beautiful British car. How much of that car - the interior of that car - is produced in the UK?' It's all very well saying it's a British car, but how much of that car - and suddenly there were very red faces, and I remember the Minister turning around to Sion and saying 'well?'. And Sion looking very embarrassed about this. And that's what it comes down to - you can stick a label on something, but what does that label mean in the context of a complex item? You might have parts in there from many parts of the world, but can you say that that product is British just because it was assembled in Britain? It's very simple when you have one item in a packet, that you can say this was made in Britain, made in Germany, made in wherever.

Michael Mychajluk: I'm going to cite some evidence first. There's a series of Automotive Council UK reports, and they're called 'Grow in the Automotive Supply Chain', so it's very much focused on the supply chain. The first report looked at OEM to tier one - how much in the UK is actually going to UK suppliers, and it was only a third. The second report then looked at tier one to the lower tiers, and it was a third again. So these so-called made in Britain vehicles if you do the maths - it's only about 10-15% which is actually UK-supplied. I think that's a little bit of evidence of the opportunity that's out there to re-shore. As part of that report, they said 'would you like to source those components to the UK', and for 3 billion in the first report, and 2 billion in the second report, they said 'yes we would, if we could find the competitive suppliers'. Now those reports start in about 2012, there's another update coming out in 2015 which is actually going to move that 3 billion figure up again. And the reason why it's moving up again is because the automotive sector in the UK is continuing to expand. So if I do a comparison between that XF and our latest product that's about to come out, the XE. For the life of Jaguar Land Rover as one company since 2008, the XE will have the highest proportion of UK sourcing in that period, so ever since the existence of the company. That level of UK sourcing goes over 50% - it goes to 55%. So re-shoring is actually happening.

We talked about cost, but the other thing we need to be talking about is access to our customer. You manufacture where your customers are. It's no secret that we've opened up a joint venture in China, because we've got a lot of customers out there. But we still have more customers in Europe - 37% of our sales are EU based. 20% of total industry volume sales are EU-based. So it might be a mature market, but it's a very important market, so we do need to look at ways on how to compete going forwards.

David Caro: Regulation - we must see results, regardless

Daniel Korski: Too often there's a presumption on policy makers to regulate instead of a presumption to create a competitive regulatory environment. In the UK we have tried to be as stringent about this as possible, and as a result we have taken 2 billion pounds of regulatory cost out of the economy every year, which will end up with a 10 billion pound "win". We've imposed a very stringent system where if you propose as a Minister a new piece of regulation, first we ask you to take one out, and now we're asking you to take two pieces of regulation out for every one that you impose. That may not be translatable in a direct fashion to the EU context, but we've seen that it's an incredibly helpful way to discipline policy makers, whether at Ministerial level or officials who have been working on an issue for many years. When it comes to the transposition of regulations, we have also sought to impose a growth requirement on the transposition. Too often we find individual Ministerial departments are focused on their particular issue, and take the opportunity to transpose legislation not as an opportunity to transpose faithfully, but to advance a number of issues they may have wanted to regulate for a while. Anything that can happen at an EU level to take a similarly stringent approach is welcome, and we think the REFIT programme was a very useful start in the past Commission, and we're very happen to see VP Timmermans swear that he wants to take that agenda forward. Some of the things we are worried about - we find assessments of regulation often happens at early stages of the regulatory process, but once a piece of regulation, directive, a law, has come through the Council, the Commission, the Parliament there isn't really an assessment of what that overarching burden has been at the end of the legislative process. So there isn't really a realistic sense of what kind of impact it will have.

Vicky, to your point about competitiveness: I think that's a very attractive way, because it hopefully will do what we've done in the UK. It will discipline individual policy makers to think very carefully about their sectoral initiatives.

Anthea McIntyre MEP: To Madeleine.

Madeleine Scott: [labelling] Re. the turning tide - I don't think it's ever going to stop turning, because the issue of market access. Companies will see the benefits of being in China to access that market, so UK/British companies are always going to be global, and are always going to go overseas to grow their companies, and that's not going to stop. But that doesn't mean we can't re-shore and giving the domestic market what it needs from home.

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Anthea McIntyre MEP: Thanks. Tony.

Tony Caldeira: Caldeira still plans to keep some of its manufacturing bases in China. There are still some elements of cost savings, but also you have access to a whole new area of the world.

Regulation for me as an entrepreneur is very simple - I just want politicians to make either Britain or Europe the best place in the world to do business. That's your job; you need to make it as easy as possible for me to add value, to create jobs and to add GVA to any economy of any size.

In terms of the product, and where it's made. Our logo has a Union Jack on it, and that is responded to best in the United States market. Americans love European products. The world's largest market is wide open. The TTIP that's going around now - the biggest no-brainer as an entrepreneur you could ever see, and my company would benefit directly, as would its European supply chain. I have to pay 7% duty when I sell British-made goods from European products into the United States market, which to me seems nuts. The American buyers from the retailer stores say 'we want to buy your European-made products, but the duty means we can't do it'. How ridiculous, that the world's two biggest markets that essential share the same philosophy on trade and doing business still have these barriers between them.

Another underestimated and often overlooked advantage of re-shoring is the products that we are making in Liverpool and selling to the United States is also replacing products which would have otherwise been made in China. So not only is re-shoring bringing jobs and products back to the UK, but because of the competitiveness that the company has, we are now looking at selling those products into the US market to knock other Chinese products off the shelves.

Anthea McIntyre MEP: here here. Georgi Pirinski

Georgi Pirinski MEP: Thanks. Making Europe a re-shoring continent - how does that fit with most of the discourse arguing about the UK as the re-shoring target that is being pursued? Coming from Bulgaria, it's something of immediate interest to me, but I venture it should be an immediate interest to Europe as a whole and all those thinking in European terms. [Produced in Europe label] How would re-shoring look in Europe - how much has gone out of Europe and how much could come back? Taking advantage of the unequal/different levels of cost in different parts of Europe - would the out-shoring be targeted to Europe, rather than beyond Europe, and if we're talking about the Defender or textiles, when it becomes impossible/disadvantageous to produce in the UK, would there be a first horizon within Europe to think of relocating, because I feel that we should try to turn this perception of let's say countries of South Eastern Europe presenting a series of unwelcome processes from unwelcome immigration to social dumping to unfair competition etc. etc. Tax advantages try to tackle it in a positive way by overcoming them and turning them to factories that can be built on in order to create a more harmonious and cohesive Europe.

Anthea McIntyre MEP: Daniel

Daniel Korski: We're in a global marketplace, a global race where most of the competition in a number of sectors will not be from our immediate neighbours, but will from low cost, fast moving, fast rising economies globally, and so of course we think about how to make the UK as competitive as possible and so are your Bulgarian colleagues and so forth, but I think it's worth taking that global perspective and realize we can make ourselves as competitive as possible vis-a-vis the French or the Germans or the Dutch or the Bulgarians, but if we at the same time make all of Europe insufficiently competitive compared to fast rising powers, we're going to achieve very little. So to me, it's not an either/or choice for us - The UK is in the EU and we want the UK to be as competitive as possible, and the EU to be as competitive as possible. The EEF number of 1 in 6 companies having re-shored some of their production dovetails quite nicely with the outcome of a CBI survey conducted in 2013 that showed 1/3 of European companies had moved parts of their production back, or were considering to move part of their production back to their home market. So the trend that the EEF have uncovered in the UK is a European-wide phenomenon. I don't have the breakdown of those figures, I don't know to what extent it's going to Sweden as opposed to Finland or Bulgaria, and it may be worth commissioning further work to really understand in a level of detail.

Anthea McIntyre MEP: Example of moving production - in this case a services business - part of IBM, which was being serviced in Portsmouth in the UK moved its back office to Budapest, so there's an example for the sort of thing you're talking about. Now Tony:

Tony Caldeira: Even when the product is made in China, it's still designed in the UK - there's still British value add, European value add to the product. Operating in a perfectly competitive marketplace - it's up to our customers to decide their modus operandi. If one of our Australian customers would only buy the product FOB Shanghai because the logistics of shipping a container from Liverpool to Sydney is not logistically feasible. So it's up to us to become more competitive. The door is already open, especially in the US market - they really want to buy European and British products. Example: very big American corporation called TJX Group - they've got over 3000 stores around the world. Now they've recently taken on a team based in Watford in the UK, to look to source European-only products. They want to replace some of the product being bought in China with product that is being made in Europe - and not just in the UK, but across the whole of the EU.

Anthea McIntyre MEP: Move along to: what are the main challenges in re-shoring - so, moving production across borders, whether involves shifting facilities or sourcing supplies from other countries, is not without its challenges. SO what are these main challenges, and how can they be overcome?

Madeleine Scott: From survey evidence: worries about production disruption - so if moving from one country to another, you still need to maintain your seamless delivery and your seamless filling your customers' orders. There's also the management time and effort that goes into actually making a decision and fulfilling your decision to re-shore. You're still running your business and doing a major change. There are also concerns around the supply chain, where after offshoring a lot of supply chain capacity was lost in the UK, and re-shoring back to the UK - are there still the supplies there that can fill the gap? In the UK there's a big issue around skills - with offshoring a lot of skills were lost. Manufacturing has an older age profile of the work force, and have we got the pipeline of skills coming through? It is

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a long-term decision, and there are a lot of complex factors that feed into it, including the regulatory regime, the tax environment and other costs.

Tony Caldeira: Three big challenges my company has faced with re-shoring: skills, supply chain and finance. The first one - skills gap. A lot of skills were lost when a lot of manufacturing businesses left. If we are going to re-shore, the country's workforce needs to be ready for that change to be made. Applaud some of the moves made in the UK with its strive with apprenticeships and work-based continued education, and that needs to happen more. Having made the TV shows, in terms of the difficulties in hiring sewing machinists in particular - lots of areas of relatively low cost manufacturing have an image problem. We need to make manufacturing more 'sexy', more attractive to young people, make them want to get involved in hands-on skills. We need to tackle this imagine problem and skills problem. Supply chain - you have to work at the speed of the slowest product to arrive on your production line if you're doing an OEM operation or a made-to-order product. Finance - still a major issue, not only in the UK but the rest of the EU. In Spain there's a large cluster of Spanish textile mills. There were hundreds literally ten years ago; there are probably dozens remaining now. And they have a major problem in securing finance, because the sector isn't attractive to lenders. Politicians have to try their best to make sure lending across the EU happens based not only on the sector in which a company operates, but businesses are looked at on their merits.

Michael Mychajluk: Supply chain: There's a complexity of the supply chain - you've got the supply chain going one way, but you've also got the product creation process going the other way. The product creation process - is the initial research, ground-breaking research, education, leading to developments, leading to manufacturing. There was a report produced by BIS on the future of manufacturing, and that looked at: if you have a top research and development facility based in Europe, then they are 7-%-80% likely to locate their manufacturing in Europe. Conversely, if you attract a new manufacturer into Europe, over time they're 40% likely to also bring along research and development facilities as well. Skills gap - and skills gap between 25-45, so essentially a lot of people in manufacturing may be old, but they're not dead yet and they've been busy writing the industrial strategies - certainly in the UK - writing the industrial strategies. 'What are we going to focus on to try and build what we've got in research and development in manufacturing? And they are very important documents, because from there you can learn the actions that you need to do next. And they focus on four key areas: business environment, skills, supply chain and perhaps the most important one is technology, because the technologies that we focus on are the manufacturing of the future.

Daniel Korski: Skills gap in the UK - We had the UK Skills Commission look at the labour market, the labour force, to understand where we had the skills gap. This is an independent non-partisan commission headed by the Chairman of one of the biggest companies in the UK with representatives across industries and unions and so on. What they found was we had a particular skills gap not at the immediate entry point, but 15 years into people's careers, particularly around digital and technical skills. That opens you up to the vulnerabilities that an economy likes ours have, because once these companies have offshored, people grow older, the digital requirements increase, and you end up with a real challenge. What we've tried to do are: we've tried to make further education colleges much more rigorous and more connected with the private sector, we've sought to build up apprentices - we will now have 2 million apprentices at the end of this Parliament and we're looking to aim for 3 million in the next Parliament, and it's really something that's become an issue of bipartisan support -everyone supports the importance of building up good apprentices. We also need to bring lots more people into STEM subjects, in particular women into STEM subjects. We have a huge problem in the UK, but I expect across the EU, that we simple don't have enough women in STEM subjects - Math, Physics, etc. To us that is a key part of filling and plugging this skills gap. What we've tried to do is set up something called Re-shore UK which is a partnership between our trade promotional organization and the business department, which seeks to advise companies on the opportunities of re-shoring. We've run the Advanced Manufacturing Supply Scheme - intended to help build up supply chains, and focus on the skills element of that. This is really the key challenge we face - skilling our labour force so that they can be ready to take on the opportunity that re-shoring brings.

Anthea McIntyre MEP: I wanted to pick up the technology question, because we haven't looked at that specifically with re-shoring. When you look at the EU Horizon 2020 programme, with 80 billion there for research and development, I just wondered if there are comments about how we can most effectively use that for the industries that would like to re-shore and if there's particular aspects of technology we could push. David:

David Caro: There was a CBI survey recently, covered across five different countries, where senior business people were interviewed, and for re-shoring, they said the main requirements were: removing legislative burden, more flexible labour market, progress in completing the digital single market, and the single market for services, more EU trade deals with growing economies - and these were cited as important areas for expansion. Energy prices - one of the requirements for off-shoring/on-shoring is stability. Where in the EU we have a stable environment, in many areas that other areas of the world don't have, but we do have instability in currency exchange and energy prices. And those are two major factors for multinational companies, and they are major considerations of on-shoring/offshoring.

The other area is the substructure - the supply chain. Doesn't matter what the industry is - if you haven't got the skills in the supply chain, if you haven't got the willingness to grow in the supply chain, the access to finance in the supply chain, then on-shoring is going to stall before it even starts.

Daniel Korski: The US has an on-shoring initiative, and I think it would be worth the EU examining it, but not hiding behind the excuse of state aid rules. If the aid is Europe, and not state, then it can't surely come under state aid rules, and I think many of the bureaucracy of Europe hide behind state aid rules as a convenience rather than looking at something, and I think that needs to be overcome. But look at the US initiative, and see how that works, because the US has much greater on-shoring that we do here.

Michael Mychajluk: Let's start on the incentives. Anthea mentioned Horizon 2020, we've got Innovate UK, we've also got the Advanced Proportion(?) Center in the UK - and these are all collaborative research and development projects. It's

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quite heavy on the early research side of things, and I think we're doing well in making sure that early research is being done. From the early research to actually creating a lot of high valued, well-paid jobs is quite a long journey. The next part of that journey is the development, of the product, of the technology into a final product which goes into manufacturing. And we're not helped specifically within Europe for research and that side of the development. Large multinational companies - JLR again - owned by an Indian company. India actually has fantastic education, has fantastic engineers, and they are constantly looking to say 'we can do that development at half the cost'. But we want to keep it in Europe, want to keep it in the UK. So we tend to create counterfactuals to say 'if we can get this amount of incentive, as a business we can justify keeping it in the UK'. That message isn't being heard very well in Europe.

On the state aid rules on the manufacturing side - it's again diluted. We talked about the supply chain, and the supply chain starts with the OEMs and the large tier ones, and then picks up a lot of supply from the SMEs. Now if the large companies can't get incentives - and the big change ups we saw in state aid rules, the dilution that we saw last year, was that you can't get aid to expand an existing site. In the UK we have all the major automotive suppliers - at least 19 out of the 20 of the major automotive suppliers in the UK - they have facilities. And we're asking them to expand - they'd like to expand their existing facilities but they can't get any aid intensity for that. That whole level of state aid does need to be looked at, because it's not an area that we want to dilute - it's something that we do need to build upon.

Environmental factors - you can be exposed to exchange rates, if you focus on one area/region of production. The banks have a role to play in that, and to put hedging in place, and you just need to work out where the risk lies and make sure that you have it covered. It's one of the factors which helps you trying to locate where your customers located, because if you do that you don't need to worry too much about currency too much, because your input currency and your output currency is the same.

Daniel Dalton MEP: Having seen how things work in Belgium, my first reaction is why would any company come and re-shore jobs to certain economies like Belgium, Italy, Spain, because of the cost of employment. The taxation on employment in Belgium - as a company you need to pay over 2 euros to put one Euro in the pocket of a worker - clearly globally non-competitive. And when companies move back to Europe, they're not necessarily moving to Europe, they're potentially moving to a country within Europe, and all the countries are competing against each other. From my point of view, the UK seems to be quite good in this area, but other European countries aren't. It's in all our interests to encourage all countries to make it easier for firms to re-shore. It's not specifically a European issue, because these are national competencies, but my real question is: to what effect do these employment laws, particularly taxation laws, have an impact on the decisions you make when you're thinking about re-shoring?

Tony Caldeira: I believe Britain is the best country within Europe in which to do business. That had a major impact, because when the Chinese situation within Caldeira was becoming apparent, and the labour costs and exchange rates and all the competitive advantages were being eroded over time - we could have put our business anywhere. We could have put our business into Vietnam, which was suggested at the time, because of lower labour costs than China. That didn't work out for us because of having a strong supply chain within our Chinese operation. But we did consider several other parts, several other states within the EU - Spain in particular, also in Belgium there is a very good cluster of traditional weaving companies which has managed to maintain competitiveness, and here within Brussels every year they have an exhibition by the Atomium and the Belgian textile industry is still relatively strong in comparison with some of its European competitors. In terms of my own business it was clear that because the main market was the UK, the company's history was there, and very crucially the regulatory environment, the taxation position of the UK government and also the general business culture of the UK made it an easy choice. I'd still consider other countries in Europe, especially Spain, because of having that skills base within the textile industries, and ironically even Belgium because a lot of the fabrics we make come from Belgium. So if their governments can welcome the re-shoring concept with open arms, then those clusters which have remained, there is a base to build upon, and it's important that those bases which remain are nurtured and built upon. Ultimately short term fluctuations in energy prices, short term fluctuations in exchange rates help, but they only help for a period of time and over the long term it balances out. We need to just get the regulatory environment right.

Michael Mychajluk: Flexible labour markets are very important. In the UK we are a bit more luckily, and we need to encourage each EU member state to create the best flexible labour market that they can to go forwards. We should be encouraging in the EU the efficiency and timeliness that if any state aid offers are made, they actually come through in time for the investment to support the product development and manufacturing, and not after the event. We tend to get stuck in a lot of bureaucracy in Europe and we need to look at ways of making that more efficient and timely.

David Caro: If a company the size of JLR have problems with the time scale on state aid, just think about how that affects small and microbusinesses. If you don't get decisions in small and micro businesses within a month or two, then it's pointless. JLR are probably talking a year or two, and if they have problems on that scale, think about how that translates to small and microbusinesses. SMEs think in a much shorter timespan than large businesses, and have to because they have to react quickly. So any aid that's available, whether national or EU, needs to be decided on very quickly for the small business sector.

Martina Dlabajová MEP: Thanks. I was business until June 30th - my whole life. I know the needs of the Czech companies of the Czech industry, and I was working with all these issues. What's more, my business was to help Western European companies to move to Eastern Europe. When I started my business it was in '94, and I stared a company to help specifically the Italian SMEs to move to Czech and Slovak Republic. In those years, the motivation of companies was changing very quickly. The first motivation was competitive advantage of the cost of the labour force - Czech and Slovak labour force was ten times than Italian or UK or French. Second point was less bureaucracy, and flexible labour market. When I saw the problems of Italian companies to deal with problems with employees - they preferred flexible labour market. Another motivation was access to the market. Czech and Slovak Republic was considered a bridge to Eastern Europe/Eastern market, and it was

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a big advantage that people in Czech and Slovak Republic are fluent in Russian, and in Slovak some are fluent in Hungarian. Following clients was very important. The industry was forced to move with the big clients. But now there still some companies that are moving - SMEs, not big companies - but they are doing it because of skills and qualification of the labour force in those companies. For me the biggest challenge is the skill gap. I see two levels: one is the technical skills - we need to promote more. We should explain to everybody what we need, what the industry needs, and what is a real technical skill. Perhaps people aren't aware of what it's like working in a factory - they're still afraid it's dirty working conditions. We did a very interesting survey in the Chamber of Commerce of the Czech Republic and we learnt 90% of decisions are made by mothers. So we are thinking of doing some special promotions focused on mothers, and to do 'open factories' - invite mothers to factories, to show them how the production looks today. Second point is matching skills and jobs. I asked my own initiative report about matching skills and jobs in Europe. I was very surprised there was not a system. There are great examples of cooperation between businesses and state education, e.g. apprentices, traineeships, but it is not a systematic approach. The education system is not asking the industries and the businesses 'what are the needs?'

I would love to understand better what the industry and businesses need from politicians. I was on the other side until June, and it was very difficult to talk to politicians.

Tim Thomas CEEMET/EEF: What could employers do? What EEF's done is opened an apprentice training school. We're training 400 apprentices at any time. Overall in our sector about 35(?) apprentices are training at any at any particular point in time. That's a direct investment from employers. To give you an idea of scale - the Commission we have in the UK - the UK CES - it's a social partnership made up of employers and trade unions together that look at industrial skills issues. They've calculated in the UK in manufacturing, we need around about 980, 000 engineers and technicians in the next ten years or so. The fact we have about 35,000 apprentices under training sets the challenge in perspective, before we talk about re-shoring. We're going to need many more of those centers if we're going to meet the challenge of finding those 980,000 people in the UK before we look at bringing production back. So I think skills are probably near the top of the list for challenges for companies looking at re-shoring.

Anthea McIntyre MEP: I visited the center, and was very impressed. And I agree with Martina - the 90% of decisions are made by mothers is something that we overlook at our peril, because certainly in the UK the careers service will tell everyone they ought to go to university and that's where they should aim. And I've had direct experience of mothers saying 'I didn't want my son to go into an apprenticeship, but I'm so glad he did'. And there's a huge selling effort that needs to be made to persuade that to happen.

Martina Dlabajová MEP: I'm supporting 'crafts day', where all industries in the city open their gates to discourse, and to families/the public. So they do it on Fridays for the schools, and kids around 14/15 visit the companies, and the day after they come with their parents, because they are impressed with something. This is working very well, since it involves schools and the public.

Daniel Korski: In the UK we've launched something called 'Your Life', which is a campaign aimed specifically at encouraging students/kids, but particularly girls into STEM subjects and we've spent lots of time partnering with companies like JLR to showcase models that allow particularly girls considering different options at schools to show what kind of potential there is. We've also worked hard to reform the way enterprise education takes place in schools. So now each school will have a relationship with an enterprise advisor. We've launched a new national careers advisory company, which is a non-for-profit government managed company, which is going to change the way we do careers advice in schools, all focused on trying to make enterprise a genuine option for kids, and to explain to parents what kind of opportunities there are. And also to build the skills set, both soft and hard, both math and entrepreneurial approach required to succeed in enterprise like Tony has.

Tony Caldeira: The states in Eastern Europe have the biggest opportunity with re-shoring. Those states need to be ready. They need to get their regulatory framework right, they need to create the conditions to allow entrepreneurship to flourish and to make sure the skills are there.

David Caro: Since the coalition government came into power, we in the UK have charged university fees and in principal I don't have a problem with this. What surprised me is this was across the board. We have skills shortages across the UK in certain areas - science, math - why didn't we target those areas and reduce the cost of going to university in those particular skills areas, rather than just coming with a blind, blanket policy of giving the universities the ability to charge what they like, and most of them jumped and stared charging 9,000 a year across straight across the board. The government should have gone there and in some degrees funded - why not make it cheaper to go on the science courses? Where we need the skills, make it advantageous to go into those skills education areas.

Anthea McIntyre MEP: Third question - what are the attractions of European member states? What do they offer companies that are returning, and how can we create the right business environment for companies seeking to return, to allow them to grow in European markets and compete throughout the world.

Madeleine Scott: I'll just go into what our member companies see the benefits of being in the EU. There is the ease of access to the large market. There are common standards and a level playing field to some extent. There's the foreign investment benefits, including supporting supply chain demands, there's the access to wide pool of skilled labour. There are also the trade deals, and I think this is really where manufacturers do see the benefits of the EU: simplifying access to markets, reducing trade barriers, and working on common standards that can help exporting both from the UK and from the EU to other economies. Before, we talked about the exchange rates and the cost of energy, and the instability that can cause. Those are almost known instabilities, and companies need to know that other areas are going to remain stable. So regulation isn't going to be constantly in flux, constantly changing and they're having to change processes and concentrating on that rather than concentrating on doing business and growing their business.

Menno Bart (Eurociett): Big advantages of Europe - the single market is an important element. Looking at employment, I think there is still a lot to do, because we still don't have a single European labour market. There's so much

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obstruction to move from one country to another, to move skills from one country to another. If we were to use the skills that are available in Europe, I'd say we need to improve mobility in Europe, we need to improve the access of labour from one country to another. Would you agree with that - do you think it may help or may not in your view?

Tony Caldeira: There are attractions of European Member States, but we also need to look at some of the elephants in the room. There is still too much inflexibility, especially with labour law. I mentioned that manufacturing and home textiles manufacturing in particular didn't have a particularly sexy image, but sometimes - I get this from colleagues and business contacts in China, who think that European countries and some of the workers within there think they're too 'sexy' to do some of these jobs. We really need to understand that although we want the best jobs for our citizens across the EU, a low-paid job is better than no-pay job. And I think especially in the Mediterranean where youth unemployment is so high, we need to actually understand that yes of course we would like the best jobs in the world, but surely it's better to give our young people some work even if it's not the work that they'd ideally like than no work at all. We need to take advantage of the weak currency at the moment. The market is speaking because European hasn't reformed and because some of the difficult decisions haven't been made then clearly the markets have been saying that 'we don't particularly like the Euro at the moment until some of these big decisions are made', and we need to make those big decisions sooner rather than later, because unless we reform and become more flexible in the EU, more pro-business, with better taxation and regulation which is more suitable for enterprise and entrepreneurship, we won't take advantage of this fantastic opportunity we have.

Michael Mychajluk: To add a couple of points about the attraction of Europe - the first point is that we do have great centers of education and innovation, so it's important to build on that. Certainly on the automotive side, motor sports - very important, they are developing cutting edge technologies that you're starting to see in the production cars. On the brands point on automotive as well, we do dominate in the premium segment. Germany number one, UK number two in premium automotive manufacture. And again those brands - we need to try and focus on those. Now the jobs that you then create in the production of those products - they occur from highly skilled, highly paid jobs, right down to those people who operate the machines in the factories. So there are all different types of jobs there. The core responsibility for skills and job growth doesn't lie with government - they've got a role to help and incentivize - but it lies with the business to make sure it's sustainable. In the UK we've set up something called the Industrial Partnership for Skills and I've looked at his strategy, and nowhere in his strategy does he mention mothers.

Mike Leonard: My name's Mike Leonard from the Modern Masonry Alliance - I represent the brick and block manufacturers from the UK, but also throughout the European masonry alliance. So we're an industry that's pretty important to Europe, because we manufacture most of the materials within the European boundaries and they go to construct the buildings. My concern is that we also consider in this re-shoring debate that we also consider the effect of the long economic crisis that the EU and the UK has suffered, that has seen an awful lot of our capacity disappear, and the fact that we are globally owned, that we need to attract inward investment. It's a bit like re-shoring, but it's reinvesting and putting new kit and new factories into the supply chains within the European community, so we don't become dependent on importing from beyond the European boundaries. It's extremely important that governments send out - whether it's European government or Member States government - sends out the right messages to attract those investors into the market about long-term certainty. We've seen some short-termism trying to attract other forms of construction, which would result in materials coming from outside the EU to satisfy those markets - in fact, damaging the investment case. Why would you invest in the UK/why would a young person come into the field to learn new skills when those skills are only required short-term.

David Caro: There's almost too much thinking about high-tech, high-growth industries yet the EU talks a lot about employment. Now high-tech, high-growth doesn't mean high employment. You mustn't forget the lower-end skills, the lower-end businesses that employ a lot of people to do those semi-skilled, unskilled jobs. If you don't have those, you don't have your employment. We also need to get away from the idea that 'they manufacture over there, we're the clever people - we design'. When you look at the number of Chinese and Indians who are going through the Universities of Europe - it isn't going to stay that way for long. Also I think the EU has a reputation for being that slow, mega-monolith that takes time to bring in legislation, to take out legislation, to make decisions. We must find a way of streamlining the bureaucracy in Europe.

Stephen Steel - industry attaché from the UK Representation to Brussels: What do you think of the new Commission's plans? We have a new legislative cycle in Brussels. A lot of the things you've been talking about, whether it's skills, labour laws - those are largely within the competence of the Member States. Not entirely, I appreciate that. So what we do have in the new Commission's plans are the Juncker Investment Plan, we have a serious commitment to reducing red tape, we have plans for the single market, digital single market, services in the single market, the Emissions Trading Scheme is going to be revised. Does this sound like a recipe for re-shoring to the EU?

Madeleine Scott: Europe needs to send a clear signal about its priorities, and is it creating an environment where businesses want to invest, see that there's long-term priorities for growth, and that business are able to put that into their long-term cycles.

Fergus McReynolds: At the end of the last Parliament, the end of the last Commission, we started to see the mood music in Europe change. We started to see industrial competitiveness being a genuine priority for Europe. I think it's probably trigger by the fact that when we look at the recession and the economic crisis we went through, the countries who had a strong industrial base, and were investing in that, and looking to rebalance their economies were the economies who were recovering best. So the new Juncker Programme - the words are all right. The ten priorities he's set do reflect what needs to happen in Europe. I think the new Commission structure is very positive as well. We have a Commissioner - a First Vice President - for Better Regulation. We have Vice Presidents who are leading on the top priorities and work within a cluster of Commissioners to deliver better policy, and again I think that's positive. The Investment Programme - certainly anything that drives in-

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vestment is positive. There are probably some questions to be had about the ambition in terms of the uplift that they will see from the program. But the initiative itself is very positive. In short, yes it is looking more positive.

Anthea McIntyre MEP: Closing remarks

Tony Caldeira: What should EU states do to create the best conditions for businesses to thrive and survive, and ultimately to re-shore as well? First of all, the states need to aim high. The EU politicians should aim to make the European Union the best place in the world to do business. Second, for any economic policy to work, you need to create economic stability. We need more stability in the EU, so we have sustainable public finance, so decision makers from around the world, including those from the EU who are looking to bring investment back into the 28-nation bloc, can make those decisions safe in the knowledge that actually we have a strong, stable economy. Thirdly, we need to create a pro-business environment. For taxation, I've made four points - low, simple, competitive, fair. On regulation, similar - low, simple, appropriate/proportionate, and also ensuring fair competition. Business support needs to be simple and local, focusing on start-up and at step-change, ideally delivered from a one-stop shop. The TTIP deal - yes today please.

The fourth thing we can do is talk the talk. I think David Cameron is a role model in terms of this. He's on the plane with the British Trade Delegations, banging the drum both at home and abroad, getting the message out that Britain is open for business. We need the same message in Europe. The British Embassies now have business connections and the first question when the Prime Minister asks when he gets on one of those planes, is 'can we do more business with this country, and how can I make that happen?' And European politicians need to respectfully learn that lesson. Finally, we need to have the longer-term support, the investment. We need the investment and infrastructure. We need to incentivize investment for companies looking to re-shore. We need to invest in education and training, especially enterprise education. Surely if the entrepreneurs are the people who generate the wealth and the jobs, we need more of them. So we need to almost make that part of the European curriculum at school. Enterprise should be a first choice in terms of career options, and not just 'a possibility', because if we have more entrepreneurs then our economies will grow more quickly. And finally, there's a tipping point in every decision-making process in terms of re-shoring. So we need to identify what that tipping point is, and as politicians I would hope that some of the delegates to the meeting today can try to understand what makes those businesses bring that investment back home. If you can understand that, you can encourage it and you'll create more jobs and more economic growth in your countries.

Daniel Korski: The only thing I would leave the room with is a sense from us that there is a real opportunity not just for the UK but for Europe. Looking at the calculations just for the UK, we think there are something like 300,000 jobs that can be created through the re-shoring process. Something like 15-billion pound contribution to the economy. That will not come by itself. We are still in an incredibly competitive global marketplace, and the industrial renaissance in the US that we've seen partly as a result of depressed energy prices has made the US an incredibly fierce competitor. It has always been, it's a great market too, but in this case is now a fierce competitor. And we should be clear that we need to take serious steps both nationally but also at European level in order to encourage the trend. Energy costs are incredibly important for the manufacturing sector - that isn't only a question of ensuring low energy costs, but also the stability of energy supplies, and that is something I think European policy makers should take to heart. You've mentioned regulation - for us, it's not only the question of the flow of regulation, but also the regulation that is already on the books, that businesses already have to deal with. So it's not enough to say the new regulation coming in will be better, more targeted, and helpful to business. And it should be dealt with on a much quicker timetable than is the habit nationally, but particularly Europe. And finally, on taxation - we will only compete if we offer a broad-based environment conducive to businesses, and a key part of that is the encouragement of entrepreneurship and enterprise, partly through a low and stable tax regime.

Michael Mychajluk: We need to build on our strengths. So if we've got great brands, expand them. And where we've got resources, we need to make sure there's an effective and efficient delivery system to where they're going to have the best benefits in job creation. And for those industrial strategies we've set out in the UK, let's look at them across the whole of the European Union, and see if we can create those for Europe, so we're not competing against each other, but working together.

David Caro: The reduced workload that the Commission have employed in the new term is very interesting, very exciting, and it underlines the new emphasis on not bringing in legislation for the sake of legislation, and I know some people in the Parliament have questioned this, but I think it's a good move. Let's bring in quality regulations if we need to bring in regulation at all, not just layer upon layer upon layer, and I think that's very important for industry. I think the Commission's approach to access to finance and to financial instruments is far, far too focused. They're forever talking about venture capital, which when you come down to the small and micro-sector is very limited in its effect, and we need much wider thinking rather than this 'oh, venture capital! America uses it, so we've got to bring it in. We'll throw money at it'. We've got to look at a much wider structure, which covers the whole of business in the EU, much more efficiently in the EU than they're doing at the moment. And encourage new forms of finance - with protections, of course - but new forms of finance because the banks have proved unreliable. Let's challenge the banks, and new forms of finance do that, and it might make the banks more willing than to work if they see their based being undermined. Predictable instability - what is that? That's such a politician's phrase...talking about the energy prices exchange rate. If we look at what happened with the Swiss franc a week ago, there wasn't anything predictable about that. My own business - that's hit us - one of the products we buy is manufactured in Switzerland, and they've instantly put a 13% increase on it. We can't go to JLR and say we've got to increase our price by that percentage. We're on fixed price contracts. That's not predictable. So again we have to look at the exchange rate problems there, and how that encourages or discourages on and off shoring.

Madeleine Scott: I'd just say that manufacturing is international. We're in a global marketplace, and re-shoring is yet another investment decision on where companies can go in the world. We need to create an environment that is pro-growth, pro-business. These businesses are going to

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be the ones that create jobs, and hopefully that's what we can do in the EU.

Anthea McIntyre MEP: Thank you very much. It falls to me to try and draw this fascinating session together. I'm hugely grateful to all of you for attending, and especially to all our panellists for taking part. And I certainly think that there are a number of things that have come out that - possibly predictable, but nevertheless very much need to recognize. We've talked about the need to reduce energy costs, and particularly for the stability of energy supplies. We've talked a lot about skills. We have a definite shortage of STEM skills across Europe. We've talked about the need for apprenticeships and the need for practical skills, and the need for practical skills, and the need to persuade all the mothers that it's an acceptable and good route for their children to take. We've talked about the need to encourage entrepreneurship, so teaching right from in schools the importance of enterprise and making and selling and being an entrepreneur. We've talked about access to finance- that's certainly important for particularly SMEs. Of course the regulatory burden has been talked about. I like the low, simple and fair - it's certainly part of our political group's intention to reduce red tape and cut the burden of regulation. And if I may answer the question there - I'm hugely encouraged by having the Senior Vice President of the Commission in charge of Better Regulation. And I think the importance of what better regulation means, which is to cut the red tape, and allow businesses to concentrate on the roll that they want to perform - the real business, not on all the rules and regulations. The need for a flexible workforce. The need for a good access to market - so we have a market of 500 million in Europe - we need to make sure we complete properly the single market, in services and the digital single market. And we need to concentrate on trade, so Europe is 'the place' to come and make your goods, because you've got access to world markets, and thus make Europe competitive. I was very struck by Tony's talk of the opportunities in for example he mentioned Spain, but also opportunities for Eastern Europe, for all of us to benefit. My colleague Mr Pirinski, who has gone now, but he talked about 'you talked just about the UK, but actually it's for the rest of Europe'. And that so echoes the British Prime Minister's speech of about a year or so ago, when he talked about renegotiating Europe - actually reforming Europe. And he said 'I don't want to do it just to make it better for the UK. I want to make it better for the whole of Europe'. And that I think is our mission in our group - to reform the whole process, to make it better for the whole of Europe. So if we remove as much of the administrative burden that we can and can help our companies compete in the global marketplace, that seems to be the way to go to attract businesses to re-shore and maybe to not off-shore in the first place. I'm very pleased we have a definition of the job description of MEPs, which is simple - just make it as easy as possible to do business. That's my job description for the next four and a half years. So I firmly believe that re-shoring can be Europe's employment success story for the next ten years.

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