

THE
MOTOR CYCLE
INDUSTRY
ASSOCIATION



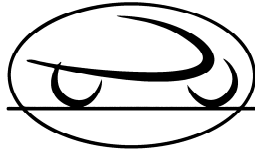
The UK Motorcycle Industry

Manufacturing, Public Policy, The Economy and Growth

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Date of issue: November 2012

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1. Industry Summary

The UK motorcycle industry as a whole offers a notable contribution to the UK economy with a turnover more than £5 billion and around £1 billion paid in taxes. In total, the industry supports £2.8 billion of added value and 81,500 jobs in the UK economy, directly within the industry and indirectly through purchases from other UK industries. The UK motorcycle industry also generates significant tourism expenditures of around £570 million, which helps to support more than 13,000 tourism jobs.

The UK motorcycle industry is defined as comprising five main sectors, including manufacturing; distribution and retail; repair, servicing and maintenance; sports and leisure; and other support services.

There are approximately 1.5 million active motorcyclists in the UK, representing around 3% of the UK adult population. Ownership rates indicate there are approximately 22 motorcycles per 1,000 people. There is significant potential for further growth. Around 3 million people hold a full motorcycle licence. New purchases of motorcycles grew strongly after 1997, but have experienced declines of around 30% since 2008 as a result of the recession. However indigenous manufacturers have seen market share growth over this period.

There is a significant and increasing contribution to exports of over £400 million per annum and supply chain impacts support an additional £750 million of Gross Value Added (GVA) and 16,000 Full Time Employment (FTE) jobs in the UK economy.

Government has a role to play in recognising motorcycling and the potential of UK manufacturing, plus offer political support and the inclusion of motorcycles as part of transport strategies that aim to rebalance the economy, create growth, reduce traffic congestion, reduce carbon emissions and resolve parking issues.

1.1 Manufacturing

The manufacturing sector includes the manufacture of motorcycles, components, clothing and accessories, and fuel/oils. The manufacture of motorcycles is the most significant activity. UK production of motorcycles has increased significantly and consistently over time. Levels of production were very low in the mid to late 1980s and have since increased to approximately 50,000 motorcycles in 2011, most of which are exported to the US and European countries.

The UK is currently developing considerable strengths in the manufacture of motorcycles and related products. The most significant manufacturer, currently accounting for the majority of UK production and driving the growth of the sector, is Triumph Motorcycles. Triumph is a significant major UK automotive manufacturer (wholly British owned), with additional manufacturing bases outside the UK. Other smaller volume manufacturers include Norton and CCM.



UK motorcycle-related manufacturing currently has a total turnover of almost £500 million (including the UK manufacturer of motorcycle related products such as fuels/lubricants etc), more than £150 million of which is added value for the UK economy. The sector also provides employment for almost 3,000 people. In 2010-11, the UK exported motorcycles and components to the tune of £328.5million (*GHK report 2010*). However, according to the 2011-12 IBISWorld economic report, UK motorcycle manufacturing achieved a revenue of £406.7million, with annual growth of 8.6% between 2007-11.

Between 2008 and 2011, imports of motorcycles which were sold on the UK market fell by 32.8%, while domestic sales and exports of UK made motorcycles (Triumph, and CCM in particular) rose by 24.4%. The value of imports in 2011-12 is estimated to be £707.9million (IBISWorld), leaving a £301.2million trade deficit. This deficit is narrowing.

R&D activity links closely with government objectives (e.g. the ‘New Industry New Jobs’ agenda) to develop clean technologies and reduce carbon emissions (such as through electric and hydrogen powered motorcycles), improve the safety of motorcyclists and other road users, and to further develop advanced engineering capabilities and expertise in the UK.

Following the demise of the old motorcycle industry and its associated supply chains, many components and accessories are either produced in-house by manufacturers, or obtained from foreign suppliers. This is because certain components are unavailable from UK suppliers with the required delivery times, quality or price. However, supply chain impacts support an additional £750 million of Gross Value Added and 16,000 Full Time Employment jobs in the UK economy. (GHK).

2. Introduction – The UK motorcycle industry as a whole

The overall UK motorcycle industry is of considerable size with net annual sales of almost £5.2 billion and has a significant impact on the UK economy, generating added value of more than £2 billion per annum. Giving a total UK motorcycle industry value of approximately £7.2billion (GHK).

The industry in total directly employs 65,500 people in more than 6,350 businesses, which is more than each of the following: UK call centres; the market research sector; taxi driving; and libraries, museums and other cultural activities.

Fig 1: Motorcycle Industry Contributions to UK Economy

	Total UK Motorcycle Industry	Manufacturing	Repair, Servicing & Maintenance
Turnover (£m)	5,933	495	292
Purchases (£m)	3,865	341	190



ADDED VALUE (£m)	2,068	154	102
Wages (£m)	1,232	82	66
Profits (£m)	632	50	29
Exports (£m)	368	359	n/a
Imports (£m)	853	828	n/a
Taxes * (£m)	1,004	60	41
Employment	65,530	2,870	4,000
Businesses	6,346	353	1,327

* Includes VAT, income and corporation tax, fuel and vehicle excise duties

Other key economic benefits include:

- i. Total tax contributions of more than £1 billion per year, £60 million from the manufacturing sector.
- ii. Average wages of £18,800 across the whole industry, £28,600 in manufacturing sectors.
- iii. A significant and increasing contribution to exports of £406 million per annum.
- iv. Supply chain impacts support an additional £750 million of added value and 16,000 full time equivalent jobs in the UK economy.

In total, the industry supports £2.8 billion of (GVA) Gross Value Added and 81,500 jobs in the UK economy, directly within the industry and indirectly through purchases from other UK industries.

The UK motorcycle industry comprises the five key sectors of: **manufacturing**; distribution and retail; repair, servicing and maintenance; sports and leisure; and other support services (training and testing, financial services, motorcycle couriers, motorcycle hire, marketing and publishing).

2.1 Wider Benefits

The UK motorcycle industry includes many high value, innovative businesses that together make an important contribution to economic development in the UK and whose products are exported around the world. UK motorcycle manufacturers are also investing heavily in R&D and innovating to drive the future of the industry. This includes activity to:

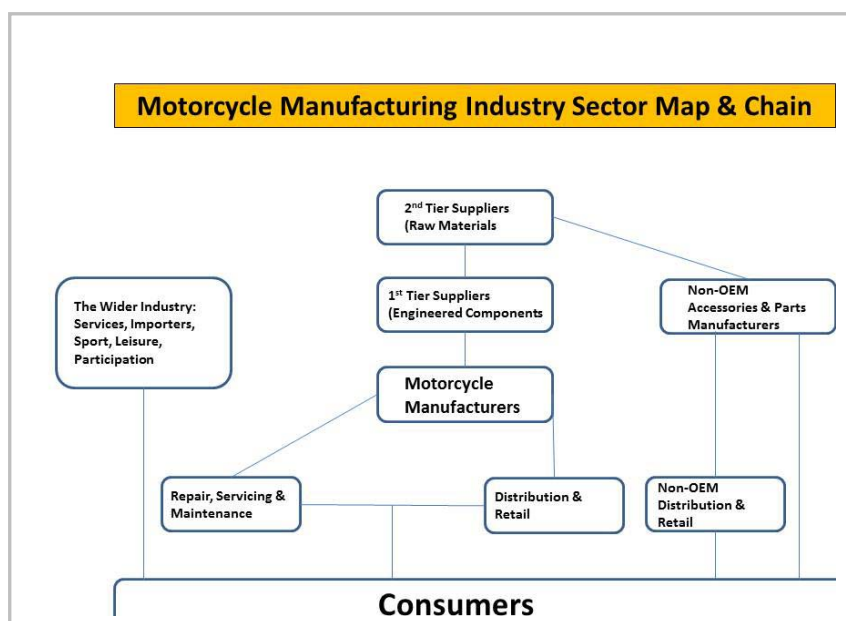
- i. Develop clean technologies and reduce carbon emissions. For example, Intelligent Energy of Loughborough University is working with Suzuki to develop hydrogen powered motorcycles, while the UK is also driving the development of electric race bikes and has established the eGrandPrix championship.
- ii. Improve the safety of motorcyclists and other road users, through safety developments relating to helmets (e.g. Davida) and motorcycle clothing (e.g. Forcefield Body Armour, Wolf & Knox)



- iii. Further develop advanced engineering capabilities and expertise in the UK (E.g. fuel injection, electronics and engine management technologies to improve performance and deliver economic and environmental benefits).

With the Government focusing on supporting efforts to rebalance the economy towards manufacturing, retail and exports, the motorcycle industry is well placed to deliver further jobs and growth. Therefore support for the motorcycle industry can help the Government realise their objectives for the economy.

Fig 2: Motorcycle Manufacturing Sector Map and Chain



3. The UK Market for Motorcycling

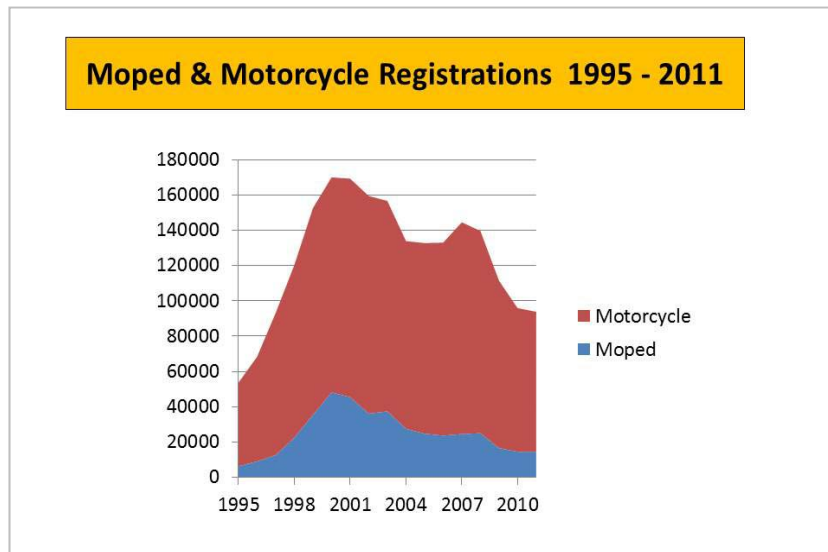
Official data sources suggest that the number of licensed motorcycles has been increasing over time and there are currently more than 1.3 million licensed motorcycles in the UK (including Northern Ireland).

In terms of individual motorcyclists, the MCIAs suggests that there are approximately 1.5 million active motorcyclists in the UK, representing around 3% of the UK adult population. There are approximately 3 million full motorcycle licence holders in the UK, which represents significant latent demand. Motorcycle miles travelled in the UK have risen by over 20% since the year 2000. The number of motorcyclists killed in road accidents continues to fall (-10% in 2011), with the number killed now at the lowest level since records began in 1927.

New purchases of motorcycles had been growing until 2001, but after this there was a slow decline for some years, with a certain level of market stabilisation mid-decade. Registrations of new motorcycles have fallen by around 32% since 2008, due to the recession. However, UK manufacturers have performed better than most and UK motorcycle production has continued to increase during these difficult times.



Fig 3: Moped and Motorcycle Registrations (1995-2011)

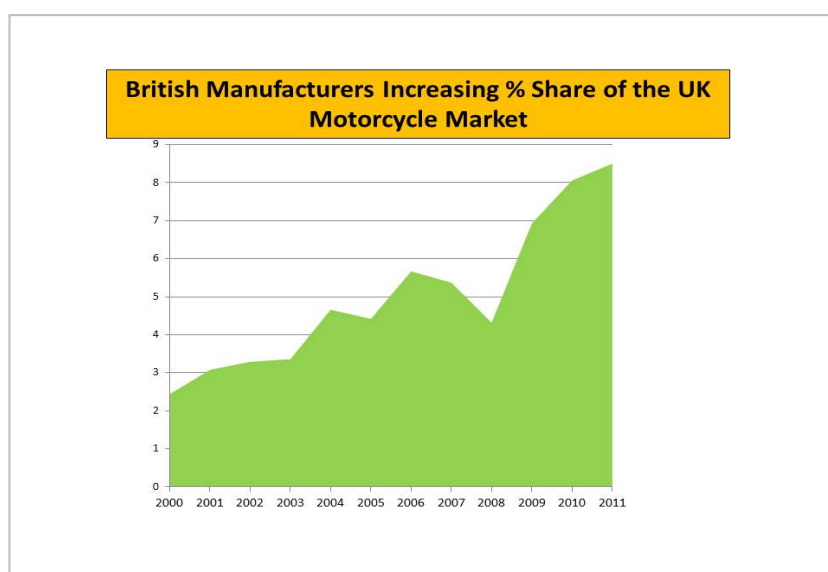


Source: Motorcycle Industry Association

The overall market has started to focus on smaller commuter bikes, bikes with practical applications and multi-purpose ‘adventure sport’ bikes, with increases in sales in these sectors. Decreased sales in other leisure sectors have a meant large overall reduction in profitability for many manufacturers. However, despite this, over the last ten years, Powered Two Wheeler (PTW) mileage has doubled since the mid-1990s (DfT).

UK manufacturers have significantly increased their market share within overall new machine registrations.

Fig 4: Market Share of British Manufacturers



Source: Motorcycle Industry Association



The UK has one of the lowest rates of motorcycle ownership per head of population in Europe, with about 22 bikes per 1000 people, compared to Italy which has about 159 bikes per 1000 people. This suggests there is significant potential for further growth in the UK market.

4. Business Numbers

The industry is estimated to consist of approximately 6,350 businesses, primarily based on official government statistics and specific industry data.

Fig 5: Number of Businesses in the UK Motorcycle Industry (2008)

	Businesses Number	Businesses % of Industry Total
Manufacturing	353	5.6%
Distribution & Retail	1,775	28.0%
Repair, Servicing & Maintenance	1,327	20.9%
Other	2,891	45.5%
Total UK Motorcycle Industry	6,346	100%

Source: GHK estimates (note that Distribution and Retail also covers businesses linked to motorcycle imports)

5. Exports

UK manufacturers and some service providers generate significant revenue from exports.

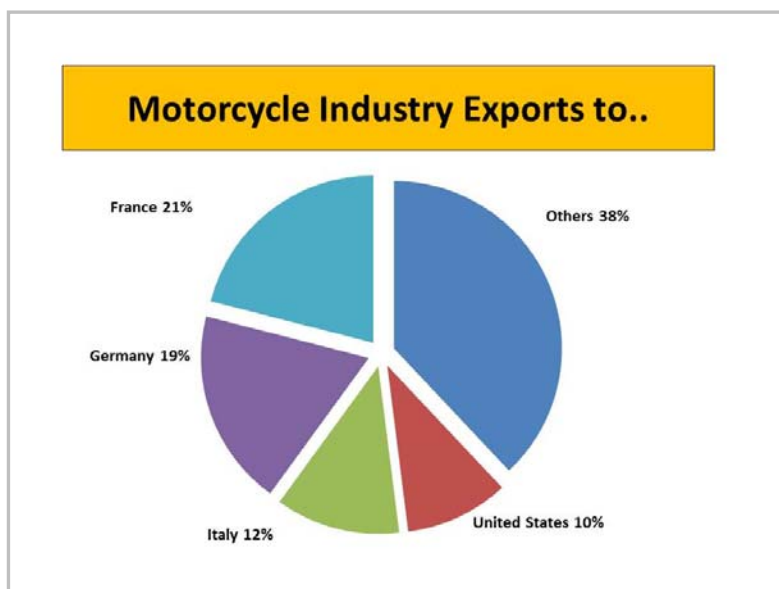


Fig 6: Motorcycle Industry Exports Worldwide

In 2010-11, the UK exported motorcycles and components to the tune of £328.5million (GHK report 2010). However, according to the 2011-12 IBISWorld* economic report, UK motorcycle manufacturing achieved a revenue of £406.7million, with annual growth of 8.6% between 2007-11.



Between 2008 and 2011, imports of motorcycles which were sold on the UK market fell by 32.8%, while domestic sales of UK made motorcycles (Triumph, and CCM in particular) rose by 24.4%.

The value of imports in 2011-12 is estimated to be £707.9million (IBISWorld), leaving a £301.2million trade deficit. This deficit is narrowing. (* www.ibisworld.co.uk/market-research/motorcycle-manufacturing.html)

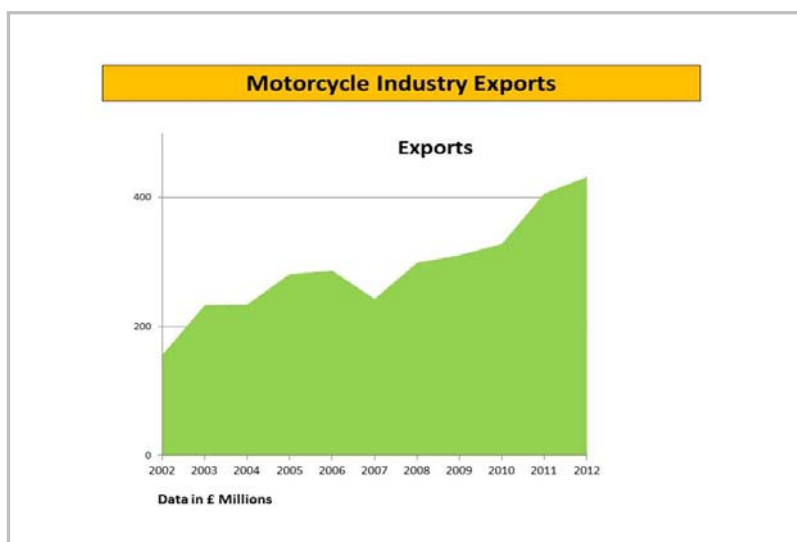


Fig 7: Motorcycle Industry Exports Economic Worth

6. Employment and Wages

GHK estimates suggest that the UK motorcycle industry employed a total of 65,530 people in 2008 and paid more than £1.2 billion in wages at an average of £19,813 per employee. The pan-industry average wage is not far short of the 2008 UK average of £20,200. There is a high proportion of retail jobs, which are low value jobs earning an average wage of £12,650 per annum across the total UK retail sector. Motorcycle manufacturing employees earn a much higher average wage than the UK mean.

Fig 8: Employment and Wages by Sector (2008)

	Employment Number	Wages £ million	Average Wage £
Manufacturing	2,870	82	28,570
Distribution & Retail	20,380	289	14,180
Repair, Servicing & Maintenance	4,000	66	16,500
Other	38,280	795	20,005
Total UK Motorcycle Industry	65,530	1,232	19,813



7. Value Added

The UK motorcycle industry has been estimated to directly add value of more than £2 billion to the UK economy each year and support additional added value of £750 million in other UK sectors through the purchase of goods and services. The other key economic contributions of the industry include:

- i. The provision of around 65,500 jobs in some 6,350 businesses in the UK motorcycle industry, as well as supporting a further 16,000 jobs in other UK sectors,
- ii. A yield of more than £1 billion of tax contribution per year,
- iii. Exports of £406.7 million per annum.

8. Motorcycle Manufacturing

The manufacturing sector includes the manufacture of motorcycles, components, clothing and accessories, and fuel. The manufacture of motorcycles is the most significant activity. UK production of motorcycles has increased significantly and consistently over time. Levels of production were very low in the mid to late 1980s and have since increased to approximately 50,000 motorcycles in 2011, most of which are exported to the US and European countries.

The UK is currently developing considerable strengths in the manufacture of motorcycles and related products. The most significant manufacturer, currently accounting for the majority of UK production and driving the growth of the sector, is Triumph Motorcycles. Triumph is a significant major UK automotive manufacturer (wholly British owned), with additional manufacturing bases outside the UK. Other smaller volume manufacturers include CCM, Norton and Metisse, with some 'cottage industry' manufacturing taking place to special order.

A number of UK businesses are also beginning to produce electrical and other low carbon motorcycles. This is an example of high value engineering, with significant R&D investment and links closely to the government's environmental technologies and innovation agendas. The industry also includes a number of smaller manufacturers providing lower quantities and bespoke orders of high value, high performance motorcycles, including road and racing motorcycles. (e.g. Suzuki, in conjunction with Loughborough University, has recently unveiled the world's first hydrogen fuel cell vehicle to achieve Whole Vehicle Type Approval)

The UK has considerable strengths and experience in terms of producing high quality, high performance and high value motorcycles for the road, track and off-road. This includes a large number of UK manufacturers supplying motorcycles and components for motorsport teams in the UK and internationally. For example, many UK manufacturers, such as Harris and Translogic Systems, are involved with the Japanese manufacturers and race teams to design, develop and manufacture new products that will deliver results on the track or in off-road disciplines.

UK motorcycle-related manufacturing currently has a total turnover of almost £500 million (including the UK manufacturer of motorcycle related products such as fuels/lubricants etc),



more than £150 million of which is added value for the UK economy. The sector also provides employment for almost 3,000 people.

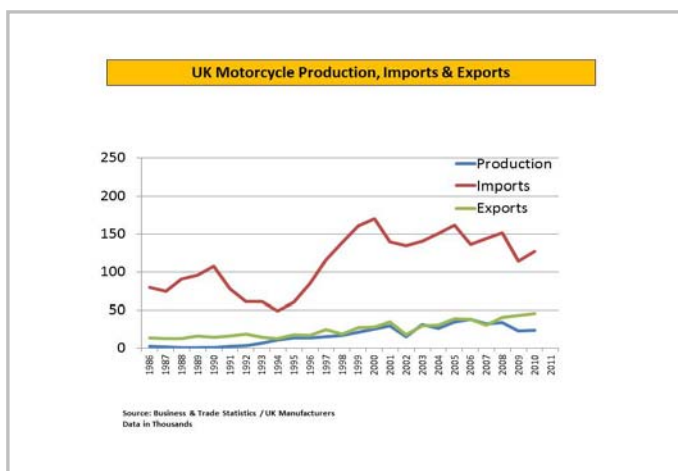


Fig 9: UK Motorcycle Production, Imports and Exports

Source: Motorcycle Industry Association

9. Apprenticeships and Training

The commitment to train & develop staff is ingrained within the motorcycle sector and the incidence of formal training is high at 64% across all businesses, however, there is a clear difference between the large franchise operator and the smaller independents with the larger businesses more likely to offer structured training than the smaller organisations.

The majority of businesses in the sector employ between 2 and 10 people with informal training characteristic of these small independent organisations, some of which is more reactive and informal, providing development opportunities when the need arises. However, all businesses with 11 or more staff offer formal training. (Institute of Motor Industry)

Motorcycle apprenticeship schemes provide structured training across the UK, predominantly funded by the Government through the Skills Funding Agency, Skills Development Scotland and the Welsh Assembly Government. The Retail Motor Industry Training (Remit) Limited and Institute of Motor Industry (IMI) are pre-eminent organisations offering such vocational courses.

Apprentices studying motorcycle service, repair & maintenance usually take three years to gain an NVQ/VCQ Level 3 qualification and training is performed in the workplace with regular visits by assessors. Companies involved in these schemes include Triumph, Honda, BMW, Suzuki and Kawasaki.

The motorcycle industry also offers apprenticeships in retail and other areas of business with City & Guilds & IMI Awards Ltd the main awarding bodies.

Motorcycle service, repair & maintenance training is offered by 17 colleges and 2 home study courses. Specialist courses are also run by manufacturers such as Honda, BMW and Suzuki.



Graduate level engineering apprenticeships are offered at over 30 UK universities with some supported, developed and employed by motorcycle manufacturers Norton and Triumph.

10. Component Manufacturing

With a history of motorcycle and component manufacturing dating back more than a century, the UK has a wealth of knowledge and a high level of experience and skills across the sector.

A number of companies develop & design in-house whilst some notable component manufacturers, such as Harris Performance Products, Translogic, Central Wheel Components and Norman Hyde, remain in the UK.

A considerable number of companies offer engineering services and specialist component manufacture for both modern and classic motorcycles. Companies range from smaller 'cottage businesses, to larger concerns such as SRM Engineering, Berlen Fuel Systems and Andover Norton who are good examples of sustainable businesses based on remanufacturing and supply of components for the growing classic sector.

11. Supply Chains

Following the demise of the old British motorcycle industry and its associated supply chains, many components and accessories are produced in-house by manufacturers, as certain components are unavailable from UK suppliers with the required delivery times, quality or price. However, supply chain impacts still support an additional £750 million of Gross Value Added and 16,000 Full Time Employment jobs in the UK economy. (GHK).

Many former UK motorcycle industry suppliers exist to this day outside the motorcycle sector, but still retaining the skills and knowledge to re-enter the industry should conditions emerge for this to happen.

Triumph, with production facilities in the UK and Thailand, sources over 50,000 purchase orders per year from more than 380 suppliers in over 30 countries, which would suggest that there is scope to support and improve UK supply chain competitiveness.

There are clear issues in relation to UK supply chain competitiveness if a secure supply chain base is to be re-established.

12. R&D and Investment

The UK has some of the most technologically advanced design, manufacture and test equipment that the engineering world has to offer with businesses, such as Broome Development Engineering and Cosworth, offering in-house research, design and



manufacturing facilities to the global market. Automotive power, electronic systems and low carbon technologies are being developed and produced, with significant R&D investment and links closely to the Government's environmental technologies and innovation agendas. Suzuki, working in conjunction with Intelligent Transport of Loughborough, has recently achieved European Single Vehicle Type Approval with a fuel cell powered scooter.

There are also significant opportunities for industry growth through further R&D and innovation. There is already considerable motorcycle R&D activity taking place in the UK, including projects undertaken by the Motor Industry Research Association (MIRA). MIRA has sites in Warwickshire and Essex and has helped to design, test and develop motorcycles and components for some of the world's leading manufacturers. Recent motorcycling R&D projects have focused on: aerodynamics and its impact on performance, handling and safety; materials and component engineering; optimised engine cooling; and designing new electrical and electronic systems for motorcycles.

Triumph is also investing in new markets, Brazil and India, by building new assembly facilities there and already has a subcontract engineering and distribution facility in Thailand. In 2011 Triumph took on an extra 50 people into its R&D department at Hinckley, bringing the total to 240 people – a high proportion for a company with 2,000 staff. The department generally designs four new models each year, along with making numerous updates to existing models.

Across the industry, there are many current and future opportunities for further R&D relating to:

- i. **Safety** – There is significant ongoing R&D to increase the safety of motorcycles, helmets and clothing. Examples include developing scooters with two front wheels to improve stability and road-holding, advances in helmet and clothing technologies, and other safety equipment. Some examples of safety-related R&D and innovation in the UK motorcycle industry are provided in the box below.
- ii. **Convenience** – Motorcycle and component manufacturers are also developing innovative solutions to increase convenience for riders, such as the development of motorcycles with automatic and semi-automatic gear shifting.
- iii. **Technological advances** – The UK motorcycle sport sector is at the forefront of innovative and technological advances. Many of these innovations are then further developed for mainstream use on standard 'road' motorcycles. Examples of innovations that originated in motorcycle racing include ABS brakes and engine management systems.
- iv. **Low carbon** – There are significant opportunities for low carbon innovations in the motorcycle sector, as there are for all forms of transport.

13. Clothing Manufacturing

There are a number of high quality motorcycle clothing producers, such as Hood, Hideout, Scott Leathers and Lewis Leathers continuing to manufacture in the UK and these tend to be high-end, high quality and high price.



More competitively priced clothing is offered by other UK motorcycle clothing brands, such as Arc-On, Belstaff, Wolf and Hideout, who design and develop products in the UK but manufacture the majority of these items abroad.

However, companies like Forcefield Body Armour, Planet Knox and Hood do offer examples of high tech, world leading developments in comfort, safety, protection, flexibility, breathability and weatherproofing. Their technical fabrics and body protection systems are often incorporated, by other manufacturers, into garments and protective equipment for motorcycling and sporting activities.

The sole UK helmet manufacturer is Davida, producing high-end, high quality helmets. Many of these are historic-type replicas and others are imaginatively and stylishly decorated and regularly worn by celebrities.

14. Motorcycle Distribution and Retail

The distribution and retail sector includes specific manufacturer franchises of wholesale and retail activities relating to the sale of motorcycles, components, clothing, accessories and fuel. A significant number of products are imported into the UK, and the sector has been under considerable pressure as a result of the low value of the Pound, as well as the declining consumer demand, as a result of the recession.

However, the motorcycle distribution and retail sector remains the most significant sector of the wider UK motorcycle industry in terms of its economic contribution through added value and employment. The sector has close links to UK manufacturers, although the market for motorcycles and motorcycling products is dominated by the large Japanese motorcycle manufacturers of Honda, Suzuki, Yamaha and Kawasaki.

The motorcycle distribution and retail sector is the most significant in terms of its economic contribution. The sector has a turnover in excess of £3 billion and while the proportion of added value is relatively low at around 21% of turnover, it still represents significant value added of £634 million. The sector also employs more than 20,000 people and provides £391 million in tax contributions.

15. Motorcycle Repair, Servicing and Maintenance

The motorcycle repair, servicing and maintenance sub-sector includes activities associated with motorcycle mechanics and garages. This includes a wide range of different activities such as: mechanical, electrical or electronic repairs; standard servicing; MOTs; repairs to bodywork and screens; painting and artwork; tyre, brake and exhaust repair, fitting and replacement; and the general installation of parts and accessories.

The total turnover associated with the repair, maintenance and servicing of motorcycles is estimated to be almost £300 million, which equates to expenditure of just under £200 per UK motorcyclist per annum. Added value is estimated to be around 35% of turnover at



approximately £100 million, while the sector provides direct employment for some 4,000 people. The sector also contributes £41 million in tax contributions per annum.

16. Issues and Constraints

The UK motorcycle industry faces a number of issues and barriers to growth including the current economic climate, negative perceptions of motorcycling as well as government and policy issues.

16.1 Economic Factors

The current recession is having a significant impact on the whole UK economy including the motorcycle industry, where manufacturers, importers, distributors, retailers, and other service providers have all been affected. Demand for new motorcycles and associated products has declined since 2008. Demand has also been affected by increased costs of borrowing, leading the industry to try and maintain demand by offering more 0% finance deals.

Overall industry profitability has fallen since 2008 due to the global financial crisis, which led to a drop in demand. Industry operating profit margins fell from an estimated 12.5% in 2007-08 to approximately 6.0% in 2012-13. Margins fell due to lower capacity utilisation. High purchase costs due to record-high commodity prices also hurt profitability. The exit of loss-making small manufacturers and the capacity reductions helped keep profit margins positive. Industry profitability is forecast to rise slightly in 2012-13 due to tighter cost controls and better capacity utilisation.

Companies found it difficult to manage production levels due to volatile demand, which caused margins to weaken. When utilisation rates fell below their optimum levels, production costs per unit rose and squeezed margins.

Purchases, which account for the majority of costs incurred by manufacturers, rose as a percentage of revenue over the past five years. Metal prices soared, which pushed up the raw material prices. Manufacturers were only able to pass on part of the higher input prices to the supply chain. This put further downward pressure on margins. The recession also led to a rise in input costs, mainly due to difficulties in managing input requirements.

However, the UK motorcycle market may have 'troughed' during 2012. Sales of new motorcycles have remained stable compared to 2011, though focussed on smaller bikes, or on the Adventure bike class. The current UK picture bucks a European trend of continued sharp falls in motorcycle sales during 2012.

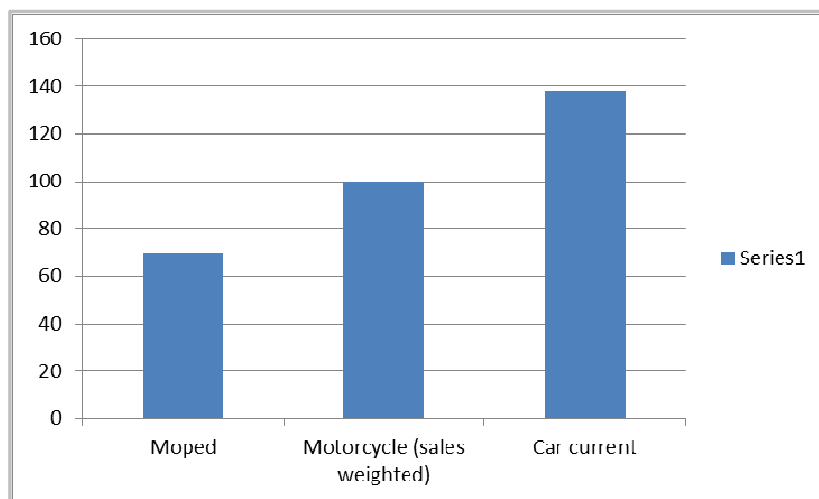
16.2 Technology Improvements

There has been considerable research and development (R&D) and innovation within the industry to increase the safety of motorcycles, helmets and clothing, while testing and training developments are improving riding skills and ensuring motorcyclists are better prepared to



avoid accidents, and casualty rates have been falling as a result. Furthermore, while carbon emissions from motorcycles vary significantly depending on engine capacity, the majority of motorcycles produce lower levels of CO₂ than average petrol and diesel cars, whilst delivering additional carbon savings in terms of reduced congestion.

Fig 10: Co₂ Averages



Source: ACEM Co₂ averages (G/km), based on EU JRC data and further analysis

16.3 Current and Future Opportunities

The UK motorcycle industry also has significant opportunities for further growth. The industry recognises the need to promote the benefits and raise awareness of the significance of motorcycling to overcome negative perceptions and attract new motorcyclists. However, Government has a role to play in recognising motorcycling and the potential of UK manufacturing, plus offer political support and the inclusion of motorcycles as part of transport strategies that aim to rebalance the economy, create growth, reduce traffic congestion, reduce carbon emissions and resolve parking issues.

There are a number of opportunities to promote the benefits of motorcycles and motorcycling, including:

- i. **Low cost, efficient transport** – Motorcycles are typically cheaper to purchase, run, maintain and repair than cars and therefore offer a relatively low cost transport solution, particularly for commuters and during a period of recession.
- ii. **Carbon savings** – Motorcycles produce lower carbon emissions in aggregate than cars, presenting opportunities to promote motorcycling as a way of reducing carbon emissions.
- iii. **Convenience** – Road congestion is increasing and motorcycles offer a convenient form of transport that can alleviate congestion impacts for riders (and especially commuters). Motorcycles are also easier to park, saving time and money for both individuals and business.



- iv. **Social Inclusion** – the Wheels to Work scheme demonstrates the role that motorcycling plays in offering affordable transport solution for people living in rural areas where public transport links are scarce or inadequate.

17. Public policy Issues – Helping the Motorcycle Industry to Contribute to Government Goals

17.1 The Automotive Council

Motorcycle and component manufacturing can assist the Government’s activities as it moves towards its business, economic and employment goals. In order to do this, manufacturing industry should be fully recognised by Government and included in policy development structures and programmes. In particular, a major motorcycle manufacturer should be included in the Automotive Council.

The industry trade body, the Motor Cycle Industry Association (MCI) can offer Government invaluable assistance in other areas of policy development, particularly in areas of R&D and supply chains. As such the MCI could make a notable contribution to Automotive Council sub groups and should be considered for membership of these groups.

17.2 Automotive Policy and Programme Inclusion

The motorcycle industry has much to offer a fully rounded automotive policy for the UK as it seeks economic growth, technological development, a low carbon economy, social inclusion and better road safety. In order to realise the opportunities for society and transport that are represented by motorcycling, the industry should be included in current and future policies and programmes which aim to directly support the automotive industry and assist consumer choice. An example of this is the current ‘Plug in Grant’ which currently excludes electric motorcycles.

17.3 Full Industry Recognition

The industry would benefit from greater support from government, particularly in terms of encouraging and promoting motorcycle use as part of holistic transport strategies, the growth agenda, greener transport and social inclusion. Increased motorcycle use could also deliver some key government objectives, such as reducing carbon emissions, road congestion and parking issues. Motorcycling in the context of transport for jobs is already being recognised by direct DfT support for the ‘Wheels to Work’ programme. However recognition of the motorcycle industry’s current and potential contribution to society as a whole is still largely unrecognised across the full spectrum of Government.



17.4 Balanced Wider Policies

Another policy issue for the industry regards the recent and forthcoming changes to the motorcycle testing process, in particular the 2009 motorcycle licence test changes. Industry representatives are concerned that these changes are having an adverse impact on the number of new motorcyclists by increasing costs for the learner and reducing the number of test sites, which has affected availability and access. This is having significant knock on effects for both the motorcycle economy and jobs in the sector. The potential emergence of a 'permanent learner' class (due to the lack of availability and complexity of the test) could lead to unintended and negative consequences for road safety. A DfT review into the test has still to complete its work, despite running for well over two years.

18. Balanced and sustainable growth – the MCI view

On wider issues regarding balanced and sustainable growth, the MCI's views are broadly in line with those of the CBI. MCI is indirectly represented on the CBI via the Trade Association Forum.

18.1 Manufacturing & Innovation

Investment in R&D and innovation is essential for the UK's economic recovery - while the growing motorcycle manufacturing base is one of the key drivers to a rebalanced economy

Innovation will underpin future growth in productivity and competitiveness, in particular for high value-added export industries and in the wider knowledge economy. Innovation will provide the basis for tackling major global challenges.

It is essential that the motorcycle manufacturing industry is part of any initiatives where Government and business work together to place manufacturing at the forefront of economic development, creating a strong and sustainable, internationally competitive industrial base.

18.2 The Economy

The motorcycle industry believes that there is no credible alternative to deficit reduction. This is why industry has supported the broad thrust of the Coalition Government's deficit reduction plans for the last two and a half years, and still does. But this has to go hand in hand with dynamic action for growth.

The bulk of the deficit reduction needs to come through reduced Government spending, but there must be a focus on helping people back into work. As part of efforts to rebalance the economy, Government needs to help business to help people which it why it supports further taxation reform and support for apprenticeship and training initiatives. This is also where the Wheels to Work programme, among other initiatives, has a role to play.



Some of this country's most innovative new products are developed through university-business collaborations, so the additional Government funding for R&D collaboration, announced by the Chancellor, could make a real difference. Being at the forefront of R&D can help the UK boost exports, attract inward investment and drive growth.

18.3 Education & Skills

The future of the education system – primary, secondary, further and higher education alike – is vital to the UK economy and education is critical to business competitiveness. Schools and colleges have an essential role to play in ensuring young people have good skills, including literacy and numeracy, to help them achieve their potential and succeed at work.

The acquisition of science, technology, engineering and mathematics skills is particularly valuable, as these enable an enhanced UK skills base in a changing world. Universities and colleges need to focus on producing students who have the skills and knowledge to drive businesses forward and help shape workable solutions for employers and the wider community. The motorcycle industry would welcome an approach from the education authorities with a view to utilising the mathematics and science elements of motorcyles within curriculum or project based work

We need hands on technical skills which have to be made attractive to acquire. The motorcycle industry needs engineers, designers, technicians and for Government to recognise the industry's potential in the UK economic sector.

18.4 Employment

For the UK economy to grow and generate new jobs, businesses need an environment where employment law and practice encourage job creation. The motorcycle industry is keen to build upon the current approximately 60,000 people that are employed directly and indirectly.

Long-term prosperity and sustainable employment can only be achieved only by making the UK a highly attractive location in which to do business and employ people. That requires a clear, workable framework of basic employment rights combined with labour market flexibility. Engaging employees effectively, using their skills to best effect and rewarding them appropriately are central to business success in a globalised economy. Opportunities to access employment, particularly in rural areas need to be enhanced – which is where Wheels to Work programmes have a role to play.

18.5 Energy and Climate Change

For UK business, climate change could be an opportunity to diversify the economy and lead the world. Particularly in developing a leading UK role in R&D for alternative powered vehicles.



The UK government has set a target for 2020 of cutting carbon emissions to 34% below 1990 levels. Tackling climate change means using energy more efficiently and moving business operations towards carbon neutrality - but in a way that is sustainable for business.

Integrated use of motorcycles as utility transport can move more people more efficiently with less pollution and should be encouraged as part of a climate change programme. Climate change on its own offers a powerful argument for support of lower Co2 vehicles such as motorcycles.

18.6 Financial Services

Motorcycling creates approximately £2bn of value added in the financial sector. The financial services industry plays a critical role in supporting UK businesses and enabling the UK's economy to grow. The products and services it offers are a significant part of the UK economy in their own right, and form one of our few world-class sectors.

The importance of financial services in a modern economy means it is essential that financial reforms support economic growth and help to build a competitive and resilient financial system that is free from taxpayer support and is coordinated internationally.

18.7 Infrastructure

The UK economy can only grow if it has the right economic infrastructure to support it. Investment is still needed to ensure the UK's infrastructure is fit for purpose. When businesses make investment decisions, the reliability, cost and quality of infrastructure - from roads and airports to energy supply and broadband networks - are major considerations. This is particularly the case for many business in the motorcycle industry, which are based UK wide, rather than in one particular region. Triumph is based in the Midlands and CCM is based in the North West for example. Additionally, Infrastructure developments will be key to enhancing the competitiveness of the motorcycle industry supply chain.

To ensure the UK is attractive tomorrow we need government action today. This requires a new approach, including a long-term government vision, tackling planning barriers and far-reaching reform of regulation.

18.8 Taxation

The UK needs a competitive tax regime if it is to prosper in an increasingly globalised economy. The motorcycle industry pays on average £1billion per annum in taxes.

Tax touches on almost every aspect of business and has a major impact on decisions and behaviour. So the tax regime must be kept under continuous review and reformed strategically to enhance the UK's competitiveness and create growth.