

Memorandum of Evidence to
The Trade & Industry Select Committee Inquiry into the
Role of Government and MG Rover

- 1. Amicus is the UK's second largest trade union with 1.2 million members across the private and public sectors. Our members work in a range of industries including, manufacturing, financial services, print, media, construction and not for profit sectors, local government, education and the NHS.**
2. Amicus had over 1700 members employed by MG Rover prior to the collapse in April 2005. Amicus membership across the manufacturing sector is in excess of 430,000 with over 66,000 employed in the automotive industry.
3. Our evidence to the Select Committee will concentrate on the effectiveness of the recovery package for the Rover workforce and the West Midlands in general and the lessons to be learnt regarding the role of government in this and potentially similar situations across the automotive and wider manufacturing sector. *Amicus would be happy and welcome the opportunity to expand more fully on this submission in oral evidence, if invited to do so.*
4. Amicus is currently undertaking further research on data relating to investment in the automotive industry and the comparative records of UK motor assembly plants compared to elsewhere in Europe. The results from this research will enable us to expand more fully on this submission in oral evidence, if we are invited to attend those hearings.
5. Amicus is satisfied that the prospect of a partnership with an international company such as SAIC was essential to the survival of MG Rover. It is therefore our view that the DTI during the early part of 2005 had an obligation to do everything possible to support the potential successful outcome of the SAIC plan. Even after MG Rover went into voluntary administration the government were absolutely right to make available the loan of £6.5 million to buy time to see if a deal could be finalised.
6. In briefly commenting on the effectiveness the subsequent recovery package and taskforce, Amicus would wish to draw attention to the environment in the UK within which closures and workforce restructuring take place as compared to other competitor sites elsewhere in Europe. This environment places UK workers at a disadvantage both in terms of retraining and redeployment in such circumstances and having access to information and decision making processes at a time when there is still an opportunity to influence decisions. The consequent effectiveness of the work of the Taskforce and RDA is seriously undermined by this lack of employee protection in the UK.

7. Amicus conducted a survey of its own membership in the autumn of 2005 and found only 15% had obtained work in manufacturing and whilst a minority have increased their salary, the majority had taken a substantial reduction in salary. This evidence will be updated later this year.
8. Advantage West Midlands (RDA) took on its role in looking after the wider interests of the West Midlands in a positive and constructive manner. The Taskforce established specifically with the remit to focus on the MG Rover workers has also assisted MG Rover workers in the transition to new work. However, none of the steps taken in the aftermath of the collapse of MG Rover could be adequate compensation for the loss of 6000 jobs in a highly skilled industry.

Lessons to be learnt

9. We believe that the Committee should use this inquiry to look to the future as much as to the past and to draw some conclusions with regard to government's future approach to companies in difficulties in the manufacturing sector and not just relevant to MG Rover and the automotive industry.
10. If government is to be effective in applying a manufacturing strategy in the UK economy there are a number of basic principles which need to be addressed. When comparing the approach of this and previous UK governments to that of competitor nations within the EU, the reliance upon the market in the UK has overseen a catastrophic demise of UK manufacturing jobs since 1997. Over 1 million jobs lost from manufacturing in that period does not sit well with the frequently voiced commitments of support for manufacturing that emanate from DTI and government ministers generally.
11. What can be seen from the experience at MG Rover and elsewhere is that the absence of a strategic industrial policy for the UK leaves UK industry and workers vulnerable to the ravages of globalisation. Amicus has persistently drawn attention to the impact of an absence of a level playing field when it comes to employee protection in restructuring plans which inevitably make the UK an easier target for global companies to reduce jobs.
12. The increasing absence of major British ownership of manufacturing industry also means that "home" advantage is lost when investment decisions are to be made. (Contrast the French government's plan to ensure that mergers and takeovers which are deemed to undermine its strategic industrial industries are subject to legal restrictions and potential government intervention). Unless and until the UK Government accepts the need for an industrial strategy underpinned by at least a comparable package of state aid similar to that which is available elsewhere in the EU, the UK manufacturing worker will remain vulnerable.

13. Amicus is of the opinion that the outcome of the MG Rover saga presents a number of opportunities for government to address the weaknesses in its manufacturing policy. These would require the following:

- A review of current state aid provision with a view to increasing it to a comparable level within the EU15
- In conjunction with all stakeholders, to develop an industrial strategy which supports key sectors within UK manufacturing
- Address the employment protection weaknesses which leave UK workers vulnerable to investment and consequent restructuring decision of global corporations
- A review of the current failure of companies to invest sufficiently in skills and innovation and to identify solutions including, where appropriate, a statutory levy to ensure skills investment from those sectors who continually fail in this vital area of investment.
- To consider the extension of and support for the concept of MEIRG, the Midlands Engineering Industries Redeployment Group, across the UK as a means of assisting the maintenance of the essential skills base for manufacturing.

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