

**ALUN MICHAEL'S SPEECH AT THE MATERIALS INNOVATION  
AND GROWTH TEAM REPORT LAUNCH – 8 MARCH 2006, DTI  
CONFERENCE CENTRE**

Wyn, ladies and gentlemen.

I am sorry I could not be here to hear all of Wyn's presentation of his Team's report. I have been following the Team's progress and along with my colleague Lord Sainsbury was very encouraged by the conclusions that were emerging when Wyn came in to tell us about them last November. Since then you have not stood still but taken those findings and put in place a delivery mechanism for your strategy to ensure the momentum built up by your efforts is not lost.

Wyn, I congratulate you, and your Team on what has been an excellent piece of work. You and everyone here today should gather from the ringing endorsements of the Prime Minister and Alan Johnson, that the Government welcomes this strategy and is keen to move forward in partnership with the materials community to ensure your strategy is delivered.

The materials industry is vitally important to the UK economy, both in terms of jobs and wealth creation. The statistics quoted on the sector's activities - ranging from processing raw materials through to recycling - are indeed impressive:

- Turnover of two hundred billion pounds
- Materials activity accounts for at least fifteen per cent of Gross Domestic Product

- It employs some one and a half million people directly and supports a further four million jobs.

As the report makes clear, it is not just about economics and wealth creation. The products of the materials industry make a fundamental contribution to the well being of each and every one of us, and it is inconceivable to imagine a world without them. It was only last night that I had the privilege to speak at the British Constructional Steelwork Association Centenary Dinner. Not surprisingly the focus there was on steel – in terms of tonnage still the second most used material in the world after concrete. But it is clear that without materials, the construction industry simply would not exist. The future of materials production in the UK is, therefore, extremely important to us all.

The UK is home to a number of world class manufacturing companies whose success depends on the development and use of both traditional and advanced materials. The country also has a world-class capability in advanced materials research – for example composites, smart materials, nanotechnology and bio technology. Despite this, we haven't exploited the technology as widely as we could.

We are living in a time of rapid change both in the global economy and in new advances in science and technology. I won't bore you with the statistics about the pace of change – I am sure you've heard them many times before, possibly from me! What I will say is that despite what the doom and gloom merchants said about

globalisation and scientific advance taking all our jobs, employment in Britain is at a record high. Living standards are a third higher than in 1997.

The lesson is clear.

We cannot protect our jobs by standing in the way of foreign or technological competition.

But we can protect employment through embracing globalisation and science – generating wealth by innovating to add value in new and special ways.

Half our job growth in the last 20 years has been in knowledge based business services. We lead the world in knowledge based and high tech businesses. Our pharmaceutical and aerospace industries are the envy of the world.

Intertwined with these momentous global economic and technological developments are growing competition for raw materials and the relentless drive for sustainability in everything we produce. Within the last few years, China's rapid economic expansion means that it is already consuming half the world's cement, and over a quarter of the world's steel. As activity in other developing countries expands, the pressure on global raw material and energy resources, as well as the environment, will be severe. To succeed in the future, the materials community will need to invest in high-tech products that use resources wisely and meet

growing expectations of higher environmental and ethical standards.

That is why the Government sought a new partnership with industry to promote technology transfer and drive up productivity.

The National Metals Technology Centre based at Corus Swinden Technology Centre was the first major initiative to emerge from this collaboration. It has quickly become an invaluable tool for companies working across sectors, from aerospace to construction. This may not have halted the decline in the numbers employed in the steel or metals industry. But what it is doing is helping forward-thinking metals companies move up the value added chain and find new markets, new opportunities and therefore create new jobs.

Such is the tough global climate we operate in today, inevitably jobs will continue to be lost from some traditional manufacturing companies. This is why it is important we ensure that Britain is at the forefront of technical advance in materials and well placed to optimise the benefits new materials developments will offer. The Government's support for Materials, recognised as a key underpinning technology in our Technology Strategy, is geared to helping achieve this.

The National Composites Network was the first Knowledge Transfer Network to receive funding under the Government's Technology Programme. With subsequent launch of the broader-based Materials Knowledge Transfer Network earlier this year,

companies now have access to the very latest developments in materials technology from around the world.

The Materials Innovation and Growth Team is an expression of the partnership between Government and industry at a fundamental and strategic level. When my predecessor, Jacqui Smith, launched the IGT just over a year ago she said that it “will be a major step forward in the way Government engages with the materials sector in determining future policy.” It represented a ground breaking opportunity to bring all parts of a fragmented industry together in partnership with the DTI and its stakeholders to address the key challenges facing the industry in a strategic and coherent way.

So, I am delighted that this wide range of interests has co-operated so successfully to produce this report. Wyn, under your leadership the UK materials industry has, for the first time, determined a collective vision and way forward for the sector.

I am pleased that the Report that we are launching today recognises that the drivers for change I have just mentioned – globalisation, technological advance, scarce resources and sustainability – present real opportunities for the industry.

And the Report’s recommendations will contribute to the materials sector’s efforts to make real progress in meeting these challenges.

Knowledge transfer will mean that companies will have access to state-of-the-art technology for those that need it, and thereby drive productivity improvements through the supply chain.

Raising awareness of materials and improving skills and knowledge will result in a steady stream of enthusiastic people emerging from our educational institutions with the right skills needed for a career in materials manufacturing.

Providing support mechanisms and determining R&D priorities for the assets that we already have in the UK seems an eminently sensible way to accelerate materials innovation.

And we must use regulation to our advantage and exploit public procurement intelligently to drive new markets for innovative materials products and services. The London Olympics in 2012 will provide us with an excellent opportunity to deliver the best games ever and to create a legacy in terms of sustainable development, skills and regeneration. The UK materials sector will have a vital role to play in this.

But we can only move forward only if we continue to innovate and work together. The report's recommendations will require close and continued collaboration between the research community, professional institutions and businesses. The participation of central Government will be important, but the engagement of regional partners will also be key. I am delighted therefore to endorse the establishment of the new representative body, Materials UK, which will bring together the numerous organisations

in the materials community. And it will do this without compromising their independent identities and activities. This structure will enable Materials UK act quickly on report's recommendations, hit the ground running and identify clear and early wins for the country.

Finally I would like to express my gratitude to Wyn for his leadership, enthusiasm and his unwavering commitment to the IGT process. Supported by Steve Garwood, you have managed to mobilise a disparate and fragmented sector behind a coherent strategy to ensure that the UK not only remains in the forefront in materials research but is seen as a great place to do business in materials. This is a fantastic achievement, and I would like to thank you and all those involved in the IGT who devoted their time and expertise to make this happen. I join the Prime Minister and Alan Johnson, our Secretary of State, in wishing Materials UK every success for the future.