

Written evidence submitted by Ceramics UK (IPO0076)

UK Exports

1. The UK ceramic industry exports products all over the world. From raw materials to advanced and technical products. Some of our manufacturers export 98% of what they make while for many such as brickmakers it's a small proportion. There are a number of barriers to exports including trade tariffs into the US market, a hostile regulatory environment in California, widespread counterfeiting in target markets, or simply an inability to compete with cheap wage and energy costs in the overseas market.
2. One way the government could help with exports is to exempt exported UK ceramics from the UK Emissions Trading Scheme which creates a further barrier to exports through extra carbon tax costs and which is unaffected by any proposed Carbon Border Adjustment Scheme.

Protecting UK Steel (and glass and other high-temperature) manufacturing

3. It is impossible to manufacture high-temperature products, such as steel, without ceramic refractories including furnace linings, crucibles, and channels. While the focus has been on financially supporting the steel makers, no thought has been given to the infrastructure needed to make the product. If UK high-temperature manufacturers have to buy their refractories from overseas then the UK has no independence from a potentially hostile country such as China.

HSE & Employment Rights Border Adjustment Mechanism

4. While government focuses on introducing a Carbon Border Adjustment Mechanism to tax high-carbon imports that unfairly compete with heavily UK-carbon-taxed domestic industry, there is no attempt to address unfair imports from countries that have little or no health, safety, and environmental regulation or address employee exploitation such as child labour and indentured/bonded/ slave labour, such as in Indian brickworks.
5. The UK could be world-leading by sending a clear signal to countries that have a poor record on such issues that there will be a Border Adjustment Mechanism on goods imported from them.

Roadblocks to Net Zero for Energy Intensive industries

6. While the government has provided a measure of relief for electro-intensive industries, around 96% of UK ceramic manufacturers are gas-intensive and receive no support at all. Instead they have to bear the cost of the relief given to other electro-intensive industries.
7. As Jonathan Reynolds MP said recently, the UK ceramics industry is the hardest of the hard to decarbonise. That said, the industry has already spent over £750 million of its own funds in the last decade alone to reduce its carbon footprint. However, to make further progress requires government infrastructure action. For those manufacturers that can use hydrogen, this needs to be available through the gas network. For industries capable of switching to electricity, the grid needs substantial improvement and for those sectors unable to move away from natural gas there needs to be recognition of the ongoing need for available, secure supplies of affordable gas and offsite carbon capture. In any event whatever the fuel source, the cost and security of supply are critical as is an understanding that ever-increasing carbon taxes will simply push more UK manufacturers offshore.
8. Given the capital costs of replacing kilns and related equipment which typically has a 25-year payback period, government support for re-equipping to face the net zero challenge is also vital.