

My Speech at the Opposition Day Motion on Britain's Industrial Future

Rt Hon Sir John Redwood MP (Wokingham) (Con): I congratulate the Minister on a lively and informative speech. It was great to have a positive vision for the future from him. He rightly reminded us that many of the exciting new technologies and opportunities available to modern industry and business are being grasped by both the private sector and the Government working together. I congratulate him and his Department on that work. However, I urge him and the Department to greater efforts in the range of more traditional industries that are still very much industries of the future. We have a choice. If we make the right decisions on taxes, regulations, support frameworks and orders, we can produce more such things at home. If we make the wrong decisions, we will end up importing too many of them.

I start with energy. The Minister's Department has a crucial role in organising our energy and the transition that it wants as well as ensuring that we have enough of the traditional energy forms when they are crucial to heating our homes and turning our factories. In this period of transition, we can do more to extract more of our own oil and gas. That is greener than importing it, because, in burning gas that comes down a pipe from the North sea, far less carbon dioxide is generated than if the gas were extracted somewhere else, transformed into liquid form and transported—at least half the CO₂ is saved that would otherwise be generated. More importantly, that is a safer supply. Even more importantly, if we are still to have high taxes on it, we will collect those taxes. At the moment, the more we import, the more dead money goes out of our country to pay somebody else's taxes, doubly burdening our industry with the extra cost of what are sometimes extreme market prices to secure the supply—when there is not a long-term contract—and extra transport costs that must be put into the equation for effective delivery.

I urge the new ministerial team to take up from where the old team were moving to and understand that there are quite a lot of good proven reserves out there now. Production licences could be granted in a timely way, and we could have more of our own import substitution and more secure supplies for the future. It is possible to work with the industry on existing fields so that maintenance schedules can be kept to a minimum and output can be maximised, particularly over a difficult winter. We all know that if anything goes wrong with the UK and European gas supply over the winter, it will be our industry that gets caught first; industry is very reliant on plentiful gas supplies for much of its important processes.

We must be careful about carbon accounting. I think a lot of us feel that it does not make a lot of sense to say that the heavy gas-using industries and other fossil fuel-using industries in the United Kingdom, such as cement, glass, ceramics, steel and so on, will be penalised because they are generating carbon dioxide in their process, only to substitute imports of

those same products that will certainly produce more CO₂, not only because of the long-distance transport, but quite often from the processes as well, as this country has often gone a bit further in more efficient processes than some import substitutes. So that, too, is an area that we need to look at very carefully.

On the car industry, I would like to expand a little on the intervention. Again, a difficult transition is under way and it can only go at the pace that the customers are willing to let it go. At the moment, as we have been hearing, a relatively small minority of the cars built in this country are full electric cars—something to do with price and range, and people getting used to the idea of the electric vehicle—and so during the transitional period we again have a choice: either we produce the diesel and petrol cars that people still want to buy, or somebody else does that and we end up importing them. Again, I do not think that that is a good course. I would not want to be ahead of some of the other leading car producers in the world in definitely ruling out producing vehicles that still sell well, when we have put a lot of investment collectively into developing more fuel-efficient vehicles, which have much less coming out of the tailgate.

My final brief point builds on one that the Minister eloquently made in certain contexts. We can do a lot more, as the Government are trying to do, with sensible purchasing of our own products. Of course, we do not want to buy products that are less good quality or too expensive. There has to be competition within the UK market to reassure the Government they are getting value, but just as we have always done with things like warships, so we can do for more essential products. We should give the home base the best chance and, if necessary, help people come in as major investors with their factories in order to do so.