[Chancellor’s policy to hit the car market works]

The Chancellor must have expected to see car output down by 11% this July compared to last July. He and his colleagues wanted to put people off buying diesels, and many have heeded his warnings. His higher VED hit the top end of the car market, and the threats of more taxes to come on both diesels and petrol vehicles has put people off buying. Reining in car loans was also part of the successful plan.

Over the year to date UK car output is down by 4.4%, with production for the home market down a massive 16% within that. Looking at new car registrations in the UK we see diesel sales down 30% year to date compared to last year. This of course has nothing to do with Brexit, as all the alleged advantages of the EU trading system are still fully in place. This has been a car market collapse whilst still in the EU, created by domestic policies designed to cut demand for new cars.

The Motor manufacturers trade body says they need the continuation of “beneficial” EU trading arrangements to ensure growth in the future, without properly explaining why they have experienced such a big fall whilst enjoying these self same arrangements over the last year. They should instead be pressing for greater clarity on future car tax policies, and asking for some improvement in the present policy mix so UK people can afford to buy home produced vehicles in larger numbers again.

Encouraging more new cars and allowing more people to afford new cars should be good for the environment and for the economy. Modern cars are more fuel efficient with cleaner exhausts than most older cars. Governments usually want the car industry to do well.
I also see the latest consumer credit figures show a slowing there following authority’s instruction to rein in credit to slow the economy.