

Making cars green means closing engine plants

The decision of most governments and the world Climate Change conferences to go for electric cars unleashes a juggernaut of change on a shaken motor industry. Sales of new diesels and even of petrol engined vehicles have plunged. Potential customers have often decided to hold on to the vehicles they already have, to see what is going to happen to car fuel taxation, to subsidies for new electric vehicles, and to taxes and regulations on the use of diesels and petrol cars before committing to a new product. The wary who might like a new diesel or petrol vehicle worry lest in a few years time they are blocked from going where they wish, given the way German cities for example are already blocking older vehicles from entry. What will happen to second hand values when we reach the point of a ban on the sale of all new diesel and petrol cars? Some fear a fall, others think they might paradoxically go up as people chose to buy a second hand one in the absence of a new one.

It is true that lockdown last year hit output and sales badly, but it would be wrong to think all the fall in diesel sales was temporary. There was a trend developing against new diesels before the pandemic hit, which will continue given policy as lockdown ends. The car industry has accepted, even welcomed the transition to electric. It will be costly, disruptive and difficult for those involved. The industry has preferred to talk about other far lesser issues or more temporary concerns and ignore the structural imperatives that should preoccupy it.

The UK government needs to be engaged and concerned about the UK car industry. The UK with some government encouragement and help built itself a great position in diesel engine technology and output. Ford changed Dagenham from car assembly to an engine production plant. BMW put in a great automated engine plant at Hams Hall Birmingham. Jaguar Land Rover spent a lot of money with government help on a brand new engine facility at Wolverhampton. Toyota put in an important engine factory on Deeside. The UK helped design and perfect the new clean diesels with practically no particulate material coming out of the exhaust. All these plants make engines which the government wishes to retire by 2030 at the latest, with encouragement to people not to buy such engines from well before that date. These factories cannot make the big batteries that form the core of the electric vehicle power unit, nor can they turn out the electric motors without stripping out all existing equipment and starting again.

If the UK is to keep motor manufacturing at home it needs to support and encourage large scale battery production and new factories for new electric models. The problem both the government and the industry have is they need to put in all this electric capacity before there are enough customers to buy the vehicles. Jaguar Land Rover shows the problem. Their buyers still want to buy the petrol and diesel product. As they transition to an all electric line up they have decided to go more up market, losing the better off and

concentrating on the rich who can afford to pay many tens of thousands for a single car . This will probably mean much less volume. If they end up closing or greatly shrinking the Wolverhampton engine works and Castle Bromwich assembly works, favouring more overseas production, they will also lose more traditional UK buyers of their product who like the Britishness of the brand.