

New diesel and petrol car sales continue to slump

The UK car sales figures for the first two months of 2021 show a large fall of 87,000 vehicles. The industry is ascribing this to CV 19 and the closure of car showrooms. Doubtless there was a CV 19 effect. There was also an on line market people could use, and we did see a rise in the sales of all types of hybrid and electric vehicles over these two months despite closed showrooms and no demonstration drives. You would think it would be the new types of vehicles which would most need display in physical showrooms and demos to persuade people to buy them. The fall in sales of diesel and petrol cars was 96,000, offset a little by the 9,000 extra sales of hybrids and electric cars. The fact that it was cars we knew well that suffered the sales fall implies there is more to this than the anti pandemic measures.

The industry should worry that more of the fall is about the big structural change required by government to move people away from diesel and petrol vehicles. The combination of high new car taxes and the strong pressures not to buy new petrol and diesel cars is damaging volumes considerably. The UK invested billions to be a great centre for diesel engines and diesel cars and now faces a very sharp and severe contraction in this market. Why doesn't the industry acknowledge this problem and talk about it more? Should this transition be slowed or eased in some way? Do new car taxes have to stay so high?

One of the issues being debated is the question of how much extra carbon dioxide is generated by a society going for a shorter working life for cars and more frequent replacement by new vehicles, even where the operating performance of the new vehicle is more fuel efficient. High new car taxes allied to anti diesel and anti petrol car policies may perversely persuade more people to prolong the lives of their traditional vehicles and hold back from buying new. If battery electric vehicles are bought more by the rich and urban dwellers who use them for short journeys or as second cars they will not deliver the environmental benefits their advocates seek.

Why is it that so many people claiming to be friends of the car industry spent several years telling us to worry about the impact on sales of a possible 10% EU tariff which did not materialise, but they are now silent about a far bigger collapse in sales than they forecast as a result of various governments' policies to end the sales of new diesel and petrol cars in a few years time?