

The continuing collapse of the car industry

Car sales in China fell 92% in the latest figures reflecting the closures and stay at home advice in that epidemic torn country. Meanwhile EU plans to accelerate the shift to electric cars is hitting diesel and petrol sales in Europe.

Countries are falling over each other to cut demand for petrol and diesel vehicles with steep car purchase taxes geared to output of CO2. French sales fell sharply in January by 13% on the back of new higher taxes. UK diesel car sales are well down over the last year thanks to higher VED and threats of more taxes and regulations to come. Germany is imposing bans on older diesels from entering various cities. The new EU Commission intends to make a frontal assault on CO2 the centrepiece of its economic and industrial strategy.

Even in the USA where the government does not share EU fervour against CO2 car sales fell last year. The industry is wrestling with the shift to electric, the more draconian environmental regulations, higher taxes and a strike by many buyers not persuaded by the new ideas.

On top of this a new generation of urban dwellers doubts they need to own a car, whilst some look forward to a future when many more will hire a car when they need it, slashing the number of cars required to sit in the garage or in on street parking for most of their lives.

It is unusual for governments to set out to damage a big industry like this in quite such a concerted way. It is even more unusual for the industry to accept it and to collaborate as freely with the demise of its existing products and method of working. I find it odd the industry in the UK lobbied so hard against Brexit which was not designed to damage it, yet does not lobby against the many EU policies determined to close all factories making diesel and petrol cars as quickly as possible. It means writing off huge amounts of sunk capital and firing many workers. It is also possible the winners in the electric car wars will be new companies.

Flood risk

The bad floods in some parts of the country are a reminder of the dangers of building on flood plains and low lying land. One of the best arguments for a lower rate of new building in Wokingham in the next plan period is the need to protect the remaining floodplain in our area. Those of you responding to the Council Consultation document on the local plan might like to include this crucial point. Putting in better management of the water around

development to dump it more quickly into the rivers is not the answer as the rivers are already full when it rains a lot.

Inflation is not a problem

The small spike upwards in inflation last month is likely to be temporary. Inflation remains below the 2% target. The recent 20% fall in the oil price, and the fall in a range of other raw materials is likely to push the CPI figure back down again.

In the Euro area and in Japan the authorities are desperate to get inflation up a bit. The general disinflationary and deflationary forces worldwide remain a worry. The virus has struck China and made a temporary hole in her output. It has also hit international travel and tourism. Japan reported a fall in GDP in the last quarter of 2019 owing to her tax rise and is still weak owing to the effects of the epidemic. The car industry everywhere is reeling from the tax and regulatory attacks on diesel and petrol vehicles. US GDP is losing important output from Boeing with the current cessation of manufacture of what was the firm's best selling plane, the 737 Max.

Meanwhile the media that spent three years boring us rigid with silly false scare stories about supply chains after Brexit say very little about the genuine threat to our supply chains from the big decrease in Chinese production this month. We are currently living on product made before the Chinese New Year, as it takes a month for product to reach us by ship. What happens next month?

The Bank of England will doubtless use the uptick in inflation and the stirrings in the housing market as an excuse to do nothing. The rest of the world is busy fighting the downturn with monetary as well as fiscal action. The Bank should join in. The government may face pessimistic OBR forecasts of the kind they specialise in. To the extent that they are sensible, based on the big world slowdown, the problems in the car industry and the effects of the virus, they need to be offset by positive action.

One of the follies of the UK system is it is usually pro cyclical. When a downturn or slowdown hits, forecasts show revenues falling and spending rising, so the demand goes up for spending cuts and tax rises. Instead policy needs to seek to offset any slide to low growth or no growth.

Update from Heathrow – Airspace plans and aircraft noise

February 2020

Dear Sir John,

Following your recent meeting with one of my colleagues, I wanted to follow up with you regarding our airspace plans. You have always been clear with us that Heathrow needs to focus on operational improvements today, as well as with expansion, to improve our airspace operations.

I thought it might be helpful to outline initiatives that we have already implemented; recent announcements; and our plans with both expansion and airspace modernisation.

Heathrow was the first UK airport to introduce a pioneering 'Fly Quiet and Green' league table which ranks airlines according to their noise performance, encouraging them to bring their most advanced fleet to the airport. The league table also takes into account operational performance which includes how well airlines keep within the flight tracks and to their scheduled arrival and departure times. In tandem with the league table we also use our landing charges to reward airlines who bring their cleanest and quietest aircraft to the airport.

We are determined to continue to reduce the number of movements during the night period and have changed the way we charge for flights during the Night Quota Period (2330-0600).

Previously noise charges were only applied to arriving, undispensed, aircraft within this period and at a charge of 2.5 times the day noise charge. From January 2020 we have implemented charges on both arriving and departing aircraft, regardless of whether they have been dispensed, and this will be charged at 5 times the day noise charge.

I know that keeping planes higher for longer is also important for your constituents. Following some successful trials of steeper approaches at the airport, which increases the angle at which the planes come in to land, we plan to launch a consultation later this year in order to implement this operational change. I'm also aware that changing the Compton route is something you have particularly pushed for and we are pleased to be progressing with these changes, looking to have a consultation on flight paths next year.

Finally, you will be aware that with expansion we have made a number of commitments including a 6.5 hour night flight ban and periods of predictable respite for all our local communities. We are also looking at how we can use operational procedures such as displaced thresholds to see planes staying higher for longer by landing further down the runway. Airspace modernisation

also gives us the opportunity in the future to use airspace alternation as another way to provide respite for our communities, as well as bringing an end to routine stacking.

We appreciate that you have continued to highlight changes to airspace as a priority issue for your constituents and hope that we can continue to work closely on these issues.

Best regards,

Nigel Milton

Director of Communications

Migration

Yesterday the government released more details of the new Immigration system it plans to come into effect on 1 January 2021 when we are finally out of the EU Implementation period.

The aim is to reduce numbers coming to the UK by preventing people coming to the UK to look for a low paid job, or coming to the UK to take up a pre arranged UK job at a low salary. This should make quite a difference to numbers which in turn will take some of the pressure off social housing and public service provision.

The points system will require an individual to have 70 points. 50 points are awarded for someone who can speak English, has a job offer and some skills. The additional 20 points come from appraisal of skills, qualifications, salaries and professional training. Speaking English will be a requirement for all to meet.

There will be clear routes for new NHS staff to be recruited and granted an NHS Visa, for students to come to Universities on a Student Visa and for top talent in science and maths to get easy access.

Anyone under the general scheme must have a job paying more than £25,600 a year unless they have a job offer in a field identified as a shortage area where special temporary factors may apply.

This looks like a good improvement on open borders under the EU scheme. Employers will have to pay a bit more to attract local talent. They need to spend more on raising productivity to justify better pay. This can be done through better training and or through investment in computer and machine power to raise output per employee.