

Taxes and threats of taxes hammer diesel car sales in UK

The UK car market was doing well before the Brexit vote, and continued to grow after the vote. September 2016 with the new registration letters was a very strong month at 469,696 newly registered cars. July and August had also been good compared to previous years.

September 2017 was a much weaker month, at 426,170. July and August had also been considerably weaker than a year earlier. The sales and output figures show that the car market fell off a tax cliff in April 2017 of the UK Treasury's own making. April 2016 saw 189,505 new cars registered. April 2017 saw this drop away to 152,076. The new high rates of Vehicle Excise duty for dearer cars, the general attack on diesels, and the threat of further future tax and regulatory action against diesels led to a sharp fall in diesel car sales. Over the year to date this year diesel sales are 28.7% down on the same period in 2017 which included three good months before the new taxes.

I was sorry to learn that as a result Jaguar are putting some people onto three day working at Castle Bromwich for the balance of this year. Jaguar Land Rover have a very high proportion of diesel cars in their sales mix, so they have been particularly badly affected by these tax changes and anti diesel policies. The government should think again about its vehicle policies. It spent a lot of time getting investors into the UK to make diesel car engines and whole vehicles, and into regulating diesels to make sure modern diesels meet high standards over exhaust gases and particulates. This appears to be a tax rise too far, as it is now doing damage to jobs and car making in the UK.