

The continuing collapse of the UK car industry in the EU

The latest figures for car output and sales confirm the long downtrend which the UK government started with their Vehicle Excise tax hikes in the Spring of 2017 with the Bank of England assisting with their squeeze on car loans. For many recent months there has also been a parallel fall in car sales in China, the USA, and especially on the continent of the EU. I forecast here the impending decline of car manufacturing following the 2017 budget measures and money squeeze. In the USA higher interest rates on car loans did not help. In China a 10% purchase tax hit sales. On the continent the general economic downturn, regulatory changes over emissions and the attack on diesels also damaged car sales.

What is curious is the SMMT and some others who claim to speak for the UK industry go on and on about the damaging consequences of Brexit when we have not left and when this downturn is the result of several forces which have nothing whatsoever to do with Brexit. Why don't they speak out about the tax hikes here and in China that have hit demand? Why don't they discuss what is an affordable and responsible level of new credit to buy cars? Why don't they comment on how the shift to a strong attack on diesels by the EU and various governments including the UK have upended the big investment in diesel powered vehicles the EUK industry has recently made? Why don't they discuss how they will design and invest in a new generation of electric cars that enough people want to buy, if that is the agreed way to the future for the industry and governments?

UK March car output was down by 14%. The SMMT predicts a total production of 1.36m cars this year in the UK, down from 1.52 million last year. The main manufacturers are scrambling to shut down excess diesel car capacity, much of it modern and expensive, whilst trying to design and invest in new hybrid or electric vehicles. There is not yet much customer enthusiasm for the new electric cars governments want them to sell making judging the new investment difficult. The industry also decide to hold the usual summer shutdowns of plant for holidays and maintenance around the original date for Brexit, so the April figures will carry the impact of that as well. The industry could not even work with the government it seems so close to to be able to arrange the closedown at the right time for Brexit, given their unjustified pessimism about the process.