

The curious case of the car industry

Remain MPs over the last few years have endlessly warned us that were the UK to end up with a 10% tariff on cars into the EU it would mean job losses and trouble for a crucial industry. They ignored the possibility that had we ended up with a tariff there might have been some compensatory movement in the currency, and failed to rejoice when an Agreement was reached for zero tariffs anyway. Rules of origin mean that the industry will make and supply more components in the UK to comply, which is a force to strengthen the industry.

At the same time these Remain MPs were usually demanding much faster progress to net zero carbon, busily condemning diesel and petrol cars as one of the main causes of the climate threat they highlighted. They saw no obvious contradiction or hypocrisy in these two positions. They failed to note that the UK had been especially successful at attracting substantial investment allied to UK development of diesel engines for cars and enjoyed a strong position in diesel engine manufacture. They gave no credit to the industry for cleaning up the diesel exhaust so there was practically no particulates passing. The policy of zero tolerance of diesel cars will mean the closure of all those factories and the loss of all those jobs, far more than they said were at risk from a 10% tariff. The industry itself lobbied strenuously for tariff free trade in diesel and petrol cars, but did not lobby against the banning of exactly the same vehicles a few years later. The likelihood of a ban of course means a major fall in diesel car sales in the meantime, as people seek to avoid the possible fall in values when new ones are banned and as governments made clear their dislike of such vehicles.

It would be interesting to hear from all those who spoke up for the industry what they think will happen as we move to complete bans on diesel and petrol vehicles. Making an all electric battery car is a very different process from building an internal combustion engine vehicle. Around a third of the value lies with the battery. The UK needs to rush to catch up on battery production. Where it has a strong position in diesel technology and capacity it has no such current strength in batteries. It will need to work with our present motor manufacturers over their designs for popular electric cars, and how the parts, batteries and assemblies can be made in the UK. I wish the government and industry success.

All we can be sure about is there will be many closures and job losses in diesel and petrol car and component manufacture. There will be a commercial and country scramble to design and produce replacements to the electric standard. The government would be wise to relax its rules on hybrids, to allow that technology to act as a bridge and reassurance to vehicle buyers. I have no financial interests in diesels, but do run a diesel car because I like its range, convenience and fuel economy. I worry a lot about the costs to jobs and businesses of banning all petrol and diesel cars.