

The EU/UK volte face on diesels

EU/UK policy of many years was to encourage the diesel car as part of the solution to excess CO₂. Diesels are more fuel efficient so less CO₂ is generated per mile travelled than a petrol vehicle. The UK was particularly keen on this policy, and successful at attracting substantial new investment in diesel car engine manufacture and diesel car assembly. Jaguar Land Rover, for example, moved to producing a range of vehicles where two thirds sold were diesel. The UK became a centre for excellence and research in passenger car diesel technology.

More recently the EU has discovered that its emissions tests were not stringent enough to prevent higher levels of Sox and Nox from diesels, and that these gases do create problems in the air we breathe. The EU has now set more severe standards and tougher tests to enforce them, so the modern Euro 6 diesel car engine is around the same as a petrol engine car when it comes to unpleasant exhaust gas and particulates, with both types of engine now hitting high standards of cleanliness.

During this major switch of approach the passenger car diesel engine has moved from environmental poster product to environmental problem. The politicians who were keen to encourage diesels, are now keen to stop them even though they have now set much tougher standards for diesel engines which they think are fine. There is a competition to see which town or city can be more severe on diesel vehicles by imposing bans or extra taxes. The UK Treasury decided to impose much higher Vehicle Excise Duty on new diesels, especially for expensive vehicles, as part of its attempts to get more people to buy an electric car.

The result of this change at EU and UK government level is entirely predictable, and was indeed forecast here. There has been a collapse in the sale of new diesel cars, with more motorists deciding to put off buying new until a new more stable legislative approach to car engines has settled down, and other motorists unable to afford the tax rises placed on new vehicles.

In the UK it is especially perverse. The government claims to want a bigger and more vibrant motor industry here in the UK, and is very worried by any possible threat to it. Yet at the same time its policy has done serial damage to the diesel car sector, the very sector they had most praised and had done most to build up in previous years.

Nissan drew attention to these issues in its recent decision not to go ahead with new assembly and extra capacity for a diesel vehicle at Sunderland. It will make what it needs in Japan instead. Car makers experiencing a big fall in diesel car sales are shorter of cash, profit and sales than they wished, so of course they are going to cut their investment plans. The problem for the UK is government action which has been so successful in building a diesel car industry is now leading the attack on it.