

The fall in diesel car sales is nothing to do with Brexit

Car sales rose well against the background of a falling pound in the year before the Brexit vote, and rose strongly for the first nine months after the Brexit vote when the pound fell further. Since April 2017 diesel car sales have fallen sharply, whilst petrol and electric car sales have risen but not by enough to offset all the fall in diesels. This has taken place against the background of the pound rising against the dollar and the yen and stabilising against the Euro which has been strong against all currencies. This history shows it was not the Brexit vote that caused the change in the market for diesels.

The SMMT and the media do accept that tax changes and a different mood towards diesels account for some of the fall. They should remember that the April 2017 budget increased VED strongly for dearer new cars. Presumably the intention was to cut sales of higher priced cars, and it certainly worked. There are also discussions about further taxes and bans on diesel cars in various towns and cities. This is leading some potential buyers to put off a decision pending greater clarity over whether modern cleaner diesels will be allowed in all places in the UK and what the tax regime for them will be. April also saw the tightening of new car lending by the authorities which added to the problems in the car showrooms.