

The road to net zero is damaging the UK car industry

My latest Conservative Home article:

The latest figures for UK car sales remain disappointing. The industry has been in denial since lockdown, claiming poor sales resulted from a lack of supply. They say they were unable to buy enough microprocessors as the digital industries hoovered up the output from world chip factories. They now tell us supply shortages are behind them. It is true there was a useful recovery in car sales from low levels so far this year, but it is also true that they remain way below the levels of the previous decade. It is also notable that whilst fleet or business purchases have advanced well this year, sales to individuals are static at low levels.

During the long Brexit debates the Remain political parties claimed the UK motor industry would lose out were a 10% tariff to be imposed. Motor industry lobbying was one of the reasons the UK government paid quite a high price to secure a free trade deal with the EU so cars and other items would remain tariff free. No-one suggested a 10% tariff would have done anything like the damage to sales that has in fact occurred for other reasons. We need to ask why are car sales so depressed and why don't the main political parties and government do something about it?

We need to look at public attitudes towards battery electric cars. Government, Opposition and industry are united in telling us these are the products we must buy. The latest figures show battery cars stuck at just 14% of the total market. By now if the net zero UK car ambitions are to be hit battery vehicles should be the majority choice. The car buying public remains sceptical. Whilst polling shows general support for decarbonisation and the road to net zero, it also shows a marked reluctance for people to adopt electric cars themselves anytime soon. Many worry about the range of the vehicles. Some worry about battery life. Many are concerned about the lack of reliable charging points around the country. Vehicle reviewers taking EVs for longer drives often report reaching a charger place to find the chargers unavailable, or a long queue of cars to use them, or difficulties with the payment systems. People think that battery electric vehicles are still too dear compared to petrol versions. There are questions about repairs to damage and the complications if the battery resting in the chassis is also affected.

Urban dwellers with travel patterns within their urban area are less concerned about range. People on good incomes who can afford a second car to provide long distance back up often like electric cars. More fleet buyers are persuaded as their company seeks to meet its net zero objectives and helps put in home or workplace charging. We still await the inventor of the Mini or the Beetle of the electric revolution, the must have product that does not need subsidy and special regulations to get people to buy it.

Meanwhile government policies are very good at stopping people buying new diesels. Once the government's poster boy of the CO₂ revolution, praised for their greater fuel economy, the diesel is now briefed against and regulated against. Councils are busy making it more difficult to use any kind of car. The government has announced it will ban new diesel and petrol car sales from 2030. Far from making people keen to buy electric cars it is simply putting people off buying any new car at all. Higher taxes on new vehicles also present another obstacle to new car buying.

If the government continues with its proposed ban it will act as a block on new motor industry investment in petrol and diesel vehicles in the UK. That will pass to countries who will not be banning these vehicles so early as motor manufacturers seek to earn returns on ranges of vehicles that remain popular. Many UK customers are likely from 2030 to want to buy nearly new imported cars instead if they cannot buy the cars they want in the UK. If you are planning a transition you need to concentrate on creating success for the thing you wish to replace what you have. The danger of UK policy is it will be better at destroying the existing motor industry than at building the new one they want. The West has anyway let China gain a big advance in accessing the raw materials needed for vehicle battery production and in rolling out cheaper electric models that do sell in China.

It is time for a rethink. The net zero revolution needs more popular engagement, which in turn needs more attractive and affordable products. Whilst we await those it is folly to demolish the things that do work and people want, whilst our competitors abroad continue to produce them. The government should lift the proposed ban, review the taxes, and welcome more motor investment here. Councils and government should also allow van and car use as necessary aids to the provision of goods and services productively, ensuring a road system that is safe without so much congestion born of bans and restrictions.