

The car industry was badly wounded by joining the EEC/EU

One of the most deceitful arguments some Remain advocates use is that the car industry depends on the EU for its success and would be adversely affected if we leave. They need to explain the damage membership of the EEC/EU did to it.

In 1972, our last year as a free and independent country, the UK made 1.92 million cars. After just ten years in the EEC/EU that had crashed to just 888,000. Our membership was devastating to us, removing more than 50 % in a decade.

We have never made as many cars in any year during the whole 45 years of membership as we did the year before we joined. Why did this happen?

Before we joined UK people mainly bought UK built cars. On joining we had to remove all tariffs and some other barriers on goods like cars where the Germans and French were more competitive. They did not remove barriers on services where we were more competitive. When the tariffs came off more UK people chose continental cars and our industry faced savage cuts in jobs and output.

In later years we rebuilt some capacity thanks to Japanese and Indian investment, whilst losing much of the US capacity in the UK. Some manufacturers chose to switch production to cheaper EU locations in Spain and Eastern Europe.

We were told by some manufacturers that they would stop investing here if we failed to join the Euro. That turned out to be a lie. In recent years leading foreign carmakers have praised UK workforces and increased their investment.

The story of the car industry is a cameo of industry generally. EEC/EU membership wiped out a lot of industry in the 1970s when tariffs came off, with too few offsets given the one sided liberalisation of trade. The UK has run a huge balance of payments deficit with the EU for most of our membership as a result.

Were the EU to insist on WTO tariffs the extra cost of German and French cars in the UK would doubtless lead to more UK buyers buying home produced vehicles.