

The collapse of the UK new car market

The UK new car sales figures peaked in 2016, just ahead of new more penal taxes on buying new vehicles came in with higher Vehicle Excise duties. Since then car sales have fallen by 1m cars a year to just 1.6 million. The industry seems to be in denial about this. It usually blames a semiconductor shortage which got in the way of making more vehicles.

Clearly the tax was a turn off, though never mentioned. So was the government decision to ban new diesel and petrol car sales by 2030 allied to great pressure to buy all electric cars. The public was put off buying the traditional products by the uncertainties created by a future ban. They were not persuaded by the merits of EVs, fearing lack of range, lack of charging points and disliking high prices. They expect government to have to introduce taxes on electric power for cars when EV ownership takes off to offset the loss of fuel duty, making the total electric costs of owning and running even higher.

Why doesn't the industry recognise it is not offering the products people want at attractive prices? Why does it design the EV schemes without thinking about the practicalities for many of us of a reliable working car that can be refuelled in five minutes at a readily available filling station and has a 500 mile range ?

It seems the industry spends its time discussing product design with governments and not with customers. As a result it has a demand problem which government policy has helped create. Maybe the idea is to have far fewer new cars as a means of cutting CO₂, as scrapping an older diesel and buying a new electric is heavy on the CO₂.

The UK industry faces the prospect of closing all its current diesel and petrol car plants in the next few years. It is making slow progress at putting in replacement capacity for all the electric vehicles government wants us to buy instead. Maybe the industry idea is we should import even more vehicles once electric is all we are allowed.