

The collapse of traditional cars

The decision of Ford to cease engine production at Bridgend is sad, but part of their long term retreat from manufacture in the UK. Their market share has shrunk dramatically from the high levels in the 1960s and 1970s . It is also part of the story of loss of sales and big financial losses in Europe as a whole. Just like Honda they have found it difficult to stay sufficiently competitive.

The immediate background to the closures both here and in Germany is the sharp decline in the world car market over the last year. In part this is the result of monetary squeezes here and on the continent. In part it is the result of the savage increase in VED taxes in the UK in 2017 with the limits on car loans, the increase in Chinese car sales taxes, and the rising interest rates in the USA. There is a world car downturn based on more tax and less credit.

The other big change is the sudden shift of the UK and EU governments against diesel cars and their insistence that people buy electric vehicles. The public have not warmed to these electric vehicles and the industry is still struggling to produce ones that are good value, with a big range and fast recharging. The public has held off from buying, as in many other countries told to go in the same direction. China has made faster progress with electric vehicles.

It is strange to watch the UK and other governments do this much damage to their car industry. It would be more normal to give the industry more time to develop new products with electric propulsion, and to make sure there are products people want to buy. In the meantime to avoid more closures in the UK as a matter of urgency the government should cut its tax rates on new cars, and loosen new car loans availability.