

The continuing collapse of the car industry

Car sales in China fell 92% in the latest figures reflecting the closures and stay at home advice in that epidemic torn country. Meanwhile EU plans to accelerate the shift to electric cars is hitting diesel and petrol sales in Europe.

Countries are falling over each other to cut demand for petrol and diesel vehicles with steep car purchase taxes geared to output of CO₂. French sales fell sharply in January by 13% on the back of new higher taxes. UK diesel car sales are well down over the last year thanks to higher VED and threats of more taxes and regulations to come. Germany is imposing bans on older diesels from entering various cities. The new EU Commission intends to make a frontal assault on CO₂ the centrepiece of its economic and industrial strategy.

Even in the USA where the government does not share EU fervour against CO₂ car sales fell last year. The industry is wrestling with the shift to electric, the more draconian environmental regulations, higher taxes and a strike by many buyers not persuaded by the new ideas.

On top of this a new generation of urban dwellers doubts they need to own a car, whilst some look forward to a future when many more will hire a car when they need it, slashing the number of cars required to sit in the garage or in on street parking for most of their lives.

It is unusual for governments to set out to damage a big industry like this in quite such a concerted way. It is even more unusual for the industry to accept it and to collaborate as freely with the demise of its existing products and method of working. I find it odd the industry in the UK lobbied so hard against Brexit which was not designed to damage it, yet does not lobby against the many EU policies determined to close all factories making diesel and petrol cars as quickly as possible. It means writing off huge amounts of sunk capital and firing many workers. It is also possible the winners in the electric car wars will be new companies.