

Brexit could make UK car sector 'extinct': business lobby

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Two British built-cars, a Bentley Flying Spur and a Range Rover, pictured in London in 2015

The president of Britain's main business lobby on Wednesday warned that the country's car industry risked "becoming extinct" outside the

EU's customs union.

"If we do not have a customs union, there are sectors of manufacturing society in the UK which risk becoming extinct," Confederation of British Industry (CBI) president Paul Dreschler told BBC Radio 4's Today programme.

He highlighted the [car industry](#) as being particularly threatened by any [deal](#) that did not secure "real frictionless trade" with the European Union post-Brexit.

Prime Minister Theresa May is under pressure to commit to some kind of customs partnership as she pushes key Brexit legislation through parliament, despite promising that Britain would make a clean break with the EU in order to strike trade deals with the rest of the world.

The CBI president claimed there was "zero evidence" that such deals would provide any [economic benefit](#) to Britain.

"There's zero evidence that independent trade deals will provide any economic benefit to the UK that's material. It's a myth," he said.

The uncertainty was also forcing companies to delay investment decisions, he added.

"We already know tens of millions, in fact hundreds of millions have been invested by UK pharmaceutical and finance companies to create continuity post a worse-case Brexit scenario," he said.

"We still haven't got clarity about the future direction, about where we're heading, what will the future relationship with Europe be, at a level of detail that matters for investment."

Brexit campaigner Patrick Minford, from the Economists for Free Trade group, accused the CBI of doing the bidding of "vested interests that oppose the competition and productivity growth that free trade under Brexit will bring".

"Precisely what Brexit will do is remove the EU protectionism and excessive regulation that is holding back our economy," he told the BBC.

"The gains from our potential free [trade](#) agreements are well documented. Our calculations put them at 4 percent of GDP," he added.

May on Tuesday avoided a major blow to her Brexit strategy after lawmakers rejected a plan that would have given parliament a veto on the final deal negotiated with Brussels, but only after reaching a backroom deal with potential rebels.

She faces further battles on Wednesday over how closely Britain stays aligned with the EU's economy after leaving.

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