

UK car output to collapse on no-deal Brexit: industry

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Next stop Slovakia

Britain's car output under a no-deal Brexit could collapse to a level last seen in "the dark days of the 1980s", the nation's industry body forecast on Tuesday.

The warning came as Jaguar Land Rover said its new Land Rover Defender model would be assembled in Slovakia—but did not blame the move on the UK's departure from the European Union.

The Society of Motor Manufacturers and Traders (SMMT) said the [worst case scenario](#) would be for Britain to depart the EU without a deal struck with Brussels, forcing it to endure tariffs set by World Trade Organization rules.

These customs duties average 1.5 percent, which is still quite low. But they can be higher in some sectors such as the crucial automotive sector where they are 10 percent.

"Should Britain crash out of the EU and fall back on WTO rules for a sustained period, (UK car) output is forecast to fall around 30 percent on recent levels to just 1.07 million units by 2021, a level consistent with the dark days of the mid-1980s," the SMMT said in a release.

Britain is due to leave the European Union on October 31 after two delays this year triggered by MPs rejecting the divorce deal British Prime Minister Theresa May has struck with the bloc.

The SMMT on Tuesday added that in the event of "a favourable deal and transition period maintaining the status quo, UK car production could be 1.36 million units in 2019, down from 1.52 million in 2018, before rising to 1.42 million by 2021".

The SMMT has long argued that no-deal would ramp up costs and hurt supply chains, while tariffs would undermine competitiveness and bite into profits.

"Despite the extension, the Brexit clock is still ticking and a devastating no-deal remains a threat," said SMMT chief executive Mike Hawes.

"This new period of limbo does not end the havoc for industry, with investment stopped and expensive factory shutdowns moved to avoid a Brexit deadline that has itself now moved."

Japanese carmaker Nissan recently said it would stop production of Infiniti cars at its factory in Sunderland, northeast England, and cancel the plant's plans for the X-Trail SUV.

Japanese peer Honda has also curbed investment in Britain, and plans to close its UK car plant in southwest England in 2022 with 3,500 job losses.

At the same time however, Toyota is to build a new hybrid car in Britain for Japanese peer Suzuki.

Separately Tuesday, the SMMT revealed that British car production has tumbled for the tenth month in a row, hit also by China economic fears and dwindling demand for high-polluting diesel vehicles.

UK car production slumped 14 percent to 126,000 units in March compared with a year earlier.

Switch to Slovakia

Jaguar Land Rover on Tuesday announced that its "all-new Land Rover Defender will be assembled at its plant in Slovakia".

JLR added in a statement: "Designed and engineered in the UK, the new Land Rover Defender will be unveiled later this year.

"It will use the latest clean Ingenium engines built at Wolverhampton, England, reinforcing both the company's British roots and the diversified, globalised nature of its manufacturing strategy.

"This decision is in parallel with plans for significant investment at the company's Solihull plant in the UK to support the production of the next generation of flagship Range Rover and Land Rover models," JLR added.

It comes after the company owned by India's Tata Motors recently moved production of the Land Rover Discovery model to Slovakia—and is in the process of axeing about 4,500 mostly UK jobs.

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