

The UK Automobile: Post-Brexit

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Negotiations between the UK and the EU on a post-Brexit trade agreement appear not to be going well, thanks to entrenched attitudes on both sides. The EU is particularly resistant to UK government attempts to cherry pick in matters such as the level playing field (notably state aid), fisheries and, most recently, truckers' rights to cabotage. The UK sees this an inherent part of its sovereign rights. The odds are now on a failure to agree a deal or, at best, achieving a very thin one.

This will be catastrophic for the automotive industry in the UK. The EU's 10% external tariff on cars will cripple exports of these to the EU. Re-introduced customs procedures will comprehensively disrupt the UK industry's delicate just-in-time supply chains, as it is so dependent on supplies of materials and components from continental Europe.

With the European industry under huge pressure to rationalize and rebase itself technologically, there is a real risk that that investment in it in the UK will not recover from its total collapse over the last 4 years. This reborn industry in Britain is not really a British one but a set of satellite operations.

It was brought back from near death by a massive injection of Japanese management methods and money. The world automotive industry has ruthlessly pursued globalization, driven by the search for lower unit costs, enabled by maximizing scale of production and underpinned by low costs of physical transport. It has pursued this trend to extremes. It is also of necessity run on highly centralized, almost military lines. It is a scale-driven and formidably disciplined industry.

The government has been contemptuous towards business and what it sees as sunset sectors. The automotive industry in the UK may well not just shrink by 50%, as has been predicted, but almost disappear.

A collapse of the existing automotive industry in the UK will mean painful and localized job losses, plus a major further burden on the already negative balance of payments. The combination of a bad Brexit and Covid-19 will deliver a massive decline in household disposable income. This will change spending priorities radically.

There were already indications before the crisis that the automobile no longer sat quite as comfortably on its social pedestal as before. It may well be toppled off it by this combination of crisis and self-harm. Working from home has received an unexpected and huge boost. So has on-line shopping, which was already severely undermining bricks-and-mortar shops.

Education and training have also changed in this direction, as have our social interactions. In short, our need and demand for the physical mobility of persons is likely to be permanently reduced. There is likely to be a similar although more delayed impact on the need to move physical goods.

The car, the van and the truck still revel in the absolute dominance of transport they have achieved over the last 50 years. But we are a crowded island for the most part and we clearly cannot afford a further increase in our consumption of vehicle-km.

Britain faces real challenges in meeting its green targets, notably in the transport sector. Resources will need to be redeployed from the sunset sectors to the new ones and the consequent social and economic disruption handled. Achieving the UK's environmental goals will require a severe reduction in our consumption of petroleum-based motor fuels. There are no technological panaceas for this.

Replacing fuel tanks with batteries and internal combustion engines with electric motors is not practical in all applications. We need to attack the demand side of the transport equation, to consume far fewer passenger-km and tonne-km, and deliver those with even fewer vehicle-tonne-km.

Means already exist to promote this behaviour in the short term. Use the smallest, lightest vehicle, not the biggest and fanciest. Increase the load factor by sharing private vehicles and by using more flexible forms of public transport, both facilitated by electronic planning and booking apps. Apply universal tolling.

In the medium term, really reliable autonomous vehicles could enable a shift from passive crash mitigation to active crash avoidance, thus enabling large reduction in vehicle dead mass. In the long term, changed patterns of living and working – themselves facilitated by new transportation systems – will reduce the need for physical mobility.

Radically changing the whole pattern of living, working and transport will take a long time, persistence and – above all – a clear and realistic plan. It will also require a strongly collaborative approach, bringing together industry, academia and government – central, devolved and local – together with strong leadership, in order to stay the course.

Measures such as higher motoring taxes, disincentives to the use of cars, or universal tolling will be very unpopular at first. For all this to be achieved, government must have a defined strategy, agreed across the social and political spectrum. So far, it has none, beyond a woolly objective of eliminating the internal combustion engine. Empty slogans, boosterism, jingoism, cronyism and attacks on dissenters won't do. The signs so far are, alas, not encouraging.

The ideological thrust to centralize power, while cutting back on the public sector, is still there. The devolved administrations are being sidelined. What is left of local government has been by-passed in the management of Covid-19, with dire results. We are rowing in the wrong direction.

The proposed simplified and accelerated planning system for house building provides a nice example: not only will it further undermine local government and accountability, it will also deliver yet more dispersed housing, thermally inefficient and with increased dependency on the car.

The UK may be able to go it alone in some of this enormous upheaval. But it lacks scale and resources, compared to larger players – of which the European Union is one, and by far the closest to us, both geographically and culturally. There is a very real risk that Brexit, far from freeing the UK to be more innovative, will in fact freeze it in old modes and technologies.

Should it attempt a transport revolution on its own, or as part of wider collaborations? What were the benefits and costs of participating in European programmes for R&D, cities and transport? This is merely one of the wide and complex set of issues that should have been addressed in a proper review of EU membership. Instead of which government proposed, and Parliament approved and supported a referendum designed and conducted at the level of a bad TV game show.

The supposed liberation from European shackles and opening of the UK to a wider world risks turning into a disaster, rather than the opportunity of the century. The automobile, the automotive industry and transportation look like providing an early example of this.