No Deal EU-Exit impact #1: Reduced fleet demand for new and cleaner cars

- Many fleets cannot absorb the cost of additional tariffs. Fleet renewals will slow, shrinking the UK new car market. Lower volumes of new cars will result in used vehicles becoming rarer and more expensive over time.
- COVID-19 has damaged the UK economy, resulting in reduced business confidence, investment and demand for new cars. Additional tariffs will put even more pressure on the automotive market in 2021.
- Tariffs will have an even greater impact on the price of more expensive battery electric vehicles (BEVs). This will dampen demand for BEVs slowing the transition to zero emission motoring.

Approximately

72%

of fleet cars are sourced from the EU.[1]

No Free Trade agreement with the EU would add

£2.1 billion a year

to the UK fleet sector's car renewal costs.[2]

No FTA with the EU would add

£2.8 billion

to the fleet sector's BEV car purchases over the next five years.[3]

BVRLA

Notes:

1.SMMT figure from 2019.

2.Calculated using the average value of circa £35,000 for the list price of a corporate lease car (BVRLA statistic) and assuming the 10% tariff = 6.3% price increase (SMMT statistic).

3.Calculated using the average value of circa £51,000 for the list price of a corporate lease BEV car (BVRLA statistic) and assuming the 10% tariff = 6.3% price increase (SMMT statistic). Frost & Sullivan on behalf of the BVRLA forecast the fleet sector to purchase circa 1,225,000 BEVs over the next five years, these are assumed to match the current import proportions with 72% coming from the EU.

No Deal EU-Exit impact #2: Higher van prices will damage the UK economy

Approximately

68%

of vans are sourced from the EU.[1]

No Free Trade agreement with the EU would add over to

£310 million a year

to the fleet sector's van renewal costs.[2]

- Tradespeople, couriers, builders, infrastructure providers and many others all rely on vans. These 'mobile workplaces' and 'delivery devices' keep the UK economy ticking.

- Van users will not be able to absorb these cost increases and will need to pass them on by raising the price of their services. Everyone will be worse off.

BVRLA

Notes:

1.World Integrated Trade Solution (WITS) figures for 2019

2.Calculated using the average value of circa £25,000 for the list price of a fleet van (BVRLA statistic) and assuming the 10% tariff = 6.3% price increase (SMMT statistic). Fleet sector purchases circa 80% of LCVs annually (BVRLA analysis).

Asks

Continue to work with the EU to reach a deal

Protect order banks: Announce that, in the event of no EU-UK FTA, there will be a waiver on the tariffs on cars, vans, HGVs and parts ordered before the end of the year which arrive after 1 January 2021.

Tariff review process:
Implement a process now for certain key sectors to request tariff level reviews post 1 January 2021 once their full impact is apparent.

Create a process now for firms to apply for temporary tariff waivers on specific products when there is not sufficient UK supply.

Support the BEV market: Provide additional tax incentives and grants that will maintain the supply and cost competitiveness of BEVs in the UK.

BVRLA