



Business, Energy and Industrial Strategy Committee

House of Commons, London SW1A 0AA

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Nadhim Zahawi MP
Parliamentary Under Secretary of State (Minister for Business and Industry)
Department for Business, Energy and Industrial Strategy
1 Victoria Street
London SW1H 0ET

19 June 2020

Dear Nadhim

Support for the automotive sector

You will have seen my letter dated 11 June to the Secretary of State about the urgent need to provide targeted support for key sectors within manufacturing; in its absence, UK manufacturing faces a bleak outlook. Over the course of our inquiry '*The impact of coronavirus on businesses and workers*', the Business, Energy and Industrial Strategy (BEIS) Committee has heard that the automotive sector is amongst those requiring substantial government intervention in order to survive the crisis.

Notwithstanding the above, it is also critical that the UK Government's response to the crisis does not undermine its overarching and long-term strategic goals, notably to reduce greenhouse gas emissions to 'net zero' by 2050 and to 'level up' the economy across regions and communities. A major contributor to achieving both these goals will be the transition to zero emission vehicles. Not only is this expected to dramatically reduce emissions from surface transport, the largest-emitting sector of the economy, but the lower lifetime cost of owning and running these vehicles, alongside the substantial impacts they deliver on air quality, will have direct and tangible benefits both for individual motorists and their local communities.

Our predecessor Committee investigated in detail the substantial barriers that must be overcome for the UK to transition from petrol and diesel to electric vehicles – a transition that the Government has rightly recognised is critical to delivering on the net zero target. I welcome the Government's manifesto commitments to deliver a national plug-in charging network and a gigafactory, as well as your own written assurances to the Committee's former Chair that the Government is considering and consulting on the Committee on Climate Change's recommendation to bring forwards the phase out date for sale of new petrol and diesel vehicles to 2030.

The Government will face many difficult decisions as it plans its economic stimulus package, with trade-offs to be made between providing immediate fiscal demand-side support that supports British manufacturing and jobs, while investing in longer-term strategic priorities that could wholly transform the economy. I encourage the Government to seize the opportunity that these trade-offs present, by embedding the delivery of environmental and social improvements into its support packages. This approach is being adopted by many of our European neighbours and was requested by over 200 UK business leaders in a

recent letter to the Prime Minister. It is essential that the Government's response to the crisis promotes progress on the net zero transition whilst ensuring that British manufacturing and workers are supported as best as possible. This will require a certain level of sophistication to future sectoral support measures, which my Committee and I will of course wish to support your department in developing.

Further, there has been discussion in the media about potential car scrappage schemes as part of the Government's post-coronavirus stimulus package. Such rumours can have an adverse impact on purchasing, as motorists will delay purchases now on the assumption that incentives will become available in the near future. The Government must act swiftly in bringing forwards its support for automotive manufacturing if it is to avoid these unintended effects.

In addition, it is imperative that any new measures support British manufacturing consistent with the net zero target. Promoting at-scale substitution of petrol and diesel vehicles with newer (albeit more efficient) petrol and diesel vehicles, without any environmental incentives, will merely delay the adoption of zero emission vehicles – and in turn make it more difficult to succeed on the net zero goal. Further, it will delay (and potentially derail) investment in electric vehicle and battery production facilities at a time when our competitors abroad, notably France and Germany, are driving ahead with packages designed to firmly establish their own automotive industries as the leading electric vehicle manufacturers in Europe.

In light of the above, I would be grateful if you could provide the following information:

- Is the Government minded to provide a sectoral support package for British automotive manufacturers and their supply chains? More specifically, is the Government considering a scrappage scheme for petrol and diesel vehicles?
- How will support measures be linked to incentives to increase manufacturing capacity for zero emissions vehicles?
- What are the Government's plans to ensure that the UK automotive industry is not left behind by plans to bolster demand for electric vehicles by our European competitors, notably the French and German plans to offer grants - of up to €7000 and €9000 respectively - for motorists to purchase electric vehicles?
- What assurances can you provide that the Government's stimulus package as a whole, including interventions for manufacturing across all sectors, will be in line with the 2050 net zero target?

A response by 2 July would be helpful.

A handwritten signature in black ink, reading "Darren Jones". The signature is fluid and cursive, with the first letters of "Darren" and "Jones" being capitalized and prominent.

DARREN JONES MP
CHAIR, BUSINESS, ENERGY AND INDUSTRIAL STRATEGY COMMITTEE