

No Deal Brexit and the fleet sector

Fleet operators make a massive contribution to the UK automotive sector through the millions of vehicles they purchase and their activity in dealerships, garages and the used vehicle market.

As the owners and operators of more than five million cars, vans and trucks, BVRLA members spend more than £30 billion on new vehicles each year as well as billions more on the parts to keep them roadworthy. Most of these vehicles and parts arrive from Europe and it is essential that the UK Government preserves the frictionless trade and free movement of goods with the EU. Tariffs and customs queues are not the only threat. Policymakers must also retain the regulatory convergence that underpins automotive trade.

It is vital that the UK fleet sector maintains affordable and reliable access to the parts and vehicles it needs to keep the country moving. In the event of No Deal the association calls on the Government to introduce a package of specific measures to ensure the vehicle rental and leasing sector continues to thrive and maintain its critical contribution to accelerating transport decarbonization.

KEY ISSUES FOR THE FLEET SECTOR

- **Vehicle Tariffs.** Temporary tariffs could cause an average price rise of £1,500-£1,800 for cars or £15,000 for the average truck. Zero-emission vehicles are more expensive than their petrol and diesel counterparts and would be disproportionately hit by any tariff, striking a significant blow to the UK's Net Zero ambitions.
- **Delayed Repairs.** Any delay to complex 'Just in time' automotive supply chains could cause massive disruption to parts availability, delaying vehicle servicing or repairs. The resulting increase in vehicle downtime will damage the UK economy.
- **Economic disruption.** BVRLA members and their customers would be negatively impacted by any broader national economic disturbance which could significantly disincentivise the purchase of cleaner vehicles at the scale and pace required to meet current EV targets.
- **Common regulatory standards.** The supply of electric vehicles in the UK is already a cause for concern. Any regulatory divergence, particularly as the EU introduces its own new CO2 emissions targets, could severely restrict vital imports of the latest battery electric vehicles.
- **Attracting the best talent.** The sector's competitiveness and ability to provide services to consumers and businesses would be undermined if recruitment of the necessary skills was not protected.

HOW POLICYMAKERS CAN HELP:

- **Secure a tariff deal.** The UK Government must secure an early and permanent arrangement with the EU that reduces tariffs on all vehicles and parts to zero.
- **Customs arrangements.** Any alternative customs arrangements need to replicate exactly the seamless trading relationship that UK automotive currently enjoys with the EU.
- **Cut corporation tax.** Cutting business tax will help sustain vital investment in the latest low emission vehicles.
- **Reduce fuel duty.** Drivers and fleet operators, particularly hauliers, will need help to bear the wider economic impact of a No Deal.
- **Cut VAT on cleaner vehicles and parts.** A short-term VAT exemption or reduction for zero emission vehicles will maintain the UK's position as an attractive market for EV exports.
- **Flexible immigration system.** As the UK ends freedom of movement and implements its new immigration controls it must provide security to EU citizens living and working in the EU and attract the right mix of talent from the rest of the world.
- **Maintain regulatory convergence.** It is vital that UK automotive regulation is aligned with that of the EU, securing access to the latest clean vehicle technology.