



Matt Western MP
Warwick & Leamington

Matt.western.mp@parliament.uk

25/10/2018

The Rt Hon Philip Hammond MP
The Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

Dear Chancellor of the Exchequer,

We are writing to you as a cross-party group of MPs expressing our concern regarding taxation for new diesel-powered vehicles and to request that you scrap the diesel supplement in the forthcoming Budget.

The UK automotive industry has been one of the great success stories in the decade since the Global Financial Crash, growing by over a half, and directly employs around 186,000 people in the UK.

However, the industry has clearly been struggling over the past year. You'll appreciate more than most that there have been significant job losses announced at Jaguar Land Rover, Vauxhall, Ford, Nissan, and most recently JLR have announced a fortnight's stoppage at their Solihull plant this month.

There are numerous headwinds working against the industry, including the uncertainty of Brexit and our future customs arrangements with Europe, as well as slumping sales in China due to trade tensions with the USA.

But a key reason is the unfair demonisation of new diesel engines. The public have lost confidence in diesel cars because of unclear messaging from national and local governments and as such, new diesel sales were down again in September for the 18th consecutive month. It was the worst September for new car sales since 2008 in what should have been a bumper month for retailers.

During the Budget 2017, you announced a supplement to new diesel vehicles not certified to the Real Driving Emissions 2 (RDE2) standard, which was introduced from 1 April 2018.

Perversely, this measure has effectively added additional taxes onto the latest generation of diesels that are better for the environment - these new high-tech models that are the cleanest in history, incorporating filters capturing 99% of all harmful soot particles, reducing emissions limits of nitrogen oxides by 84% since 2000.

Not only has this contributed to the steep drop in diesel vehicles mentioned above, but the effect of the tax is also that consumers are extending their ownership cycles, keeping much older diesel cars on the road and which are contributing to poor air quality, or they are buying new petrol vehicles – a key reason why average new car CO2 emissions rose last year for the first time in over a decade.

We need the message to the public to be clear – new diesel is key to reducing emissions and improving air quality in our cities today. As noted in the Road to Zero strategy paper – it is a part of the solution not the problem.