

AUTOMOTIVE

UK auto manufacturers call for input on trade laws after Brexit

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Rolls Royce is one of the U.K.'s luxury car brands that could be affected by post-Brexit trade policy

By DANNY PARISI

With plans for a full Brexit officially now in place, auto manufacturers from around the United Kingdom have called on the government to come up with some sort of plan to help keep them competitive in the wake of Britain leaving the European Union.

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The Society of Motor Manufacturers and Traders has issued a statement calling for the U.K. government to come up with a plan to safeguard the country's auto competitiveness. With Brexit now fully underway, U.K. luxury automotive brands will face fiercer competition from European counterparts.

"Triggering Article 50 has started a race against time to secure a deal that safeguards the future of the U.K. automotive industry," said Mike Hawes, chief executive of the [Society of Motor Manufacturers and Traders](#), London. "Government has committed to creating and supporting the right conditions for our industry to be successful.

"That means certainty in our relationship with our biggest market, tariff-free and open borders so products, parts and investment can flow freely and continued influence over the regulation that governs the vehicles we build and drive," he said.

The big break

The Brexit referendum shocked the world, with much speculation on what the decision could mean once it was finally put into effect.

That speculation will soon be put to the test now that Prime Minister Theresa May has enacted Article 50, setting into motion the full exit of the U.K. from the European Union by 2019.

What many analysts have said is that this exit will put a hamper on British exports, as they are potentially giving up the free trade agreements that all members of the E.U. enjoy. Their exports could now be susceptible to tariffs that will make it more difficult to compete with products from other European countries.

One industry that is taking particular notice of the consequences of Brexit is the luxury auto market, which boasts

some big names from Britain including Land Rover and Rolls Royce.

That is why the Society of Motor Manufacturers and Traders (SMMT) has issued a statement calling for the U.K. government to work with British auto manufacturers to come up with some sort of safeguards to keep British auto competitive.



Range Rovers' latest model

Europe is by far the biggest marketplace for British auto manufacturers. The reverse is true as well; British consumers buy cars from other parts of the E.U. more than from anywhere else.

More than half of all cars manufactured in the E.U. are destined to be sold on the European marketplace. Revenue from auto trade with the E.U. alone adds up to 42 billion, or about \$52 billion at current exchange rates, almost seven times more than the next biggest trade partner.

For these reasons, the SMMT is understandably concerned about the impact of Brexit as it concerns trade laws with the E.U.

Once the exit is completed, U.K. cars may be subject to tariffs that would make them more expensive and less favorable for customers in other parts of Europe.

For luxury brands such as Rolls-Royce, this is especially difficult as they have a high demand internationally.

Therefore, the SMMT is asking the U.K. government to work with them to come up with policies and safeguards to ensure future competitiveness of British auto manufacturing.

Safeguarding competitiveness

Outside of just luxury, all kinds of exports from the U.K. go to the E.U.

As part of the E.U., Britain benefits from free trade across all member states. With its exit from the union, its goods could be subject to tariffs. This could have a great impact, since almost half of Britain's exports go to E.U. states, according to figures from BCG ([see story](#)).

But luxury has a higher concern for the proceedings of the exit given its international focus.

While many groups have expressed concern for how Brexit could affect sales, some industries have seen surprising growth since the announcement.

The opposite of dampening sales, the sliding sterling appears only to have driven revenues higher for retailers of the most popular luxury brands.

In August at Heathrow Airport, \$5 million alone was spent on Rolex watches and sales in the luxury watches and jewelry category was up a staggering 74 percent ([see story](#)).



Rolex saw a revenue hike after Brexit vote

This is attributed to increased demand as well as increased prices on luxury goods.

Brexit, despite being voted on nearly a year ago, is still in the early stages and no one is quite sure how all the details concerning trade will work out. But for British luxury auto manufacturers, the message to the government is clear: keep us competitive.

"We will continue to work with government and our European counterparts, but no deal is not an option," SMMT's Mr. Hawes said. "Now is the time for government to deliver."

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