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UK Auto calls for restart support as Covid crisis threatens one in six jobs

23 JUNE 2020 #SMMT NEWS ([HTTPS://WWW.SMMT.CO.UK/CATEGORY/NEWS/](https://www.smmt.co.uk/category/news/))

- UK auto industry calls for dedicated restart package to save jobs and pave the way for recovery.
- New SMMT survey reveals a third of workforce still on furlough with up to one in six jobs at risk.
- 'Turbocharged' Brexit negotiations needed to deliver a comprehensive zero-tariff FTA – crucial to avoiding crippling £40bn production losses by 2025.
- New report highlights importance of £100bn UK auto trade hub (<https://www.smmt.co.uk/wp-content/uploads/sites/2/SMMT-Automotive-Trade-Report-2020.pdf>) to boosting Britain's future growth and prosperity.

(<https://www.smmt.co.uk/wp-content/uploads/sites/2/Trade-report-press-release.png>)

The harsh reality of the Covid crisis for the UK's £18.6 billion automotive sector is laid bare today by a new member survey from the Society of Motor Manufacturers and Traders (SMMT) revealing that up to one in six jobs are at risk of redundancy. With a third of automotive workers still furloughed, the end of the government's job retention lifeline in November highlights the critical need for a dedicated restart support package to safeguard these jobs.

More than 6,000 UK automotive job cuts have been announced in June, a result of global lockdowns, closed markets and shuttered plants. Showrooms in England and Wales are now re-opening and production lines restarting, but reduced demand and social distancing are slowing productivity.

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SMMT is calling on government to address this with a support package for the entire sector to help drive demand and ease cash flow. Measures including unfettered access to emergency funding, permanent short-time working, business rate holidays, VAT cuts and policies that boost consumer confidence would accelerate a sustainable restart for the market and manufacturing – a pre-requisite to the recovery phase, and to unlocking the investment needed to drive a green future for the UK.

Speaking today at the industry's annual Summit, **Mike Hawes, SMMT Chief Executive, said,**

“UK Automotive is fundamentally strong. However, the prolonged shutdown has squeezed liquidity and the pressures are becoming more acute as expenditure resumes before invoices are paid. A third of our workforce remains furloughed, and we want those staff coming back to work, not into redundancy.”

“Government’s intervention has been unprecedented. But the job isn’t done yet. Just as we have seen in other countries, we need a package of support to restart; to build demand, volumes and growth, and keep the UK at the forefront of the global automotive industry to drive long-term investment, innovation and economic growth. Support delivered now is an investment in the future of one of Britain’s most valuable assets... investment that we will repay many times over.”

The pending jobs crisis is amplified by the prospect of a ‘bare bones’ or no-deal Brexit so an injection of fresh momentum into free-trade agreement talks is welcome. Certainty that a full, zero-tariff deal will be in place by the end of the transition period will give businesses on both sides chance to prepare, and help drive investment into the new skills, facilities and technologies that will be integral to delivering a zero-carbon future for the UK.

Mike Hawes said,

“Covid has consumed every inch of capability and capacity and the industry has not the resource, the time nor the clarity to prepare for a further shock of a hard Brexit. That’s why we do need to ‘turbo charge’ the negotiations to secure a comprehensive Free Trade Agreement with the EU that maintains tariff and quota free trade... With such a deal, a strong recovery is possible, we can safeguard the industry and our reputation as an attractive destination for foreign investment and a major trade player.”

The news comes as SMMT publishes its second Annual Trade Report for 2020, UK Automotive Trade in a post-Covid World (<https://www.smmt.co.uk/wp-content/uploads/sites/2/SMMT-Automotive-Trade-Report-2020.pdf>), with new figures highlighting the risk a no-deal Brexit would pose to the UK’s status as the world’s 10th largest exporter of goods.



(<https://www.smmt.co.uk/wp-content/uploads/sites/2/Trade-report-outlook.png>)

The impact of the pandemic on manufacturing is expected to cut annual car and light commercial vehicle production volumes by a third to just 920,000 units this year. With an ambitious, tariff-free FTA in place, full recovery is expected to take up to five years, with output reaching pre-crisis levels of 1.35 million units by 2025.²

(<https://www.smmt.co.uk/2019/11/only-ambitious-brexit-deal-will-safeguard-jobs-and-britains-green-future/>)

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Motor industry gathers in South East Midlands as SMMT launches UK's biggest auto supplier finder to boost new business

(<https://www.smmt.co.uk/2019/11/motor-industry-gathers-in-south-east-midlands-as-smmt-launches-uks-biggest-auto-supplier-finder-to-boost-new-business/>)

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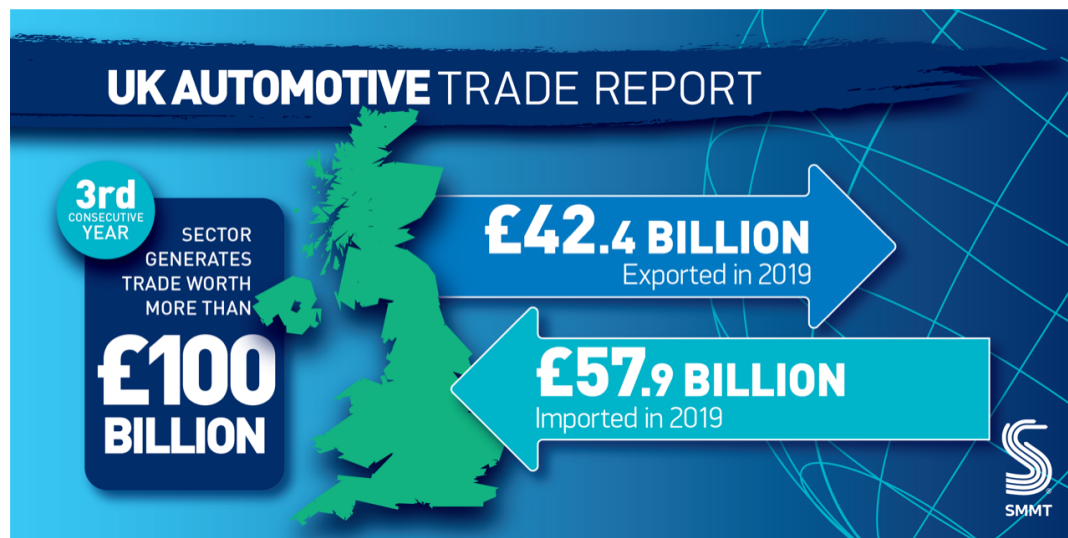
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However, a 'no deal' scenario would severely damage these prospects and could see volumes falling below 850,000 by 2025 – the lowest level since 1953. This would mean a £40 billion cut in revenues, on top of the £33.5 billion cost of Covid-19 production losses over the period.

Automotive is one of the UK's most valuable economic assets, exporting more goods than any other sector, generating billions for the economy and supporting some 168,000 high-skilled and high-paid manufacturing jobs in communities across every nation and region of the UK.



(<https://www.smmt.co.uk/wp-content/uploads/sites/2/Trade-report-£100bn.png>)

SMMT's 2020 Trade Report shows the potential to build on this success as global markets recover, identifying key growth regions that the UK is well placed to serve, if the right conditions are in place. It sets out key recommendations for government and industry to help the sector exploit opportunities, growing existing trade relationships and unlock new markets. All keeping this vital sector at the heart of the UK's future trade strategy, helping deliver long-term economic growth, and driving employment.

Notes to editors

1. SMMT member survey carried out June 2020. 290 responses delivering 239 individual company responses combined representing £77bn turnover and 148,917 permanent employees. 34.2% of full-time employees furloughed under CJRS. Based on average of declared numbers of permanent jobs at risk from all respondents
2. SMMT UK Automotive Trade in a post-Covid World report – Independent outlook by Auto Analysis – 1.35 million units under a best case 'model boost' scenario
3. SMMT UK Automotive Trade in a post-Covid World report – Auto Analysis calculations
4. SMMT / ONS data

<https://www.smmt.co.uk/2020/06/uk-auto-calls-for-restart-support-as-covid-crisis-threatens-one-in-six-jobs/?share=facebook&nb=1>

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