

## The State of the UK's car manufacturing sector

In March 2017, the Society of Motor Manufacturers and Traders (SMMT), had recorded a 17-year high for manufacturing. There were over 170,691 vehicles manufactured at UK-based plants throughout that month, which was up by 7.3% compared to March 2016.



The launch of the new registration plate concludes that March is the busiest month for those working in the automotive industry. March and September are always forecast to be the industry's busiest months for sales, meaning manufacturing is also up in the months of March and September to meet the high demand for new registrations. But 2017 saw the most cars produced in Q1 than the past 17 years – 471,695 units in total, a 7.6% increase on previous years.

Cars built by UK manufacturers or built on British shores had received recognition both domestically and internationally because of their high quality. For instance, Range Rover won ten awards within the three months of production, and the Evoque secured 22 international awards. The Nissan Qashqai has been the winner of over 13 global awards too, while the [Jaguar E-PACE](#) was named Top Gear Magazine's 2017 Crossover of the Year among other prestigious feats. As UK manufacturers are continuously recognised on a global scale for the high quality of their vehicles, it's no surprise that global demand is driving the UK's car production industry.

### Demand domestically for cars manufactured in the UK

Sadly, there's no positive news about the the Global Exports of cars built in the UK when looking at demand domestically. Following the vote for Brexit, the UK's domestic home demand has dropped. Despite not having much of a dent on the production volumes, some industry experts have raised concern, attributing the drop to fears of the UK economy and uncertainly about leaving the EU.

The decline should show how important global exports are for Britain. In Q1 alone, overseas buyers placed orders for more than 76% of the UK's output.

## Demand overseas for cars manufactured in the UK

During March 2017, there were more than 130,000 of the 170,691 cars produced at UK-based plant that were shipped abroad. This is a 10.6% increase on March 2016's global exporting. The US were a particularly large customer for the UK in 2016, increasing their exports to 47.2% and now accounting for 14.5% of the UK's car exports, making them the UK's second biggest market behind the EU.

Comparing this with the previous year, exports to the EU also increased by 7.5%. This demonstrated continuous progression for global exporting. A total of 758,680 cars were exported to the EU in 2016, which was accountable for half of all overseas exports last year. In fact, more than one in two exported cars were to Europe – and out of all the cars manufactured in the UK, around eight out of every ten cars are exported overseas. It is clear that exports are driving the UK's new car production, with the UK exporting to over 160 countries worldwide.

## Concerns surrounding Brexit

As Brexit becomes close to us, a dark cloud is continuing to hang over the UK's car industry. According to the SMMT, car manufacturing in the UK dropped by 9.8% in October and uncertainty regarding Brexit was blamed for the decrease alongside model changes and market turbulence. Vehicle production for markets overseas also decreased 9.3%, though exports still make up 82.7 per cent of the entire output.

Chief executive at the SMMT, Mike Hawes had commented: The fifth consecutive month of decline for UK car manufacturing is undoubtedly concerning and, while a number of factors have been at play, there is no doubt that business and consumer uncertainty is having a significant impact.

“With eight in ten British-built cars destined for overseas markets, the majority to the EU, the sector's dependence on exports cannot be downplayed. Europe is our largest trading partner and securing the right Brexit agreement which allows free and frictionless trade is vital for the future health of our industry.”

Is it possible that the [used car](#) will receive a boost from Brexit though? Experts have predicted that prices for new car models will increase as the pound gets weaker and other factors come into play while the UK is exiting the EU, so focus may possibly shift and motorists may focus their attention on the second-hand car market.

All will become clear when Brexit comes into this month