

17 YEAR HIGH FOR BRITISH CAR MANUFACTURING AS GLOBAL DEMAND HITS RECORD LEVELS

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UK car production achieved a 17-year high in 2016, according to the latest figures published today by the Society of Motor Manufacturers and Traders (SMMT). 1,722,698 vehicles rolled off production lines last year from some 15 manufacturers,¹ an 8.5% uplift on total production in 2015 – and the highest output since 1999.²

More cars are now being exported from Britain than ever before, the result of investments made over recent years in world-class production facilities, cutting-edge design and technology and one of Europe's most highly skilled and productive workforces. Ten brand new car models began production in the UK last year, nine of them from premium brands which has helped make the UK the second biggest producer of premium cars after Germany and the third biggest car producer in Europe.³ Total committed investment announcements in the automotive sector in 2016 were approximately £1.66 billion across a number of companies. This figure is down from £2.5 billion in 2015.

Production growth was predominantly driven by overseas demand, with global appetite for British-built cars rising by 10.3% to an all-time high of 1,354,216 – a second consecutive annual record. Around eight out of every 10 cars manufactured in the UK is now exported, bound for one of 160 markets worldwide.

It was continuing economic recovery across Europe, however, that accounted for the bulk of the growth. Exports to the rest of the EU grew 7.5% to 758,680 and accounted for more than half of all UK car exports. Furthermore, Europe supplies the majority of components within UK-built vehicles, underlining the critical importance of tariff and barrier-free trade to future UK automotive production.

Growth was strong across a number of markets, notably the US – the UK's biggest export destination after the EU – where demand rose by almost half (47.2%) meaning it now accounts for around 14.5% of all UK car exports. Notable uplifts were also seen in Turkey, Japan and Canada whilst China, third on the list of export markets, grew by a more modest 3.1% with 88,610 vehicles exported last year.

Domestic demand for UK built cars also grew last year, up 2.4% in the year, and the UK remains the second largest car market in Europe, again after Germany.⁴ One in seven new cars registered by UK buyers is now made in Britain, up from one in eight three years ago.

Mike Hawes, SMMT Chief Executive, said, "The tremendous growth in UK production is testament to the global competitiveness of the UK automotive sector. High class engineering, advanced technology and a workforce committed to quality have helped turn around the industry, making the UK among the most productive places in Europe to make cars. Significant investment in new plants and products over the past few years has driven this growth, not a post-Brexit bounce. We want trade deals but they must be the right deals, not rushed deals. Failure to do so could damage UK automotive manufacturing beyond repair."

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