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| Press release number | 4703 |  For release: **Immediate** |

**SMMT calls for Scrappage Scheme extension**

The Society of Motor Manufacturers and Traders has written to business secretary Lord Mandelson urging government to extend the successful scrappage incentive scheme which has helped boost consumer spending and secure UK jobs in the motor industry.

After 15 months of consecutive decline in the new car market, the scrappage incentive scheme has reignited demand, resulting in year-on-year growth in July and August and a dramatic cut in the rate of decline in vehicle production.

“Consumer confidence is still weak and recovery remains extremely fragile,” said SMMT chief executive Paul Everitt. “Avoiding a relapse in demand is critical to the UK economy and an extension to the scrappage incentive scheme, which has already proven its credentials as a cost-effective support mechanism, will ensure a more stable outlook for vehicle demand.”

SMMT is calling on government to extend the Scrappage Incentive Scheme through to the original close date of the end of February 2010, to counter the likely negative impacts of a return to the higher rate of VAT and the introduction of the first year VED rates.

**The facts…**

* Over 100,000 new vehicles have been registered under the scrappage scheme with an order bank of a further 100,000 suggesting the scheme will run out of funding in late October/early November.
* One fifth of the cars registered were either built in the UK or have an engine produced here.
* The scrappage scheme is largely self-funding with the 15% VAT paid on a car bought for £7,650 covering the £1,000 government contribution.
* SMMT estimates that 70% of the cars bought under the scrappage scheme represent additional sales which would not otherwise have happened in 2009.
* The average CO2 emissions of a car bought under the scheme are 131.8g/km, 13.5% lower than the pre-scrappage market average of 152.3g/km.
* The average car scrapped under the scheme is 12.6 years old with estimated CO2 emissions of 181.9g/km – 27.6% higher than its replacement.
* 76% of cars bought under the scrappage scheme were classified in the Mini or Supermini segments.
* 85% of a vehicle’s lifetime CO2 emissions come through use meaning the scheme is likely to save some 2.7m tonnes of CO2.
* Pre-1999 vehicles will have a Euro 2 engine as standard compared to Euro 4 in new vehicles. These engines deliver more than a 50% improvement for harmful emissions.1
* Compared to ten year old vehicles, new cars now have higher EuroNCAP ratings, more safety technology as standard and improved security features.
* SMMT now forecasts the new car market to end 2009 at 1.85m units, above pre-scrappage forecasts but well below the 2.47m pre-recession five year average.

**The impact on the UK motor industry…**

* Ford, whose engine plants in Bridgend and Dagenham employ 4,000 people, has introduced extra shifts triggered by the increase in demand from UK and European scrappage schemes. August output was up 36.5% at Dagenham and 18.3% at Bridgend, compared to 2008. Ford estimates that this has resulted in a positive knock-on effect for around 100,000 of their UK jobs in the sales, distribution and supply chain.
* Nissan has said that production of the UK-built Micra and Note has increased by an additional 33,000 units due to scrappage.
* In August and September, Toyota cancelled workshare to fulfil orders incentivised by the UK and European scrappage schemes. Toyota plans to return to the workshare arrangements in October.

N**otes:**

1. Pre-1999 vehicles will have a Euro 2 engine as standard compared to Euro 4 in new vehicles resulting in dramatic improvements in air quality:

|  |  |  |
| --- | --- | --- |
|  | **Diesel engines** | **Petrol engines** |
| Euro II | Euro IV | % change | Euro II | Euro IV | % change |
| **HC and NOx** | 0.7g/km | 0.3g/km | -57.1% | 0.5g/km | 0.18g/km | -64.0% |
| **Carbon monoxide** | 1g/km | 0.5g/km | -50.0% | 2.2g/km | 1g/km | -54.5% |
| **Particulates** | 0.08g/km | 0.025g/km | -68.8% | N/A | N/A | N/A |

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**Scrappage incentive scheme: The case for extension**

**Boosting the UK new car market**

Without the scrappage incentive scheme, registrations of new cars to private buyers between May and August would be down 30% on 2008 levels, rather than up by 11%.

**The Green effect – reducing average new car emissions**

76% of cars bought under the scrappage scheme were classified in the Mini or Supermini segments.

**The UK Scrappage Incentive Scheme - background information**

In the Budget on 22 April, the Chancellor announced that the UK would follow many other EU member states and adopt a scrappage incentive scheme. The scheme started on 18 May, offering a £2,000 discount on a new car or light commercial vehicle (van up to 3.5 tonnes) when buyers scrap a vehicle over ten years old. The scheme was capped at £300 million, including government’s administration fees, meaning a maximum of 300,000 vehicles could be processed. The £2,000 discount per vehicle was made up of £1,000 from government and £1,000 from the vehicle manufacturer.

**How does it work?**

A customer can take their vehicle to a dealership and, as long as the following criteria are met, receive the discount off the price of a new car or van:

* The vehicle must have been first registered in the UK before 31 August 1999.
* The vehicle has been registered in the UK to the person making the claim and owning the new vehicle for the previous 12 months.
* The vehicle is fully MOT’d, taxed and insured.
* If the MOT has expired, it did so no longer than 14 days before the order was placed.

Once the dealer is satisfied that the old vehicle meets the criteria, the customer can place their order for the new vehicle and the government contribution is reserved. The manufacturer has four months to deliver the vehicle to the dealer. Once the vehicle has been delivered, the dealer will send the old vehicle to be scrapped through an authorised treatment facility, which will do so in an environmentally responsible manner. If the vehicle takes longer than four months to be delivered to the dealer the funds are reallocated.

**Which manufacturers signed up?**

All major vehicle manufacturers have taken part: Abarth, Alfa Romeo, Allied Vehicles, Audi, Bentley, BMW, Chevrolet, Chrysler, Citroën, Daihatsu, Fiat, Fiat Professional, Ford, Honda, Hyundai, Isuzu, Iveco, Jaguar Land Rover, Kia, Lexus, LTI, Mazda, Mercedes-Benz, MG, MINI, Mitsubishi, Nissan, Renault, Perodua, Peugeot, Proton, Porsche, Rolls-Royce, Saab, SEAT, Škoda, smart, Ssangyong, Subaru, Suzuki, Toyota, Vauxhall, Volkswagen and Volvo.

**What happens to the ‘scrapped’ vehicle once it’s left with the dealer?**

The dealer will ensure that the vehicle is disposed of in an environmentally friendly way through an Authorised Treatment Facilityand will need to prove this has happened in order to claim back the scrappage incentive.

When a car is scrapped, 85% of it can be recycled or re-used. Once reusable parts have been removed the vehicle is then de-polluted by removing its harmful liquids and tyres, and deploying the airbags. The remaining materials are then shredded to recover valuable parts like steel, aluminium and recyclable plastics, some of which go back into vehicle production. CO2 emissions per vehicle produced have fallen 45% since 1999 and almost 10,000 tonnes of waste have been prevented from entering landfill sites.

**New vehicles registered under the scrappage incentive scheme, by marque**

|  |  |  |  |
| --- | --- | --- | --- |
|   | **CARS** | **LCVS** | **Total** |
| **MARQUE** | **Jun** | **Jul** | **Aug** | **Total** | **Jun** | **Jul** | **Aug** | **Total** | **Jun** | **Jul** | **Aug** | **Total** |
| Allied Vehicles | 2 | 0 | 2 | 4 | - | - | - | - | 2 | 0 | 2 | 4 |
| Audi | 164 | 253 | 175 | 697 | - | - | - | - | 164 | 253 | 175 | 697 |
| BMW | 526 | 338 | 82 | 1,076 | - | - | - | - | 526 | 338 | 82 | 1,076 |
| Chevrolet | 290 | 312 | 207 | 1,106 | - | - | - | - | 290 | 312 | 207 | 1,106 |
| Chrysler | 1 | 14 | 25 | 40 | - | - | - | - | 1 | 14 | 25 | 40 |
| Citroen | 1,260 | 1,420 | 597 | 4,249 | 101 | 92 | 53 | 277 | 1,361 | 1,512 | 650 | 4,526 |
| Daihatsu | 170 | 143 | 63 | 440 | - | - | - | - | 170 | 143 | 63 | 440 |
| Dodge | 6 | 14 | 22 | 42 | - | - | - | - | 6 | 14 | 22 | 42 |
| Fiat Group \* | 1,915 | 3,069 | 2,010 | 7,429 | 0 | 0 | 5 | 6 | 1,915 | 3,069 | 2,015 | 7,435 |
| Ford | 4,662 | 3,818 | 1,306 | 12,288 | 364 | 209 | 83 | 715 | 5,026 | 4,027 | 1,389 | 13,003 |
| Honda | 1,588 | 1,317 | 422 | 4,005 | - | - | - | - | 1,588 | 1,317 | 422 | 4,005 |
| Hyundai | 3,793 | 4,379 | 2,921 | 12,747 | 1 | 1 | 3 | 5 | 3,794 | 4,380 | 2,924 | 12,752 |
| Isuzu | - | - | - | - | 21 | 24 | 9 | 57 | 21 | 24 | 9 | 57 |
| Iveco | - | - | - | - | 5 | 1 | 0 | 6 | 5 | 1 | 0 | 6 |
| Jaguar | 25 | 22 | 1 | 52 | - | - | - | - | 25 | 22 | 1 | 52 |
| Jeep | 4 | 15 | 31 | 50 | - | - | - | - | 4 | 15 | 31 | 50 |
| Kia | 2,692 | 1,969 | 1,292 | 7,372 | - | - | - | - | 2,692 | 1,969 | 1,292 | 7,372 |
| Land Rover | 96 | 56 | 5 | 189 | - | - | - | - | 96 | 56 | 5 | 189 |
| Lexus | 10 | 4 | 3 | 20 | - | - | - | - | 10 | 4 | 3 | 20 |
| LTI | 34 | 26 | 23 | 114 | - | - | - | - | 34 | 26 | 23 | 114 |
| Mazda | 569 | 620 | 354 | 1,956 | - | - | - | - | 569 | 620 | 354 | 1,956 |
| Mercedes-Benz | 154 | 103 | 28 | 409 | 20 | 14 | 3 | 43 | 174 | 117 | 31 | 452 |
| MG | 7 | 7 | 6 | 22 | - | - | - | - | 7 | 7 | 6 | 22 |
| MINI | 744 | 511 | 151 | 1,556 | - | - | - | - | 744 | 511 | 151 | 1,556 |
| Mitsubishi | 368 | 234 | 83 | 890 | 6 | 12 | 6 | 32 | 374 | 246 | 89 | 922 |
| Nissan | 1,655 | 1,969 | 625 | 4,572 | 1 | 5 | 0 | 9 | 1,656 | 1,974 | 625 | 4,581 |
| Perodua | 24 | 12 | 20 | 68 | - | - | - | - | 24 | 12 | 20 | 68 |
| Peugeot | 1,818 | 1,391 | 578 | 5,026 | 52 | 16 | 11 | 104 | 1,870 | 1,407 | 589 | 5,130 |
| Porsche | 7 | 2 | 0 | 11 | - | - | - | - | 7 | 2 | 0 | 11 |
| Proton | 45 | 32 | 18 | 103 | - | - | - | - | 45 | 32 | 18 | 103 |
| Renault | 348 | 1,425 | 550 | 2,625 | 24 | 35 | 25 | 93 | 372 | 1,460 | 575 | 2,718 |
| Saab | 26 | 23 | 4 | 61 | - | - | - | - | 26 | 23 | 4 | 61 |
| SEAT | 365 | 545 | 542 | 1,582 | - | - | - | - | 365 | 545 | 542 | 1,582 |
| Skoda | 901 | 976 | 573 | 2,746 | - | - | - | - | 901 | 976 | 573 | 2,746 |
| smart | 141 | 127 | 19 | 353 | - | - | - | - | 141 | 127 | 19 | 353 |
| Ssangyong | 1 | 1 | 0 | 2 | - | - | - | - | 1 | 1 | 0 | 2 |
| Subaru | 47 | 23 | 14 | 106 | - | - | - | - | 47 | 23 | 14 | 106 |
| Suzuki | 2,380 | 1,035 | 526 | 4,808 | - | - | - | - | 2,380 | 1,035 | 526 | 4,808 |
| Toyota | 2,541 | 2,730 | 1,536 | 8,619 | 114 | 37 | 23 | 206 | 2,655 | 2,767 | 1,559 | 8,825 |
| Vauxhall | 2,595 | 2,247 | 714 | 6,693 | 18 | 29 | 8 | 61 | 2,613 | 2,276 | 722 | 6,754 |
| Volkswagen | 1,353 | 1,844 | 1,245 | 5,211 | 27 | 39 | 18 | 92 | 1,380 | 1,883 | 1,263 | 5,303 |
| Volvo | 337 | 497 | 75 | 1,026 | - | - | - | - | 337 | 497 | 75 | 1,026 |
| **Total** | **33,664** | **33,523** | **16,848** | **100,365** | **754** | **514** | **247** | **1,706** | **34,418** | **34,037** | **17,095** | **102,071** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

\* Includes Abarth, Alfa Romeo, Fiat

Data supplied by 4 September 2009.

Data is provisional and sourced directly from participants.

Data shown is vehicles newly registered, identified by participants as going through the scrappage scheme. This is different to orders and claims data. Orders are reported to BIS (Department for Business, Innovation and Skills) each week, when an order is placed. Claims are reported to BIS once all the necessary detail to confirm eligibility is in order.

**Note to broadcasters: SMMT has its own ISDN studio**

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