
EUROPEAN AUTO-INDUSTRY WARNS OF 'SEISMIC' AND 'DEVASTATING' NO-DEAL BREXIT

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Automotive trade groups have given a dire forecast if the European Union and Britain fail to reach an agreement before the October 31 Brexit deadline. The industry has said it will end up costing "billions of euros."

As Britain and the rest of Europe gear up for Brexit, Europe-wide industry groups warned on Monday of the "irreversible damage" caused by a no-deal scenario.

With the British government and the European Union currently at an impasse, the likelihood of the United Kingdom crashing out on October 31 without an agreement increases with every passing day — a notion that is feared by leading automotive trade organizations.

Groups including the European Automobile Manufacturers' Association, the European Association of Automotive Suppliers and 17 national groups released a joint statement regarding the impact of a "no-deal" scenario on an industry which employs almost 14 million people across the EU, including Britain.

'Seismic shift'

And it is consumers who would be expected to brunt the cost with a hike in prices.

The statement said: "The UK's departure from the EU without a deal would trigger a seismic shift in trading conditions, with billions of euros of tariffs threatening to impact consumer choice and affordability on both sides of the Channel."

"The end of barrier-free trade could bring harmful disruption to the industry's just-in-time operating model, with the cost of just one minute of production stoppage in the UK alone amounting to €54,700 (\$60,000)."

If Britain does leave the EU without an agreement on matters such as citizens' rights, its divorce bill from the bloc, as well as the contentious issue of the border between Ireland and Northern Ireland, tariffs administered by the World Trade Organization (WTO) would then come into effect. The WTO levy for cars stands at 10%.

Christian Peugeot, the president of the Committee of French Automobile Manufacturers, said: "Brexit is not just a British problem. We are all concerned in the European automotive industry, and even further."

"Be it as exporters to the UK market or producers locally, which we are both, we will inevitably be negatively affected," he added.

Mike Hawes, the chief executive of the British auto association, went a step further in his assessment. "A no-deal Brexit would have an immediate and devastating impact on the industry, undermining competitiveness and causing irreversible and severe damage."

The warnings from the motor industry come on the back of the European Commission President, Jean-Claude Juncker, saying he is convinced Brexit will happen, and that a deal might yet be struck at the 11th hour.

jsi/se (Reuters, AP)

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