Diesel in 2019 - lowest sales since 2001; outlook negative

An end-of-year review

December 2019

Summary

The share of diesel car sales this year dropped to their lowest level since 2001. More carmakers say they are slowing or have stopped diesel production than those planning to continue. Hostile consumer sentiment and a worsening regulatory climate could lower prospects further in the 2020s.

Sales - record low

In the first three quarters[1] of 2019, diesel models made up 31% of car sales in the EU, the lowest percentage since at least 2001. Sales dropped in all EU countries bar Germany, Latvia and Lithuania.

Production - shrinking

Production of diesel cars in the EU is expected to drop from about 4.8 million in 2019 (30% of EU car production) to about 4 million in 2021 (24%) and below 3.5 million from 2024 (below 20%), according to T&E's analysis of IHS Markit data.[2]

Planning - negative

More firms will slow, stop or have stopped selling diesel cars in the EU than those that have signalled publicly that they see a long-term future for the technology. Three have stopped (Subaru,[3] Suzuki[4] and Toyota[5]); four say they are stopping (Fiat-Chrysler,[6] Honda,[7] Nissan[8] and Volvo[9]); three say they have or will reduce their portfolio of diesel engines or models but have not announced a complete withdrawal from diesel[10] (BMW Group,[11] Renault,[12] Volkswagen Group[13]); seven have made no public statement on diesel reduction (Daimler,[14] Ford,[15] Hyundai-Kia,[16] Jaguar-Land Rover,[17] Mazda,[18] PSA,[19] SsangYong[20]).

Consumer opinion - hostile

According to a new YouGov survey in France, Germany, Italy, only 12% of respondents overall across the three markets thought that diesel cars were best for the environment, compared to petrol or electric cars.[21] Eurobarometer polling suggests that 64% of Europeans think car manufacturers don't

do enough for air quality,[22] up from 53% in 2012, and 71% say air quality has deteriorated in their home country. Publicly available market surveys suggest a slight rebound in consumer interest for diesel in France[23] and Germany[24] in 2019 following a major decline in previous years, though diesel has not regained a long-standing lead over petrol models.

Road closures - growing

More than 250 cities in the EU have introduced low emission zones, affecting at least some diesel models.[25] Major cities newly announced in 2019 are: Amsterdam[26] (diesel ban by 2030), Brussels[27] (ban by 2035), Bucharest[28] (diesel restriction from 2020), Bristol city centre[29] (ban in 2021), Greater Paris[30] (restriction in 2019), Warsaw historic centre[31] (ban, date undetermined).

Regulation - getting tougher

In December, the EU committed to a net-zero CO2 emissions target by 2050,[32] implying all petrol and diesel vehicles will be off the road, and a "zero-pollution" action plan for air quality in 2021[33]. Roughly 10 million diesel cars and vans are currently subject to an EU-wide recall after breaking EU pollution standards.[34] This could be extended to 40 million more diesel vehicles, pending national investigations.[35] In 2019, two new recalls were ordered by German authorities to Daimler for Euro 5 versions of the GLK (about 41,000 vehicles in Europe[36]) and Sprinter models (about 260,000 vehicles in Europe[37]). An investigation into Daimler's A and B-Class models fitted with 1.5-litre diesel engine from Renault is ongoing.[38] Daimler cut its profit forecast by €1.6 billion this summer, citing "ongoing governmental and court proceedings and measures relating to Mercedes-Benz diesel vehicles in various regions."[39] Multiple consumer and government court cases are active in Europe. New in 2019 are one Dutch and one German case against Volkswagen and its management.

Quotes

Commercial director for the UK-based online market Auto Trader, Ian Plummer, told the Financial Times[40] this week: *"Three quarters of searches by fuel type used to be for diesel. That has fallen to a quarter within two years, and it's still falling fast."*

Transport & Environment air quality manager, Jens Mueller, said: *"It's been the worst year in nearly two decades for diesel and the outlook remains grim for the technology. That is good news for air quality. Hold-out carmakers should follow their Japanese counterparts and draw a line under a fundamentally dirty technology and embrace clean cars fit for the next decade."*

Endnotes

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