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'Tax and spend' may not be quite what it seems

It's official: according to a Treasury report published as we go to press, cutting fuel duty does have a positive impact on the economy after all – an argument FairFuel UK, FTA (Freight Transport Association), RHA (Road Haulage Association) and others have been promulgating since 2011.

The report, 'Analysis of the dynamic effects of fuel duty reduction', indicates that the Treasury now believes costs associated with its frozen fuel duty can be offset against the extra economic activity they cause. Indeed, the department's modelling suggests that freezing duty to date will boost the economy by £7.5bn – half the lost revenue – over 20 years.

Setting aside industry reactions – from 'I told you so' to restrained glee – pundits now expect a U-turn from the chancellor, with the FTA looking for a three pence per litre cut "to stimulate economic growth", while also saving the transport industry around £350m a year. That's unlikely anytime soon, although George Osborne is on record describing the Treasury's finding as leading a "quiet revolution" in tax.

In the meantime, now that foreign hauliers are being charged to use UK roads under the HGV Road User Levy (brought in nearly a year ahead of schedule), transport secretary Patrick McLoughlin reckons there's finally a level playing field across Europe. UK hauliers, he says, will see a "massive boost" and gain "a much better opportunity to win business".

Well, not quite. The FTA, among others, welcomes the development but points out that, given the fuel duty disparity that remains between the UK and continental Europe, it won't stop operators of foreign HGVs over 12 tonnes from buying cheap diesel before entering the UK, and hence saving "up to £200 on a full tank".

Worse, there's a real risk that British consumers and manufacturers, not foreign hauliers, will end up footing the bill – due to price hikes. Why? Because of the massive trade imbalance between the UK and the rest of Europe, which sees twice as many full loads entering the UK as leaving it – and foreign operators picking up the vast majority of that business. As Ian Baxter, of Baxter Freight, puts it: "No amount of 'level playing field' tax will affect this."

All of which makes the future look rather less rosy for UK transport operators. And even less so, given the SMMT's (Society of Motor Manufacturers and Traders) latest warning that up to 20,000 CV registrations per year could be delayed by failing to meet the next raft of Type Approval legislation, which lands on 29 October. It may sound arcane, but this is a big issue. The rules apply to around two thirds of heavy vehicles – those built in stages weighing more than 3.5 tonnes (*TE,* February 2014, page 10). The only alternative to registering vehicles through the normal channels is to use the DVSA-administered IVA (Individual Vehicle Approval) scheme, which is time consuming and bound to be overloaded as the deadline looms.

Designing and building CVs, while steering developments around changing legislation, has never been easy. Specifying, running and maintaining them, likewise. And the same again for managing transport businesses that depend on them. Don't miss this year's golden opportunity to stay on top. See you at the CV Show, 29 April to 1 May at the NEC, Birmingham.

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