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IRTE
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How will transport react to times of cheap diesel?

As Brent crude dips below \$50 per barrel and the price of diesel at the pumps plummets in response, transport operators large and small are rubbing their hands in glee. There are few developments likely to spread a smile on a director's face as effectively as the unexpected collapse of one of his or her biggest cost lines.

But there are also some potentially unfortunate consequences. Initially, there is the increasing likelihood of an imminent return to the deeply unpopular fuel duty escalator, abandoned by the coalition four years ago. Will it happen? The tax hike would doubtless help plug a yawning gap in North Sea oil revenues, which would be welcomed by whatever shade of government is returned come the May election.

And, given that chancellor George Osborne stated back in 2011 that the escalator could be re-introduced if oil fell below \$75 a barrel, its re-emergence wouldn't be a huge surprise. Also, we can't extract much solace from his assertion at the 2013 Tory party conference that the freeze on fuel duty should continue for the rest of this parliament. On the one hand, it's end is nigh and, on the other, Osborne always added the caveat, 'if we can find the savings to pay for it'.

Beyond fuel duty rises, though, cheap diesel might dim management's laser focus on costs in general and hence, in particular, dampen any nascent enthusiasm for fuel-saving technologies. Why bother with expensive aerodynamic kits, telematics, low rolling resistance tyres, friction-reducing engine oils, driver training systems, and, for that matter, alternative fuels? There is an unarguable and substantial additional upfront price to pay for dual-fuel and gas engined vehicles. Likewise hybrid and electric trucks, vans and buses. What does the return on investment equation look like when the potential fuel cost saving has been significantly eroded?

But if the UK's transport industry rows back on any aspect of fuel-saving technology, it would be a worrying and ultimately perverse development. Why? Firstly, because as sure as night follows day, oil prices won't stay low for ever, so we need to crack on with specifying commercial vehicle fleets fit for that assumption. Secondly, because it's surely time to make hay while the metaphorical sun shines, and maximise not only short- but also long-term profit advantages. And thirdly because, in the end, the UK depends upon supporting its technological excellence. That's how we grow entrepreneurial businesses capable of exporting advanced products and services around the globe. It's also how we nurture employment. Equally, it's how we secure valuable tax receipts and turn the tables on our balance of payments. Investment is a win-win-win.

The CV Show is just around the corner (14-16 April 2015 at its usual NEC home). Whatever your thoughts about fuel pricing and what it means for your business, this remains the 'must attend' event of the year for transport industry professionals. As we go to press, the organisers tell me the exhibition is already almost sold out and set to break all recent records. So anyone familiar with the CV Show will know just how much there will be to see and hear. As usual, there are also the dedicated Workshop (covering workshop and bodyshop equipment, diagnostics, etc) and Cool sectors (reefers, fridges, etc), so there is something for everyone. See you there.



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