



cutting through complexity



Connected and Autonomous Vehicles – The UK Economic Opportunity

March 2015

kpmg.co.uk

INTRODUCTION BY MIKE HAWES

Connected and autonomous vehicles will provide huge social, industrial and economic benefits to the UK.

This report examines how these innovative vehicles will transform the UK economy – expanding our industrial base, improving safety and congestion, driving up productivity and freeing up space usually devoted to vehicles in our urban areas.

In recent years, the UK automotive sector has seen unprecedented growth. Production is up 50% since 2010 (and forecast to grow by a third in the next three years) and vehicle manufacturers have committed over £6 billion of investment to the UK since 2012.

The industry is innovating fast. Vehicles are 42% more fuel efficient than they were in 2000 and the UK is seen internationally as a leading centre of automotive R&D. To maintain this position of innovative excellence, the UK must grasp the opportunities presented by the next breakthrough technologies – connected and autonomous vehicles – and secure the benefits for the UK economy and society.



There is already a staggering level of connectivity and autonomy in vehicles compared to just a decade ago. Autonomous emergency braking and lane assist technologies provide safer driving and internet connectivity over mobile networks is capable of keeping vehicle occupants connected to the online world. Government backing of this agenda is a key component for the UK's future success. The development of a supportive regulatory framework, investment in digital infrastructure and government funding for R&D in this area – as demonstrated by the £200 million for intelligent mobility announced by the Chancellor of the Exchequer in the 2015 Budget – has been welcomed by industry.

However, this journey is only just beginning. We must be ambitious in our vision. We must ensure the UK becomes a centre of excellence for the research, development and demonstration of connected and autonomous vehicles.

To provide the evidence to back this ambition, we commissioned KPMG to undertake an independent study. The report provides an economic impact assessment of the contribution that intelligent vehicles can make to the UK and reaches some telling conclusions:

- The overall economic and social benefit of connected and autonomous vehicles could be in the region of £51 billion per year by 2030.
- Connected and autonomous vehicles could create an additional 320,000 jobs in the UK by 2030, 25,000 of which would be in automotive manufacturing.
- By 2030, connected and autonomous vehicles could save over 2,500 lives and prevent more than 25,000 serious accidents in the UK.

These insights demonstrate why connected and autonomous vehicles must be a key strategic priority for the UK. The automotive industry belongs at the heart of this agenda but a collaborative approach across industries is required if the UK is to become a centre of excellence and reap the many social, industrial and economic benefits these technologies offer.

Fortunately, the UK is well positioned. The UK has unrivalled strengths in many of the key areas integral to the development of connected and autonomous vehicles: advanced engineering, systems integration, digital technology and software development.

With continued and increased support from government alongside collaboration with adjacent sectors, the UK can stay ahead in the race for the driverless cars of the future. We must not let this opportunity pass us by.

Mike Hawes
Chief Executive, SMMT

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GLOSSARY

TERM	DEFINITION
ACC	Adaptive cruise control is a technology which adjusts a vehicle's speed to maintain a safe distance from the vehicle in front
Autonomous Car	A car which is capable of fulfilling the operational functions of a traditional car without a human operator
Connected Car	A car which has technology enabling it to connect to devices within the car, as well as external networks such as the internet
ECU	Electronic control units are embedded systems which control one or more of the electrical control systems in cars
IEEE	Institute of Electrical and Electronics Engineers
LKA	Lane keep assist is a package of technologies which prevents vehicles from drifting out of their lanes by controlling the steering of a vehicle
MCU	Microprocessor control units are electronic devices which process information obtained from sensors, cameras and other input devices such as feedback from driver controls, and send commands to ECUs

TERM	DEFINITION
M2M	Machine to Machine communications of similar types of devices through both wired and wireless networks
OEM	Original Equipment Manufacturers of vehicles
SAE	Society of Automotive Engineers International
V2D	Vehicle to device communications is a network where vehicles and other internet enabled devices can communicate with one another
V2I	Vehicle to infrastructure communications is a network where vehicles and infrastructure can communicate with one another
V2V	Vehicle to vehicle communications is a network where vehicles can communicate with one another

ABOUT THE STUDY

The UK's automotive industry has been growing strongly in recent years, bucking the trend seen in other EU countries with production up to 1.6 million vehicles in 2014 and forecast to rise to 2.0 million vehicles in 2018.

The UK has a proud history of automotive innovation with significant research centres and R&D investment of £1.7 billion in 2013. Today in the UK, connected and autonomous vehicles are being developed and tested on UK roads in Bristol, Coventry, Greenwich and Milton Keynes. Other EU countries need legislative changes to conduct such tests.

There are many adjacent sectors which will be impacted by connected and autonomous vehicles including insurance, telecommunications, electronics, technology, IT, transportation, logistics, advertising, digital and retail. In many of these sectors the UK has a leading position.

The purpose of this study is to assess the impact of connected and autonomous vehicles on the UK economy. The study was commissioned by the Society of Motor Manufacturers and Traders (SMMT) and prepared by KPMG LLP.

Our study comprised the following:

- Desktop research and analysis of publicly available information, academic and industry studies and forecasts (including publications available to purchase). Specific sources have been listed in the body of the report.

- Interviews with key participants in the automotive industry such as academics, researchers and senior members of the OEM management teams.
- Interviews with participants in adjacent industry sectors.
- Use of the 'green book' economics model (an appraisal framework recommended by HM Treasury and supported by the Department for Transport's webTAG framework).

The study considered both connected and autonomous vehicles which are being developed by OEMs. Vehicles are becoming connected through mobile data networks and other dedicated communications protocols that facilitate connections with vehicles (V2V), other devices or machines (V2D) or with infrastructure (V2I).

We have classified autonomous vehicles into different levels of autonomy. These are summarised in the graphic on the next page.

Defined levels of automation

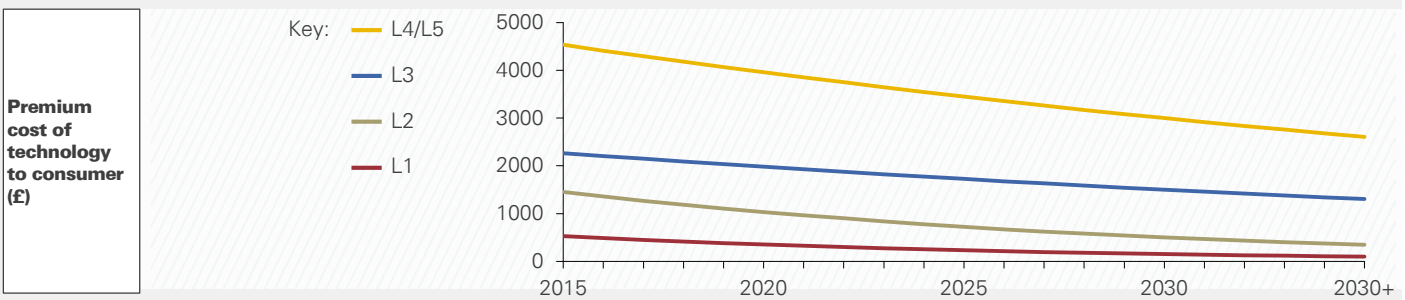
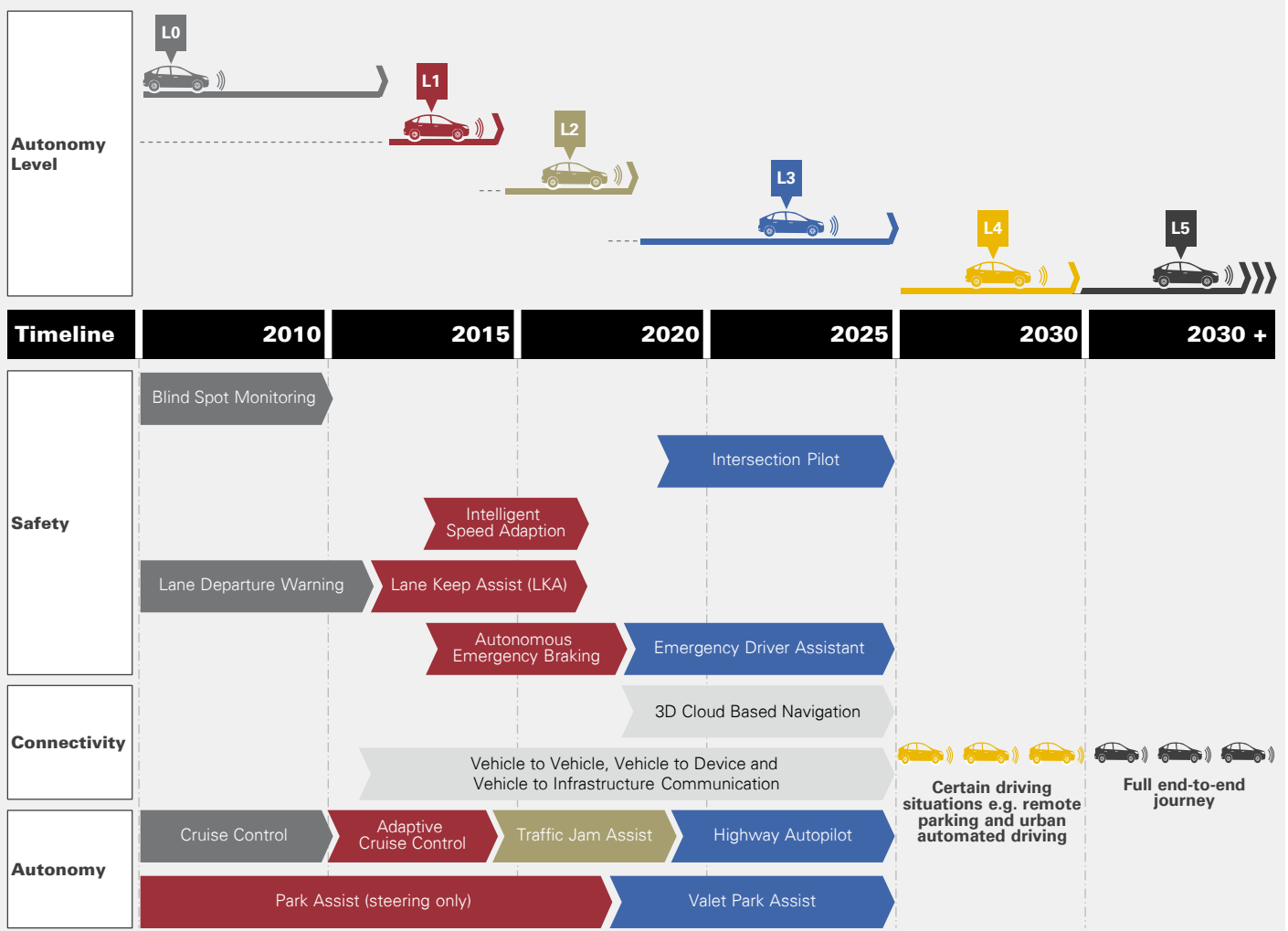
Level	L0	L1	L2	L3	L4	L5
Driver	Driver only	Assisted	Partial Automation	Conditional automation	High automation	Full automation
Automation ⁽¹⁾	Driver continuously in control of speed and direction	Driver continuously performs the longitudinal or lateral dynamic driving task	Driver must monitor the dynamic driving task and the driving environment at all times	Driver does not need to monitor the dynamic driving task nor the driving environment at all times; must always be in a position to resume control	Driver is not required during defined use case	System performs the lateral and longitudinal dynamic driving task in all situations encountered during the entire journey . No driver required
Example	N/A	Park Assist	Traffic Jam Assist	Highway Patrol	Urban Automated Driving	Full end-to-end journey

Note: (1) In performing our study we have found there to be different and significant economic benefits arising from connected, Level 3, 4 and 5 autonomous vehicles. In this report, all types of autonomous vehicles have been considered including cars, trucks and pods.

Source: Level of automation terms from SAE J3016.

INTO THE FUTURE: TECHNOLOGY ROADMAP

Connected and autonomous vehicle technology road map



Source: KPMG analysis based on publicly available industry information and interviews with key participants in the automotive industry.

Vehicle manufacturers, Tier 1 suppliers and new entrants are developing this technology now

All large vehicle manufacturers and many Tier 1 suppliers are making substantial investments in connected and autonomous vehicle technology.

Our interviews evidenced that premium brands are likely to lead the way in introducing connectivity and autonomous technologies with mass-market and commercial vehicles following as cost reduces.

Major economic benefits come with higher levels of connectivity and autonomy. Traffic Jam Assist is being introduced by Audi, BMW, Daimler and Volvo in 2015. Traffic Jam Assist sees the car take control of steering and speed in heavy traffic at speeds of up to 40mph. This technology is a combination of adaptive cruise control and lane departure monitoring systems first introduced in 2012.

Later this decade Intersection Assistant technology will see the vehicle drive itself at junctions controlled by traffic lights and Highway Autopilot will automatically control speed, steering (including overtaking) and will exit the motorway at the junction pre-determined by the driver.

Customers value the better use of their time that this technology will enable

Scott Le Vine, Centre for Transport Studies, Imperial College London

High automation where the driver does not need to be in control of the vehicle will start with simple applications such as the Remote Parking Assistant where the vehicle searches for a vacant parking space and then parks itself through commands from a smart watch. Urban automated driving will not be seen until the next decade.

Fully autonomous technology remains some way ahead

The majority of automotive OEMs we interviewed expect fully autonomous technology to become available after 2025. Considerable hurdles remain to be overcome, such as refinement of prediction and decision-making algorithms and cyber security. All saw L3 technology as a stepping stone to fully autonomous vehicles, but a few companies are working on a fully autonomous solution today, such as Google.

Fully autonomous driving is a goal that we are pursuing incrementally

Egil Juliussen, Director Research, Infotainment & ADAS, IHS Automotive

Electric vehicles

Some expect that autonomous vehicles will be adopted more readily in urban settings where there is greater potential for vehicle sharing and these vehicles are likely to be electric powered to save on operating costs and meet EU CO₂ legislation.

The randomness of the environment such as children or wildlife cannot be dealt with by today's technology

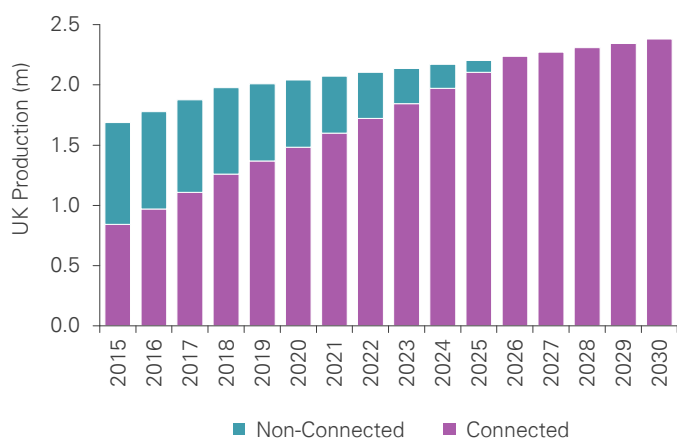
Markus Rothoff, Director of Autonomous Driving, Volvo

Connectivity continues to develop

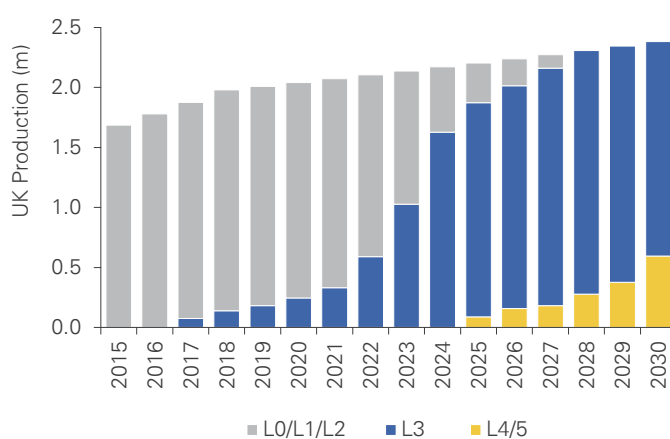
Connectivity is also on a journey of technological progression. Limited connectivity in the form of aftermarket telematics black boxes has provided insurers with valuable data which can lead to reduced insurance premiums for some drivers. Many cars on sale now offer connectivity over mobile networks to the internet either through the driver's smartphone or through a SIM embedded in the vehicle, particularly premium cars and cars designed for younger buyers. In the coming years, connecting vehicles to other vehicles, devices and infrastructure will drive substantial benefits such as shorter journey times, more valuable use of time during journeys, and fewer accidents when combined with autonomous emergency braking and adaptive cruise control.

CONNECTED AND AUTONOMOUS VEHICLE MARKET OUTLOOK

Forecast of UK Production of Connected Cars



Forecast of UK Production of Autonomous Vehicles



Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Connected Car Penetration	50%	55%	59%	64%	68%	73%	77%	82%	86%	91%	95%	100%	100%	100%	100%	100%
L3 Production Penetration	0%	0%	4%	7%	8%	12%	16%	25%	48%	75%	81%	83%	87%	88%	84%	75%
L4/5 Production Penetration	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	4%	7%	8%	12%	16%	25%

Charts and table source: KPMG analysis based on IHS (2015) estimates and publicly available information from GSMA (2014), Ofgem, MobileSquared and RAC Foundation (2008).

UK production of autonomous cars is expected to grow significantly by 2030

Based on current trends, it is expected that all vehicles produced in the UK by 2027 will have at least L3 technologies embedded in them and that there will be a 25% penetration of fully autonomous vehicles by 2030.

This presents an opportunity for OEMs and suppliers with production facilities in the UK as a technological hub.

We believe the UK will become a centre of excellence for connected and autonomous driving and highlight the following factors:

- Jaguar Land Rover and our other premium brands will be early adopters of this technology.
- The UK government announced a £200 million fund to develop connected and autonomous vehicle technology in March 2015.

- Fully autonomous vehicle pilots in Bristol, Coventry, Greenwich and Milton Keynes are taking place in 2015.
- One of Europe's premier connected car testing facilities is at MIRA.
- The UK has leading positions in telecommunications, technology and insurance.

Overall, we expect local content of vehicles to rise from a third today to over 40% in 2030 and component exports to rise by 3% per annum.

WIDER MARKET IMPACT

Many sectors will benefit from connected and autonomous vehicle technology

Integrated transport

Connectivity has enabled a number of service providers to offer journeys comprising integrated train, bus and vehicle transportation and this is set to develop further in major cities, notably London, and in the freight operating sector. This will allow for a more efficient arrangement of transportation that improves road capacity and reduces the cost of transportation overall.

Vehicles as a service

Connectivity is already allowing companies such as BMW, Uber and car clubs to provide access to cars as a service but fully autonomous vehicles will allow the potential for mass vehicle transportation to be provided as a service. This is especially relevant for urban traffic, particularly the daily commute. Vehicles provided as a service will be more heavily utilised and we expect the number of journeys to increase as the 'impedance to travel' diminishes.

Telecommunications industry will benefit from dramatically increasing data traffic

Connected vehicles will increasingly communicate over mobile networks, and will generate substantial growth in data transmissions that will benefit the telecommunications industry. We forecast growth of approximately 12% annually to 2030.

Service provision

Connectivity already allows for the provision of services to the driver in-car. We expect a regulatory model to develop whereby consumers can elect to share their data when they choose which will allow for improved service provision from a range of service providers such as vehicle maintenance, advertising, infotainment streaming and retailers.

Insurance

The motor insurance industry will be disrupted as safety improves and driver behaviour and accident event data become more widely available. Premiums will fall, monoline motor insurers will consolidate and liability will shift from drivers to manufacturers.

Planning

Automated vehicles will be able to park themselves out of the city centre allowing for better use of urban spaces. Emergency services may be able to respond more quickly by alerting oncoming vehicles.

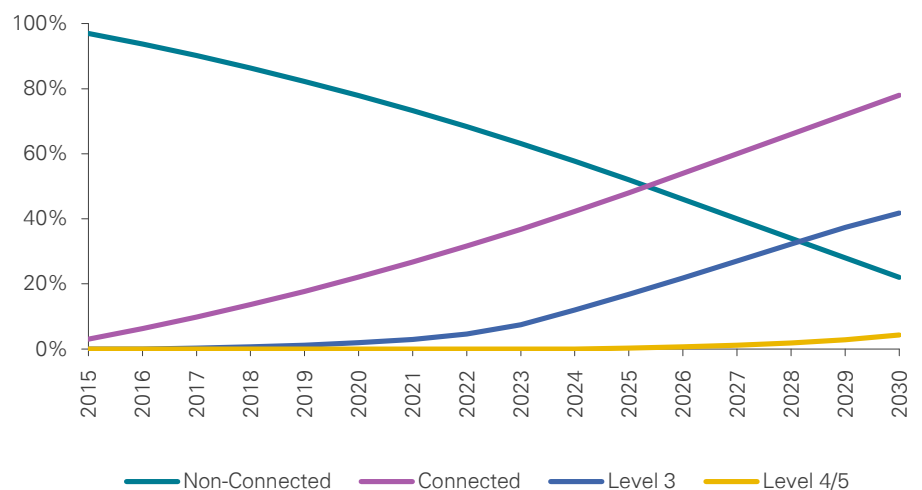
Public benefits

However the single largest area of benefit will be to the public and society as a whole. Connectivity will allow for reduced congestion which will save time, increasing productivity and labour market flexibility. Connectivity will allow vehicle occupants to better use their time whilst in the vehicle. Improved safety and reduced emissions of CO₂, particulates and noise will have wide ranging health benefits.

Timing of benefits realisation

The realisation of the changes highlighted on this page depends on the speed of technology take-up. Government and insurers are expected to incentivise the adoption of these technologies but given that there are over 30 million cars on the UK roads and on average 2.4 million cars are sold it will take many years for the technology to roll out absent a widespread scrappage scheme. Many benefits require a substantial penetration of the fleet to be realised but some are realised gradually.

Technology take-up as a percentage of total UK vehicle fleet, based on KPMG analysis of IHS (2015) estimates



Source: KPMG analysis based on IHS (2015) estimates and publicly available information from GSMA (2014), Ofgem, MobileSquared and RAC Foundation (2008).

THE £51 BILLION PRIZE

Economic impacts: Headline findings

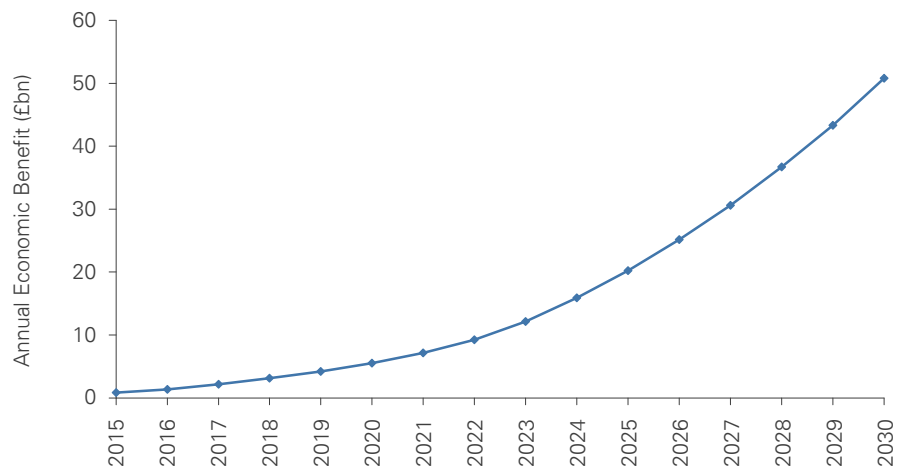
Our forecast is that the annual economic benefit of connected and autonomous vehicles will grow to £51 billion by 2030. Most of the benefits accrue to consumers who experience a transformation in the ease at which they can travel, which in turn generates wider economic benefits, such as fewer accidents, improved productivity and increased trade.

These benefits are unlocked both by connectivity and increasingly autonomous vehicles. For example, the development of vehicle to vehicle communication with adaptive cruise control and autonomous emergency braking can substantially reduce motorway bunching which reduces travel time and accidents.

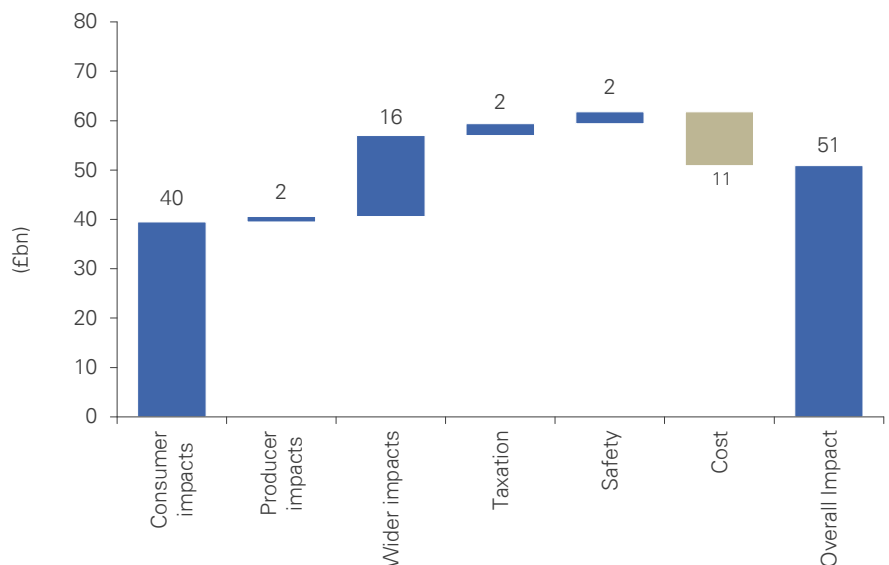
We also forecast the development of the UK as a centre of excellence in connected and automated vehicle technologies, increasing production to 2.4 million vehicles in 2030. There are modest improvements to the profitability of the telecoms, logistics, insurance, retail, and media sectors.

We forecast an increase in the level of government expenditure on roads but this is offset in part by an increase in indirect and corporation taxes.

Economic benefits accelerate over time to over £51 billion in 2030



Impact of Connected and Autonomous Vehicles in 2030



GENERATING OVER 300,000 JOBS

Output and jobs

The additional vehicle production and increased local content as the UK becomes a centre of excellence for connected and autonomous vehicles will lead to a further 25,000 jobs being created within the automotive industry. However, more substantial job creation occurs across the economy because of improvements to productivity and greater mobility of workers. Adjacent sectors such as telecoms and creative industries such as digital and media will also generate additional jobs as they serve new markets created by connected and autonomous vehicles.

These benefits will be reflected in GDP growth which we forecast to be an additional, cumulative 1% by 2030.

We forecast that connected and autonomous vehicles are increasingly likely to be electric, shared use vehicles which will have environmental benefits, and substantially reducing noise particulate pollution in urban areas.

Impact of Connected and Autonomous Vehicles in 2030

+£51bn



Value added annually by 2030 (at 2014 prices)



+1%

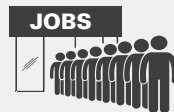
Impact on GDP (2030)

+320,000



Additional jobs impact

+25,000



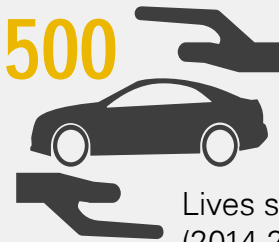
Jobs in automotive manufacturing created

+25,000



Serious accidents prevented (2014-2030)

+2,500



Lives saved (2014-2030)

THE ROAD AHEAD – OPPORTUNITIES AND CHALLENGES

Areas for attention

Regulators should focus on removing barriers to the development, testing and adoption of connected and autonomous vehicles by creating a framework that provides clear standards for manufacturers and consumers in important areas such as liability, data and privacy, cyber security and connectivity across borders.

By not ratifying the Vienna Convention on Road Traffic and allowing the piloting of fully autonomous vehicles on public roads without need for primary legislation, the UK has a supportive environment for the development of connected and autonomous vehicle technologies.

However, many countries are now accelerating their regulatory framework reviews in this area and the UK government needs to pursue its actions set out in the “Pathway to Driverless Cars” with vigour if it is to maintain a lead.

Moving forward, standards are needed that give OEMs and developers of connected and autonomous technologies boundaries that can be worked to without restricting the innovation and development of the industry. Standards and clarification around the following key areas need to be considered:

- Testing – The testing of autonomous vehicles on public roads throughout the UK is already allowed and the government will shortly publish its Code of Practice to clarify the standards which testers are expected to follow. This puts the UK at the forefront of international testing.
- Liability – Existing laws concerning manufacturer defects are substantially sufficient for determining liability in an accident involving a car with some level of autonomy. However, a framework for determining liability on the transition of control from the vehicle to the driver of semi-automated technology would provide clarity including the application of current civil and criminal law.
- Privacy and Data – Current data protection laws again are substantially sufficient to deal with personal locational data collected by vehicles and consumers already have some experience of ‘opting in’ to data sharing on their smartphones. However to unlock the societal benefits of data sharing it may be that some limited level of mandatory data sharing is desirable such as that being achieved through the EU’s e-call initiative expected to be implemented in 2018.
- Digital Infrastructure – Development of digital infrastructure is necessary to maximise the benefits of connectivity in vehicles. The March 2015 announcement of funding to support private sector investment is a welcome start in this regard.
- Cyber Security Standards – Standards will need to be created to define the minimum security embedded in the hardware; as well as what the boundaries are for software and connectivity. This may be included within the current Type Approvals and ISO frameworks.
- Telecoms Standards – Global telecommunications standards will need to be defined by regulators to ensure interoperability and connectivity of systems. This will require the necessary dedication of radio frequency bandwidth/spectrum, and clear standards with regard to IoT (Internet of Things) and M2M (Machine to Machine) connectivity to allow vehicles to communicate with devices being developed by other industries.

As a member of the EU which has leverage to shape global regulation and standards, the UK is well placed to help drive the regulatory framework – further strengthening the UK’s position in the global automotive industry.

Developing standards at EU-level is where most of the regulatory effort is required

Stuart Young, Partner
Wragge Lawrence Graham & Co



Businesses will also need to evolve and invest to ensure they can grow and benefit from the industry

Connected and autonomous vehicles will open up a wide array of opportunities not just for automotive businesses but a range of adjacent sectors as well. Some key areas include:

Decision-making software –

Advanced software and algorithms will be required to make sense of the complexity of data received from the vehicles' sensors and how to choose between least-worst options in the event of a potential crash. This is an area which will need substantial work due to the reputational risks faced by vehicle manufacturers.



Vehicle cyber security – There is an opportunity for players within the industry to support cyber security from a hardware and software point of view. ECUs and MCUs will need to be developed which have sufficient levels of resistance to cyber attacks and likewise with software and networks.



Data opportunities – Connected and autonomous vehicles will generate vast amounts of data if consumers choose to share it. This has the potential to open up a range of opportunities for consumer engagement and indeed monetisation for the data owner. This will become a source of competitive advantage for OEMs, technology companies and insurers as well as supporting automated traffic flow management.



OVER THE HORIZON

Projection to 2040

Much of the benefit of fully autonomous cars will come after 2030 and therefore we have projected forward to 2040 to understand the implications for the UK over a longer-term horizon. By 2040, a large proportion of cars is expected to incorporate autonomous technology, with some forecasters claiming that it could reach 75% (IEEE).

Our assumptions for the 2030s are largely a continuation of trends in our forecast to 2030 but we have made some additional overlays.

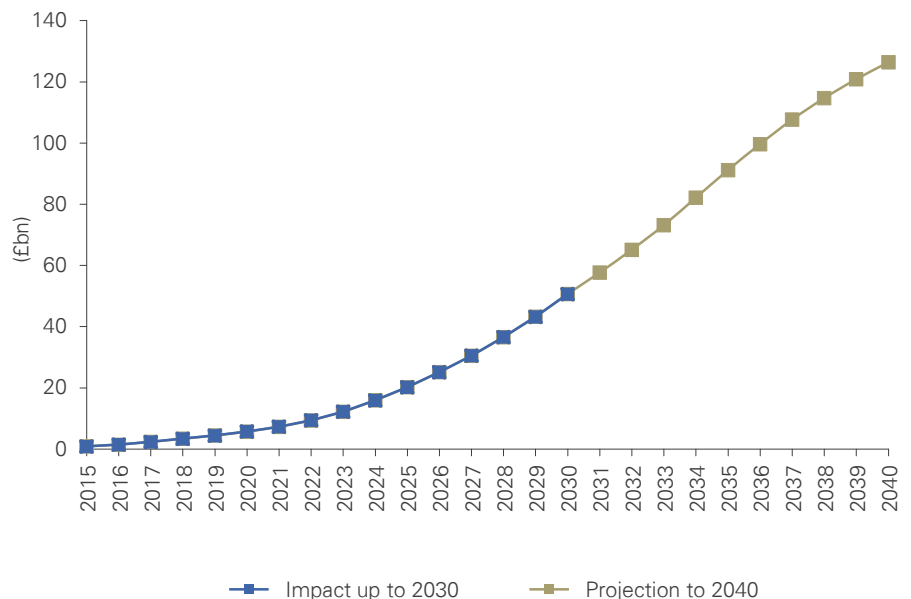
We expect UK car production to continue to grow through strong demand from emerging markets for premium vehicles partly tempered by an increase in shared vehicle usage expected with autonomous vehicles.

By 2040 the greater number of fully autonomous vehicles on the UK roads will lead to much more substantial benefits. Indeed the annual economic benefits by 2040 are projected to be more than double those in 2030 at £121 billion.

Most of the additional benefit accrues to consumers' better use of time and societal benefits of substantially reduced congestion and improved safety. This drives up productivity and provides further labour market flexibility.

We foresee further benefit arising from greater local content in UK vehicle production and job creation in adjacent sectors.

Annualised Combined Impact of Connected and Autonomous Vehicles, 2014-2040





THE JOURNEY AHEAD

CLOSING REMARKS BY
JOHN LEECH

The UK will become a key player in the EU's emerging connected and autonomous vehicle industry

KPMG's study has established that the UK is well-positioned to capitalise on the development and manufacture of connected and autonomous vehicles.

This technology is being tested in the UK unlike most other EU countries which require legislative change to do so. Our premium brand manufacturers will be early adopters of this technology. At MIRA, the UK has one of the EU's finest intelligent vehicle testing facility and we are a global centre for the insurance and telecommunications industries.



Our research has demonstrated that the technology is being developed quickly. Connectivity is here already as are autonomous features such as Traffic Jam Assist. Full highway pilot features are expected in 2017 and full autonomy is expected from 2025.

It will take many years thereafter for these cars to become commonplace on the UK's roads but academic research has shown that the congestion and safety benefits start accruing from a relatively low number of these vehicles being on the road.

Indeed it is the benefits to society and the consumer which our study have found to be most substantial. However, vehicle manufacturers and their suppliers, and other sectors such as telecommunications, insurance, technology and transport, will all benefit too.

Overall our study found that UK jobs will increase by 320,000 by 2030 and that over £51 billion of added value will be created annually for the economy by 2030.

This represents an important opportunity for the economy but one that requires substantial effort to unlock. Technology needs to be developed by vehicle manufacturers and their suppliers – especially decision-making algorithms, mapping, sensors and cyber security.

Policy makers need to develop regulatory frameworks to allow the industry to flourish. The UK benefits from its legal framework and tradition, as evidenced by the piloting of the technology enabled by the development of a Code of Practice rather than primary legislation as required in most other EU countries. Privacy, liability, cyber security and telecommunications standards nevertheless need to be developed and the UK's continued membership of the EU is helpful in this regard.

Our analysis has shown that a significant economic opportunity is within our grasp. Now we must all act to seize it.

John Leech
UK Head of Automotive, KPMG

APPENDICES

THE DETAILS OF
THE FORECAST





AN ANALYSIS OF OUR FINDINGS

Assumption area

Impact



Consumer Impacts

£40bn

An estimate of the value of time where consumers can make more use of the time spent in their vehicles through increased connectivity £20bn

More efficient journeys lead to greater productivity and labour market flexibility £15bn

Other savings for consumers including reduced costs in insurance, running costs and parking £5bn



Producer Impacts

£2bn

Producer impact is based on expected growth in profit from increased sales due to demand for connected and autonomous vehicles and increased local content



Wider Impacts

£16bn

- Travel and freight costs reduce across the economy
- Trade and exports increase across the economy
- Telecommunications data traffic increases by 12% CAGR
- Consolidation of monoline motor insurers
- Revenue growth for creative industries including digital, advertising, media
- Revenue growth for digital retailers
- Revenue growth for service industries – IT, technology, electronics
- Better use of space in cities, energy management and impact on property values



Taxation

£2bn

- An increase in tax revenues is assumed from direct taxation such as revenue from income tax due to the increased number of jobs and increased revenue from corporation tax
- Increased revenue from indirect taxes



Safety

£2bn

- It is assumed that 94% of accidents occur due to human error as estimated by the DfT. This is forecast to halve by 2030.



Cost

(£11bn)

- Infrastructure investments and road maintenance costs will rise

Total £51bn

Numbers are subject to rounding errors

METHODOLOGY

Approach and methodology

The economic impact of connected and autonomous vehicles is estimated as the difference in value of the UK economy between a Do-Nothing Scenario in which vehicle connectivity remains as it is today and a Do-Something Scenario in which connected and autonomous vehicles evolve as forecast in the technology road map.

The estimated economic benefits are clearly attributable to connected and autonomous vehicles and are 'additional' rather than simply arising from a redistribution of resources.

Our analysis is based on the assumption that connected and autonomous vehicles will lead to a reduction in the impedance to travel, defined as the combination of travel time, travel costs and journey experience. This reduction in the impedance to travel stimulates demand and generates economic benefits to the consumer.

In turn, the added value created by the take-up of new technology leads to an increase in output, a reduction in unit costs, and an improvement in the commercial performance of the sector.

Additional wider economic benefits are stimulated through enhanced highway network performance and improved safety, production-related benefits arising from adjacent sectors, and changes in government expenditure and taxation.

'Do-Nothing' Scenario



Consumers

Future demand and cost of motoring is based on current DfT projections, i.e. it assumes no additional impact on cost and demand from increased connectivity and automation.



Producers

Under this scenario UK export production is linked to global growth rates in demand for cars and the home market is linked to the domestic market growth rate for cars, while the value of vehicles is based on current levels of connectivity and automation.

'Do-Something' Scenario



Consumers

Estimates the impact of increased connectivity and automation on motoring costs, and from this calculates the impact on demand for road travel using demand elasticities published by RAND and supply elasticities from the RAC Foundation.



Producers

Under this scenario UK exports and home markets are the same as in Do-Nothing except they receive a boost based on increased demand for connected and automated vehicles. The value of produce is increased based on the value of connectivity, and autonomous level.

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