

# Saving the UK car industry

The UK and much of the EU needs to wake up to the reality that China has gained control over much of the raw materials and fabrication capacity to make vehicle batteries for electric cars. China is about to unleash more competitive car products onto the wider world market, from her large home base where electric cars are already a quarter of new car sales. Indeed a Chinese company acquired the MG brand to have a more familiar name on some of their products for a western market.

The UK and other European countries that do make cars are in a scramble to attract investment in electric vehicle assembly, and in battery and component manufacture. Much of the value of an EV lies in the large battery which typically forms the base plate or chassis of the vehicle. Making this is central to making an electric car and confirming it is a UK or EU product with sufficient added value from local sources. There is also a scramble to acquire lithium, nickel, graphite, copper and manganese amongst other materials to produce the batteries. There are sources of these in friendly parts of the world, but for the time being China dominates in turning the products from the mines into the usable metals.

The result is a subsidy war, just at the time when the last thing the UK government needs is more demands for public spending. The problem with excessive subsidy is it allows a private company to invest with less concentration on how commercial the product will be and with less discipline over how the investment pounds are spent. The taxpayer is a co venturer taking much of the risk but not eligible for any of the reward should the investment pay out well.

The truth is the western industry is not ready for an early ban or withdrawal of all new diesel and petrol cars which several companies here, in Germany and elsewhere have excelled in making. The UK should put back its ban which will now act to divert private sector investment away from the UK and will terminate successful factories prematurely. The UK and other European countries also needs more time to make provision for more electric cars. It will require a huge expansion of both generating capacity and grid capacity to provide the power to recharge a large fleet of electric vehicles. It will also give the industry more time to design affordable popular electric cars that people want to buy. They cannot make people buy new electric cars, but they can lose us a lot of jobs and prosperity by early bans.

The government should scrap the proposed penalties from next year on car producers who do not sell 22% of their cars as so called net zero vehicles. Not enough people want to buy all battery EVs. They are anyway not net zero. They run off a grid dependent on gas, wood and coal for much of its power.