

Cars, batteries and the UK motor industry

The UK government's decision to announce an end to diesel and petrol car production by the end of this decade is speeding up the need for many decisions about the future of this important industry. Yesterday the Business Secretary had to talk to the Commons about the future of Ellesmere Port, where Vauxhall has been making engines and then assembling cars based on the internal combustion engine for many years. He assured us he wants to help Vauxhall stay there, to make a new all electric vehicle. Clearly under government plans for the industry they cannot carry on making the current types of car for much longer. I hope he succeeds in his "discussions" as he called them.

The battery is an important part of the structure of an electric vehicle, and a substantial part of the cost or added value. Car assemblers are likely to want to be close to battery makers, to take delivery of the whole "skateboard" or the sub assemblies which will comprise the battery, the wheels, axles and the electric motor. Electric vehicles are very different to petrol or diesel cars. Designers might soon start to make them look very different too, as they do not need the same engine compartment and fuel tank in the boot that we have grown used to.

In a wide range of questions from MPs wanting some of the new industry to go to their areas the Secretary of State was offered several good potential sites for battery production, and potential willing workforces. He was reminded of the possible production of lithium for the batteries from the hot springs that can be tapped amongst the granite masses of Cornwall. Because many other countries see the opportunity to gain investment in these new products and technologies, there could be some competitive bidding by governments in terms of support to the companies thinking of taking the risk of putting in large battery and car plants for the new vehicles. Companies will expect help with site acquisition, training of staff and access to raw materials and power at least.

The Business secretary told us he expected to have one battery factory up and running by 2024, then added that he wanted more. 2024 is not far away. Governments have to accept that because they are leading these changes and want them, they need to work hard to help the industry adjust. The industry's problem is they need to commit to huge investments in new products and plant before the demand for the electric vehicles has taken off. Meanwhile their cash flow from existing products has been damaged by the new controls to come on diesel and petrol cars.