

UK car industry's prospects go from bad to worse

AUSTERITY PUSH. The govt's £55-b tax and spending cut plan adds insult to injuries

Bloomberg

The UK is on course to botch the shift away from the combustion engine and end up a carmaking minnow. This week, mostly UK-based electric-van start-up Arrival announced its CEO and president were stepping down. Last week, the CEO of Britain's biggest auto manufacturer, Jaguar Land Rover, resigned after making little headway on an all-electric shift announced almost two years ago.

And Britishvolt, the company thought to be the country's best hope for a homegrown EV battery maker, is struggling to stay afloat. It's a bleak picture in stark contrast with the US, where car and battery manufacturers are being wooed with billions of dollars as President Joe Biden challenges China's dominance of the global EV supply chain. That effort has gotten the attention of German Chancellor Olaf Scholz and French President Emmanuel Macron, who are hatching



MOVING AWAY. BMW last month said it will move electric Mini hatchback production from Oxford to China BLOOMBERG

plans to promote and protect their car companies and suppliers.

LESS ROOM

Prime Minister Rishi Sunak has less room to open up the wallet and support what's left of the UK's auto manufacturing base. Chancellor of the Exchequer Jeremy Hunt last week unveiled a £55 billion (\$66.7 billion) set of tax hikes and spending cuts that a free market think tank called a "recipe for managed decline." Included within that: a plan to start subjecting EVs to road taxes in the coming years. The

UK's austerity push adds insult to injury caused by Brexit, which plunged the country into a prolonged period of uncertainty and delayed automotive investment.

During the 12 months leading up to the 2016 referendum, Britain churned out nearly 1.7 million cars. In the past year, carmakers have produced less than half of that.

The UK's struggle to modernise its auto industry threatens thousands of industrial jobs as the transformation redraws the map of where cars are manu-

factured. BMW last month said it will move production of electric Mini hatchbacks from Oxford, England, to China. Honda closed its car factory in Swindon last year, leaving Britain with just four mass manufacturers: JLR, Nissan, BMW and Toyota.

The UK used to boast the world's second-biggest auto manufacturing base in the 1950s. It's since dropped to 18th place, behind the likes of Canada and Slovakia. Local demand isn't a reason to stick around — companies are on course for their worst year of sales in the market since 1982.

The UK isn't at risk of total car industry collapse. It needs to move fast if it wants to reverse the downward spiral it's on. Toyota, which makes engines and Corollas in the UK, has not yet started to retool its two local plants for the electric age. Large battery factories have been announced or opened this year from Italy and Spain to Sweden, near the Arctic Circle. *Bloomberg* reported in May that JLR had been looking to continental Europe for supplies.