

Report reveals UK automotive industry vulnerability

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Experts from Aston University's Centre for Business Prosperity say the UK faces being left behind in the electric vehicle (EV) revolution.

Researchers have called for urgent policy intervention and a focused effort to ensure the UK's automotive industry remains a critical pillar of the British economy.

The report, [Powering the Future: Aligning Economic Policy for Automotive Sector Resilience in the face of Critical Material Challenges](#), offers a comprehensive analysis of the UK's EV industry.

Professor Jun Du and Dr. Oleksandr Shepotylo found that the UK is in a weak position to capitalize on the EV revolution and immediate market opportunities and—owing to the pace of change—the opportunity won't wait for policymakers to catch up.

The UK is currently heavily exposed through its critical dependency on battery imports, with imports exceeding exports by 10.5 times. Germany continues to lead the [global market](#) in the value of EV exports, while China now leads in terms of the number of EVs exported.

The researchers say that UK's automotive sector confronts multifaceted challenges stemming from [technological advancements](#), socioeconomic transformations, and geopolitical intricacies, necessitating the formulation of agile and responsive economic policies.

The UK's departure from the EU, as stipulated in the Trade and Cooperation Agreement, amplifies the complexities, particularly in navigating non-tariff measures and rules of origin that exert influence on EV exports. Within a landscape marked by heightened global competition characterized by escalating industrial policies on a global scale, the urgency of nimble responses becomes evident.

The analysis of EV global value chains (GVCs), the UK's diversified export portfolio and its modest reliance on GVC position it favorably in this context. Short-term concerns within the EV battery supply chains can be attributed to trade policy issues, potentially evolving into medium-term dependencies on battery materials and production.

The report outlines a four-point plan for automotive sector resilience.

This roadmap sets out the steps for the UK to take to fortify its presence in the global EV market.

The recommendations strategically target global opportunities in the EV revolution, advocate for the optimization of trade policy, call for strategic investments in EV battery production, emphasize the imperative of crafting a future-ready industrial strategy and underscore the significance of continuous monitoring of global value chains.

The report warns that the UK risks a continued critical dependency on battery imports while its EU competitors are reducing the risk.

Jun Du, professor of economics at Aston Business School, remarked, "Cultivating a resilient and competitive UK automotive industry demands policy ideas that align with the ever-evolving dynamics of the global electric vehicle market. Our research highlights the weakness of the UK's [current position](#) and outlines the strategic interventions urgently needed to fortify the UK's interests and navigate the transformative landscape of the electric vehicle revolution.

"The implementation of these recommendations can effectively cement the UK's leadership position in the realm of electric mobility, ensuring enduring growth, competitiveness, and innovation."

Dr. Oleksandr Shepotylo, senior lecturer in economics at Aston Business School, added, "The report also shines a light on the level of Government intervention in the EU, US and China, as all have coherent industrial strategy that capitalize on the shift to Net Zero, while the UK does not, favoring a reactive sticking plaster approach, such as the short term extension of Rules of Origin deadline with the EU.

"While this provides respite to the UK, the risk is that the gap with its competitors widens."

More information: Read "Powering the Future: Aligning Economic Policy for Automotive Sector Resilience in the Face of Critical Material Dependency Challenges" (2023) [here](#).

Provided by Aston University

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