

MIDLANDS ENGINE OBSERVATORY ACADEMIC INSIGHTS

The Future is Electric: The effect of Brexit on automotive electric batteries

This summary is based on [this article](#) from UK in a Changing Europe

Theme:

The effects of Brexit on the supply chains for electric vehicle batteries

Area of Focus:

The UK requires large scale battery manufacturing in order to move to battery electric vehicles (BEVs), but the impacts of Brexit on investment and tariffs makes this more difficult.

Key Findings:

Nissan announcing their plans to build a new BEV plant in Sunderland has been well received. It signals that the UK remains an attractive place to invest in new technologies, and offers home for easing strained UK-EU supply chains.

Brexit means that from 2026, a battery in a UK or EU BEV has to have come from either one of those places in order to avoid tariffs. However, the EU has got a head start on battery production, including:

- €6 billion to the European Battery Alliance
- Hungary's special economic zone where investment in battery production is encouraged and makers receive generous tax breaks
- Tesla Gigafactory is under construction near Berlin

Since batteries are large, heavy and expensive to transport, future car production will likely require car factories and battery plants to be in close proximity. If batteries were imported from Europe, then the cost of UK made BEV's wouldn't be competitive and car manufacturing across the UK, including in the Midlands, would be threatened.

The Nissan plant likely received help from the Subsidy Control Bill, which enables the UK government to support businesses. The success of securing a Nissan battery plant in the UK offers hope for the future of automotive manufacturing.



Midlands Engine Impact:

- The region has a significant cluster of automotive manufacturers. Securing a world-recognised brand as a battery manufacturer in the UK means that mass car making is more likely to be retained
- It supports the efforts to build Gigafactory's in the region, as the success of one plant is likely to lead to further announcements
- Strengthens regional and national supply chains, as locally produced batteries can be used in local produced cars (Midlands made batteries used in Midlands manufactured cars)
- Reassures investors that the UK is still a good place to do business, including in the Midlands Engine region



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