Business and Trade Committee
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Rt Hon Jonathan Reynolds MP
Secretary of State for Business and Trade
Department for Business and Trade
Old Admiralty Building
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[by e-mail]

27 November 2024

Dear Secretary of State,

The closure of Stellantis's factory in Luton and the Zero Emission Vehicle (ZEV) Mandate

Thank you for very much for your statement in the House today and your evidence to our Committee yesterday about Stellantis's decision to close its factory in Luton.

Stellantis is one of a handful of foreign-owned automotive manufacturers who build cars in the UK for the global mass market. Investments from these global OEMs are critical. They are critical for ensuring these companies continue to build cars and vans in the UK and for the jobs that depend on them - highly skilled jobs, largely outside of London and the South-East. They are also critical in anchoring and attracting investments in the wider electric vehicle supply chain in the UK. This point was made by our Committee in our report on Batteries for electric vehicle manufacturing last November.

There have been signs of optimism, with major investments from UK-based global OEMs. However, Stellantis's decision this week, along with Ford's recent decision to cut 800 jobs in the UK over the next 3 years, have dealt a blow to the UK's automotive industry. We look forward to the forthcoming Industrial Strategy and the Government's plans for the automotive industry. In response to this week's news, we have a series of follow-up questions for you and the Secretary of State for Transport, set out below, to which I would appreciate a speedy reply.

Yours sincerely,

Liam Byrne

Chair of the Business and Trade Committee

Closure of Stellantis's factory in Luton

1. When did you become aware of a) when Stellantis was considering closing its Luton factory and b) of its decision to proceed with these plans?

2. The closure of Stellantis' Luton site will require immediate government intervention to address rising employment and the shock to the local economy. How will government departments work with local authorities, businesses, and local public services to increase employment and stimulate new forms of economic activity in the town?

3. What plans does the Government have to incentivise the use of the site for alternative forms of manufacturing?

4. How does Stellantis' announcement fit within the Government's existing automotive commitments, including the funding announced in the Budget to drive the uptake of electric vehicles and the zero emissions vehicle manufacturing sector and its supply chain?

ZEV Mandate

5. What proposed amendments to the ZEV Mandate will be included in the Government's forthcoming consultation to help ensure a smoother transition for industry?

6. Stellantis warned of the impact of the ZEV Mandate on its UK operations in June. In your view would earlier reform for the 'ZEV' mandate regime, for instance over the summer, has helped avoid this plant closure?

7. Due the urgency of the situation, will the forthcoming consultation be completed in time to shape discussions with Stellantis that may lead to protecting the Luton site?

Chinese electric vehicle imports

8. The Government is preparing a Whitehall-wide 'China audit'. Does the scope of the audit include the UK's automotive industry and the potential risks of rising Chinese exports of electric vehicles and its dominance of the electric vehicle supply chain?

9. The EU Commission has introduced higher tariffs on the imports of electric vehicles from China, following an anti-subsidy investigation. What discussions have you had with the automotive industry about the advantages and

disadvantages of requesting a similar investigation by the Trade Remedies Authority in the UK?

Consumer demand

10. The last Government, in June 2022, decided to close the plug-in car grant and shift its focus to charging infrastructure. What is your assessment of the suite of policies you inherited to support the uptake of zero emission vehicles? Will you re-introduce incentives to help consumers with the upfront costs of buying an electric vehicle?

11. The Clean Vehicle Tax credits, introduced under the Inflation Reduction Act, have helped attract private investment into the America's electric vehicle supply chain. What is your assessment of whether consumer incentives, such as this, would help attract investment into the UK? What lessons, if any, could the UK learn from how these incentives were designed?

12. In other countries there are targets for EV charging points. Is this something you will consider introducing?