Session 3 – Group Exercise

Case study: electric cars

Case: Curantis, a Japanese car manufacturer, seeks to invest in a factory to build electric cars in the United Kingdom from January 2027. It is still undecided on some key points. An important consideration for the investment to go ahead is its ability to import various car components from outside the UK and to sell at least 50% of its UK production in the European Union at a competitive price. This will only be possible if it avoids paying customs duties on its cars when exporting them to the EU. It has noted with concern that the UK does not currently have an independent factory producing electric car batteries, but that such factories exist in the EU and China. It has asked your department for a meeting and wants to know the following:

1. What are the consequences if it imported the batteries for the electric cars from China? Would it make a difference if the car batteries came from the EU?

2. If the car batteries could not be imported from China and it had to build its own batteries in the UK, could it import some materials, in particular the active cathode and anode materials from China? If that were not possible, could those materials come from the EU?

3. Could it import most of its other car components from the EU, where they originate?

4. It intends to start production in 2027 but wonders whether the rules will change in the future? Does the TCA provide any provision for amending the applicable rules?

Advise Curantis. What concerns, if any, raises this case? In order to assist you with answering the questions, please consult the case study materials.