

How long can Jaguar Land Rover continue to go it alone?

By Professor David Bailey, Professor of Business Economics at Birmingham Business School at University of Birmingham, Visiting Professor at Centre for Brexit Studies and Senior Fellow at UK in a Changing Europe.

[This blog was originally posted by Business Live. See the original version here.](#)

Several national newspapers reported over the weekend what has been common knowledge for months here in Birmingham, namely that Jaguar Land Rover is looking to invest heavily at its Castle Bromwich plant in Birmingham to assemble a range of new electric vehicles (EVs), starting with an all-electric XJ.

What the reports didn't note is that the investment is being linked to new working arrangements on which Unite members are being balloted on.

Yet again workers and unions have pulled out all the stops to work flexibly and get costs down – something they have done time and time again over the last decade to win contracts to build new models. It's a major boost for them and the wider auto industry.

Under the plans the factory will shut for six weeks' work to retool its production line.

[The Sunday Times](#) reported that the all-electric XJ would be the first of three electric cars to be built from a new common 'MLA' platform and would effectively end the four-day week on 2,500 workers announced last month.

The electric XJ will be followed by a large electric sports utility vehicle (SUV), with a third electric model also in the works.

The XJ will be capable of travelling almost 300 miles on a single charge and is expected to arrive on forecourts next year.

JLR's electric plans come hot on the heels of its successful foray into electric car production with its i-pace model; the latter made up over 10% of Jaguar brand sales last year.

Oddly, the firm is building the three new EVs off a new platform and doesn't seem to be sharing the i-pace platform with any further models. This seems an expensive way of doing things given the heavy costs of developing the i-pace. It would make sense to develop other models off this platform going forward.

JLR is deep into a cost-cutting push designed to improve its bottom line by £2.5bn, which includes axing 4,500 jobs (on top of the 1,500 lost in 2018). The firm lost £3.6bn last year after taking a £3.1bn charge linked to diesel's demise, plummeting sales in China and a slowdown in the UK market in part linked to Brexit uncertainty.

EV production at Castle Brom will support components production elsewhere in the region, with batteries coming from JLR's new battery assembly plant at Hams Hall and electric motors from its i54 engine plant near Wolverhampton.

The XJ is expected to include hybrid and petrol engines as well, which can be accommodated within the MLA platform.

Like much of the industry JLR faces higher research and development costs going forward as the industry transforms towards autonomous, connected and electric vehicles. The whole industry is facing squeezed profits because of this.

Not surprisingly, JLR recently announced that it was partnering with BMW to develop new electric motor technology going forward.

JLR's CEO Ralf Speth has made a point of JLR's agility, and was cited by Automotive News recently saying "that being small, being nimble is also an opportunity to be agile... You have the freedom to do all your own strategy in a fast way."

But when even giants like VW and Ford are having to team up to develop new electric cars, one wonders for how long JLR can continue to go it alone. Expect more partnerships and tie ups going forward.