
Volkswagen warns Korean battery row could lead to “catastrophic” supply disruption

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Volkswagen and Ford said a U.S. legal row between South Korean battery makers could disrupt supplies of the key electric vehicle parts and cost U.S. jobs during the Covid-19 outbreak, according to documents submitted to a U.S. trade panel.

The two automakers asked the United States International Trade Commission (ITC) to allow SK Innovation to manufacture batteries at its proposed U.S. factory in Georgia for use in Ford’s fully electric F-150 and other electric cars, the statements seen by Reuters showed.

Last year, South Korean battery maker LG Chem sued small rival SK Innovation over alleged trade secret theft in the United States, seeking to bar SK from producing battery cells in the U.S. and importing the components necessary to make the cells.

“Any remedial orders should seek to avoid collateral damage to SKI’s existing customers,” Volkswagen said in its public interest comments to the ITC in May.

“To avoid a catastrophic supply disruption,” the commission should allow SK Innovation to manufacture EV batteries in the U.S. facility, Volkswagen said in the May statement.

Ford said that LG Chem’s assertion that it can replace SK Innovation as a supplier is not “credible” given EV battery supply shortages and the long development period required for EVs.

LG Chem declined to comment, citing ongoing litigation.

SK Innovation is building its first battery plant in Georgia to serve Volkswagen’s EV base in neighboring Tennessee starting 2022. SK Innovation also plans to add a second U.S. plant to supply Ford’s electric pickup trucks and other models.

“The risk to such U.S. jobs is especially unacceptable in light of current economic conditions caused by COVID-19,” Ford said in its public interest comments to the ITC.

This year, the ITC preliminarily ruled in favor of LG Chem, dealing a blow to SK Innovation. The ITC is set to make a final ruling in the case on Oct. 5.

(Reuters)