

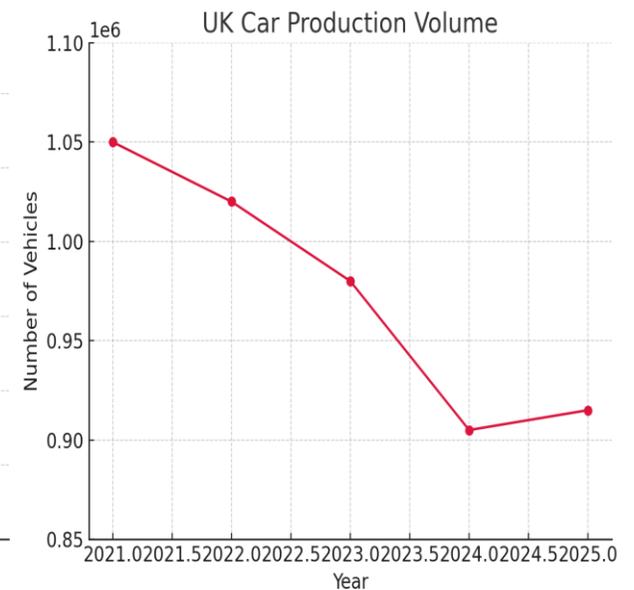
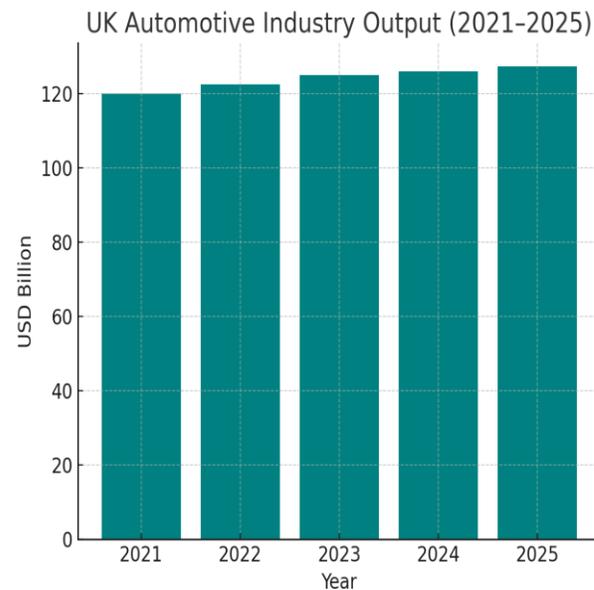
# ***Market Overview- Automotive Industry***

In 2025, the UK automotive industry remains a core pillar of the manufacturing sector, playing a vital role in exports, innovation, and job creation. Despite recent production setbacks, the industry is pushing forward with electrification, new policy shifts, and investment in sustainable transport. As the country navigates the EV transition and global trade dynamics, the sector is focused on regaining momentum and ensuring long-term competitiveness.



# Economic Contributions & Employment

In 2025, the UK's automotive industry is projected to generate approximately \$127.4 billion in output, with a compound annual growth rate (CAGR) of 2.33% expected from 2025 to 2029. The sector supports a significant portion of the workforce, contributing to both manufacturing and technological innovation across the country.



# Current Trends & Challenges

## Electric Vehicle (EV) Transition:

EVs now account for approximately 28% of new car registrations, with battery electric vehicles (BEVs) making up about 20.7% of the market share.

## Policy Adjustments:

The UK government has extended the sale of new petrol and diesel vehicles until 2035, providing manufacturers with additional time to transition to zero-emission vehicles.

## Production Challenges:

Car production has declined to its lowest level since 1954, with 2024 seeing a 12% decrease in output, totaling 905,000 vehicles. This decline is attributed to factory retooling for EV production and reduced global demand.

**Trade Pressures:** New U.S. tariffs on UK car exports have prompted calls for increased government support to maintain competitiveness in international markets.

Source: [EV Transition Stats UK 2025](#)

