



Why an ambitious ZEV mandate will not affect UK jobs

November 2022

Summary

The UK Government's proposed Zero Emission Vehicle (ZEV) mandate is a chance for the UK to reinforce its position as a climate leader via a world-leading piece of legislation. Although the annual targets, particularly in the early years, [need significantly more ambition](#) (current proposed targets are 'only' in-line with the [SMMT's central scenario](#) for ZEV uptake, whereas actual sales so far this decade match the SMMT's high ZEV uptake scenario) the overarching ambition of implementing a ZEV mandate and achieving 100% ZEV sales by 2035 is laudable.

Much of the car industry accepts and is supportive of the Government's decision to move towards this target, with many manufacturers already committing [to end production of internal combustion engine vehicles](#) by or before the end of this decade. However, it [has been claimed](#) that ambitious targets would have a major impact on UK vehicle manufacturing jobs. This suggests two things: 1) that a large proportion of the vehicles made in the UK are sold in the UK, and 2) that UK manufacturers are not transitioning to producing ZEVs. **Neither are true.**

In fact, **80% of vehicles made in the UK are exported**: the vast majority of vehicles produced here will be unaffected by the regulation. Furthermore, so far in 2022 just under **10% of cars produced were ZEVs, up from 5% in 2020 and 3% in 2019.**

1. Most UK manufactured vehicles are exported

The ZEV mandate is specifically focused on vehicle sales, rather than manufacturing. This means that UK vehicle manufacturers that export will not be at a disadvantage as a result of this regulation. It will apply to any manufacturer wanting to sell its vehicles in the UK, regardless of origin.

Data from the [SMMT](#) shows that 80% of vehicles made in the UK are exported, meaning that the ZEV mandate could only directly affect the remaining 20% of vehicles. Data from LMC Automotive¹ indicates that among the larger vehicle producers in the UK, in 2021 Toyota exported 85% of the cars it produced,

¹ LMC Automotive's Global Hybrid & Electric Vehicle Forecast, Q2 2022 update.

BMW exported 81%, JLR (part of Tata Motors) exported 77% and Nissan (Renault-Nissan-Mitsubishi) 71%.² Exporting EVs is [worth £1.3bn](#) to the UK, up over 1,450% from 2017.

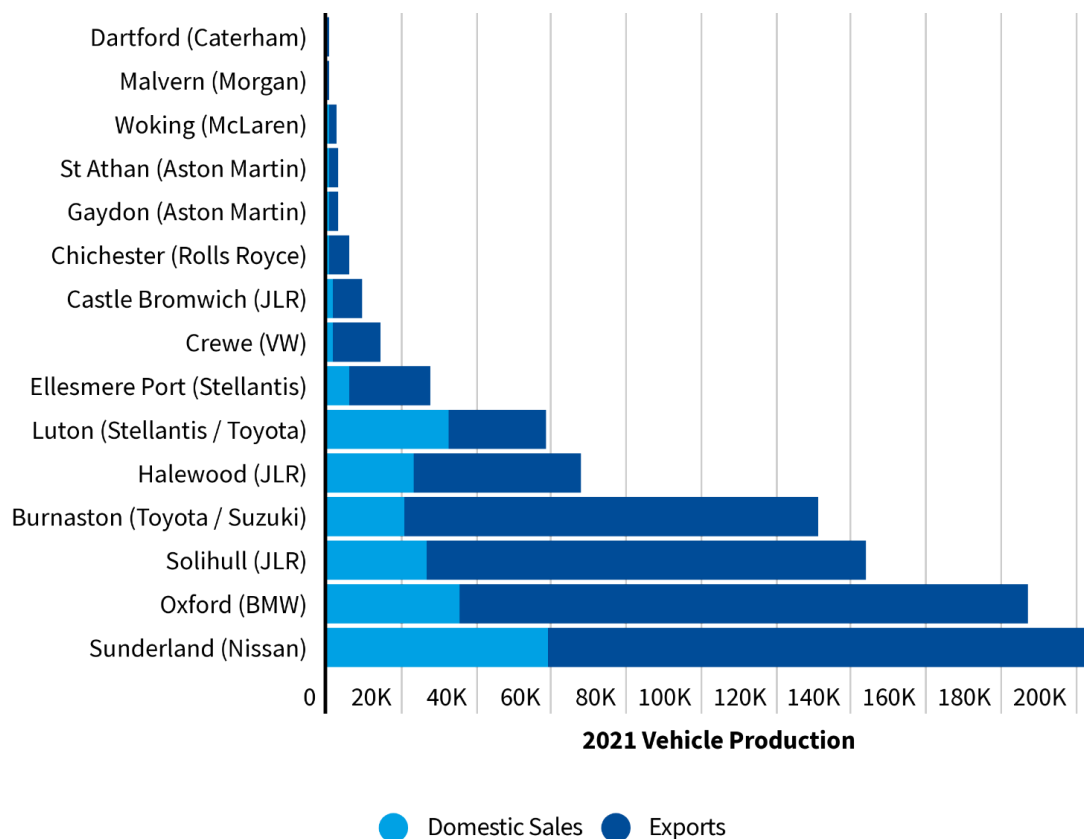


Figure 1 - Vehicles produced for domestic market and for export, by manufacturing plant

This means that even with higher ZEV mandate targets in the earlier years of the scheme, the impact of the mandate on UK manufacturing would generally be quite small. Should the UK follow [T&E recommendations](#) and increase its ZEV mandate target for cars in 2024 to at least 30%, UK manufacturers will not be put in a position where they would have to cut any jobs.

² Ibid and author’s calculations therefrom. Assumption that models produced in the UK, but not sold in the UK were exported. Sales and production were compared on a model by model basis, then a weighted average by number of vehicles produced taken for both manufacturer groups and by individual production plants. Due to incomplete sales data, LEVC and the wider Geely Group were excluded from this analysis.

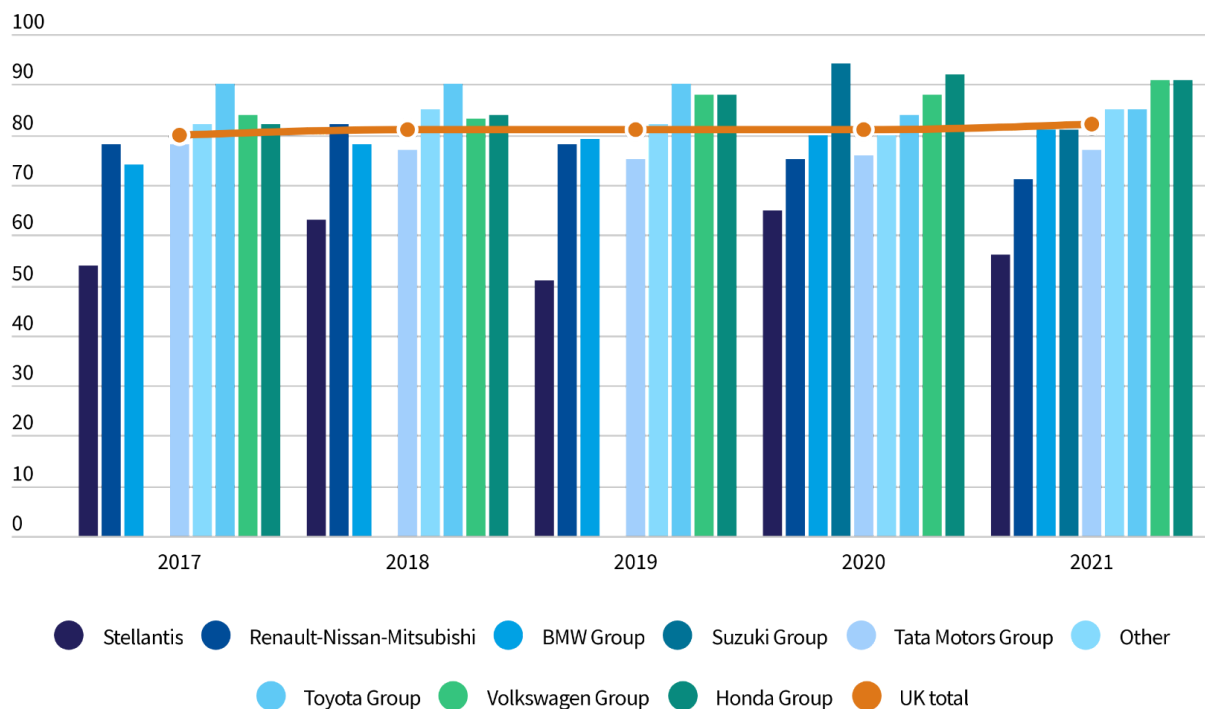


Figure 2 - Percentage of UK-manufactured vehicles that are exported, by OEM.³

2. Manufacturers are producing increasingly more electric vehicles

Despite an overall drop in car production, so far this year, [UK manufacturers have produced a record 52,888 BEVs, representing just under 10% of total cars produced](#). This is up a fifth on the equivalent (year-to-date) 2021 figures, and more than one in seven cars made in September were fully electric. Furthermore, this is well up from [4.5% in 2020 and 3.4% in 2019](#).

Nissan’s Sunderland plant is the home to the all-electric LEAF, as well as production of an electric Qashqai model. It will also produce [Nissan’s next electric model from 2024](#). Halewood will be used to build JLR’s electric cars from 2024 and Ford’s electric power units. Stellantis’ Ellesmere Port plant will also be an all-electric plant for LCVs and cars. LEVC already produces range-extended electric taxis in Coventry. However, not everything is flowing in the same direction: the electric mini is currently produced in Oxford but it was [recently announced](#) that production will shortly move to China.

This transition is exemplified by a [recent quote](#) from SMMT CEO Mike Hawes. He said:

“Billions of pounds and thousands of jobs are dependent on the automotive sector and, increasingly, on electrified vehicle production. Despite the current challenges, our car makers remain resilient and are well placed to ramp up output of the latest, zero-emission vehicles, which will help drive an economic recovery,

³ Suzuki Group cars are made at Toyota’s factory in Burnaston, Derbyshire.

create jobs and boost growth. Success is not guaranteed, however, and to realise its potential, the UK sector must attract new investment – which means creating competitive investment conditions.”

3. Conclusions

Contrary to claims from parts of the automotive industry, an ambitious ZEV mandate will not equate to job losses, due to the fact that most UK produced cars are exported, and that the UK is increasingly building electric cars anyway. In fact, a ZEV mandate, with targets of at least 30% for cars in 2024, could be a catalyst to attract further investment and jobs to the UK by making it an attractive place to make and sell vehicles.

Further information

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