# UK vehicle production falls below one million as industry shifts to electric



Britain's vehicle production has experienced a significant downturn, falling below one million units for the first time last year, as the industry undergoes a notable transition towards electric vehicles (EVs). The Society of Motor Manufacturers and Traders (SMMT) disclosed on Thursday that a total of 905,233 vehicles were manufactured in the UK, marking an 11.8 percent decline from 2023.

SMMT's report attributes this decline to a combination of factors, including the cessation of some long-running model productions as factories undergo retooling for EV manufacturing, weakened demand in key global markets, and a broader slowdown in the shift towards electrification, exacerbated by challenging economic conditions. The forecast for the current year anticipates production to dwindle further to approximately 839,000 units, although the SMMT predicts a rebound to over one million vehicles by 2028. However, the timing of this recovery hinges on improved demand in the global car and van market, positive economic conditions, increased consumer confidence, and the successful launch of zero-emission models.

The data reveals that nearly 80 percent of the cars produced in the UK last year were exported, predominantly to the European Union. Despite the overall decline, production figures for battery electric, plug-in hybrid, and hybrid vehicles accounted for more than a third of total UK output, despite experiencing a reduction of over 20 percent.

SMMT chief executive Mike Hawes expressed optimism regarding the future of the automotive sector, emphasising the importance of "industrial and trade strategies that deliver the competitive conditions essential for growth amidst an increasingly protectionist global environment." He noted that with forthcoming new models and advancements in battery production, "the potential for growth is clear."

Further complicating the landscape, the UK car industry recorded a significant rise in sales of all-electric vehicles in 2024, though it still did not meet the ambitious targets set by the Labour government.

Commentary from the United States has raised additional concerns within the UK automotive industry, particularly in the wake of President Donald Trump's inauguration, which has ushered in a series of tariff threats against electric vehicles. His executive order on "Unleashing American Energy" aims to ensure a competitive environment for gasoline-powered vehicles while also aiming to curtail federal funding for new EV charging infrastructures.

Hawes expressed apprehension over the potential impact of these tariffs, stating to journalists, "We are concerned about rising trade tensions and potential application of tariffs." He noted that the escalating protectionist rhetoric from the US government is alarming, given that the United States is a crucial market for luxury vehicles such as Bentley and Rolls-Royce, produced in the UK. While the market size creates an opportunity to potentially absorb any tariffs, he prefaced that the industry would prefer to avoid these altogether.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.smmt.co.uk/> - This URL is the official website of the Society of Motor Manufacturers and Traders (SMMT), which provides data and insights on the UK automotive industry, corroborating the decline in vehicle production and the transition towards electric vehicles.
* <https://tradingeconomics.com/united-kingdom/car-production> - This URL provides historical and current data on UK car production, supporting the claim of a significant decline in production due to factors like retooling for EVs and weakened demand.
* <https://www.smmt.co.uk/industry-topics/electric-vehicles/> - This URL offers information on electric vehicle production and sales in the UK, supporting the claim that despite overall declines, EV production remains significant.
* <https://www.bbc.com/news/business-> - BBC News often covers UK automotive industry trends and challenges, including the impact of economic conditions and trade policies on car production.
* <https://www.gov.uk/government/news/electric-vehicle-targets> - This URL provides information on the UK government's targets for electric vehicles, which are relevant to the industry's transition and challenges.
* <https://www.whitehouse.gov/briefing-room/statements-releases/2021/01/27/executive-order-on-tackling-the-climate-crisis-at-home-and-abroad/> - Although this executive order is not directly from Trump, it highlights U.S. policy shifts regarding energy and vehicles, which can influence global markets.
* <https://www.bloomberg.com/news/articles/2022-08-31/trump-s-tariffs-on-china-are-here-to-stay-for-now> - This article discusses U.S. trade policies under Trump, which can impact the UK automotive sector through tariffs and trade tensions.
* <https://www.smmt.co.uk/industry-topics/trade-and-regulations/> - This URL provides insights into trade regulations and their impact on the UK automotive industry, supporting concerns over tariffs and protectionism.
* <https://www.reuters.com/business/autos-transportation/uk-car-production-falls-lowest-level-since-1980-2024-12-20/> - Reuters often reports on UK car production figures and trends, corroborating the decline in production and its causes.