T&E EV progress report – 2026

EV sales and affordability are reaching a tipping point

12 March 2026

T&E

Executive summary

The EU's battery electric vehicle (BEV) market has hit record levels. This has been driven by the EU's car CO_2 regulation, the backbone of Europe's automotive climate and industrial policy.

- **BEV sales reached 19% in 2025.** We expect targets to drive the market to 23% in 2026 and 28% in 2027
- **Carmakers representing half the market have already met their 2025-2027 target.** All carmakers are expected to reach the 2025-2027 target.
- **BEV prices decreased 4% in 2025 (or €1,800)**, driven by the launch of more affordable models. However, carmakers' focus on larger segments and SUVs keeps prices above 2020 levels, delaying price parity.

Europe's BEV transition is set to hit a tipping point, accelerate and reach the 2030 CO2 targets.

- **If the EU safeguards the 2030 car CO_2 targets, BEVs can reach price parity with combustion vehicles in all segments by 2030.** However, if the 2030 target is weakened, carmakers are expected to prioritise margins, delaying BEV price parity after 2030.
- **Large BEVs have already reached price parity.** Small and medium size vehicles would reach it 2030.
- Carmakers have confirmed to investors they expect to reach margin or price parity before 2030.

Section 1

BEV sales broke records in 2025

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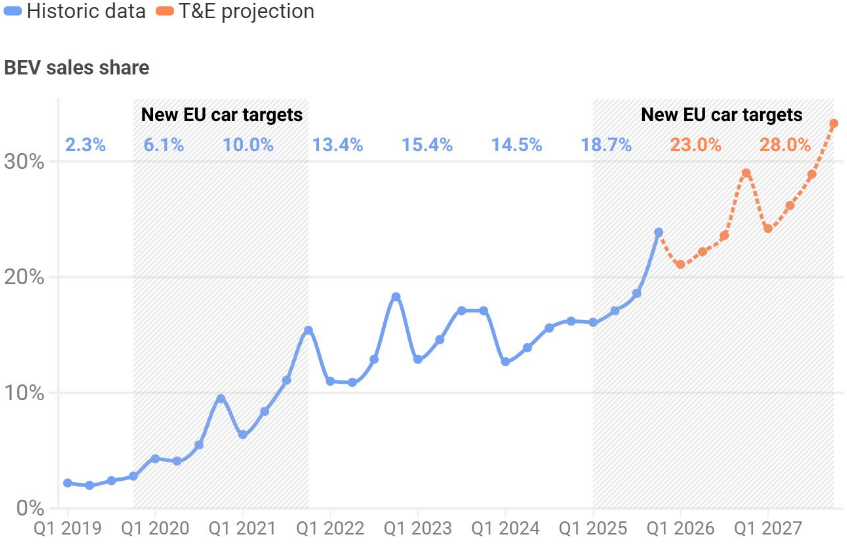
The EV market is accelerating as new CO_2 targets enter into force

The EV market growth coincides with the EU car CO_2 targets. Driven by the 2025-2027 target, the BEV market is expected to account for 23% in 2026 and 28% in 2027.

- In the EU27 and Norway, the **BEV market share reached a record 24% in Q4 2025**, and almost 19% over the full year.
- After a record year in 2025, EV sales continued to surge in the first two months of 2026 - up by around a quarter in the EU.

Quarterly BEV share development in the EU and Norway



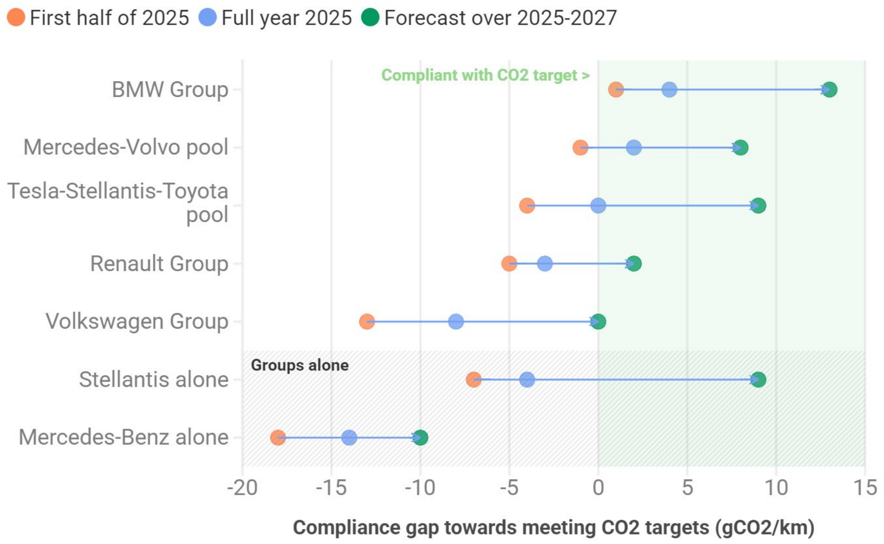
Source: ACEA (2025) and T&E projection • Scope: EU27+NO

OEMs representing half the market already meet the 2025-27 CO_2 targets

On average, carmakers have closed 55% of their gap with the 2025-2027 CO2 target in the 2nd half of 2025.

- While carmakers have a 3-year period to meet the target, **3 pools – representing half the market – already met their target in 2025**: BMW Group, the Mercedes-Volvo pool, and the Tesla pool which includes Stellantis and Toyota, among others.
- Without pooling, **Renault, Stellantis alone, and Volkswagen are lagging behind**. They are still expected to meet their target by the end of 2027.
- **Mercedes-Benz** is furthest from its target but will comply by pooling.

Carmakers compliance with the 2025-2027 CO2 target for cars



Source: T&E analysis, Dataforce

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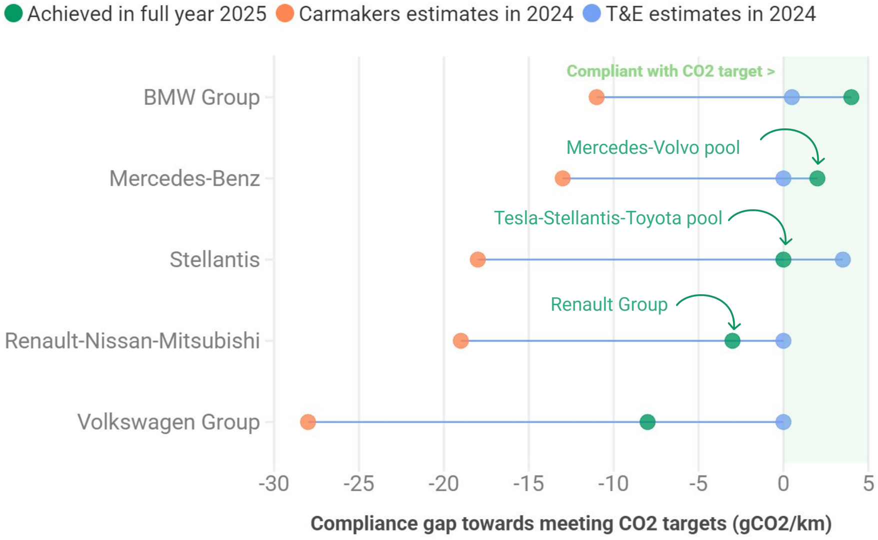
Industry claims of €15 billion fines in 2025 were far off (1/2)

In 2024, carmakers claimed they were facing €15 billion fines for 2025 and obtained a delay of the 2025 target, leading to a relative slow down in EV sales.
Had the target been enforced in 2025, penalties would have been €2 billion at maximum – if the EV slowdown caused by the relaxation is ignored – but more likely close to zero.

- In 2024, carmakers based their predictions on the flawed assumption that CO2 values in 2025 would not improve compared to those observed in the first half of 2024.
- T&E analysis in 2024 showed all carmakers could comply with the target by increasing BEV sales and cutting sales of polluting ICEs.

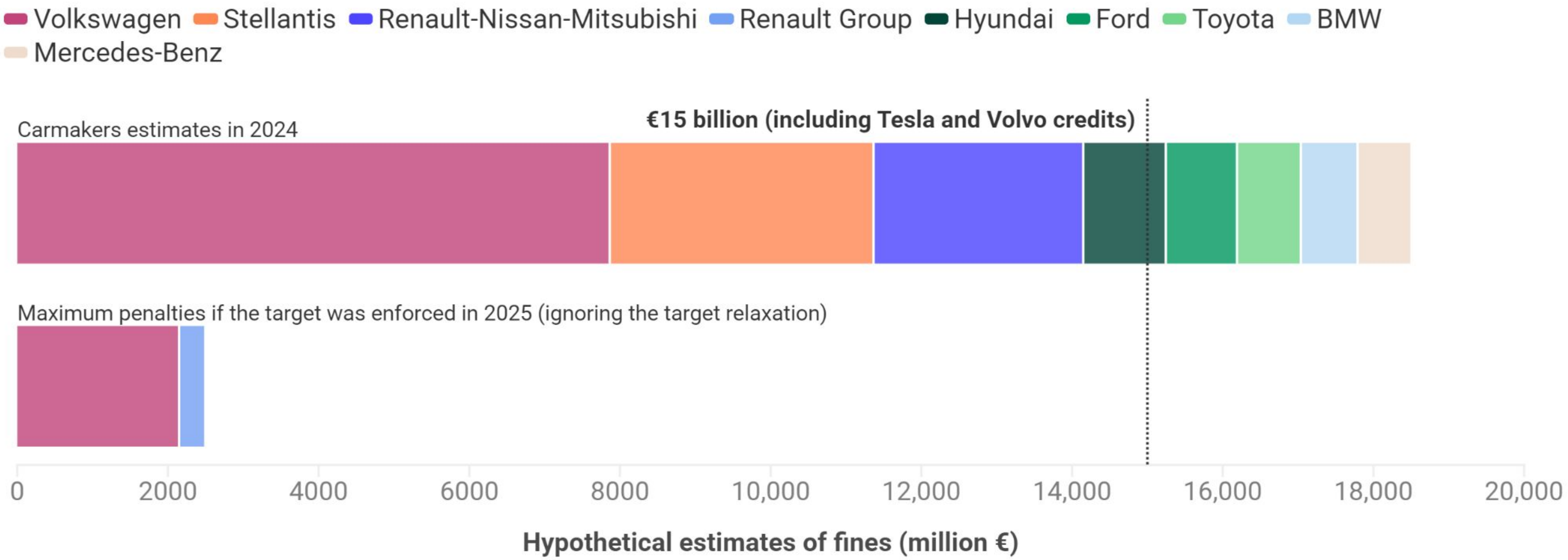
Comparison between carmakers and T&E CO2 forecasts



Source: Unknown carmaker (2024), T&E analysis

Industry claims of €15 billion fines in 2025 were far off (2/2)

Comparison of fines estimates by carmakers and new estimates with 2025 data



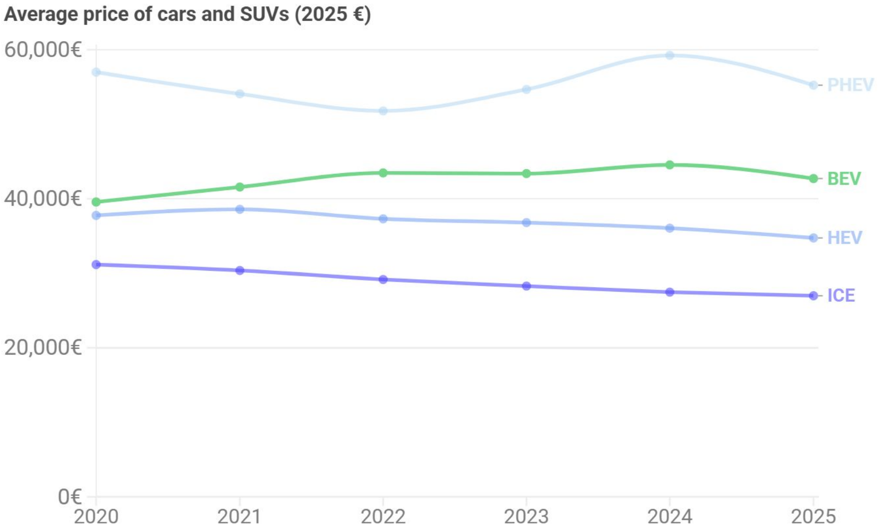
Source: Unknown carmaker (2024), T&E estimates based on Dataforce (2025)

EV prices decreased in 2025, driven by new CO_2 targets

After years of increases, BEV prices fell in 2025. New 2025 car CO_2 targets pushed carmakers to bring more affordable and competitive models to market.

- **BEV prices decreased by 4% in 2025** (or €1,800) compared to 2024, reaching an EU average of €42,700.
- The introduction of **new, affordable, small BEV models has led to a significant reduction in B-segment car prices**, with prices falling by 13% in 2025 (€4,600).
- **Large and premium segments are already close to or at price parity** with combustion cars.

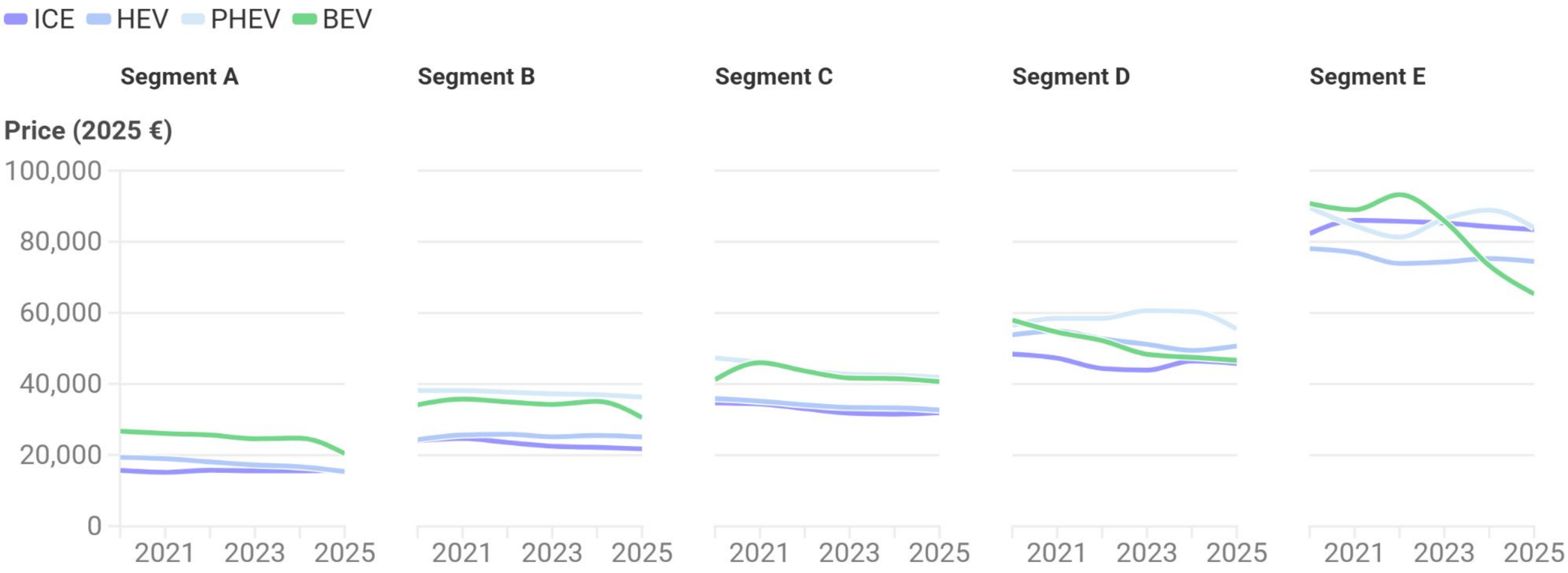
Price development per powertrain in the EU



Source: Autovista's German prices, sales in the EU

The price of BEVs has decreased in all segments in 2025

BEV price parity with ICE cars has been reached in large segments, while gaps remain for small and medium cars



Source: Autovista German price, EU sales. Scope: average price of car and SUV segments

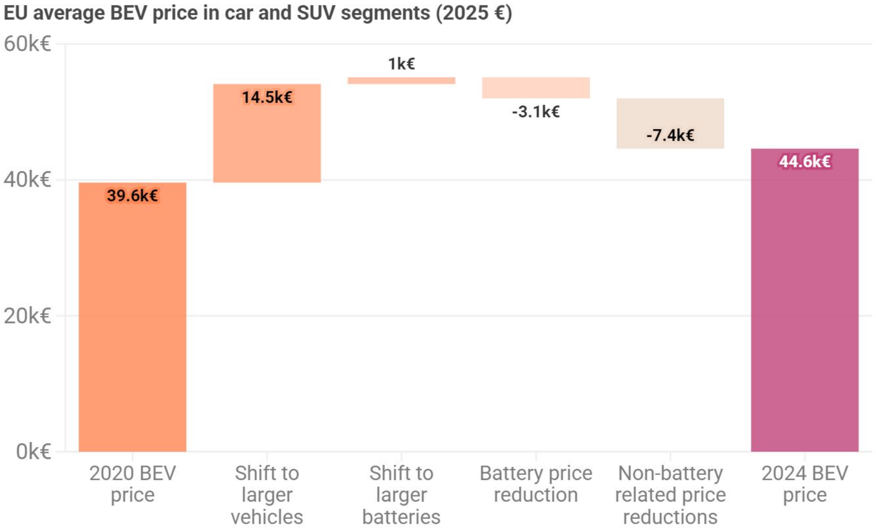
Shift toward larger vehicles is the primary contributor to the rise in average BEV price since 2020

The price of BEVs has increased by €5,000 since 2020 (+13%), largely due to the absence of CO2 targets

Although the cost of batteries and other components has decreased, carmakers' focus on larger segments and SUVs has led to an increase in prices, delaying price parity.

- On average, the **shift to larger vehicles and batteries has increased BEV prices by €15,500**, while cost-reduction in battery and other components has decreased prices by €10,500.
- Without carmakers' strategic shift to bigger vehicles, the average **BEV price could have been 23% lower** (€33,100).

Drivers of BEV price increase between 2020 and 2024



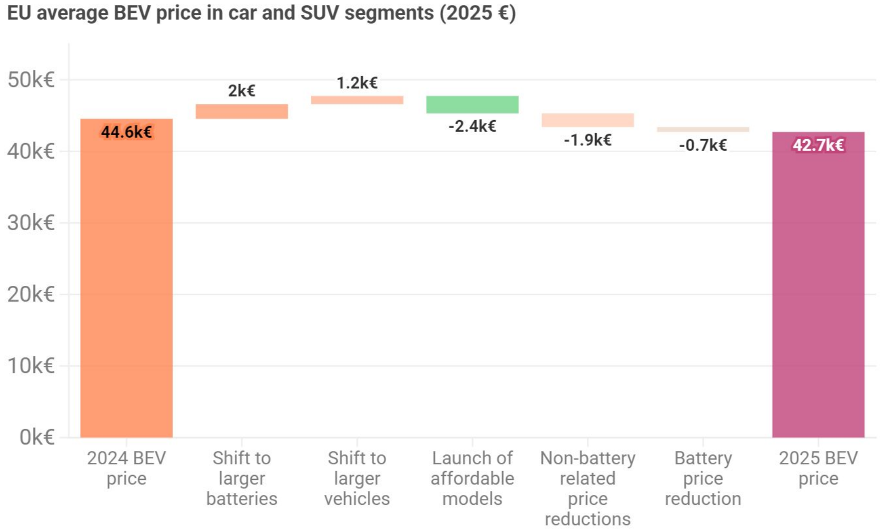
Source: Autovista car prices, BloombergNEF battery prices

New affordable models have caused BEV prices to decrease in 2025

The average BEV price peaked in 2024 and declined by €1,800 in 2025, driven by the launch of more affordable BEV models to meet the new 2025-2027 car CO2 targets.

- This decrease happened despite the continued shift towards larger vehicles pushing prices upward (decrease of €5,000 without the shift).
- Affordable BEVs, typically priced below €25,000 in their base version, such as the Renault 5, gained traction in 2025 (from 3% of sales in 2024 to 6% in 2025). This shift alone **reduced the average BEV price by €2,400**.
- Lower EV component costs, economies of scale, and learning effects contributed a further **€1,900 reduction**.

Drivers of BEV price decrease between 2024 and 2025



Source: Autovista car prices, BloombergNEF battery prices

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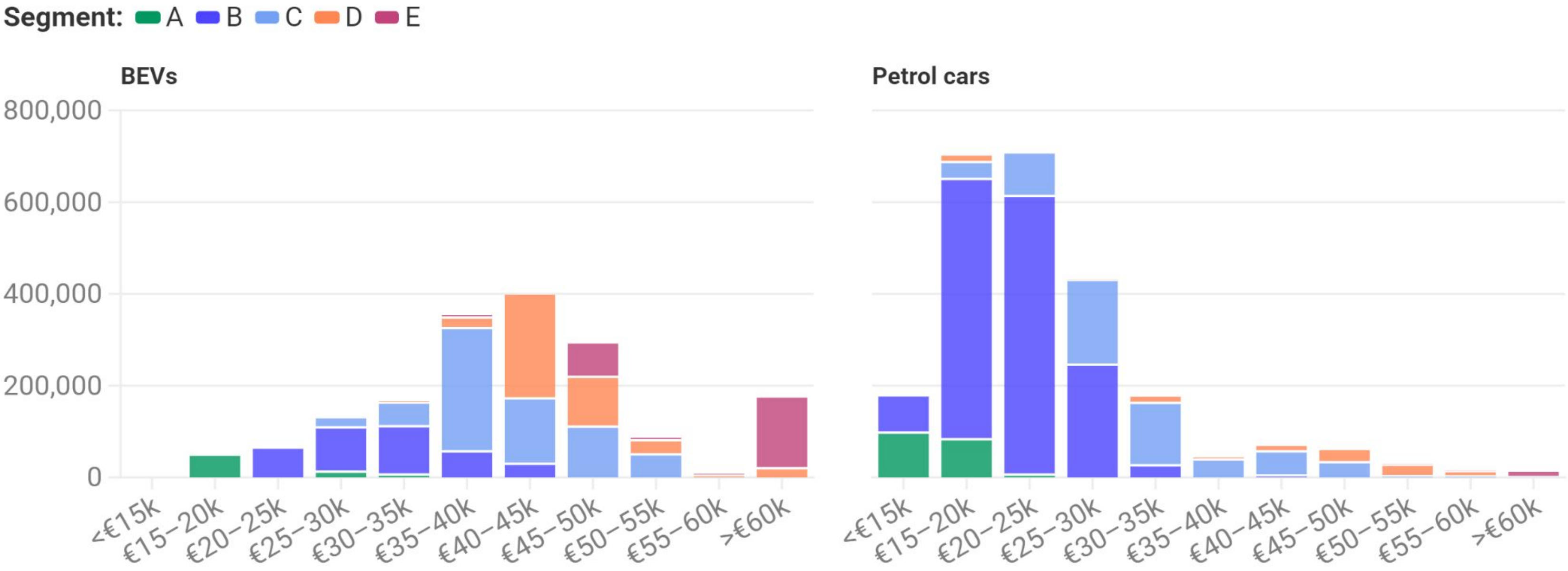
Despite progress in 2025, there is still a lack of affordable BEV models

Distribution of car prices by sales and segments in 2025



Source: Autovista German price, EU sales

Section 2

The EV transition is on track to accelerate and hit 2030 targets

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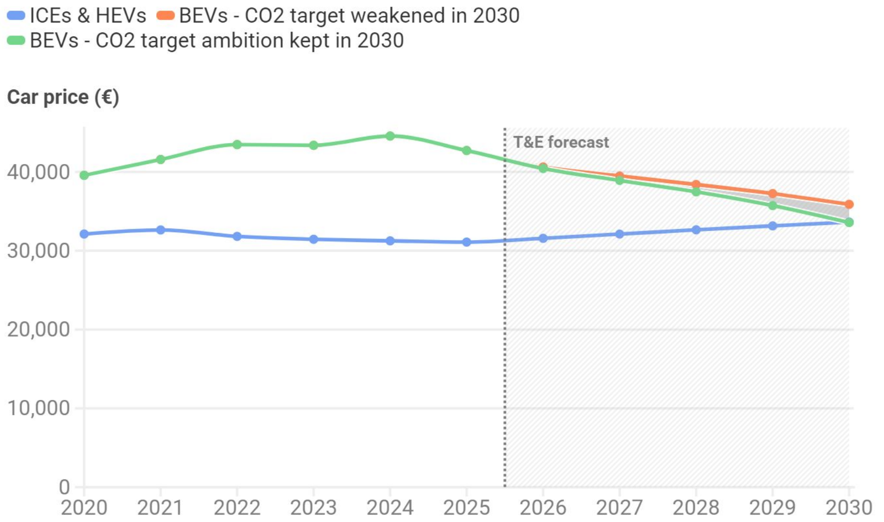
Safeguarding the EU's 2030 CO_2 targets would enable BEVs to reach price parity with ICEs by 2030

If the EU safeguards the 2030 CO_2 targets, BEVs can reach price parity with combustion vehicles in all segments by 2030, enabling mass-market adoption.

- **Car CO2 targets are the main driver for BEV price reductions**, mainly via the launch of more affordable models.
- **If the 2030 target is weakened, carmakers are expected to prioritise margins, and therefore postponing BEV price parity** by two years or more (extra BEV price of €2,300 in 2030).
- Per segment: Price parity has already been reached in segments D and E in 2024 while **price parity in segments A, B and C could be reached by 2030** (see next slide).

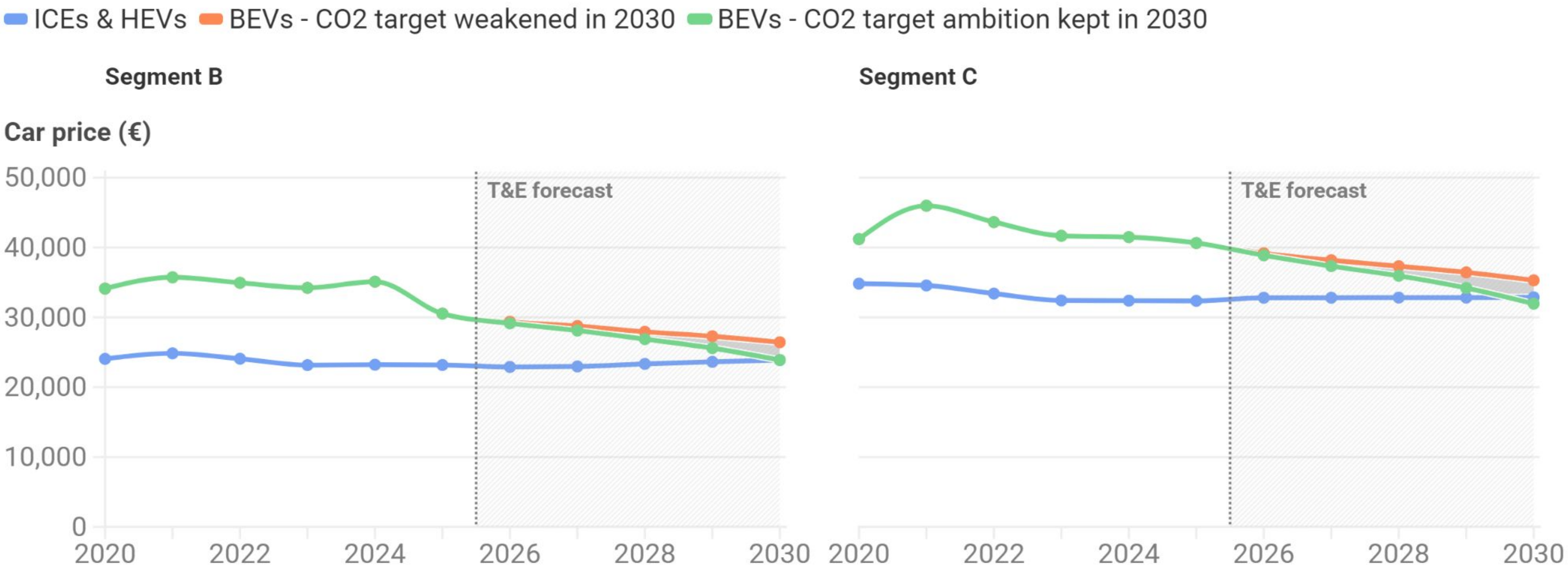
Average price over all segments if both BEVs and ICEs converge towards the same segment distribution by 2035



Source: T&E analysis, Autovista car prices, BloombergNEF battery prices

By 2030, small and medium BEVs could reach price parity with ICEs

BEV price forecast if 2030 CO_2 targets are kept in place or weakened, leading carmakers to prioritise margins



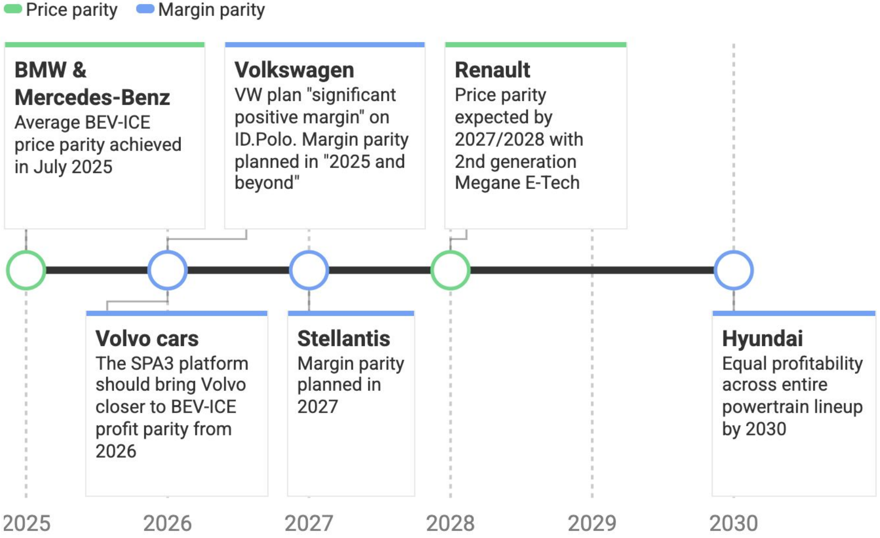
Source: T&E analysis, Autovista car prices, BloombergNEF battery prices

Most carmakers confirm they plan to achieve margin or price parity between BEVs and ICEs before 2030

While premium German carmakers have already reached price parity, most other carmakers have announced they expect to reach margin or price parity between BEVs and combustion cars before 2030.

- **If carmakers adopt price reduction strategies, BEVs have the potential to reach price parity before 2030**, unless carmakers prioritise profit margins over passing on cost reductions to consumers.
- In 2021, BloombergNEF forecasted price parity to be achieved in all segments by 2027. But carmakers have delayed price parity by adopting profit-over-volume strategies.

Carmaker expected dates for BEV-ICE price and margin parity



Source: Bloomberg, carmakers and press

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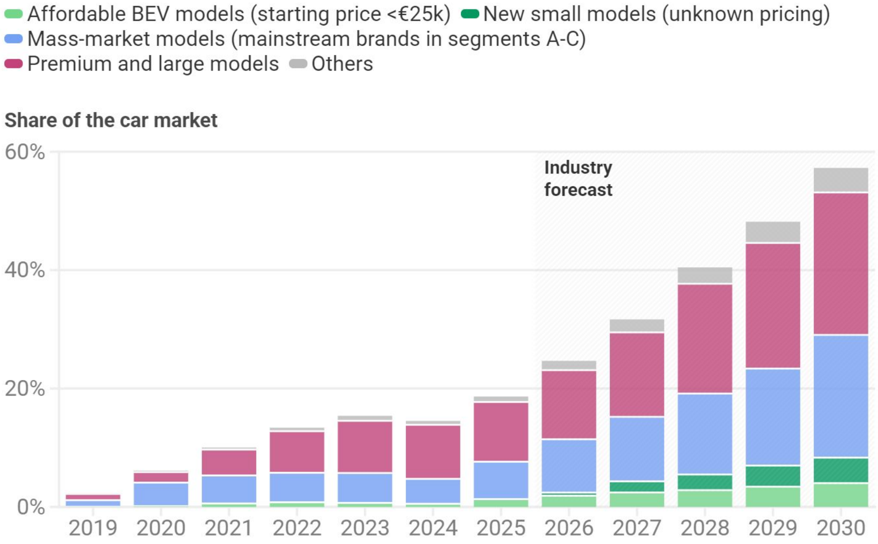
Mass-market and affordable BEVs drive price reductions

By 2027, sales of affordable and mass-market vehicles are expected to surpass those of large and premium vehicles or the first time since 2021.

- Around **30% of all cars sold in 2030 are expected to be affordable and mass-market BEVs**, up from 10% in 2025.
- **Policies like social leasing could further boost sales of affordable BEVs.**
- Premium and large BEV models are expected to account for 42% of BEV sales in 2030, down from 54% in 2025.

Affordable, mass-market and premium BEV models 2019 to 2030



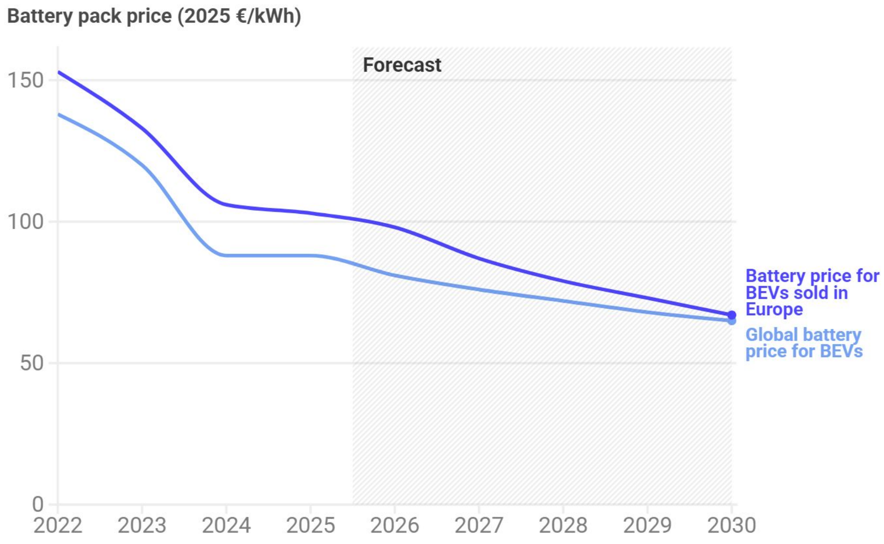
Scope: EU and Norway

Battery prices continue to fall and could drop another 30%+

The price of batteries used in BEVs sold in the EU could fall by over 30% by 2030. This is due to a reduction in the global price and an increase in the use of lithium iron phosphate (LFP) batteries in Europe.

- **The battery price has been cut by a third since 2022** for batteries used in BEVs sold in the EU.
- **Further BEV price reductions will be unlocked by the increasing share of LFP batteries** in Europe (50% expected by 2030).
- While cells produced in Europe cost up to 90% more than those produced in China today, this **cost gap could be reduced by two-thirds if capacity was scaled to achieve economies of scale locally.**

Historical reductions and forecast of global and EU battery prices



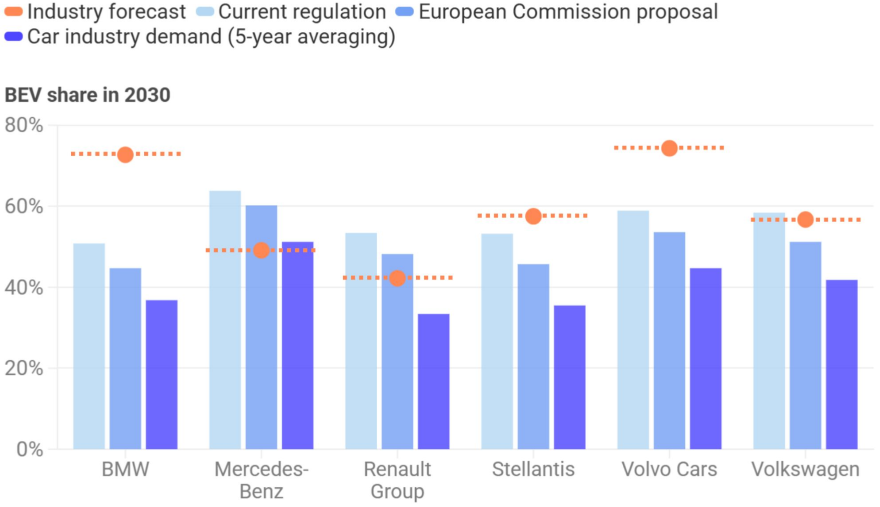
Source: BloombergNEF, T&E forecast

Further weakening of the 2030 target locks the EU into slow BEV adoption

The European Commission has proposed significant changes to the EU's car CO_2 emission standards. If the proposed flexibilities are applied and the targets are further weakened based on industry demands, such as five-year averaging, the EU's EV transition will be derailed.

- **The car industry's proposal for five-year target averaging in 2030 would cause the largest slowdown in the EV market**: down to 32% BEV sales in 2030 from 47% with a 3-year average.
- Carmakers such as Renault and Stellantis would see their 2030 targets weakened by 20%p and 18%p, respectively, compared to the current regulation.

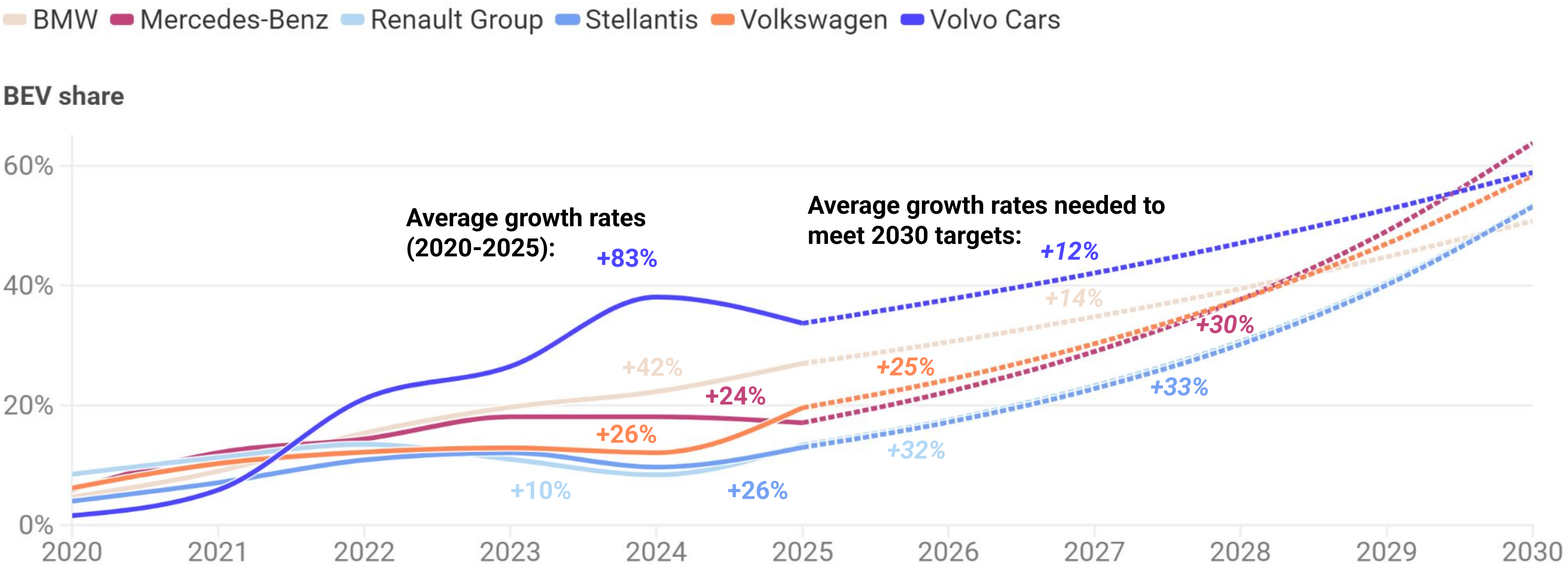
Required 2030 BEV share for OEM compliance under different regulatory scenarios



Source: T&E modelling

With affordability improving, carmakers are ready to ramp-up EVs

Historical BEV sales and trends required to meet the 2030 targets under the current regulation



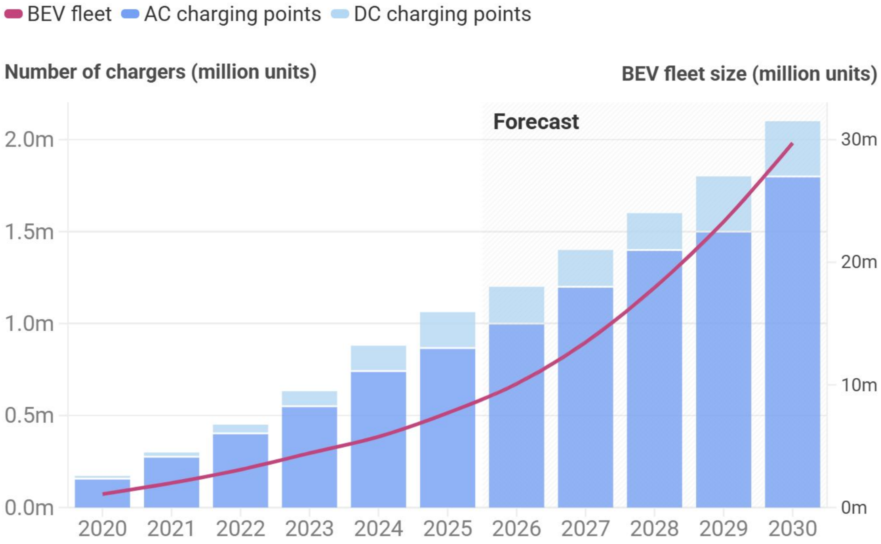
Source: EEA, Dataforce, T&E modelling

The charging network is set to grow by over 90% by 2030

Sufficient deployment of the charging network is another condition for the EV market to thrive.
The EU charging network is growing in line with the BEV fleet penetration. Charging industry projections show it will continue keeping pace, driven by the Alternative Fuels Infrastructure Regulation (AFIR).

- After years of strong growth the EU public charging network has **surpassed 1 million chargers in 2025**
- **By the end of 2025, all countries had met their AFIR targets for that year.** 96% of EU countries had already met their 2026 target by this point, one year ahead of schedule.

Public charging infrastructure deployment

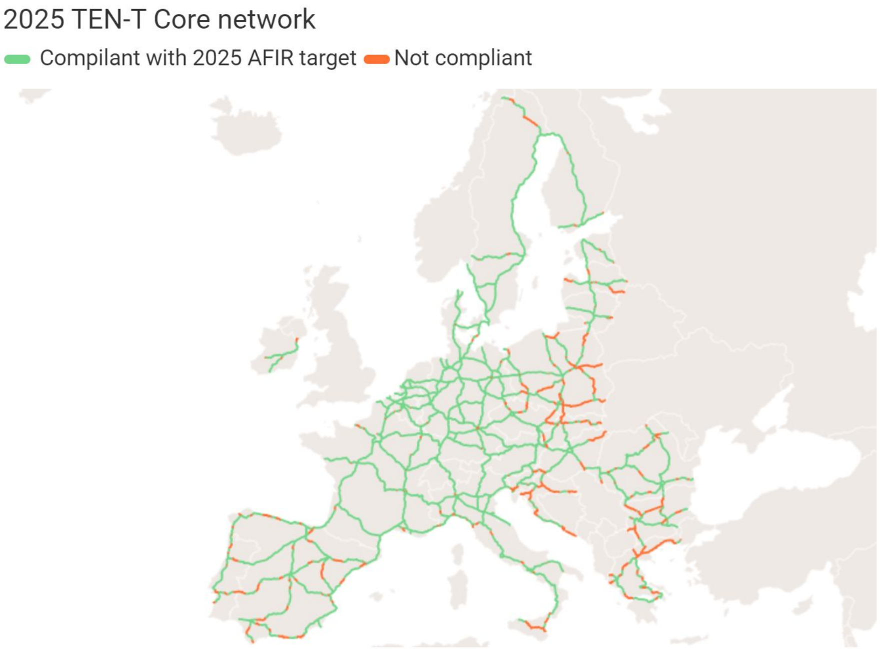


Sources: EAFO, ChargeUp, T&E forecast

The TEN-T network coverage is on track in most markets

By the end of 2025, 83% of the core highway network was covered with ultra-fast charging and meets the 2025 network coverage AFIR target.

- **Most of the Western and Northern EU TEN-T core network is compliant with the 2025 target** enabling seamless cross continental travel. Nine countries are over 95% compliant.
- Eastern countries still have some gaps but have the fastest growing networks (+25%p coverage in 2025).



Section 3

The EV transition: gaining speed globally and delivering benefits

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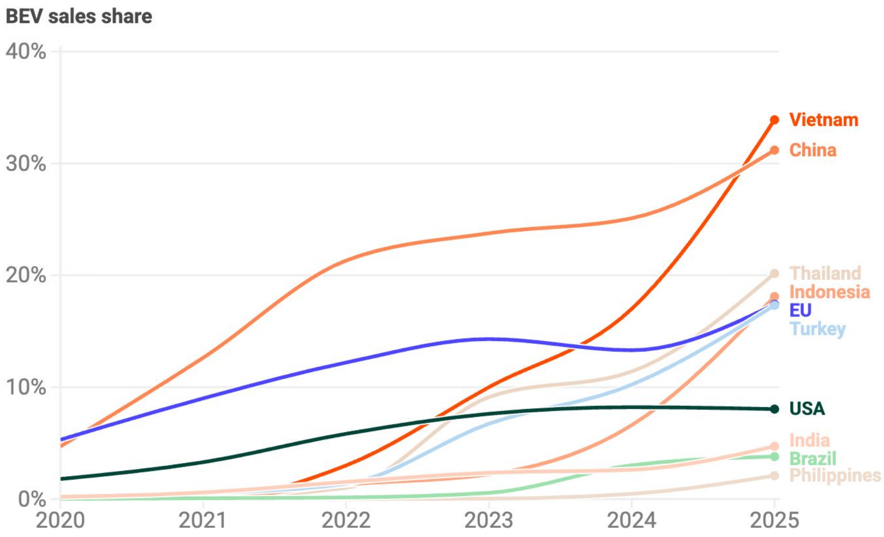
Many emerging markets have a more dynamic EV market than the EU

Many emerging EV markets, such as Vietnam and Thailand, now have surpassed the EU. The EU car industry risks falling behind in the global EV race in this global race.

- **While the EU debates weakening its targets, the world is going electric fast**: Turkey (17% in 2025), Indonesia (18%), Thailand (20%), China (32%), Vietnam (34%).
- In the world's biggest market, China, BEV sales reached a third of the car market.

Electric cars sales in the EU, China, USA and emerging markets



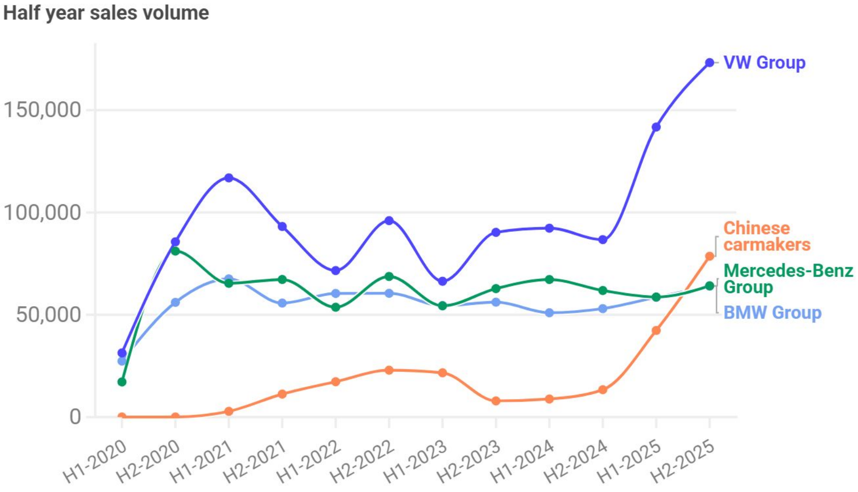
Source: Bloomberg Intelligence, ACEA, EV Volumes

The EU PHEV market is not protected from Chinese competition

The EU PHEV market is not protected from Chinese competition. Chinese PHEV sales have been multiplied by five in 2025 compared to 2024.

- **Sales of PHEVs from Chinese brands have surpassed German premium brands** such as BMW or Mercedes.
- BYD, with the Dynasty series, and SAIC, with the MG brand, are leaders of the chinese PHEV market in the EU. BYD is the largest contributor to the Chinese PHEV sales growth after 2023.
- On average, Chinese PHEVs are fitted with a 23 kWh battery compared to 17 kWh for European brands, giving them a longer electric range.

PHEV sales in the EU: Chinese carmakers vs German carmakers

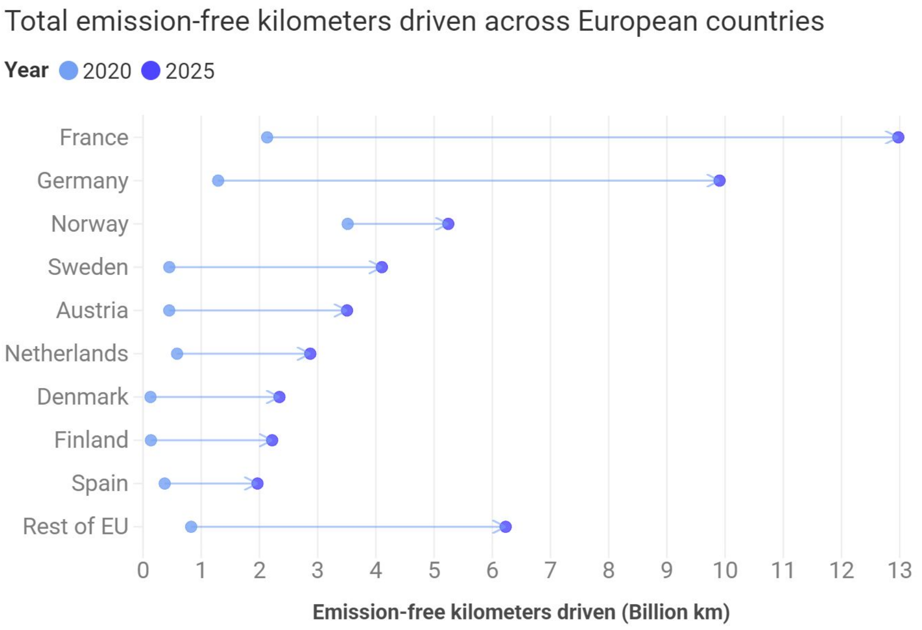


Source: EV-Volumes

CO_2-free kilometers rise with more BEVs and clean electricity (1/2)

With more BEVs on the road and a rising share of low-carbon electricity, CO_2-free kilometers are increasing fast in Europe.

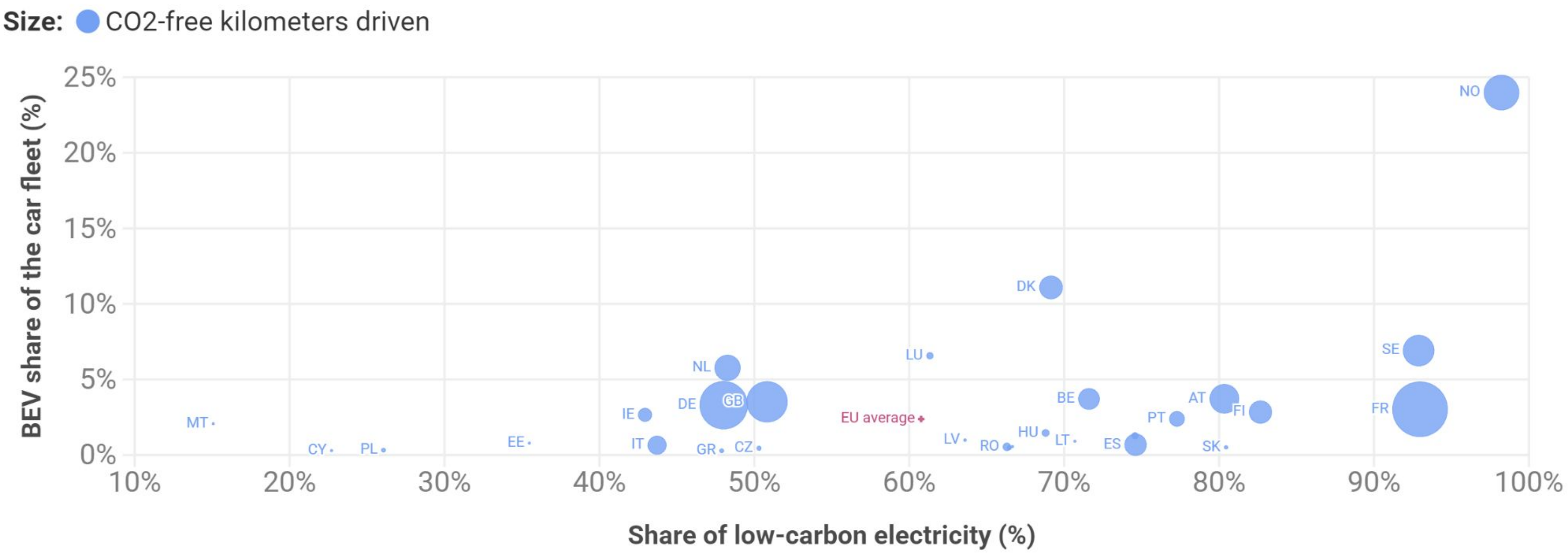
- The total amount of CO_2-free kilometers driven in the EU saw a 7-fold increase from 2020 (6 billion km) to 2025 (46 billion km). The rising BEV share of the fleet is responsible for 90% of the increase.
- The EU countries with the most CO_2-free kilometers are large markets such as France (about 13 billion km), Germany (about 10 billion km), followed closely by smaller countries with high BEV penetration and low-carbon grids, like Norway and Sweden.



Source: T&E analysis (EUTRM)

CO_2-free kilometers rise with more BEVs and clean electricity (2/2)

BEV share of the fleet vs low-carbon electricty in European countries



Source: T&E analysis, EAFO, Ember

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‘Don’t stop me now’: time to accelerate the EV transition, not hit the brakes

Europe’s automotive sector is under transformation, but the EV transition remains on track and offers the only viable path for climate and industry.

Carmakers are well on track to meet their three-year 2025-2027 targets after the Commission granted early 2025 a big concession to delay the 2025 target. These targets are already delivering results, pushing EV prices down and bringing affordability closer to a tipping point.

That tipping point will be reached between 2026 and 2030, as BEVs have potential to achieve price parity with ICEs across all segments, unless CO2 targets are weakened in 2030. From then on, carmakers with the right products and industrial capacity will be positioned for strong EV growth, putting the 2030 car CO_2 target well within reach.

Backtracking on the 2030 and 2035 target would delay uptake, raise costs, and leave the EU behind in the global EV race. It would also create regulatory and market uncertainty at the very moment long-term clarity is needed to unlock investment in EVs, e-components and batteries –putting jobs, investment, and long-term climate and industrial policy credibility at risk. *See T&E recommendations for the car CO2 revision in the next slide.*

Policy recommendations

What to do in the car CO2 review?

01	Remove the 3 year average in 2030.
02	Limit super-credits to small BEVs under 4.1 meters with a 1.2 multiplier and cap.
03	Remove the fuel credit mechanism from 2035 and reject any mechanism that rewards biofuels.
04	Low-carbon steel credits should be limited to “Made-in-EU” green (fossil fuel free) steel.
05	Car labelling should include real-world information (both electric and combustion) in addition to official WLTP value and allow for differentiation based on the vehicle carbon footprint.

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CO2 compliance modelling

Slides 5 and 6:

- T&E methodology for the H1 2025 compliance and the 2025-2027 forecast can be found in the Annex (available in the downloads section) of the previous edition of T&E's EV progress report.
- Sales and emissions data for the full year 2025 are supplied by Dataforce. Vehicle bodystyle identified by T&E as "special purpose vehicles" (e.g. motorhomes, camper vans, ambulances, …) or inconsistent with M1 registrations were excluded from the dataset.
- Pools are aligned with the latest version of the M1 pooling list (23 December 2025) on the Commission CIRCABC platform. Following the closure of the T&E analysis, both Stellantis and Toyota have left Tesla's pool for 2026. While this would not affect the FY 2025 data in slide 6, it could impact the 2025–2027 forecast. This suggests that both Stellantis and Toyota can comply with the target alone for the remaining two years of the three-year average period.
- Eco-innovations credits come from ICCT's 2025 market monitor.

Slide 19: To reflect both the Commission proposal and OEM demands, a super credit for small and local models is applied for the OEM. Length data comes from ADAC (segment averages used where model length is unavailable). Sales forecast and production status of upcoming models is based on a Q2 2025 forecast obtained by T&E from a data analytics and consulting company.

Price data and price decomposition analysis

Data sources

- Price data: Model-level prices from Autovista covering 2020-2025, based on German prices. Prices adjusted for inflation.
- Sales data: Model-level registration volumes in the EU27 from Dataforce used to derive sales-weighted averages and segment shares.
- Bodystyle scope: Cars segments, including SUVs, and excluding sportive cars, multi purpose vehicles, vans, pick-ups and other bodystyles.

BEV price change decomposition (slides 10 and 11)

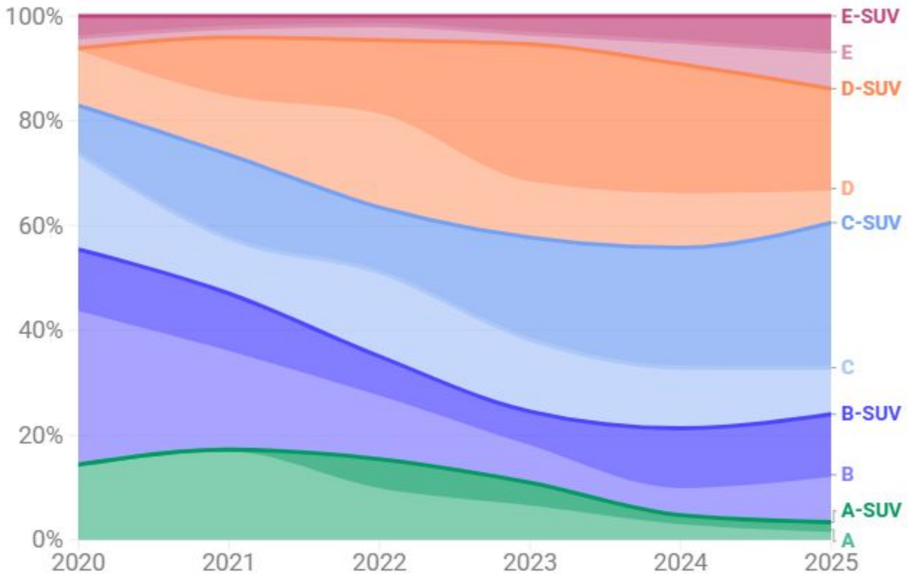
- Calculation of sales-weighted average BEV price in start and end year
- Models are grouped by segment and body type; average price is calculated for each category.
- Isolating composition effects:
    - To measure the segment shift effect, category prices are kept fixed at the start-year level
    - Segment/body-type distribution of the end year is applied to these start-year prices.
    - Resulting change in weighted average price represents impact of segment shift
- Same counterfactual approach is applied sequentially to other drivers, allowing the total price change between the two years to be decomposed into individual contributors

BEV segment distribution

The sales of BEVs are dominated by medium and large cars.

- The BEV market is led by larger cars (segments C and above), with an increasing SUV share.
- 2025 saw an uptake of non-SUV vehicles in the B segment as new affordable models have been launched.
- Small cars made up around 24% of the BEV market in 2025, while constituting half (48%) of the ICE sales, see next slide.
- PHEVs sold in 2025 are almost exclusively larger cars (C and above).

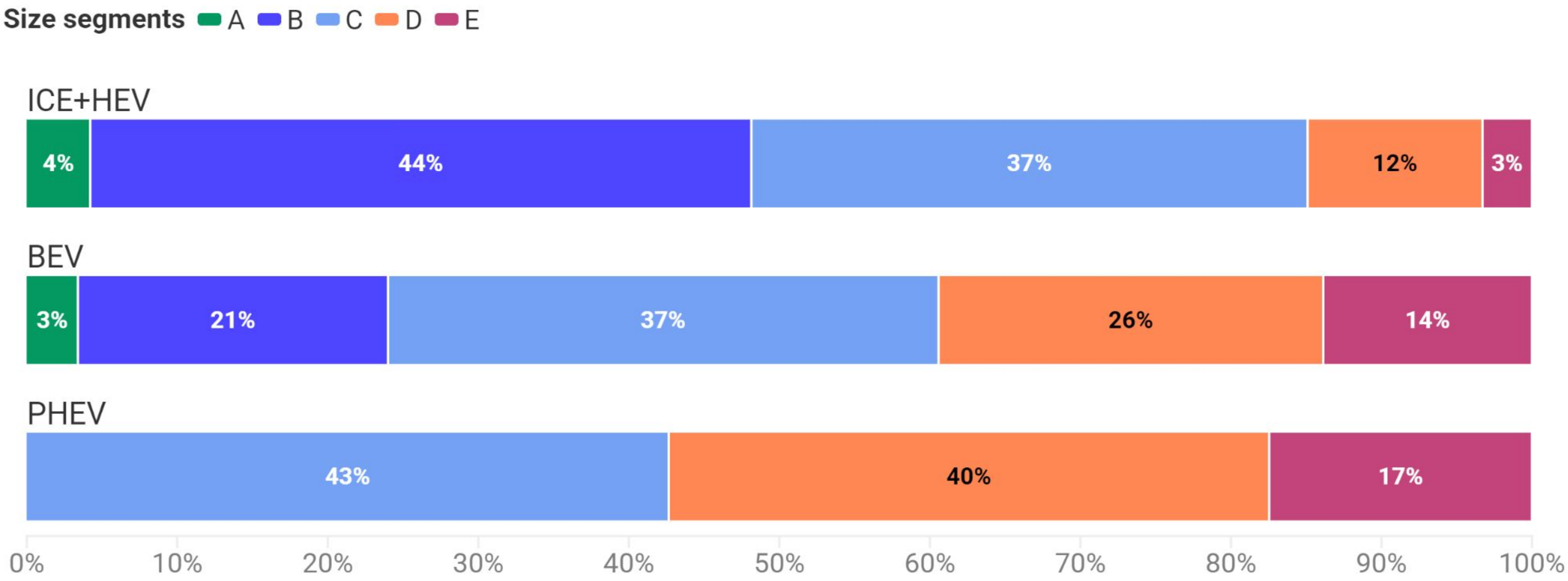
New BEV sales segment distribution



Source: T&E analysis, DataForce, EEA (EU27+Norway)

The BEV market is led by larger cars

2025 new vehicles size segments



Source: Dataforce 2025 (EU27+Norway)

Price forecast (1/2)

For each segment, the average BEV price is forecasted by taking into account the expected change in battery price and bodystyle share (e.g. SUV/car) within the segment. This is based on a constant battery size per segment-bodystyle and an expected reduction in non-battery price components, depending on the scenario (see below). The prices of combustion cars (ICEs and HEVs) take into account the change in powertrain share (full and mild hybrids, conventional ICEs) and change in bodystyle share within segments.

- **Bodystyle scope:** Cars & SUVs. Sportive cars, multi purpose vehicles, vans, pick-ups and other bodystyle are excluded.
- **Historical prices**: From 2020 to 2025, the prices for each powertrain-segment-bodystyle combination are derived from Autovista prices in Germany, which are then weighted based on Dataforce EU sales.
- **Battery price forecast (slide 18):** T&E modelling of the battery pack price for BEV sold in the EU based on BloombergNEF forecast and T&E expected rise in LFP battery chemistry (47% LFP expected by 2030). Historical chemistry mix from EV-Volumes.
- **Bodystyle and powertrain forecasts:** Historical data from Dataforce. Market forecast obtained by T&E from a data analytics and consulting company (forecast released in Q2 2025).
- **ICE powertrain prices:** For each segment and each ICE powertrains (ICEs/HEVs), the vehicle price is aligned with BloombergNEF modelling, resulting in a minor price increase of less than +0.1%.

Price forecast (2/2)

- **Non-battery price component scenarios:**
  - **CO2 target ambition kept:** Price reductions for non-battery price components in segments A, B and C are aligned with the historical average reduction of about -3% per year. However, given that BEVs in segments D and E have already reached price parity with ICEs and carmakers are expected to target larger margins for larger vehicles, the price reduction rate in these segments is half the historical average. T&E assumes that carmakers will launch new affordable models and variants, and reduce the non-battery price component, if the CO_2 target ambition is kept. This reflects the economies of scale in BEV production and the learning effects in BEV powertrain components. These factors should lead to a reduction in non-battery price components in 2030 that is twice as large as in previous years.
  - **CO2 target weakened:** Price reductions for non-battery components in all segments are set at -1% per year, while the price reduction is twice as large in 2030. These assumptions reflect a scenario in which CO_2 targets are weakened, enabling carmakers to delay the launch of new affordable models and variants and focus on increasing profit margins instead of passing cost reductions on to consumers.

- **Slide 14**: In order to derive the average price over all segments, we have assumed that the segment mix within BEV and ICE powertrains would converge by 2035.

Data source and methodology for other slides:

- **Slide 1:** Historical data from ACEA. T&E projection based on expected market trend driven by the 2025-2027 CO_2 target.
- **Slide 17:** The breakdown of affordable, mass-market and premium vehicle sales share is based on T&E analysis of an industry forecast (Q2 2025 release). Affordable models have been identified by T&E as models with a starting price below €25,000 (announced price by carmakers for the entry-level variant). Mass-market models are from non-premium brands in segments A, B and C priced above €25,000.
- **Slide 21**: Number of chargers are from EAFO while the forecast between 2025 and 2030 is from ChargeUp Europe. BEV fleet numbers based on EAFO, forecast based on industry sales forecast (Q2 2025 release), assuming historic fleet turnover rate.
- **Slide 22**: TEN-T charging coverage is based on T&E analysis of Eco-Movement data
- **Slide 24**: Emerging markets data from Bloomberg Intelligence, including passenger cars and LCV, EU passenger cars from ACEA.
- **Slide 25**: PHEV sales data from EV-Volumes.
- **Slides 26-27**: Electric kms driven data are modelled using T&E EUTRM modelling (see Annex of T&E Clean Solutions for all report). BEV shares of the car fleet are from EAFO. Low-carbon electricity (renewable and nuclear energy) shares per country are from EMBER.