T&E UNITED KINGDOM

Carmakers spend £7.6 billion discounting petrol, diesel and hybrid cars in 12 months - more than twice as much as EVs

The Government is once again consulting on the Zero Emission Vehicle (ZEV) Mandate, with proposals to potentially severely weaken the trajectory and 2030 targets, as well as furthering the flexibilities that can substantially reduce the compliance rate for manufacturers. The Government should not weaken the ambition of the ZEV Mandate.

> *"The previous government caused significant harm to the industry by moving goalposts on phase out dats, creating doubt in the minds of investors and boardrooms and putting at risk the billions of pounds committed investment in the automotive sector and in the chargepoint sector"*
>
> **Heidi Alexander, Secretary of State for Transport**
> 7th April 2025

Key Points

➔ BEVs were subsidised by £3.1 billion in discounts in the 12 months to July 2026, through a combination of manufacturer discounts and the Government's Electric Car Grant. This compares with £7.6 billion spent by the industry discounting petrol, diesel and hybrid cars over the same period.

➔ Discounts on EVs are similar to hybrids and combustion engine vehicles. In July 2026, the average discount was £5,442 for BEVs, compared with more than £6,000 for diesel and plug-in hybrid cars and £5,411 for petrol cars.

➔ The ZEV Mandate is working. Manufacturers met their compliance requirements in both 2024 and 2025, and no car manufacturer has faced a fine for non-compliance.

➔ Weakening the mandate could mean between 1.4 and 3 million fewer BEVs sold by 2030.

➔ Further reduction in ambition would severely impact investment in UK manufacturing and infrastructure, while leaving drivers more exposed to volatile petrol and diesel prices, with petrol drivers around four times more vulnerable to energy price shocks than EV drivers.

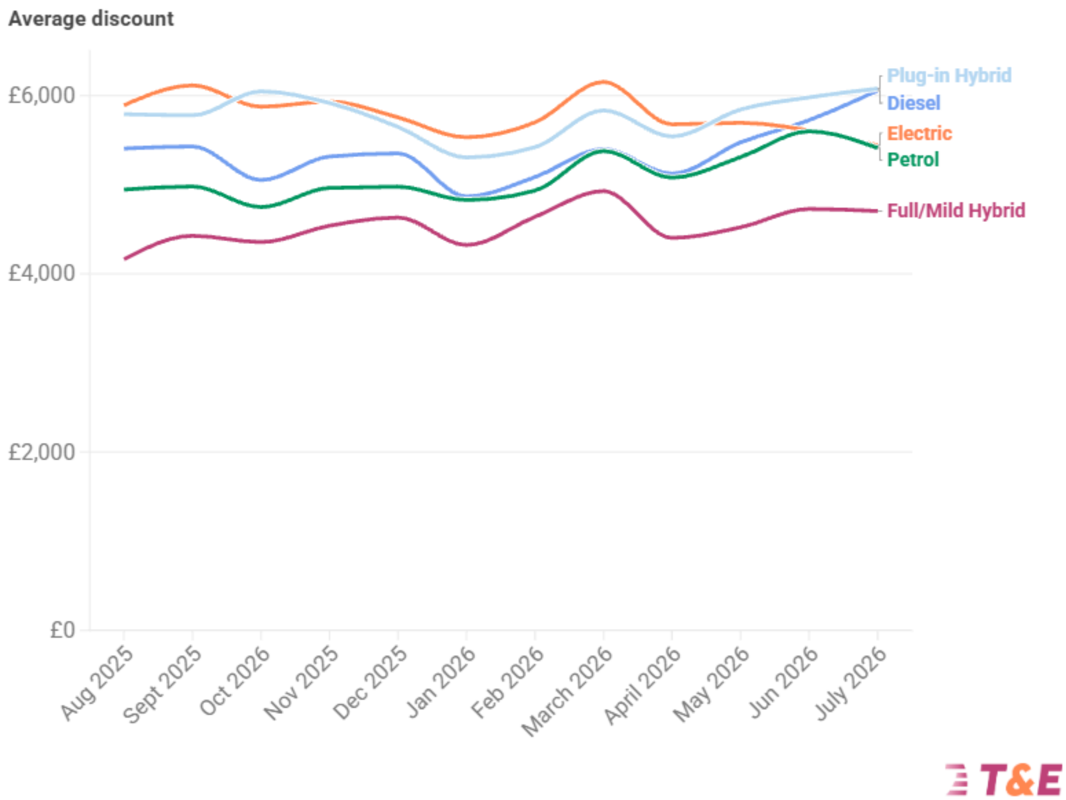
➔ The UK automanufacturing sector requires a robust and coherent industrial strategy, not weaker regulation. Chinese manufacturers are increasing their market share in internal combustion engine models, meaning slowing the transition to EVs would not shield British manufacturers from international competition. **Carmakers need Government support to face this growing threat to UK manufacturing.**

Carmakers are discounting across all powertrains

The car industry claims that the ZEV Mandate is forcing manufacturers to offer large discounts on EVs to meet regulatory targets. But, the evidence does not support this.

T&E UK analysis of Autotrader data, the UK's largest automotive marketplace, shows that average discounts on EVs are comparable to those on combustion engine vehicles. In July 2026, the **average discount on a BEV was £5,442.** This was lower than the **average discount on diesel and PHEV models, at more than £6,000**, and only marginally higher than the £5,411 average discount on petrol cars.

BEV discounts are almost identical to the discounts on other powertrains. The ZEV mandate is costing carmakers no extra money



- **Carmakers and the Government, through the Electric Car Grant, supported BEV drivers with £3.1 billion in discounts in the 12 months to July 2026.**
- **By comparison, the industry spent £7.6 billion discounting petrol, diesel and hybrid cars – more than twice as much.**

Constant changes undermine certainty

The ZEV Mandate was designed to provide long-term certainty for manufacturers, investors and infrastructure providers. Yet despite only coming into force in 2024, the Government is already considering a **third significant change**. Repeatedly weakening the policy sends a clear message:

If parts of the industry claim the targets are too difficult, the Government will change the rules, removing the very policy certainty and clear direction regulation is designed to provide. That undermines policy and confidence across the entire green tech ecosystem.

Investment at risk

- Up to **£41 billion of automotive investment** could be put at risk. Since the consultation was launched, battery manufacturers have already **shelved expansion plans**.
- Companies that have invested early and made progress are penalised, while those that have delayed action are rewarded.
- Uncertainty over future EV uptake also weakens the business case for charging infrastructure investment: ChargeUK has warned that **£15 billion of charging investment** could be jeopardised.

The lack of an Industrial Strategy

The real challenge facing UK carmakers is not the ZEV Mandate itself, but the **absence of a coherent industrial strategy** to support it. Regulation must be matched by action to improve the UK's competitiveness, including:

- More competitive industrial energy costs
- Financial support which rewards successful UK production, for example providing a set subsidy for every battery produced
- Policy incentives to produce in the UK to develop robust EV and battery supply chains
- A willingness to use trade defence measures where necessary to support UK production and jobs

Other countries are pressing ahead. China continues to execute a long-term industrial strategy to build its EV industry, while the EU is pairing regulation with industrial support, such as Made in EU, required to drive onshoring of manufacturing.

Meanwhile, UK manufacturers face growing competition from heavily subsidised imports. The EU and the U.S. have acted by imposing tariffs on subsidised Chinese EVs. The UK is now the only major global automotive market which has no effective policy to protect its domestic manufacturing, despite **8% of Chinese battery electric vehicle exports being destined for the UK market.**[1]

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[1] T&E analysis, EV-Volumes

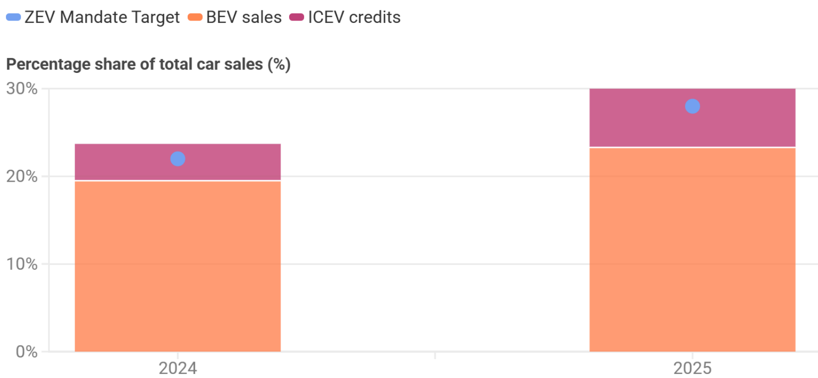
If Ministers are concerned about the competitiveness of the UK automotive sector, the answer is not to weaken the ZEV Mandate. It is to rapidly develop a robust and coherent industrial strategy that provides industry with the tools needed to be competitive through the transition. Without this there is no way for UK manufacturing to remain globally competitive. **The Department for Business and Trade must be proactive in backing British automotive manufacturing, rather than expecting regulatory changes to solve problems that stem from a lack of industrial support.**

Industry is meeting the targets

Claims that manufacturers cannot comply with the mandate are not supported by the evidence.

The market has responded positively to the mandate with car makers growing BEV share through an ever-improving product line-up

Overall, BEV sales grew over 20% between 2024 and 2025 but this hides even higher growth for some OEMs



Source: T&E analysis of DataForce sales data

- **Manufacturers have met compliance requirements in both years the mandate has been in force.**
- No car manufacturer has faced fines for non-compliance.
- **Carmakers face a lower effective compliance target, due to the ability to use significant flexibilities which they themselves lobbied for.**

In the first two years of the ZEV mandate being in place, manufacturers have met compliance on both occasions, and no car maker has had to face fines for failure to comply. It is expected that carmakers will comply again this year.

Further information

About us

We are the national office of the European clean transport NGO T&E whose aim is to achieve a zero-emission mobility system that is affordable and has minimal impacts on our health, climate and environment and is accessible to all.

https://www.transportenvironment.org/te-united-kingdom

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