



EU-UK TCA: the Litmus test for ‘Made in Europe’

Debunking ACEA's [proposal](#) concerning EU electric
vehicle exports to the United Kingdom



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Executive summary

European carmakers (ACEA) claim the EU-UK TCA local content rules for batteries can't be met. T&E debunks their claims.

- **ACEA claims the rules cannot be met for batteries. *T&E analysis shows EU battery production will far exceed demand from EU-UK trade in 2027.*** For nickel-rich NMC batteries, the EU will produce 6x what is needed to export to the UK, and for lithium-iron phosphate batteries (LFP), the EU will produce 2.4 times what is needed.
- **ACEA claims the rules cannot be met for Cathode Active Materials (CAM) - one of the most strategic and valuable components of a battery. *T&E finds there is enough CAM production to meet demand from EU-UK trade in TCA.*** In 2027, EU CAM supply will exceed what is needed for EU-built EVs exported to the UK by over a third for both NMC and LFP (and by almost five times for NCA).
- **ACEA claims the rules will have a catastrophic effect. *However, delaying rules already agreed six years ago will weaken the credibility of EU rules and investor confidence. T&E analysis also shows that with the right steps, the tariff hit can be avoided.***
- **Automakers claim they have invested but capacity will only materialise in the coming years. *T&E shows the capacity exists, and production volumes will be delivered, but supply hinges on demand from carmakers.***

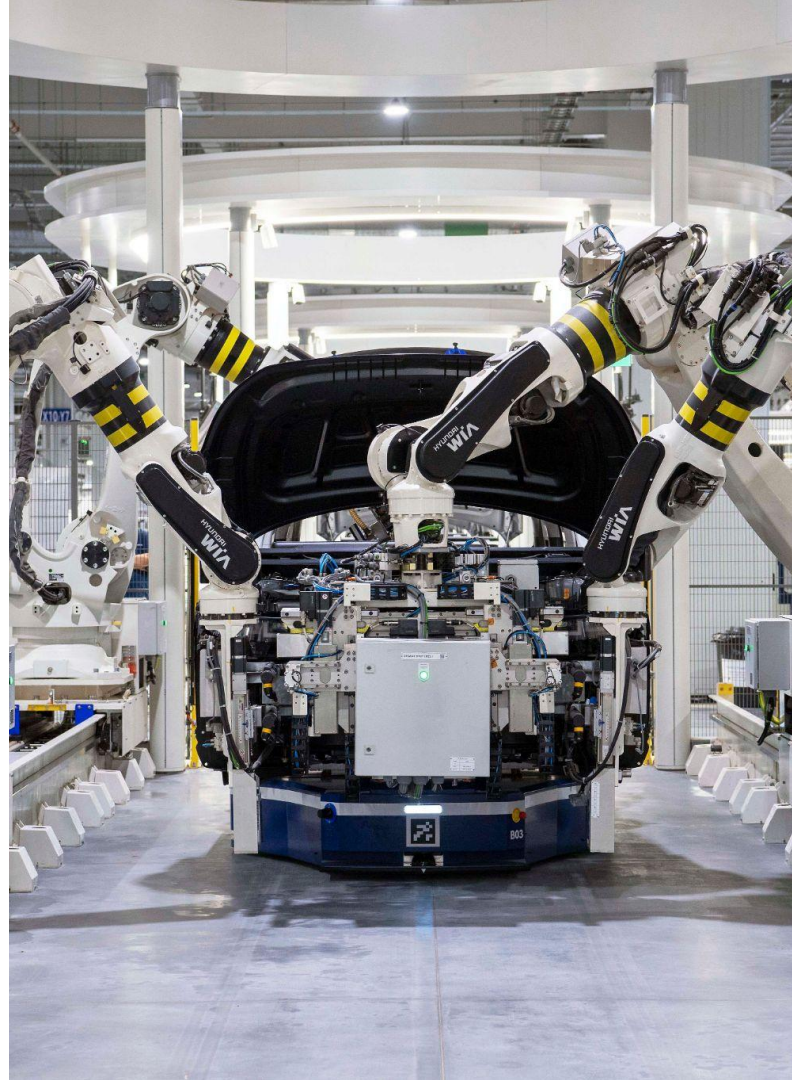
Introduction

The EU-UK TCA rules of origin requirements are the most concrete local content rules for batteries we have today. This is a test case for showing Europe can get its 'Made in EU' agenda right.

- **The EU-UK Trade and Cooperation Agreement enables tariff-free trade for electric vehicles (EVs) and batteries, provided products meet rules of origin (RoO) requirements.** Products that do not comply face a 10% tariff.
- From **1 January 2027**, battery packs and cells must originate in the EU/UK and use originating cathode active materials or max 30-35% non-originating content.
- Despite having already been delayed by three years, **carmakers ([ACEA](#)) are now pushing once again for a further delay to the rules.**
- It was agreed in 2023 that **no further postponement of the incoming rules will be considered** with a legal lock in mechanism deploy to prevent further changes.
- **It is clear that the permanent TCA rules of origin must apply as of January 2027.** This is vital for securing Europe's battery value chain and maintaining investor confidence. It's also a credibility test for the IAA and Europe's 'Made in EU' ambition..

Section 1

Carmakers can meet the EU-UK TCA RoO requirements for batteries



Carmakers claim the rules for batteries cannot be met in 2027

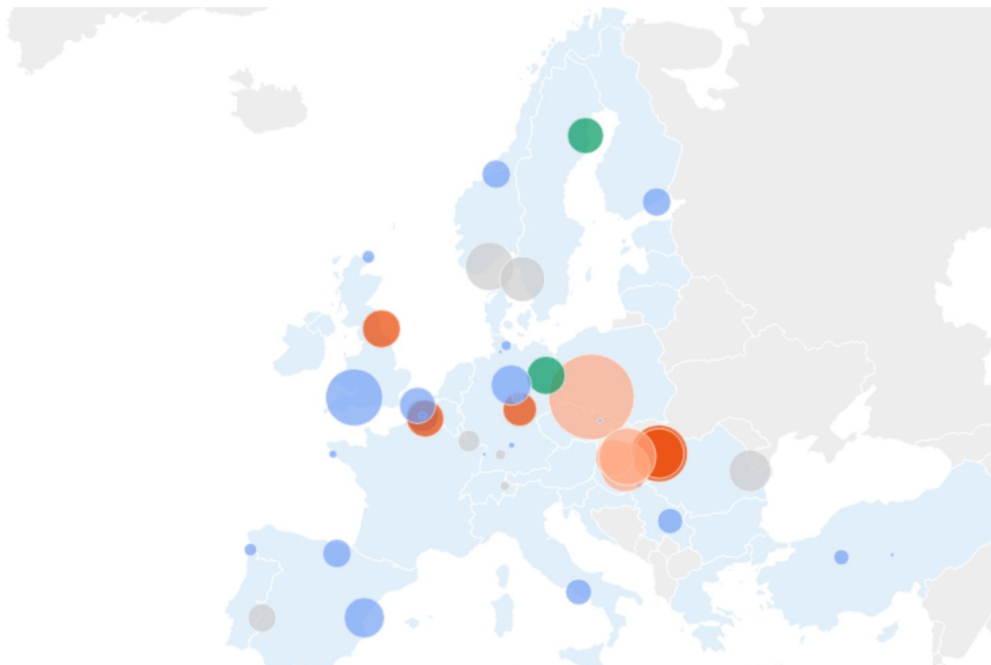
Yet there is more than sufficient European battery production capacity in 2027

Huge investments have been across the value chain. CAM production volumes will be delivered, when the demand from carmakers is there

European production capacity for cells in 2027

Capacity (GWH) 2 4

Origin ● Europe ● China ● Korea ● Other Asia ● North America ● Multiple ● On hold / Cancelled

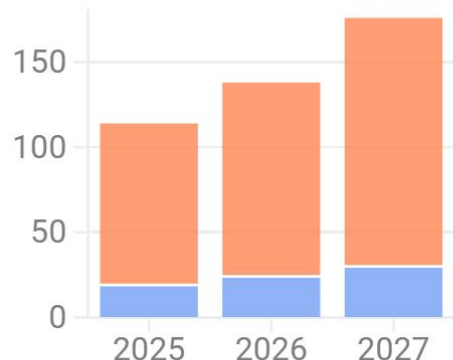


European battery production far exceeds demand from EU-UK trade

■ Battery produced in EU for UK export ■ Spare EU production

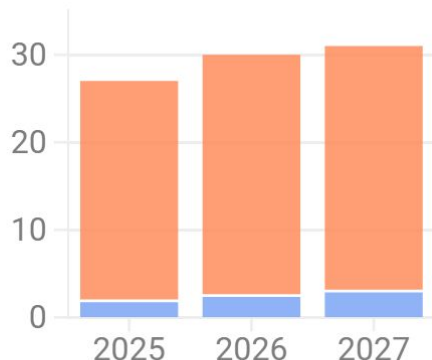
NMC

Battery production, GWh



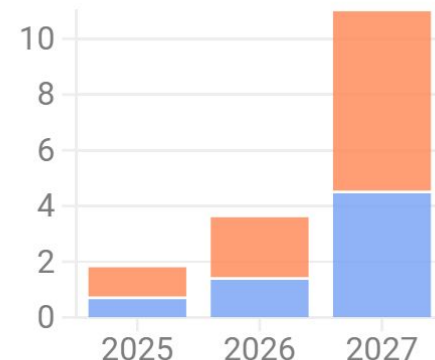
NCA

Battery production, GWh



LFP

Battery production, GWh



Source: T&E analysis

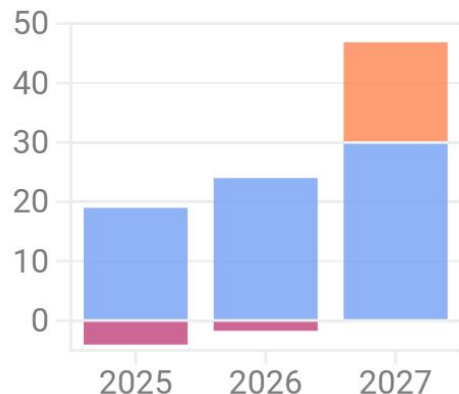


The EU has enough overall CAM supply to meet TCA requirements in 2027

■ Battery for UK export ■ Spare EU production of battery using EU CAM
■ Insufficient EU production of battery using EU CAM

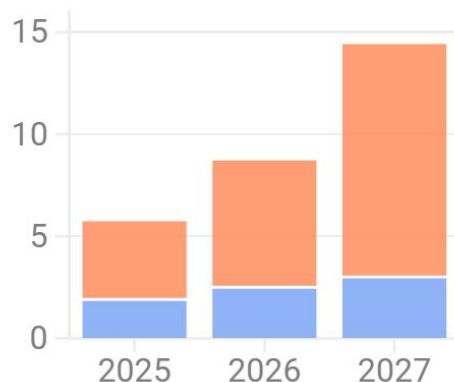
NMC

Battery production, GWh



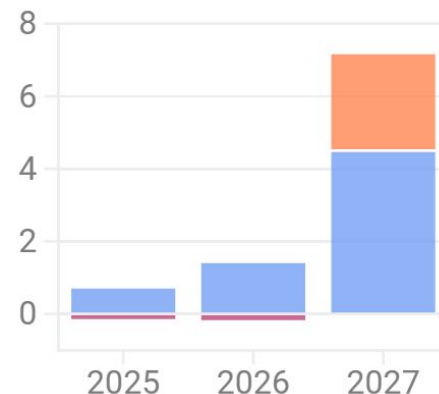
NCA

Battery production, GWh



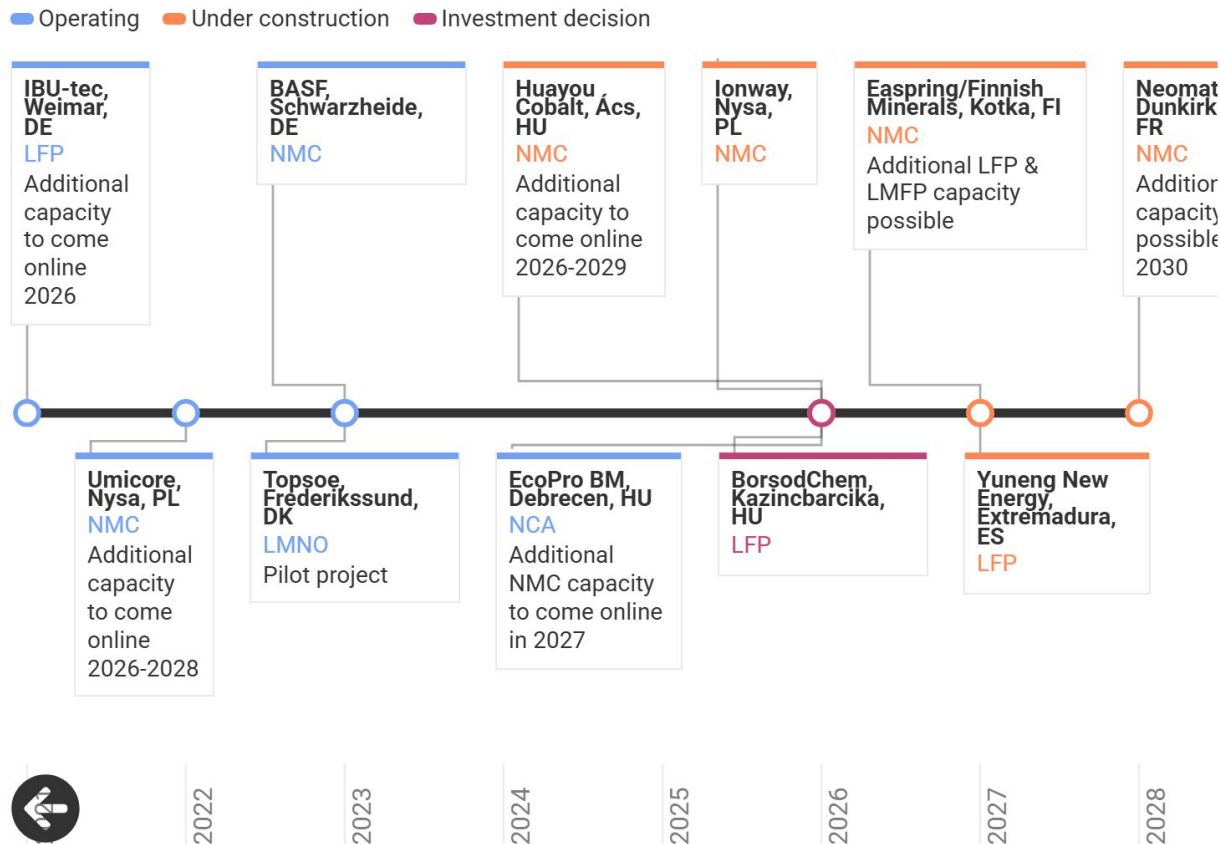
LFP

Battery production, GWh



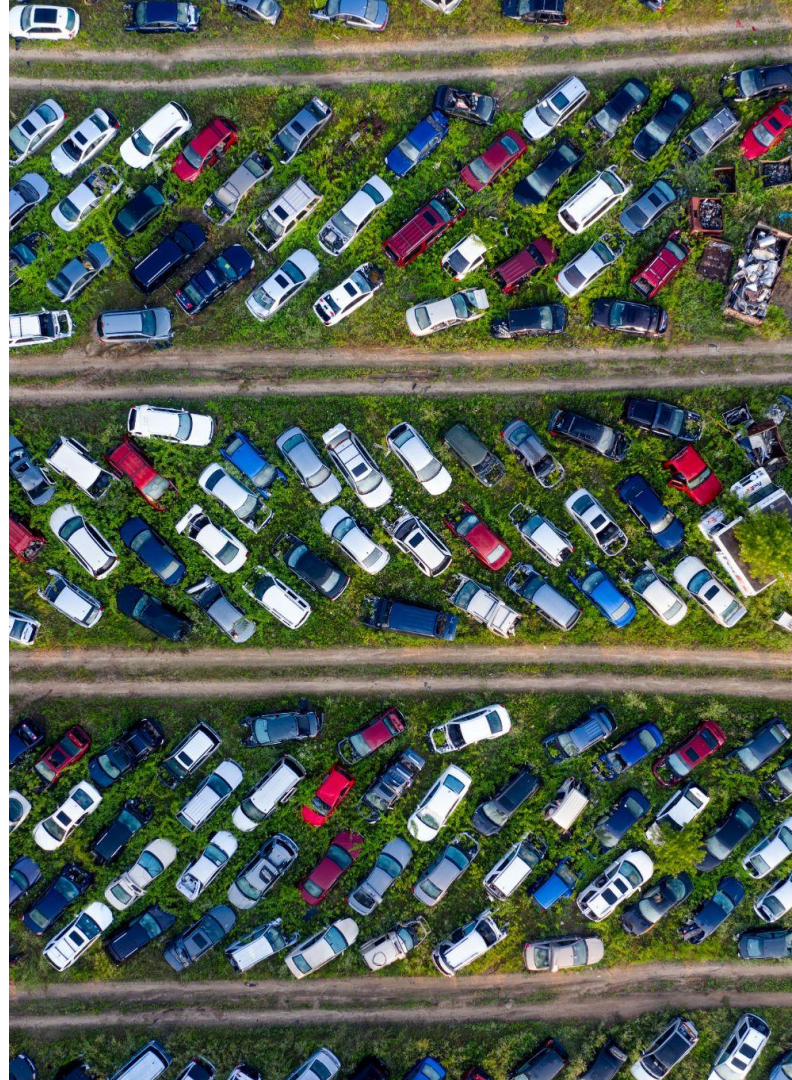
Source: T&E analysis of Benchmark cathode forecasts (June 2026)

European CAM production has rapidly ramped up for the TCA



Section 3

Delaying the rules would have negative consequences for Made-in-EU



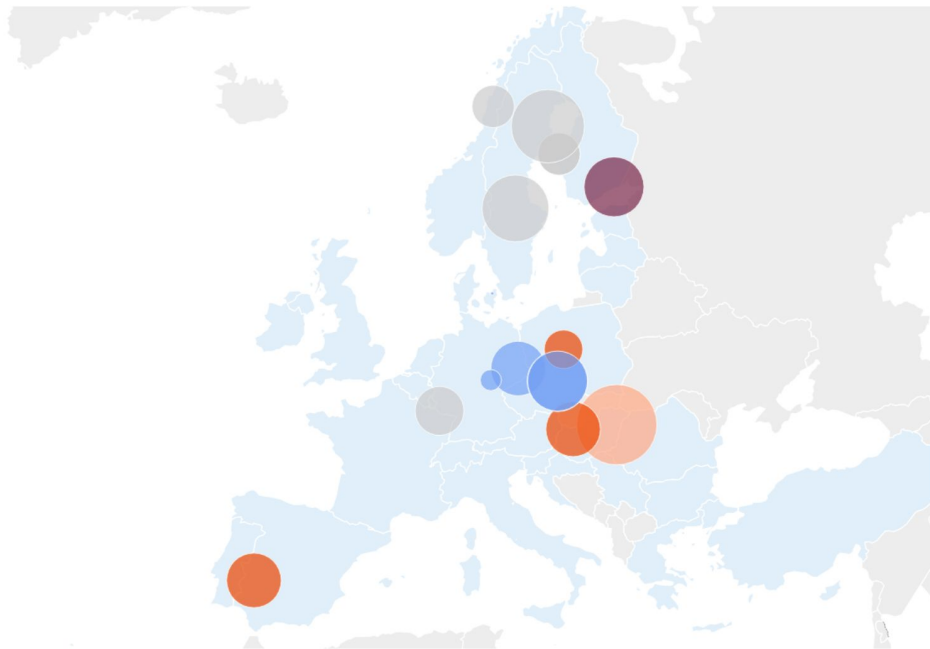
Carmakers warn of a catastrophic effect if the TCA is maintained

- If the rules are delayed now, **Europe will lose credibility in the ability to scale up battery manufacturing and supply chains and investors will walk away.**
- These projects require **large, stable offtake agreements with European cell producers and carmakers.**
- The TCA rules are a direct precursor to the upcoming Industrial Accelerator Act. If rules set six years ago can't be upheld, investors will be unlikely to trust that IAA rules will be maintained either.

European production capacity for CAM in 2027

Capacity (GWH) 2.5 ○ 5

Origin ● Europe ● China ● Korea ● Multiple ● Cancelled/On hold



Section 4

The tariff hit is avoidable



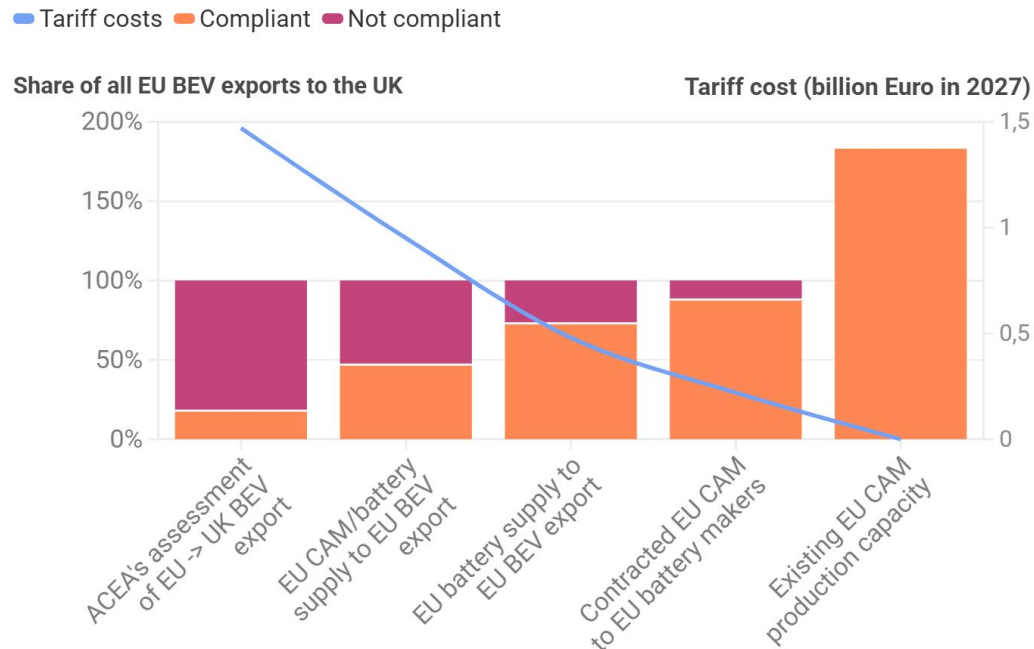
ACEA claims majority of exports will face 10% tariffs

- According to [ACEA](#), **82% of electric vehicles exported from the EU to the UK will not be able to meet the RoO requirements in 2027**. As a result, they argue the total cost of the 10% tariff on these vehicles will be **€1.47 billion in 2027**.
- However, T&E analysis finds that already in the first half of **2026, around half of vehicles exported to the UK could meet the requirements**. This is based on publicly available data from 2026 and the status of the market could be even more positive.
- Given the potential tariff hit it is likely that carmakers have made plans to further increase the share of compliant vehicles and localise in time for January 2027 so **the tariff hit is likely to be much lower. Every 10% of exports made compliant cuts the tariff bill by about €180 million**.
- Given there is enough EU cell and CAM supply, steps can and could have been taken to comply. **This is not a capacity issue and carmakers have had time to prepare**. There are plenty of compliant batteries being sold in vehicles in the EU that could have been put in vehicles going to the UK if contracts had been signed for their supply.

The tariff cost is avoidable

T&E analysis shows that with the right steps, the tariff hit can be avoided

Already in the first half of 2026, around half of vehicles exported to the UK could meet the requirements.



Source: Contracted EU CAM supply is a lower bound estimate as only publically announced supply contracts are included

Delaying the TCA is not simple



ACEA claims there is a simple way to amend the rules

- EU Trade Commissioner Maros Šefčovič was very clear back in 2023. **Šefčovič said the Commission would introduce a "lock-in mechanism that makes it legally impossible" to give further extensions before 2032.**
- Decision No 1/2023 of the Partnership Council made it clear that no further changes to product specific rules of origin requirements in Annex 3 for products in Annex 5 could be introduced until 2032.
- Council Decision (EU) 2023/2921 adopted to approve the Partnership Council decision also limits the possibility of making further changes to product-specific rules of origin for electric accumulators and electrified vehicles through a further decision of the Partnership Council.
- As a result, any further change would likely require an amendment to the Trade and Cooperation Agreement (TCA). This would involve a formal mandate, approval by the Council, and potentially consent from the European Parliament.

Conclusion

Come 2027, the permanent TCA rules of origin must apply

If Europe is serious about building batteries in Europe and delivering the economic and job benefits that come with localising supply then the European Commission needs to hold the line.

Significant investments have been made in European battery and cell production and there is enough capacity to meet the requirements. T&E analysis shows that there is more than enough cell capacity to meet demand from EU-UK trade. It is clear there is also enough European CAM supply.

Despite having six (three) extra years to prepare, carmakers are asking for more time. Given the significant tariff hit and the availability of EU supply it is unlikely that carmakers have not prepared for the rules to start in January 2027.

If Europe changes the rules once again, investors will think twice about building factories here if rules underpinning demand disappear just as they begin to bite. This has serious implications for the ability to enforce IAA requirements and deliver on Made-in-EU ambition.

Finally, without the TCA, the UK could become an assembly plant to circumvent tariffs on Chinese vehicle imports putting at risk European automotive manufacturing as a whole