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UK Auto Industry Faces 70-Year Low as Production Stalls.

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Britain's automotive manufacturing sector has recorded its worst first—half performance since 1953, excluding pandemic—era shutdowns, raising serious concerns about the long—term competitiveness of UK car and van production. Industry leaders are calling for clarity and investment as uncertainty over trade, regulation, and energy policy weighs on output.

According to the Society of Motor Manufacturers and Traders (SMMT), vehicle production in the first six months of 2025 fell sharply. Car output dropped by 7.3%, while van production fell by 45%, largely due to the closure of Stellantis' Vauxhall van plant in Luton. While the government has pointed to new electric vehicle (EV) grants as a sign of support for the sector, industry figures warn that unclear guidance and a lack of strategic planning are undermining the potential benefits.

Mike Hawes, Chief Executive of the SMMT, described the figures as "depressing," though he expressed cautious optimism that the worst may be behind the sector. "We hope this marks the nadir of the UK auto industry," he said. A US—UK trade deal, which cut US import duties on British cars from 27.5% to 10% under a quota of 100,000 vehicles and came into force in late June, offers some hope of recovery in one of Britain's most important export markets.

Still, the broader picture remains troubling. While production of electrified vehicles, including battery electric vehicles (BEVs), hybrids, and plug-in hybrid electric vehicles (PHEVs) inched up 1.8%, this was not nearly enough to offset broader losses. These electrified models now account for over 40% of UK vehicle production, reflecting a clear shift in market demand. But without better policy support, that shift may not benefit British workers or factories.

In an attempt to spark renewed investment, the government recently announced the return of EV purchase grants, offering up to £3,750 for vehicles priced at £37,000 or less. However, the SMMT criticised the rollout as confusing and lacking transparency. Under the new rules, only vehicles meeting strict carbon emission criteria, both in terms of manufacturing and battery production, will qualify. Yet, as Mr. Hawes pointed out, the standards have not been clearly defined.

“Nobody knows, not even the government, which models and brands will qualify,” he told reporters. That uncertainty could seriously disrupt vehicle sales ahead of September, traditionally one of the busiest months for new registrations. Hawes also warned that the current production rate will fall far short of the government’s 2035 goal of building 1.3 million vehicles per year unless new manufacturers establish operations in the UK.

The Department for Transport defended its approach, saying it expects “dozens of models” to be eligible and claiming that the grant will help both consumers and manufacturers. A spokesperson added that guidance has been issued and discussions with manufacturers are ongoing to clarify the application process.

However, the clock is ticking. The £650 million in grant funding will be distributed on a first-come, first-served basis, potentially disadvantaging firms that are slow to understand or meet the as-yet-undefined criteria. There is concern that Chinese and Korean manufacturers may fail to qualify, raising questions about whether the policy may be as much about trade as it is about emissions.

What’s clear is that Britain’s automotive sector is at a crossroads. Without swift action to bring clarity, attract investment, and support domestic production, the UK risks falling further behind in a global industry rapidly shifting toward electrification and high-efficiency supply chains. Policymakers must match rhetoric with results or risk turning a temporary slump into a long-term decline.