



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
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The UK's Ambitious Electric Vehicle Plan

MARKET INTELLIGENCE REPORT

Summary

- The United Kingdom (UK) has an ambitious plan to electrify its vehicle fleet to help meet its net zero target, and to reduce the healthcare burden of transport-related pollution. The Government plans to phase out the sale of new internal combustion engine (ICE) passenger vehicles by 2030 – a target currently set at 2035.
- Electric vehicle (EV) uptake in the UK has risen quickly. In 2023, 452,000 new EVs were registered, an increase of 41% compared to 2022. UK consumers are warming to the idea of purchasing an EV, with over half of potential car buyers considering one. The UK is making progress on expanding charging infrastructure, but areas outside of major centres remain underserved.
- The UK's prioritisation of EVs creates opportunities for New Zealand businesses, particularly those operating in peripheral sectors and those providing niche EV products. As a market pushing hard on vehicle electrification, the UK presents opportunities for New Zealand auto-importers, researchers, and policy makers to learn from its experience as it phases out new ICE vehicles over the rest of the decade.

Report

The UK is rolling out a highly ambitious vehicle electrification programme. By 2030, 80% of new cars and 70% of new vans sold in the UK will be emission free, and by 2035 every new light vehicle sold will be emission free, in line with other major developed economies including France, Germany, Sweden and Canada. In its pre-election manifesto, the new Labour Government committed to the 100% phase-out date from 2035 to 2030 (a return to a Johnson-era target), but it has not yet formally announced the policy change. Auto manufacturers will have to pay a fine for each carbon emitting vehicle sold beyond the targets set out above.

In 2023, just under a quarter of the UK's new cars were EVs – 16.5% of registrations were for battery-electric vehicles (BEVs) and 7.4% were for plug-in hybrid vehicles (PHEVs). In total, 452,000 EVs were registered in 2023, an increase of 41% compared to 2022, and over that year there was significant growth in the market share of BEVs compared to PHEVs. As of May 2024, there were 1.75 million EVs on UK roads (1.1m BEVs and 650,000 PHEVs), accounting for just over 4% of all registered vehicles.

The UK Government provides some incentives to support consumers and businesses to shift from ICE vehicles to EVs by reducing upfront costs. The Government offers grants that cover 35% of the cost of a new EV van (capped at £2,500 for small vans and £5,000 for large vans); and grants that cover 20% of the cost of new plug-in trucks (capped at £16,000 for small trucks and £25,000 for large trucks). Grants were previously available for motorcycles, wheelchair-accessible vehicles, and taxis, but these schemes ended in 2022.

UK consumer sentiment on EVs is mixed but improving. According to research conducted by EY, 54% of potential car buyers in the UK in 2023 were considering buying an EV, up from 49% in 2022. Only 41% were considering buying an ICE vehicle. The key drivers for this shift were high fuel prices, environmental concerns, and penalties on the use of some ICE vehicles (i.e., low emissions zones in urban centres). For those most averse to purchasing an EV, the shortage of charging infrastructure; high upfront costs; and limited range were their primary concerns. EVs are popular with those who have already purchased them, with 90% of UK EV owners saying they would buy another in future.

Public charging infrastructure has expanded substantially in the UK in recent years. Between May 2023 and May 2024, the number of public charging devices increased by 43%. Within Europe, the UK sits in the middle of the pack on measures of charging infrastructure – behind the Nordics, Netherlands, France, and Germany on per capita chargers but ahead of Southern and Eastern Europe (the UK has 107 chargers per

100,000 people). Charging infrastructure is disproportionately concentrated in London and the wider Southeast, with roughly half of the installed chargers located in these areas – although interestingly, London is underserved by fast charging infrastructure in comparison to other parts of the country. The UK’s public charging infrastructure sector is dominated by Shell Recharge Ubitricity and Connected Kerb which each manage networks of on-street lamppost-style chargers, and Pod Point which runs a network of chargers in retail carparks. From January 2023, it was made mandatory for new home chargers sold in Great Britain to have smart charging functionality, allowing vehicle charging to be optimised against grid load and variable electricity pricing.

The UK’s EV market is dominated by auto manufacturers who build their cars primarily in China, including Tesla, MG (SAIC) and Polestar (Geely/Volvo), but unlike the US the EU and now Canada, the UK has not imposed tariffs on Chinese-made EVs. In July, Secretary of State for Trade Jonathan Reynolds said that although he was “concerned” about Chinese EV imports, he was not planning to launch a formal investigation into them. Reynolds indicated that the UK’s export profile (China is a key export destination for UK-made cars) is also a factor in the Government’s decision making.

The UK’s shift toward EVs is primarily about meeting its net zero target. [Transport is responsible for around a quarter of total UK greenhouse gas emissions](#), making it the largest emitting sector in the economy, but public health is also a driver of its vehicle electrification policies. In 2018, a government study estimated at least 28,000 Britons died prematurely each year because of transport-related air pollution. In London, the introduction of a low emissions zone (to push motorists toward buying EVs, hybrids and more efficient ICE vehicles) is reported to have reduced harmful emissions in the central city by 46%, contributed to an 8% decrease in respiratory conditions such as asthma, and saved the city almost £1b in health spending. London is on track to fall within legal air pollution limits next year – the first time since 2010.

Opportunities for New Zealand

The UK’s prioritisation of electric vehicles will create opportunities for New Zealand businesses, particularly those operating in peripheral sectors and those providing niche EV products. Parkable, a New Zealand software company offering parking management services, provides software in the UK to support clients looking to manage and monetise EV charging infrastructure. Electric motorbike manufacturer UBCO has also expanded into the UK market, taking advantage of growing consumer demand for two-wheel electric vehicles. As a comparable left-hand drive market pushing hard on vehicle electrification, the UK presents opportunities for New Zealand auto-importers, researchers, and policy makers to learn what works well – and what doesn’t – as it phases out new ICE vehicles over the rest of the decade.

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