



UK AUTOMOTIVE BUSINESS LEADERS BAROMETER

Q2 2025

Survey conducted
28 April to 21 May

About the survey

SMMT's UK Automotive Business Leaders Barometer surveys how those at the very top of the UK's most valuable export industry perceive the conditions impacting their business and their recommendations of how to drive growth.

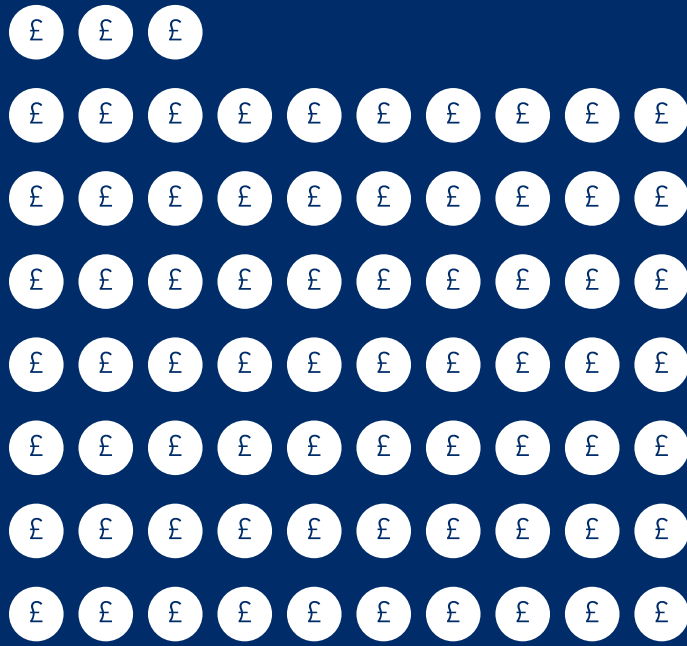
Conducted in April and May 2025 in the wake of new trade policy announcements from the US, the increase to employer National Insurance Contributions, and ahead of the government's planned Industrial Strategy, the survey draws in views from more than 50 respondents, representing businesses with a combined £79 billion turnover, 87,000-strong workforce, covering 98% of UK vehicle production.

Covering vehicle manufacturers, the supply chain, and other automotive business sectors such as aftermarket, distribution and finance, the Barometer is the most comprehensive snapshot available of what the UK industry is thinking.

50+
RESPONDENTS

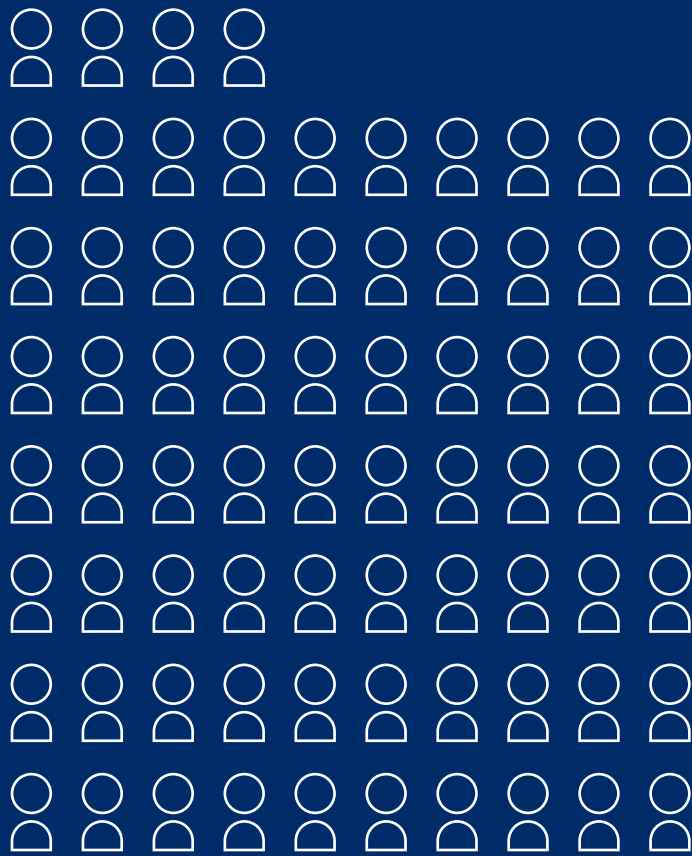


£79bn
TURNOVER



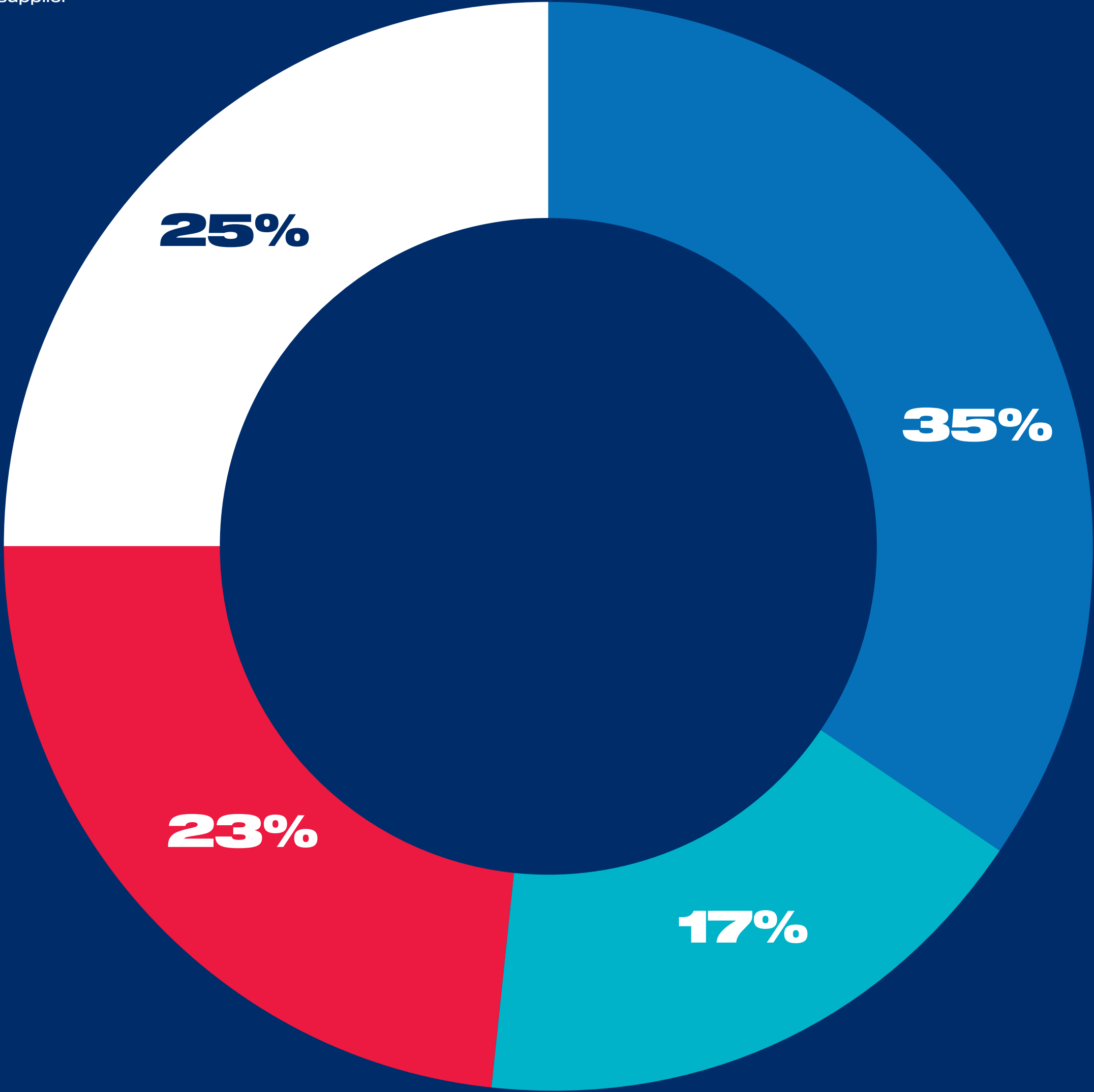
x1bn

87,000
STAFF



x10,000

- VM
- Tier 1 supplier
- Other supplier
- Other



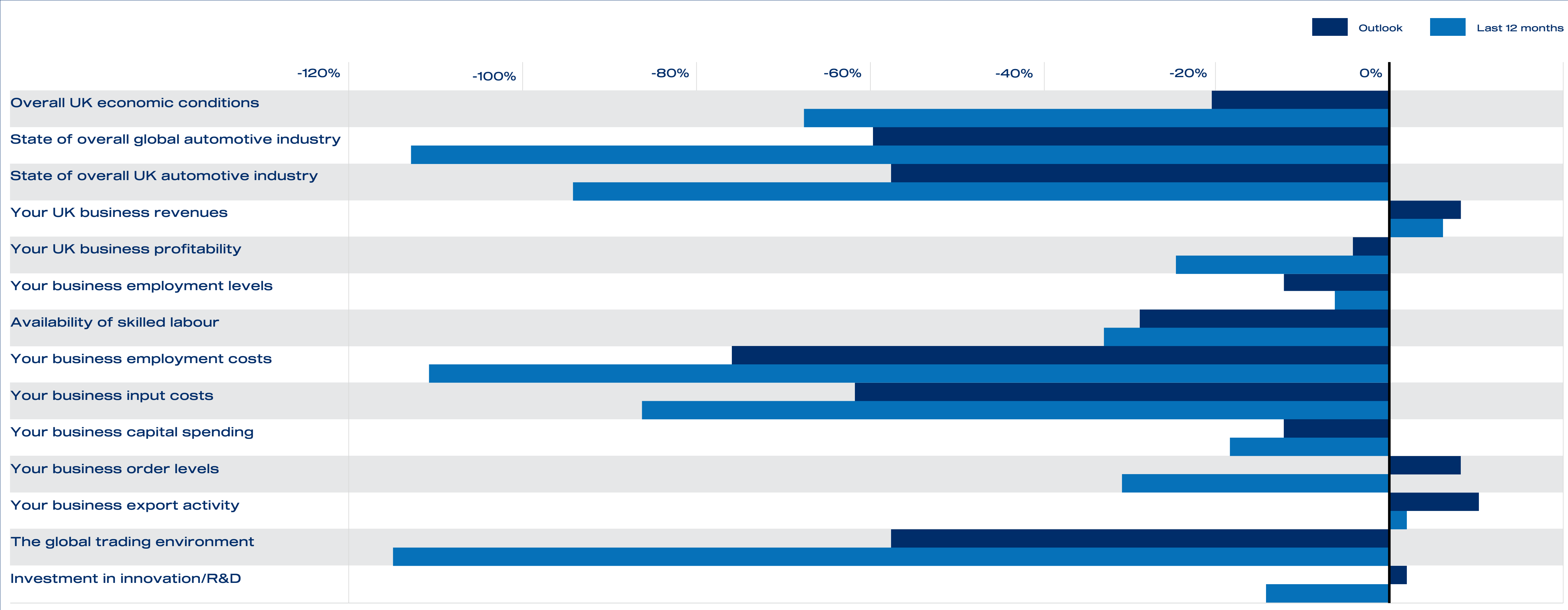
PERFORMANCE

How do you perceive each of the following factors have changed over the last 12 months and what is your outlook for the next 12 months?

Net change in perception of business conditions

Challenges ahead, but outlook is more optimistic than 12 months ago

Orders, revenue and exports all expected to improve.



UK COMPETITIVENESS

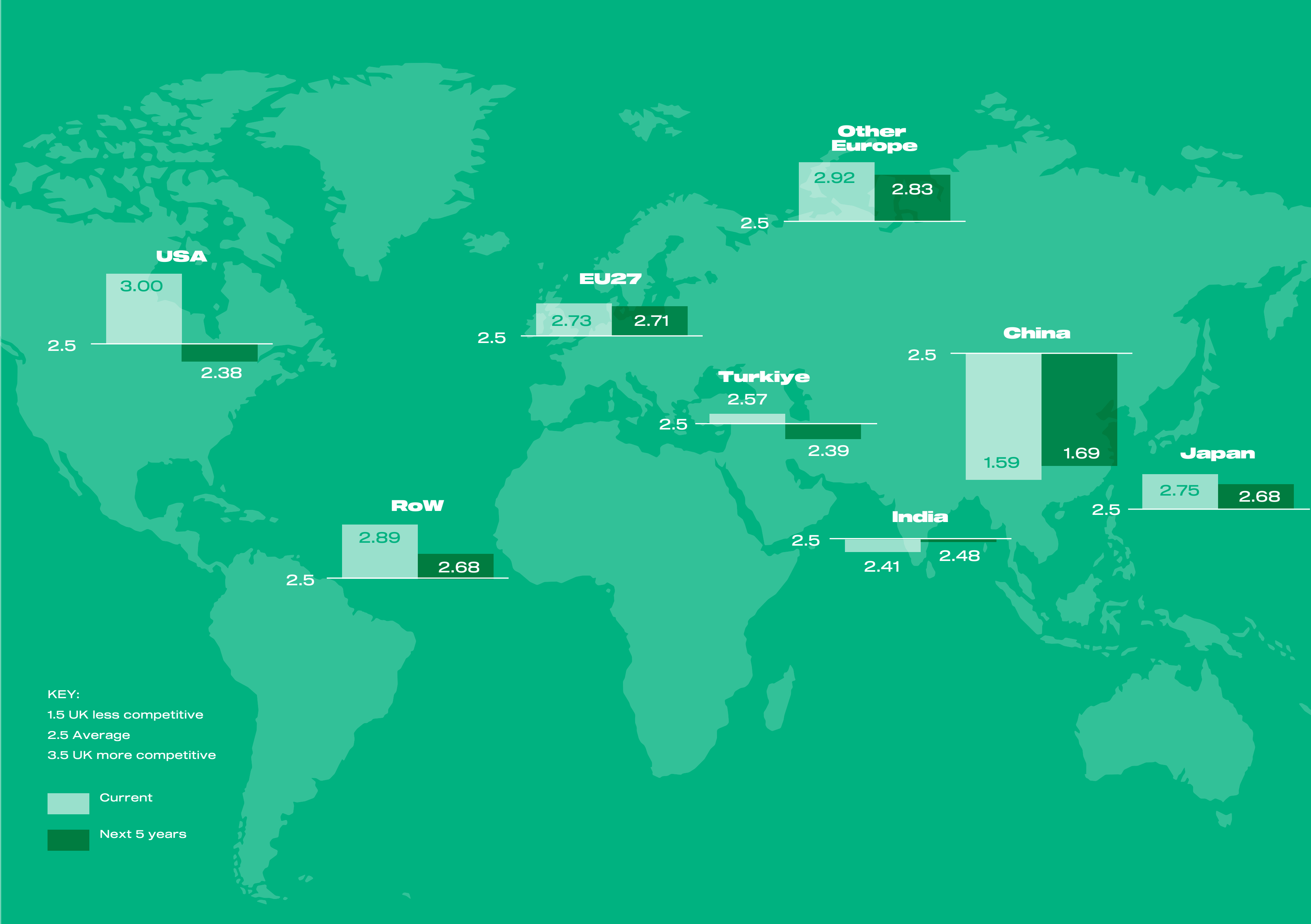
How do you rate the UK's competitiveness in the global auto industry today compared with the following regions and how do you expect it to rate in the next five years?

UK on par with other countries, but situation expected to deteriorate

The UK is holding its own for now, but competitiveness is expected to decrease.

China and India both seen as significantly more competitive than the UK.

Current UK average competitiveness is 2.56 out of 5, expected to dip to 2.41 over the next five years without action from government.



INVESTMENT

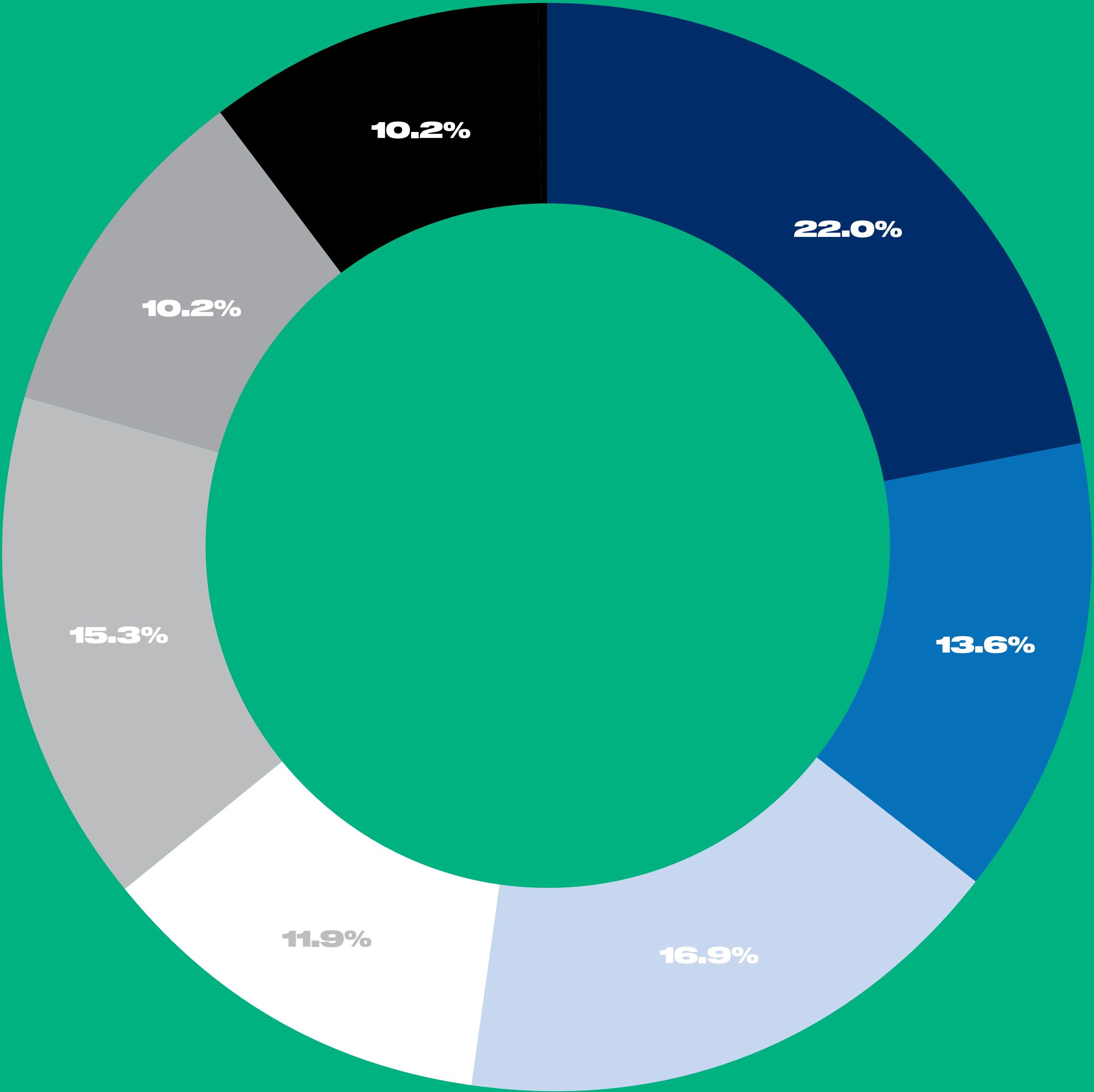
Based on current economic conditions, which of the following best describes your business’s current investment activity and expectations in the UK?

22% of respondents from UK automotive businesses have recently secured investment in the UK.

A further 30% are currently seeking investment.

More than one in 10 businesses say they are at risk of losing investment in the UK.

- Recently secured
- Actively pitching
- Actively pitching but delayed
- Facing difficulty
- Not currently
- No plans
- Risk of disinvestment



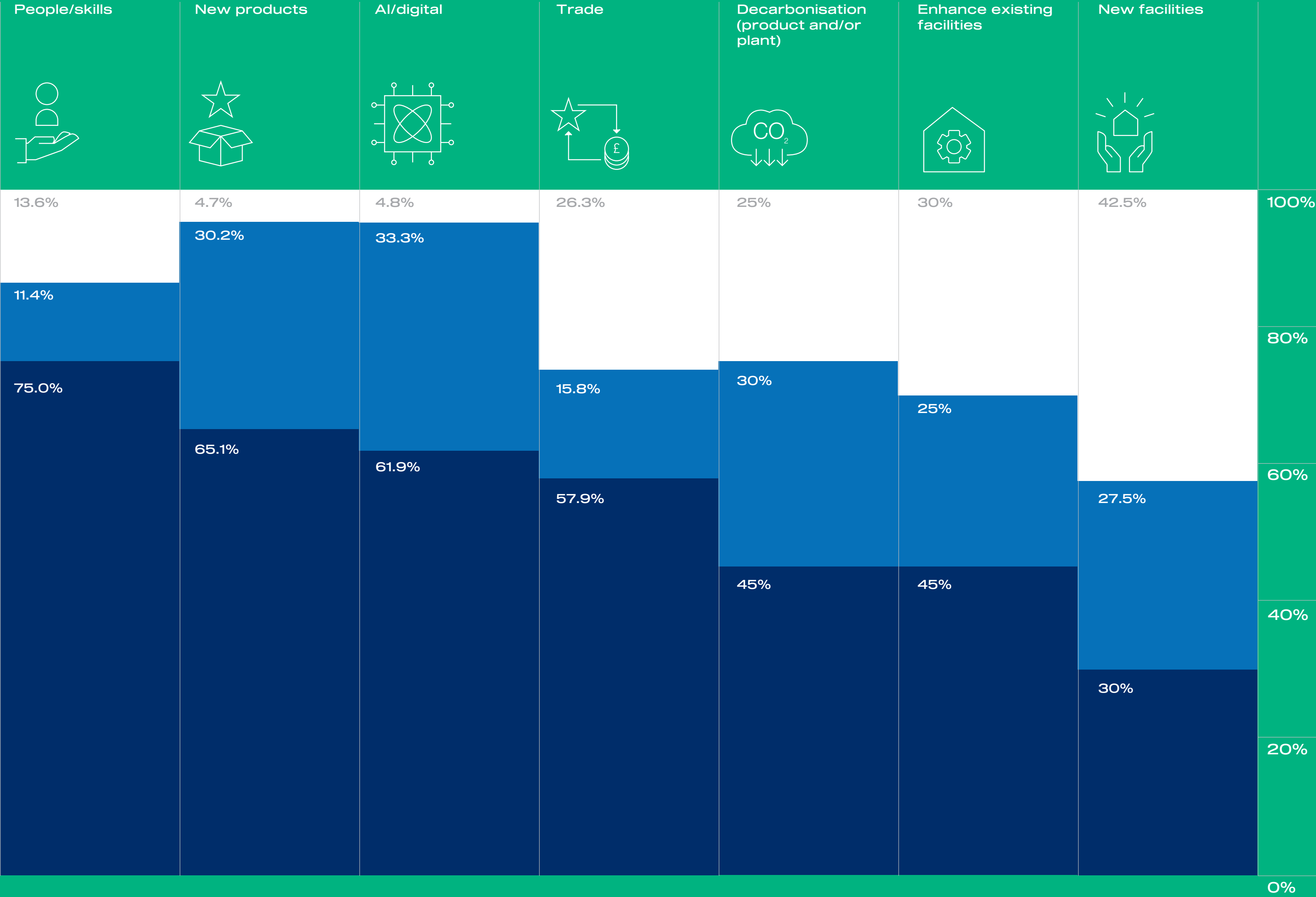
In which areas are you planning to invest over the next 12 months?

People, AI/digital and new products the key investment focus the next year

Three quarters (75%) expect to invest in people and skills over the next 12 months.

95% of businesses planning investment in AI and digital provision, 95% are investing new products, while 86% plan investing in people and skills.

More than half looking at investing in either new facilities or enhancing existing ones



How damaging is the imposition of the new US tariffs on your UK business in each of the following areas?

US tariffs seen as a risk – but reciprocal tariffs in other markets regarded as greater danger.

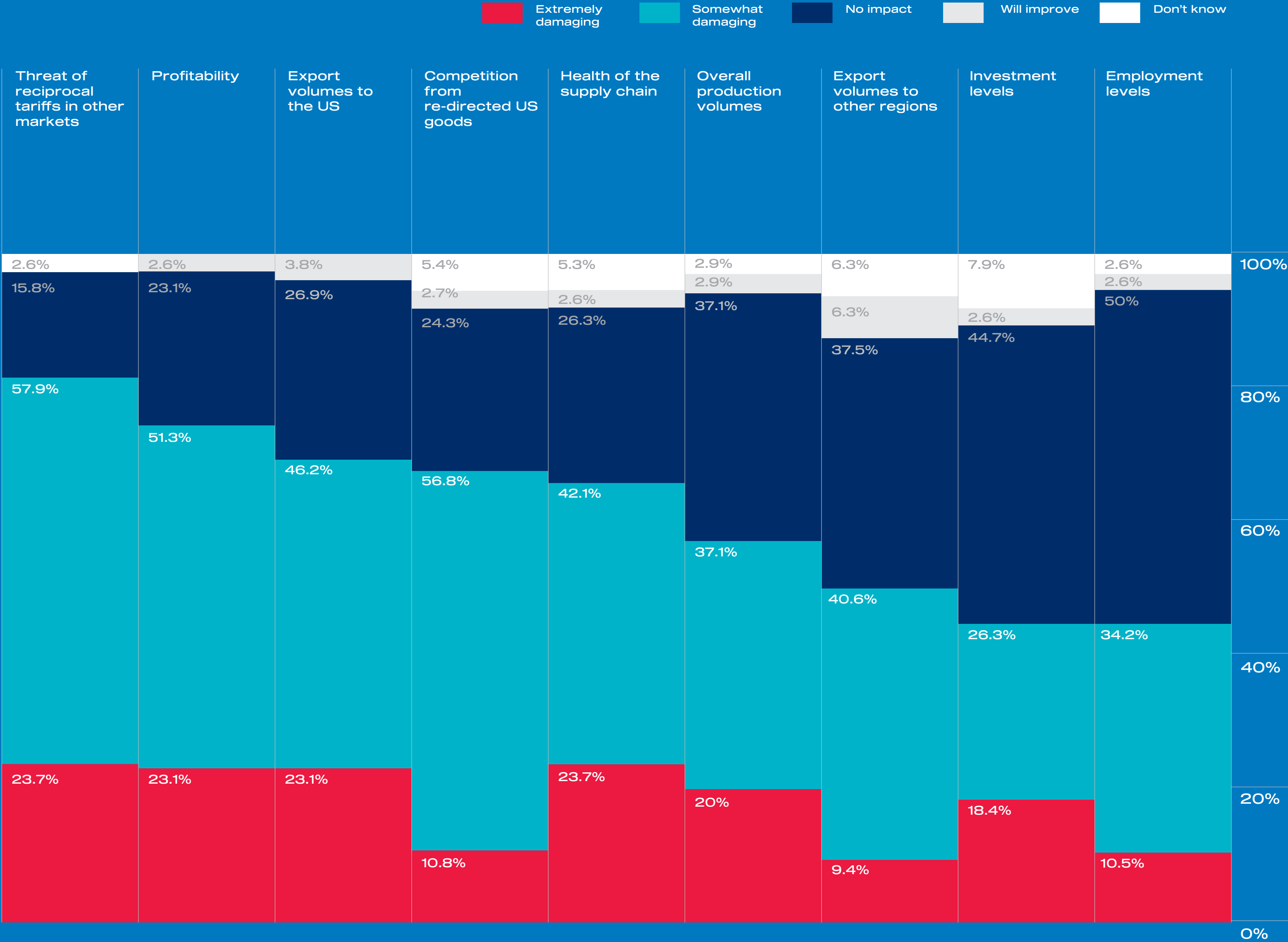
Four in five businesses (82%) concerned about reciprocal tariffs.

Almost a quarter (23%) expect extremely damaging impact on supply chain health.

Almost half (44.7%) expect a damaging impact on investment in the UK.

“Government needs to ensure the deal works for the whole industry, including small volume manufacturers.”

CEO of a vehicle manufacturer



US TARIFFS

Does the imposition of US tariffs create an existential threat to your UK business?

29.5% believe they won't be affected as they do not export to the US

However, of all respondents currently exporting to the US, 68% say tariffs will negatively impact their business

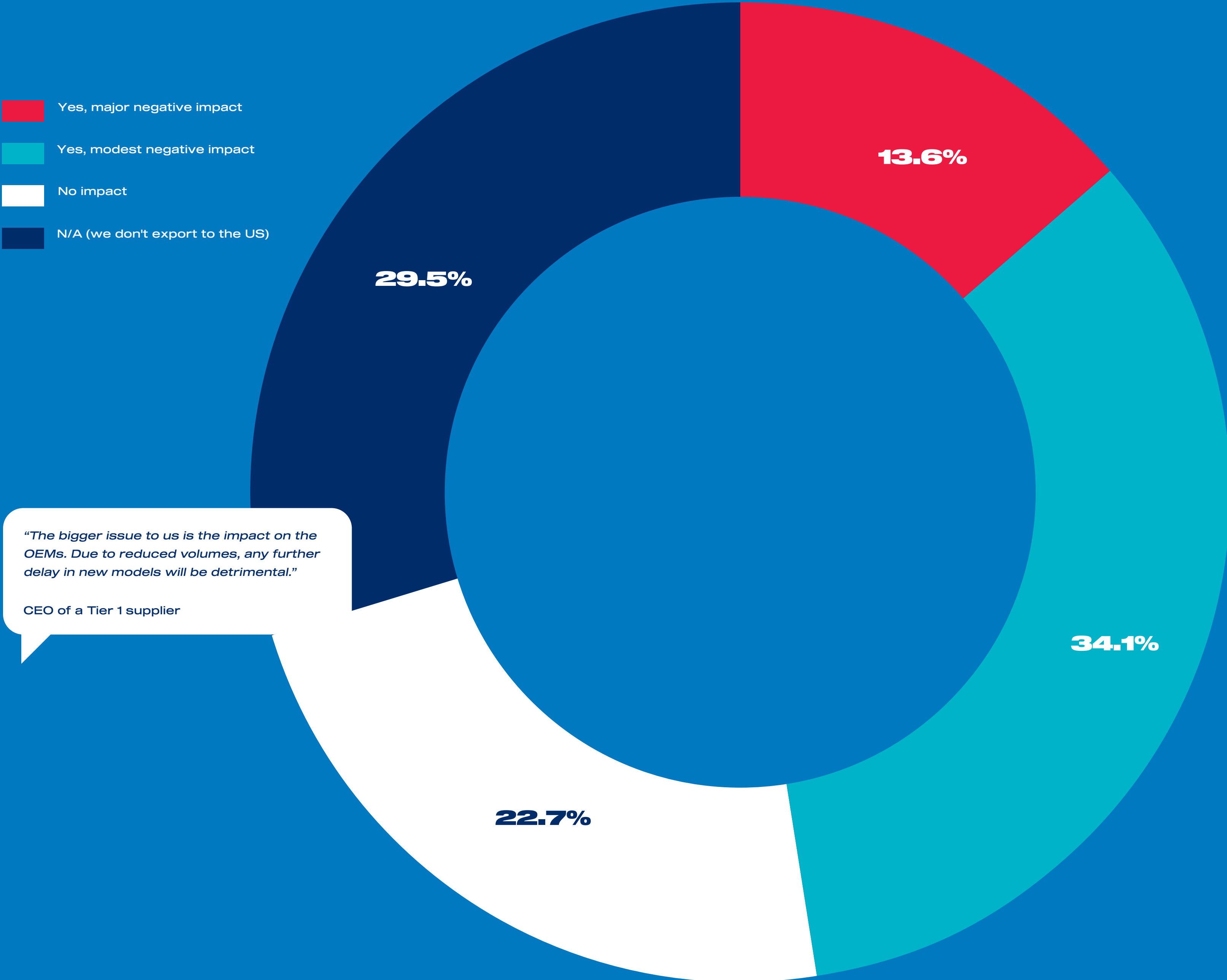
"The market uncertainty tariffs create is a massive problem because no-one invests in new product development."

CEO of an engineering consultancy

- Yes, major negative impact
- Yes, modest negative impact
- No impact
- N/A (we don't export to the US)

"The bigger issue to us is the impact on the OEMs. Due to reduced volumes, any further delay in new models will be detrimental."

CEO of a Tier 1 supplier



US TARIFFS

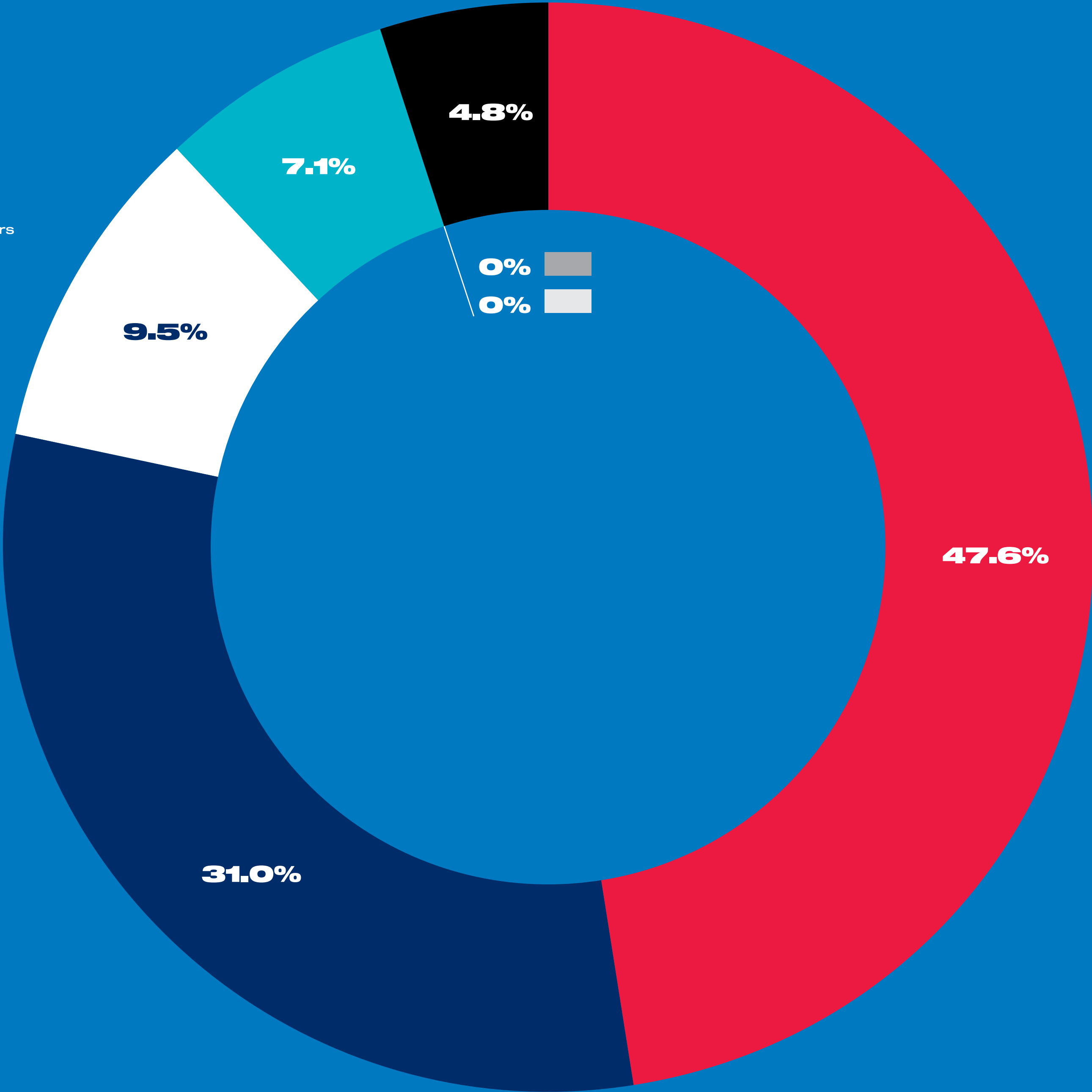
In light of recent geopolitical disruption and increasing global trade tensions, particularly around US tariffs, what should the UK government prioritise in its trade policy?

Almost half (48%) see government negotiation to remove tariffs as the most important measure.

Almost a third want a reset with the EU as the key priority.

No respondent believes retaliatory measures should be the priority.

- Negotiate removal tariffs
- Push EU reset
- Seek exemption
- Seek better trade with others
- Wait-and-see
- Impose retaliatory tariffs
- No opinion



"It is important that proper administration of the trade deal is put in place swiftly."

Managing Director of a vehicle manufacturer

INDUSTRIAL STRATEGY

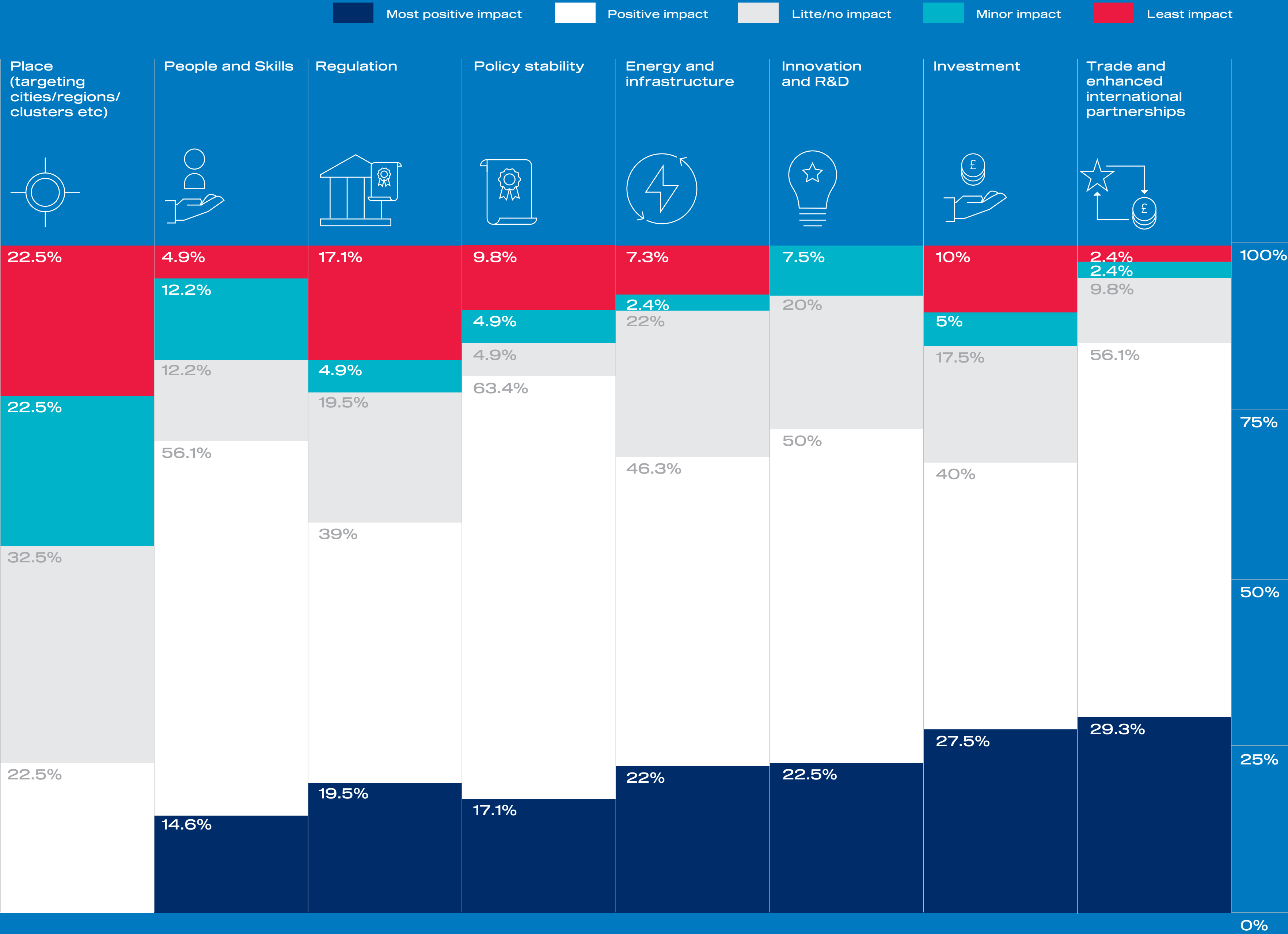
If the UK government delivers its Industrial Strategy effectively, which of their following policy themes would be most beneficial to your business?

Trade and investment crucial

- Most respondents said increased trade and enhanced international partnerships would be the most effective.
- Energy costs also highly significant, with almost 70% saying this would have a positive impact.
- All say innovation and R&D will benefit their business.

“The industrial strategy must include specific policies and support mechanisms which directly address the immediate threats to the competitiveness of the UK automotive industry.”

Managing Director of a vehicle manufacturer



Do you think the UK is on track to meet the following Net Zero-related targets?

No respondent thinks UK is ahead of net zero targets

More than half say the UK is significantly behind track to meet the 2030 end of sale of pure ICE cars and vans

The majority also believe the UK is not on target to end the sale of non-ZEV cars and vans in 2035

Greater uncertainty around HGV end of sale targets, with around half of all respondents unsure if the UK is on track



NET ZERO

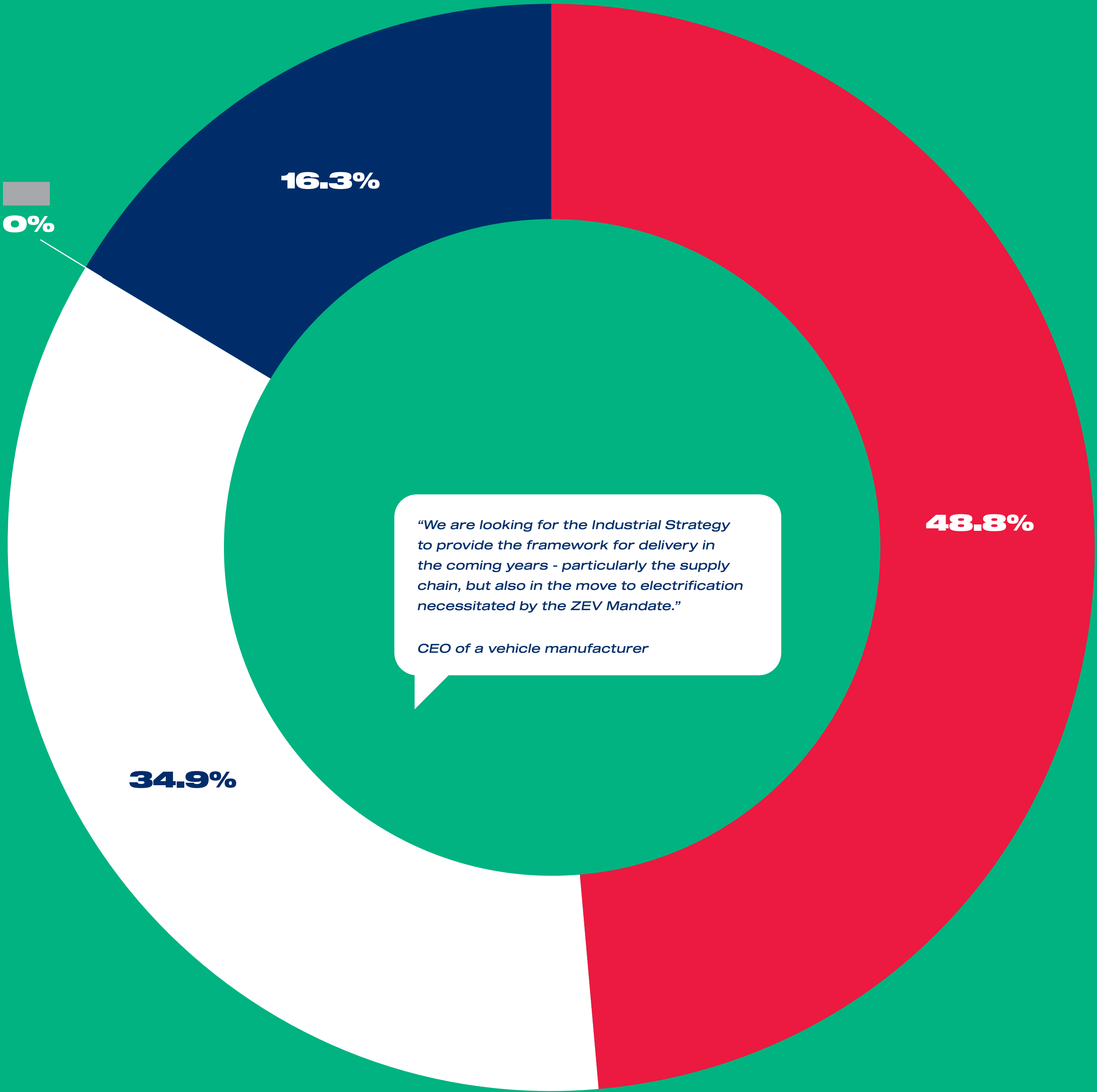
Do you believe the UK's ZEV supply chain is currently sufficient or progressing adequately to support a successful UK ZEV manufacturing transition?

Almost half see the supply chain as a barrier

48.8% of respondents say the supply chain is significantly behind and could be a barrier to the transition.

More than a third (34.9%) see it as moving in the right direction.

- Significantly behind
- Moving in right direction
- Fully on track
- Not sure



“We are looking for the Industrial Strategy to provide the framework for delivery in the coming years - particularly the supply chain, but also in the move to electrification necessitated by the ZEV Mandate.”

CEO of a vehicle manufacturer

“Government demand stimulus is the primary lever required to get the EV market moving.”

MD of a vehicle manufacturer

NET ZERO

In your view, what is most needed to support the UK’s zero-emission vehicle (ZEV) supply chain and vehicle manufacturing transition?

Boosting demand is mission critical

Three in ten believe fiscal support for consumers is the single most important measure to drive the ZEV manufacturing transition

Almost a quarter see grants for industry as the most important

“Government demand stimulus is the primary lever required to get the EV market moving.”

Managing Director of a vehicle manufacturer



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