Unite the Union: Zero Emissions Vehicles Mandate
Department of Transport Consultation

February 2025

Unite is the trade union for automotive workers across the major OEMs (original equipment manufacturers), as well as the component and logistics supply chain. Unite supports the UK government's commitment to climate goals, provided this is achieved through a transition which defends jobs, pay and conditions.

Zero Emission Vehicle (ZEV) mandate context: A sector in crisis:
The UK automotive sector is in a period of crisis. The industry is caught between multiple transitions which are resulting in plummeting underutilisation across both the UK and Europe. Car plant utilisation rates have fallen drastically from 70% down to 54% on average,[1] with car production volumes in the UK falling to the lowest rates since the 1950's. The overlapping root causes are:

- Failure to grow the electric vehicle (EV) market in order to sustain like-for-like volume levels with ICE (internal combustion engine vehicles).
- Employers pivoting away from high volume-led production to focus on high revenue and lower volume models.
- The high price of EVs which remains a barrier to consumer demand. This is linked to the strategy of employers focusing on premium EVs.
- The growth of Chinese OEMs in the UK and European markets and the responses by 'traditional' OEMs.
- The failure of multinational strategies by companies such as Stellantis and Ford, predicated on the misconception that they can endlessly cost cut their way through the transition to reach sustained profitability.
- Petrol and diesel vehicle manufacturing being artificially lowered to comply with the ZEV mandate.
- New model launches (EVs) being held back based on weak forecast demand or to game emissions targets.

The closure of the Stellantis plant in Luton is the most devastating result of the low volume crisis for 1100 workers and their community. They are not alone. Volumes have fallen across UK OEMs. This threatens jobs directly as well as in the component and logistics supply chains.

Left to the market alone Unite is concerned that this period of low volume will be prolonged, potentially resulting in a shrinking of the UK industry in the coming years, including more plant closures. Unite's primary concern is that the ZEV mandate may worsen this situation as employers intentionally decrease ICE production (to ensure EVs are a larger proportion of sales), without replacing that lost volume with EV or alternative production due to low market demand. Regulation alone is not sufficient to grow the UK EV market while defending and creating jobs.

Judging success: EV sales Versus UK Manufacturing
Unite notes SMMT figures that EV market share for passenger vehicles stood at 19.6%[2] and 6.3% for vans[3] in 2024.

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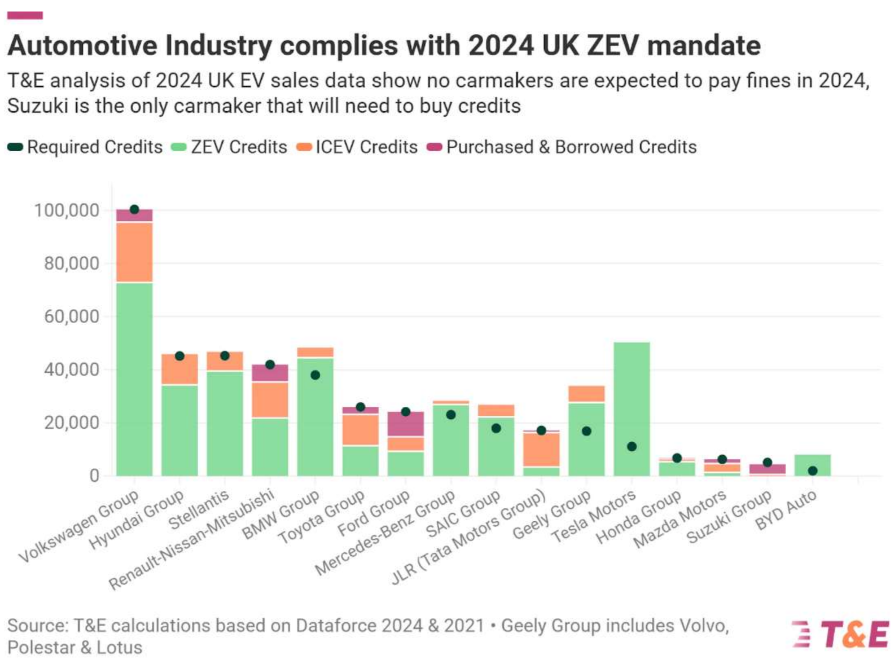
[1] https://www.reuters.com/business/autos-transportation/vw-labour-clash-spotlights-europes-car-factory-conundrum-2024-09-25/
[2] https://www.smmt.co.uk/2025/01/record-ev-market-share-but-weak-private-demand-frustrates-ambition/
[3] https://www.smmt.co.uk/2025/01/electric-van-demand-static-in-2024-despite-biggest-overall-market-in-three-years/

The ZEV mandate is primarily concerned with vehicle sales and this gives a distorted picture of success. Looking at sales alone, the ZEV mandate appears to be slowly growing the EV market share. It has also been argued that the ZEV mandate is lowering the price of EVs,[4] with industry resorting to £4.5 billion in discounts as one tactic to meet the thresholds.[5]

However, both of these points ignore that the growing market is largely been met by imported vehicles. Indeed, the 'top ten' bestselling EVs in 2024 were all imported into the UK. **This shows that the goals of growing the UK EV market and supporting UK vehicle manufacturing are clearly not aligned.** This gap is why the ZEV mandate is being seen as a success from a transport perspective, but not from an industrial and manufacturing perspective. It is one reason why Unite believes the ZEV mandate should not fall within the jurisdiction of the Department for Transport alone.

The investment and cycle plans of OEMs across the UK are at different stages of the transition. Some plants, like Stellantis' Ellesmere Port, are now fully electric and face underutilisation without growing EV demand. Others, such as BMW Plant Oxford, are exclusively ICE and face concerns that they will not build an EV model until the end of the decade.

As data from Transport & Environment demonstrates,[6] while all carmakers met the mandate in 2024 only the pure-EV companies such as Tesla or BYD did so without resorting to borrowing credits from future years, purchasing them from other manufacturers or reducing ICE sales.[7]



Invariably, even employers which have avoided paying fines consider the cost of compliance and seek to clawback this cost through cuts or by attacks on pay, terms and conditions. This

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[4] https://www.transportenvironment.org/te-united-kingdom/articles/the-zev-mandate-fuels-the-uks-ev-boom
[5] https://www.smmt.co.uk/2025/01/record-ev-market-share-but-weak-private-demand-frustrates-ambition/
[6] https://www.transportenvironment.org/te-united-kingdom/articles/mission-accomplished-carmakers-fulfill-the-2024-zev-mandate#:~:text=The%20UK%20ZEV%20mandate%20has,one%2Dfifth%20of%20the%20market.
[7]

is the situation Unite workplace representatives find themselves in at the time of this submission, with the ZEV mandate being cited as a downward pressure on costs they must confront at the bargaining table.

For example, one OEM has reported to Unite that ZEV mandate compliance in 2024 'cost' over 700 million EUR of which 540 million EUR was the value of discounting. This may be 'non-realised profit' more than it is true cost (and is evidence that high cost is a barrier to demand), but nevertheless it is money the employers will try and clawback from the workforce.

Similarly, a focus on sales irrespective of where vehicles are made results in some dangerous quirks. For example, BMW has been overly compliant in 2024 because at company level the premium car maker has invested heavily and early in EVs. While this is true at company level and while BMW can meet the mandate with imported EVs, the BMW workers in the UK are in the exact opposite position. The BMW plants in Oxford (vehicle assembly), Swindon (pressing) and Hams Hall (engines) work exclusively on ICE models. In the UK BMW has supressed ICE volumes – leaving Plant Oxford facing the prospect of producing fewer *Minis* than any point in the last 20 years. In this sense the ZEV mandate may benefit the multinational, but it punishes the company's UK workforce.

Alternative policy:
Unite has worked closely with the industry where there is common ground. The union does not see the benefit of punitive regulation which can threaten jobs and be a downward pressure on pay and conditions. Unite proposes the following changes:

- Additional credits for UK-made vehicles, incentivising investment and continued production in the UK.
- 'Bundling' to allow EV and low emission commercial vehicles to count towards passenger vehicle thresholds.
- Consideration of the role of exports. The majority of UK-made vehicles are exported and currently the ZEV mandate 'rewards' employers for importing EVs. UK produced but exported EVs should also count towards credits for meeting thresholds.
- Ensuring that the ZEV mandate is not the sole responsibility of the Department of Transport (DT). Instead, the mandate should come under the joint jurisdiction of DT and the Department of Business and Trade (DBT) in order to be part of a coherent industrial strategy.
- In line with the conference decision of the union's automotive reps in 2024, it is Unite's sector policy that the UK ban on ICE vehicles should remain in line with Europe at 2035 unless there is a proven strategy to defend manufacturing jobs which accompanies the move to 2030. As it stands ZEV does not deliver this, with its exclusive focus on sales.

Beyond ZEV, Unite is calling for a broader strategy to defend and grow the UK automotive sector and to grow UK market demand for EVs. This can include:

- Increased consumer incentives for UK-made EVs such as reductions on VAT for private drivers. This could be worth £4,000 per electric vehicle.
- Investment in accessible and standardised charging infrastructure.
- Action on energy profiteering to ensure EV charging is affordable.
- Government willingness to support OEMs through periods of low volume, potentially with the use of emergency support measures.
- Support to defend, transition, reshore and grow the automotive supply chain. This ranges from supporting workers through low volume, to working with the union and industry on workplaces at risk from the transition, reshoring the supply chain, and

plugging capability gaps in the supply chain (such as battery components). This will not only defend jobs. It can also ‘anchor’ OEM production in the UK and offers vehicle makers a route to reducing manufacturing costs without impacting jobs, pay or conditions.
- An industrial strategy for automotive with the ambition to restore production volumes to sustain jobs or develop alternative work in strategic areas.

Overall, Unite believes the existing ZEV mandate is too blunt a regulatory tool to grow the EV market while defending and creating jobs. The UK government must outline a broader vision for the automotive industry in the forthcoming Industrial Strategy.

It is not sufficient for the government to simply ‘let the market decide’ as that is the route to further uncertainty and precarity for which workers will pay the price.

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About Unite the Union:
This submission is made by Unite, the major UK trade union with over 1 million members across all sectors of the economy including manufacturing, financial services, transport, food and agriculture, construction, energy and utilities, information technology, service industries, health, local government and the not-for-profit sector. Unite also organises in the community, enabling those who are not in employment to be part of our union.