

Industry trends – Automotive

US tariffs, geopolitics and lower demand trigger a contraction in 2026 global automotive production

November 2025



Global overview

Disruption of supply chains and rising costs due to tariffs

We expect global motor vehicles and parts production to grow by 1.6% in 2025, followed by a 1.2% contraction in 2026. This decrease is partly due to the 15% import tariffs the US has imposed on its major automotive trading partners, namely Japan, Korea, and the EU. Within the USMCA region, vehicles are only tariffed on content that is not sourced from within North America. Tariffs will create headwinds in the US, where nearly half of cars are imported, and will affect the regional and global supply chains, increasing the costs of imported components and materials. At the same time rebound in Europe for 2026 will be modest after two years of contraction, while demand in China will cool down next year.

Chinese rare earth export curbs have been suspended, but the threat still looms

As part of a US-China agreement to de-escalate trade tensions on October 30, China announced the suspension of the export controls of rare earths introduced earlier that month. This has provided some relief for Western automotive producers, as the restrictions would have affected critical minerals in the production

of electric vehicles (EVs) and other electrical systems, including electric motors, sensors, power steering and regenerative braking systems. The restrictions would have also applied to the export of lithium batteries. Original equipment manufacturers (OEMs) would have faced significant exposure to risks from a potential supply chain bottleneck, which would have had a disproportionate impact on the electric vehicle (EV) segment. The suspension grants some breathing room for automotive producers, allowing them to diversify sourcing and build inventories. However, businesses should expect continued volatility given the one-year timeframe and lack of a formally signed agreement. Breaking China's commanding position in the rare earths sector will remain a long-term challenge, with Beijing expected to retain its strategic leverage over these critical minerals.

Currently electric vehicle sales are facing headwinds in the US, as the government has rolled back EV tax credits. In Europe's main markets demand for EVs is growing only slowly. In China, the EV transition maintains a strong momentum, but both the US and the EU have imposed punitive tariffs on Chinese EV imports. That said, we expect global hybrid and EV sales to account for 59% of global light vehicle sales by 2030, up from 10% in 2020.

Industry performance forecast

| Europe | | Asia and Oceania | | | | Americas | | Excellent The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend. Good The credit risk situation in the sector is benign / business performance in the sector is above its long-term trend. Fair The credit risk situation in the sector is average / business performance in the sector is stable. Poor The credit risk in the sector is relatively high / business performance in the sector is below its long-term trend. Bleak The credit risk in the sector is poor / business performance in the sector is weak compared to its long-term trend. |
|----------------|-------------|------------------|-------------|--------|--------|----------|--|--|
| Austria | Netherlands | Australia | Phillipines | Brazil | Canada | Mexico | | |
| Belgium | Poland | China | Singapore | USA | | | | |
| Czech Republic | Portugal | Hong Kong | South Korea | | | | | |
| Denmark | Slovakia | India | Taiwan | | | | | |
| France | Spain | Indonesia | Thailand | | | | | |
| Germany | Sweden | Japan | UAE | | | | | |
| Hungary | Switzerland | Malaysia | Vietnam | | | | | |
| Ireland | Turkey | New Zealand | | | | | | |
| Italy | UK | | | | | | | |



Industry trends

Automotive output

| Motor vehicles and parts output | 2024 | 2025* | 2026* | 2027* |
|---------------------------------|------|-------|-------|-------|
| Global | 0.5 | 1.6 | -1.2 | 0.9 |
| Americas | 1.0 | -3.4 | -2.9 | 2.7 |
| Asia Pacific | 2.7 | 5.4 | -1.6 | -0.4 |
| Europe | -5.1 | -2.0 | 1.6 | 1.7 |

Year-on-year, % change /*forecast
Source: Oxford Economics

| Global registration of new light vehicles | 2024 | 2025* | 2026* | 2027* |
|---|------|-------|-------|-------|
| All types | 1.9 | -0.2 | 1.3 | 2.3 |
| Combustion engine vehicles | -8.4 | -8.1 | -1.3 | -5.5 |
| Hybrid vehicles | 15.5 | 3.3 | 5.2 | 3.6 |
| Electric vehicles | 24.8 | 18.1 | 2.2 | 13.2 |

Year-on-year, % change /*forecast
Source: Oxford Economics

Strengths and growth drivers

Emerging markets. Low vehicle density and a growing middle-class in emerging markets is driving demand, especially in Asia.

Green transport. New model launches and ranges, decreasing prices, purchase incentives and CO2 reduction policies will drive demand.

New technologies. McKinsey predicts the autonomous driving car market could reach sales of USD 400 billion by 2035.

Constraints and downside risks

Geopolitical risks. The sector relies on a global network of suppliers and is vulnerable to protectionism, tariffs and disruptions.

Advanced market demographics. High vehicle density and aging populations imply a decrease in future demand.

New players. Tech companies and start-ups are disrupting the EV market, creating new competitors for traditional automotive manufacturing.

Supplier obsolescence. Manufacturers of combustion engine vehicle parts will need to change or face extinction.





Automotive outlook

Americas

| Automotive production | 2024 | 2025* | 2026* | 2027* |
|-----------------------|------|-------|-------|-------|
| Brazil | 14.9 | 1.2 | 5.5 | 4.4 |
| Canada | -9.6 | -3.1 | 1.6 | 5.4 |
| Mexico | 1.5 | -5.3 | -1.1 | -1.5 |
| USA | 1.3 | -3.5 | -4.5 | 3.8 |

Year-on-year, % change /*forecast – Source: Oxford Economics

USA

Tariffs trigger lower production and sales, but sector remains stable

In 2025 the US automotive finance landscape has seen notable disruptions, including multiple subprime auto lender bankruptcies. More significantly, the recent bankruptcy of a major aftermarket supplier sent ripples through the private credit market, exposing the risks in complex working capital and debt arrangements. Although tariffs continue to dominate earnings calls, putting pressure on margins for OEMs and suppliers, the sector remains fundamentally sound.

After an expected 3.5% decrease this year, we forecast US automotive production to contract by 4.5% in 2026, as tariffs and policy reversals weigh on both production and demand. Vehicle sales surged in March and April 2025, as buyers rushed to secure purchases ahead of the new tariffs. But since then the pace of sales has slowed down, and we expect demand to weaken further in the months ahead as the temporary boost fades. We forecast car sales to decrease by 4.0% in 2026. However, risks are decreasing, as US household spending should be supported by additional interest rate decreases and personal tax cuts. For an industry heavily reliant on consumer financing, lower interest rates could provide the spark dealerships need, especially in the face of elevated transaction prices.

The US automotive sector depends on regionally and globally integrated supply chains, with many components crossing multiple borders before final assembly. Disruptions from tariffs increase production costs and reduce supply chain efficiency. The tariffs on imported vehicles and parts have squeezed OEM operating margins, despite exemptions for USMCA-compliant content. This has forced OEMs into a difficult strategic decision: either absorb the tariff-related costs and sacrifice profitability or pass them on to

consumers through higher sticker prices, risking lower sales volumes. For the time being US OEMs haven't passed on price increases yet. Once they do, we expect prices to rise slowly. But any higher price increases would weigh on demand for both imported and domestically produced vehicles.

More foreign investment and supply chains restructuring

OEMs from around the world announced significant US production capacity investments in 2025. These moves represent clear efforts to circumvent tariff hurdles. However, the auto industry remains highly capital intensive, and these investments will require time to generate positive results. Supply chain restructuring will remain a multi-year process, as manufacturers work to reshore production and diversify supplier networks. Tariff policies will keep supply chains and pricing under pressure.

In the EV segment the roll back of tax credits will reduce incentives for EV adoption, just as US automakers seek to expand in that segment. Despite a recent suspension, uncertainty remains about future Chinese restrictions on rare earth exports critical for battery production.

US OEMs and suppliers have enjoyed healthy/elevated margins after the Covid pandemic due to demand outpacing supply. However, tariff-related costs will increase pressure on profit margins. Insolvency levels in the US automotive industry are holding steady, and no significant increase expected in the near-term. Margin recovery timelines will be a key monitoring point as the industry adapts to this new operating environment.

Industry performance forecast

| | |
|---|---|
|  | Brazil |
|  | Canada |
|  | Mexico |
|  | USA |
|  | Excellent The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend. |
|  | Good The credit risk situation in the sector is benign / business performance in the sector is above its long-term trend. |
|  | Fair The credit risk situation in the sector is average / business performance in the sector is stable. |
|  | Poor The credit risk in the sector is relatively high / business performance in the sector is below its long-term trend. |
|  | Bleak The credit risk in the sector is poor / business performance in the sector is weak compared to its long-term trend. |



Automotive outlook

Americas

Canada

Tariffs and plant shutdowns weigh on growth

Canada's automotive production declined sharply in 2024, and after another contraction this year only a modest 1.6% rebound is forecast in 2026. The main reasons are tariffs and plant shutdowns. Several major facilities remain idle while retooling extends into late 2026. Key OEMs have postponed model launches, leaving factories offline as they transition to battery-electric vehicle platforms. The imposition of US tariffs on finished vehicles that source parts from outside the USMCA region has added another layer of strain. With Canadian-built models often reliant on cross-border part flows, new trade barriers threaten efficiency and raise the prospect of production bottlenecks. Despite the partial exemption due to USMCA, US tariffs are expected to reduce Canadian vehicle sales by 7.5% in Q4 of 2025.

Looking ahead, the industry is pinning its hopes on the EV transition. Planned upgrades to manufacturing facilities could eventually drive a recovery, but the recent slowdown in electric vehicle demand is tempering expectations for a near-term rebound. The renegotiation of the USMCA envisaged in 2026 could affect Canada's competitiveness, depending on any changes made. Due to the downside risk, the credit risk is increasing in the automotive supplier's segment.

Mexico

Tariffs trigger rising production costs and longer supply timelines

The country's reliance on the US market, which accounts for more than 75% of its auto exports leaves the Mexican automotive industry highly exposed to tariffs. The 25% US tariffs on automotive, with exclusions for US content, have driven a 5% year-to-date reduction in auto exports. We expect Mexico's automotive production to decrease by 1.1% in 2026. The introduction of US import tariffs and regulatory barriers are raising production costs and lengthening supply timelines. While vehicles and parts from Canada and Mexico that are compliant with the USMCA trade agreement (75% of all parts in the finished vehicle must originate from the region) will only be tariffed on their non-US content, the tariff shock and related uncertainty could dampen investment. OEMs and suppliers have to adjust their production strategies in the face of increased volatility. However, profit reinvestment seen up to Q2 of 2025 suggest most companies are still optimistic that there will be a positive resolution to trade tensions with the renegotiation of the USMCA agreement envisaged in 2026.





Automotive outlook

Asia Pacific

| Automotive production | 2024 | 2025* | 2026* | 2027* |
|-----------------------|------|-------|-------|-------|
| China | 9.5 | 7.6 | -0.6 | -0.1 |
| India | 6.2 | 8.7 | -1.2 | 3.2 |
| Japan | -6.3 | 4.6 | -3.9 | -1.5 |
| South Korea | -3.2 | -3.9 | -6.3 | -2.3 |

Year-on-year, % change /*forecast – Source: Oxford Economics

China

A sales slowdown in 2026 after robust growth over the past two years

In the nine months to September 2025, China's automobile production and sales reached 24.333 million and 24.363 million units respectively, representing a year-on-year growth of 13.3% and 12.9%. Policy support for EV acquisition and a trade-in programme targeting older internal combustion models is driving growth. However, due to a certain saturation after the surge and still subdued consumer sentiment we forecast automotive output to contract by 0.6% in 2026.

The Chinese automotive market continues its transition towards greater EV production, with EVs overtaking internal combustion engine (ICE) sales in the passenger car segment for the first time last year. The long-term prospects for EV production and sales growth are good, due to low vehicle densities and rising middle-class incomes in China. By 2030, EVs are projected to represent 65% of all new car sales in China, while ICE vehicles will decrease to 27%.

Credit risk in the EV sector is increasing

Over the past couple of years the booming EV market has attracted many new players, which has led to overcapacities and fierce competition. A price war has been ongoing for two years, and average EV sales prices have decreased by about 20% in this period. In order to improve competitiveness or win a greater market share, both traditional and emerging players are being forced to step up R&D, launch new products, cut prices or launch limited-time promotions. Despite sales growth, this has led to dwindling margins of producers and suppliers alike. According to the National Bureau of Statistics, in the first five months of 2025 total industry net profits (including foreign producers) decreased by 12% year-on-year.

Banks provide sizeable credit facilities for traditional state-owned EV producers. However, a lot of smaller private-owned businesses in the EV segment are not yet breaking even due to high input costs and are heavily reliant on external funding by investors. Without continuous capital flow, those firms could quickly fail. There have been several insolvencies over the past couple of years. Suppliers are most vulnerable and have less financial flexibility compared with OEMs amid challenging market conditions. Suppliers, in particular, suffer from late payments of up to six months, reinforced by the strong negotiating power of manufacturers vis-à-vis suppliers.

We expect a market consolidation in the mid-term, in which the leading profitable producers prevail by adjusting their cost structures to accommodate permanently lower prices and by expanding their exports.

Due to the small number of car exports to the US, the sector is relatively unaffected by the US tariffs on automotive imports. More serious are the EU import tariffs on Chinese EVs (ranging from 17.8% to 45.3%), that have curbed China's rapid expansion in the European market. While Chinese EV brands maintain a price advantage, the tariffs affect export growth. The duties could accelerate moves to localise production within Europe in order to avoid tariffs.

| Industry performance forecast | |
|---|---|
|  | Australia |
|  | China |
|  | Hong Kong |
|  | India |
|  | Indonesia |
|  | Japan |
|  | Malaysia |
|  | New Zealand |
|  | Phillippines |
|  | Singapore |
|  | South Korea |
|  | Taiwan |
|  | Thailand |
|  | UAE |
|  | Vietnam |
|  | Excellent The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend. |
|  | Good The credit risk situation in the sector is benign / business performance in the sector is above its long-term trend. |
|  | Fair The credit risk situation in the sector is average / business performance in the sector is stable. |
|  | Poor The credit risk in the sector is relatively high / business performance in the sector is below its long-term trend. |
|  | Bleak The credit risk in the sector is poor / business performance in the sector is weak compared to its long-term trend. |



Automotive outlook Asia Pacific

Japan

An output contraction expected in 2026

We expect Japanese automotive production to increase by 4.3% in 2025 after a 3.9% contraction in 2024, a year characterised by production halts and safety issues. However, the rebound will be short lived, as in 2026 a 3.9% output decrease is forecast. Domestically an ageing population and limited wage growth weigh on sales. And there will be flat demand from traditional overseas markets and shrinking market share in China.

While US tariffs on Japanese auto exports have been lowered from 25% to 15%, this remains significantly elevated compared with the previous rate of 2.5%. In 2024, the US accounted for nearly one third of Japan's total vehicle exports, at approximately 1.4 million vehicles. At least the reduction of the tariff rate should offer Japanese automotive producers greater flexibility to absorb the cost hit and avoid vehicle price hikes.

Several Japanese OEMs have announced plans to invest and increase production in their US production plants. Shifting more production to the US could potentially mitigate some of the disadvantages caused by tariffs. Additionally, the strength of Japan's hybrid sector could benefit in the coming years, as the Trump administration has rolled back tax incentive schemes for EV sales.

South Korea

Seriously impacted by US import tariffs

After contractions in 2024 and 2025, we expect South Korean automotive production to decrease again in 2026, by 6.3%. Domestically, consumer sentiment is weakening amid subdued GDP growth and high household debt, weighing on big-ticket purchases such as cars. External demand is also decreasing. We expect South Korean car sales growth to slow down to 1.1% in 2026.

While US tariffs on South Korean auto exports have been lowered from 25% to 15%, this remains significantly elevated compared to a previous zero-tariff rate. South Korean car exports to the US amounted to USD 43 billion in 2024, accounting for about 6% of the country's total exports. South Korean OEMs have invested heavily in EV technology and have established themselves as major exporters of EVs. However, the US administration has reduced tax incentives for EVs, which will additionally dampen South Korean car sales in America. However, in the mid-term South Korea will remain a leader in high-tech automotive production, and large OEMs like Hyundai and Kia have a strong global market share, which can be built on.





Automotive outlook

Europe

| Automotive production | 2024 | 2025* | 2026* | 2027* |
|-----------------------|-------|-------|-------|-------|
| France | -11.2 | 2.4 | 1.9 | 1.9 |
| Germany | -6.1 | -2.1 | -2.7 | -0.4 |
| Italy | -21.0 | -0.1 | 21.4 | 5.4 |
| United Kingdom | 9.7 | -0.6 | 3.9 | -0.5 |

Year-on-year, % change /*forecast – Source: Oxford Economics

Europe

Persisting problems and higher credit risk

The European automotive industry remains in troubled waters, with a modest production growth forecast of 1.6% in 2026 after contractions in 2024 (-5.1%) and 2025 (-2%). Demand across the region remains weak, with sales affected by slow household spending for big-ticket purchases like cars, leaving sales volumes under pressure. Despite a decrease of tariffs to 15%, export conditions to the US are challenging. The region's light vehicle output in 2025 is projected to remain around four million units below pre-Covid-19 levels.

Meanwhile, Europe's own transition to EVs is proving challenging. Plants are being retooled away from internal combustion models, but regulatory requirements and the high cost of compliance are slowing progress. In the EU the share of EVs was just 2.3% in 2024, and in the January-August 2025 period the share of EVs among new car registrations was 15.8%. In order to protect the European car industry, the EU has imposed punitive tariffs on Chinese EV imports, based on alleged unfair state subsidies. EU tariffs may slow the momentum of Chinese imports, giving European producers a window to launch a new generation of more competitive vehicles.

A political dispute led to the temporary prohibition of Nexperia chip exports from China in October. The resulting supply shortage of simple chips used in the control units of vehicle electrical systems has hit automotive producers in Europe, as chip supply has dwindled. Although the immediate risk of production stoppages from the Nexperia crisis has now eased, the issue exposed global supply chain fragility. This dispute has highlighted wider concerns over the global importance of chips and rare earths and their potential for geopolitical exploitation. China's recent commitment to delay its rare-earth export controls will not allay anxieties about how they will be implemented. Uncertainty over semiconductor / rare earth procurement and rising tariffs are driving up costs and forcing OEMs to reconsider sourcing and investment strategies.

We observe shrinking margins and increasing payment delays and insolvencies in major markets. The shift away from internal combustion engines has started to reshape the industry and its competitive structure in Europe. Many Tier 2 and Tier 3 suppliers could lack the technological or financial means, or both, to climb up the value chain, and may be forced to leave the market in the coming years.

Industry performance forecast

| | |
|--|---|
| | Austria |
| | Belgium |
| | Czech Republic |
| | Denmark |
| | France |
| | Germany |
| | Hungary |
| | Ireland |
| | Italy |
| | Netherlands |
| | Poland |
| | Portugal |
| | Slovakia |
| | Spain |
| | Sweden |
| | Switzerland |
| | Turkey |
| | UK |
| | Excellent The credit risk situation in the sector is strong / business performance in the sector is strong compared to its long-term trend. |
| | Good The credit risk situation in the sector is benign / business performance in the sector is above its long-term trend. |
| | Fair The credit risk situation in the sector is average / business performance in the sector is stable. |
| | Poor The credit risk in the sector is relatively high / business performance in the sector is below its long-term trend. |
| | Bleak The credit risk in the sector is poor / business performance in the sector is weak compared to its long-term trend. |



Automotive outlook

Europe

France

Deteriorating credit risk along the value chain

After a 11.4% contraction in 2024, French automotive output is expected to grow by 2.4% in 2025 and 1.9% in 2026. However, this modest recovery will be fragile among structural challenges and global trade frictions. Volumes remain well below pre-Covid-19 levels, reflecting ongoing weaknesses in both demand and competitiveness.

While the French automotive industry is relatively shielded from the impact of US tariffs, competitive pressure from Chinese EVs is high, given the lower cost of Chinese models. France has responded by excluding Chinese-built cars from certain incentive schemes, while the EU has introduced tariffs of up to 45% on Chinese EV imports.

Considering the major challenges, we expect a deterioration of credit risk for the whole sector. OEMs and large Tier 1 suppliers have been rather insulated so far, but 2025 marks a turning point with a notable decline in performance. Profitability suffers from several factors: lower demand, rising costs for raw materials and logistics, investments in electrification, increasing regulatory pressure and fierce competition with Chinese EVs.

Credit risk is highest among Tier 2 to Tier 4 suppliers. In this segment low pricing, slowdown in demand and tight operating margins has led to several defaults, from small to larger-sized businesses. We expect insolvencies to increase further in the coming months, mainly among smaller players. Major capital expenditure is required for shifting from internal combustion towards EVs. Many of those businesses who already have heavily invested in the electric transition now face subdued demand, resulting in financial strain.

Germany

The automotive industry is facing continued pressure

The German automotive sector remains under pressure along the whole value chain. After contractions in 2024 and 2025, we expect another production decrease in 2026, by 2.7%. The decline underscores how both trade and policy risks are reshaping Europe's largest car market. The industry is challenged by weak demand, shrinking margins, tariffs and the shift away from internal combustion engines towards EVs – all at the same time.

A lack of predictability, declining sales and rising costs are prolonging the crisis in the automotive industry. Suppliers in particular are under increasing pressure, with 29 major insolvencies in this segment seen in H1 of 2025. The insolvency situation remains tense, and non-payments have approached the level seen in 2024. Banks are becoming increasingly restrictive in providing loans to automotive suppliers. Therefore it is more difficult for many businesses to obtain credit extensions or refinancing, which affects liquidity.

In particular smaller Tier 3 and Tier 4 suppliers are finding themselves increasingly under pressure because they lack the necessary financial buffers. Increasing competition is leading to a significant decline in sales. In addition, many companies are still focused on the manufacture of combustion engine components and are facing enormous conversion costs in order to secure their future.

US tariffs are an additional hit

German manufacturers, which shipped USD 33 billion worth of cars to the US in 2024, are particularly vulnerable to the 15% US tariffs on EU car exports. With the US serving as one of Germany's most important export destinations, the new duties threaten to cut deeply into volumes and margins. Redirecting exports to other markets is, at best, a partial solution. Differences in market demand and consumer preferences, logistical barriers, regulations and rising competition from the likes of China and South Korea mean it is unlikely that lost US sales can be fully offset in the short term.

In order not to lose the US market, several German OEMs are planning to set up production facilities in the US. Sooner or later, suppliers will have to follow suit and also relocate to the US in order to survive. However, many smaller suppliers will not be able to afford this. As a result, capacity in Germany will be reduced, in some cases irretrievably.





Automotive outlook

Europe

Italy

Credit risk has increased over the past two years

According to the Italian National Association of the Automotive Industry (ANFIA), the production index for the automotive sector decreased 13.7% year-on-year. Vehicle production dropped by 19.9% primarily due to reduced output from Stellantis. The contraction also affects component manufacturers—many of whom are strongly export-oriented—suggesting a broader slowdown across the entire supply chain. This trend is further exacerbated by delays in the transition to electric mobility, high operating costs, weak EV demand, unstable incentive schemes, and intensifying competition from Chinese manufacturers.

Stellantis has confirmed EUR 2 billion in investments as part of a broader industrial plan to support Italian operations through 2032, but delays in model launches have shifted the expected production recovery to 2026. Despite this, the investment remains key to modernising the supply chain.

Credit risk in the Italian automotive industry has increased over the past two years. Generally speaking the gearing is high and automotive businesses show low solvency, with the exception of a few OEMs and Tier 1 suppliers. Margins are generally slim along the value chain. Price pressure from OEMs is eroding suppliers' margins, adding pressure on their ability to generate operating cash flows and preserve liquidity. We have seen increasing insolvencies in the sector in 2025 so far, in particular in the suppliers for combustion engines vehicles and tyre segments. We expect insolvencies to increase further in the coming months, especially in the retail and tyre subsectors.

United Kingdom

The market environment remains challenging

The UK's automotive sector is facing a period of challenges, among them cautious consumer spending on big-ticket items, changing EV regulations and high labour costs.

We expect UK automotive output to decrease this year. A cyber-attack at the end of August forced Jaguar Land Rover (JLR), the UK second largest automotive producer, to stop production for the following five weeks. As a result, UK vehicle production decreased by 27% in September and although the restart has commenced, it is estimated that a full recovery will not occur until January 2026. Additionally, this incident has caused frictions throughout the supply chain.

Manufacturers have overcome the worst of the post-Covid production bottlenecks, but now they are facing moving goalposts when it comes to the impending EV transition. We expect dealer margins to remain thin, with strong working capital management key if they are to successfully endure a more difficult car retail market. In the course of 2025 insolvencies across the subsectors of vehicle manufacturing have decreased year-on-year, but increased in the retailers' segment, where rates are significantly above industry average.

US tariffs on UK automotive exports have been cut to 10% (from 27.5% previously), 5 pts lower than US tariffs on EU exports. This will give UK auto manufacturers some respite, but pressures on margins will remain. Almost 60% of UK car exports go to the EU, while about 50% of parts are sourced from Europe. This makes regulatory alignment and the EU-UK trade deal critical for long-term competitiveness.





Interested in finding out more?

Please visit the [Atradius](#) website where you can find a wide range of up-to-date publications.

[Click here](#) to access our analysis of individual industry performance, detailed focus on country-specific and global economic concerns, insights into credit management issues, and information about protecting your receivables against payment default by customers.

Connect with Atradius on social media

[youtube.com/
user/atradiusgroup](https://youtube.com/user/atradiusgroup)
[linkedin.com/
company/atradius](https://linkedin.com/company/atradius)



Copyright © Atradius N.V. 2025

Disclaimer: This publication is provided for information purposes only and is not intended as investment advice, legal advice or as a recommendation as to particular transactions, investments or strategies to any reader. Readers must make their own independent decisions, commercial or otherwise, regarding the information provided. While we have made every attempt to ensure that the information contained in this publication has been obtained from reliable sources, Atradius is not responsible for any errors or omissions, or for the results obtained from the use of this information. All information in this publication is provided 'as is', with no guarantee of completeness, accuracy, timeliness or of the results obtained from its use, and without warranty of any kind, express or implied. In no event will Atradius, its related partnerships or corporations, or the partners, agents or employees thereof, be liable to you or anyone else for any decision made or action taken in reliance on the information in this publication or for any loss of opportunity, loss of profit, loss of production, loss of business or indirect losses, special or similar damages of any kind, even if advised of the possibility of such losses or damages.

Atradius

David Ricardostraat 1
1066 JS Amsterdam
P.O. box 8982
1006 JD Amsterdam
The Netherlands
Phone: +31 (0)20 - 553 91 11

info@atradius.com
www.atradius.com