



Department for Transport

From the Parliamentary
Under Secretary of State
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Rt Hon Liam Byrne MP
Chair of the Business and Trade Committee
House of Commons
London
SW1A 0AA

02 June 2026

Dear Liam,

Thank you for your letter of 18 May to Minister McDougall, Minister for Small Business and Economic Transformation and to me, regarding issues that emerged from your work scrutinising the implementation of the Industrial Strategy. I am replying to the points regarding the Zero Emission Vehicle (ZEV) Mandate, which falls under my remit as the Minister for Aviation, Maritime, and Decarbonisation.

Driving growth as we progress towards net zero is a key priority for this Government. The UK's continued progress in the ZEV transition is crucial to helping Government mobilise investment, and this is supported by the ZEV Mandate providing certainty to industry and consumers.

So far this year, 23.1% of new car registrations have been electric, up from 20.7% a year earlier, with March having the highest volume of battery electric vehicle (EV) sales in the UK on record. In addition, the UK had the largest EV market share of any major European economy last year, with the EV market growing by 24% compared with 2024.

You raise the concern that the regulatory trajectory of the ZEV Mandate does not align with market realities. It is important to point out that the UK market as a whole met the ZEV Mandate's requirements in 2024. You are correct to note the Mandate's flexibilities, which were designed to support the varied product portfolios and compliance strategies of different automakers, played an important part here. The Mandate was designed to enable this, and the 2024 industry data shows the flexibilities are functioning as intended. Based on provisional 2025 vehicle registration data, we expect that both car and van markets will exceed ZEV Mandate targets for the 2025 scheme year when accounting for ZEV sales and use of flexibilities.

The Government has committed to keep the Mandate under review to ensure the regulation is fit for purpose. Last year, the Government listened to stakeholders and made substantial legislative changes to the ZEV Mandate to support the automotive sector amid ongoing global challenges. I am

pleased that industry have welcomed these changes to increase and extend the Mandate's flexibilities. For example, you raise the issue of compliance payments, which manufacturers need only make after they have exhausted all other compliance routes. This legislation reduced final compliance payment levels for both cars and vans by £3,000 each - £15,000 to £12,000 for cars (a 20% reduction), and from £18,000 to £15,000 for vans (an 18% reduction). The legislation also introduced bidirectional van to car and car to van credit transfer, a new flexibility I know UK manufacturers welcomed.

Among further measures, the legislation also supports CO₂ compliance by extending both the non-ZEV to ZEV transfer mechanism and borrowing flexibility from 2026 to 2029, changes from which I know UK manufacturers stand to benefit. Extending the CO₂ transfer mechanism reflects the important role hybrid technology has to play as we continue to transition and means that reducing average emissions from non-ZEV fleets with hybrids remains a key tool in meeting Mandate requirements.

We recognise the ZEV Mandate's ambition must be balanced by ensuring the regulation is suitable for evolving market conditions. We continue to monitor the regulatory approaches to the ZEV transition in other countries and in the EU. These of course vary depending on economic, market and geographic circumstances. In particular, I recognise the challenge the proposals for the Industrial Accelerator Act pose to the UK, and I want to assure you that securing changes to the proposals that recognise the UK's unique position in the European automotive sector is a top priority for the Government.

We take industry's concerns about the challenges of transitioning to ZEVs extremely seriously and continually engage with manufacturers and stakeholders across the automotive and charging industries to ensure the ZEV Mandate and the wider ZEV transition are achievable. As you know, the Government is committed to concluding a review of the ZEV Mandate by early next year and the contributions of industry to this work will be crucial in helping us achieve the right outcome.

Beyond emissions regulation, the Government has a key role to play in setting the enabling conditions for a successful transition. That is why we have committed over £7.5 billion out to 2035 to support drivers and industry transition to ZEVs. This includes £4 billion for the DRIVE35 programme and a £3 billion five-year zero emission vehicle funding package to support eligible cars, vans, trucks, and wheelchair accessible vehicles. The £2 billion Electric Car Grant has already supported over 110,000 drivers to choose an EV. £600 million is supporting the rollout of charging infrastructure, alongside £6 billion private sector investment. We have also made regulatory changes to make it easier for businesses to use zero emission vans by equalising driving licence, tachograph, driver's hours, and MOT requirements with their diesel equivalents.

I look forward to your continued engagement on these important issues. Thank you once again for writing in with your insights, which I value as we

work together with industry to set out a policy framework that supports British manufacturing to unlock the future opportunities of the ZEV transition.

Thank you for taking the time to write to me.

Yours sincerely,

A handwritten signature in black ink, reading "Keir Mather". The signature is written in a cursive, flowing style with a large initial 'K' and 'M'.

KEIR MATHER MP

MINISTER FOR AVIATION, MARITIME, AND DECARBONISATION