PwC Autofacts® Market Update

Automotive industry outlook
March 2026

Table of contents

Executive summary

Despite February's slight decline, global sales are still ahead of last year's figures, though medium-term forecasts anticipate stagnation due to high commodity prices and the Iran conflict

+134%

YoY exports from China to the United Arab Emirates in 2025

UAE has grown to become a major distribution hub for China to address the Middle Eastern and African auto market with exports growing to 542,000 units in 2025. 2026 volumes will be affected by the Iran war and the resulting Strait of Hormuz disruptions.

Crude oil and aluminium prices remain elevated amid ongoing Iran war
With 25% of global oil trade passing through the Strait of Hormuz and 9% of global aluminum processing occurring in the Middle East, prices for both are approaching record highs.

BEV sales continue to outperform the total market in Europe*
In February, BEVs boosted an otherwise declining market, achieving a 16% YoY increase. Denmark and Finland, already strong in BEV adoption, recorded the largest market share gains.

Chinese brands extend their presence in Europe*, while slowing in their domestic market
Chinese brands are to cross the 4% market share barrier in Europe* at the cost of German OEMs. In the Chinese market, foreign brands are recovering so far this year.

Some legacy OEMs have yet to return to pre-COVID sales volumes
In 2025, European and North American manufacturers largely maintained their 2024 levels, while Chinese OEMs continued to grow post-COVID-19.

The number of vehicle platforms of the largest OEMs is forecast to increase until 2030
OEMs are moving away from single-use platforms and are boosting multi-energy platforms to allow better adaptability to consumer preferences and regulatory changes.

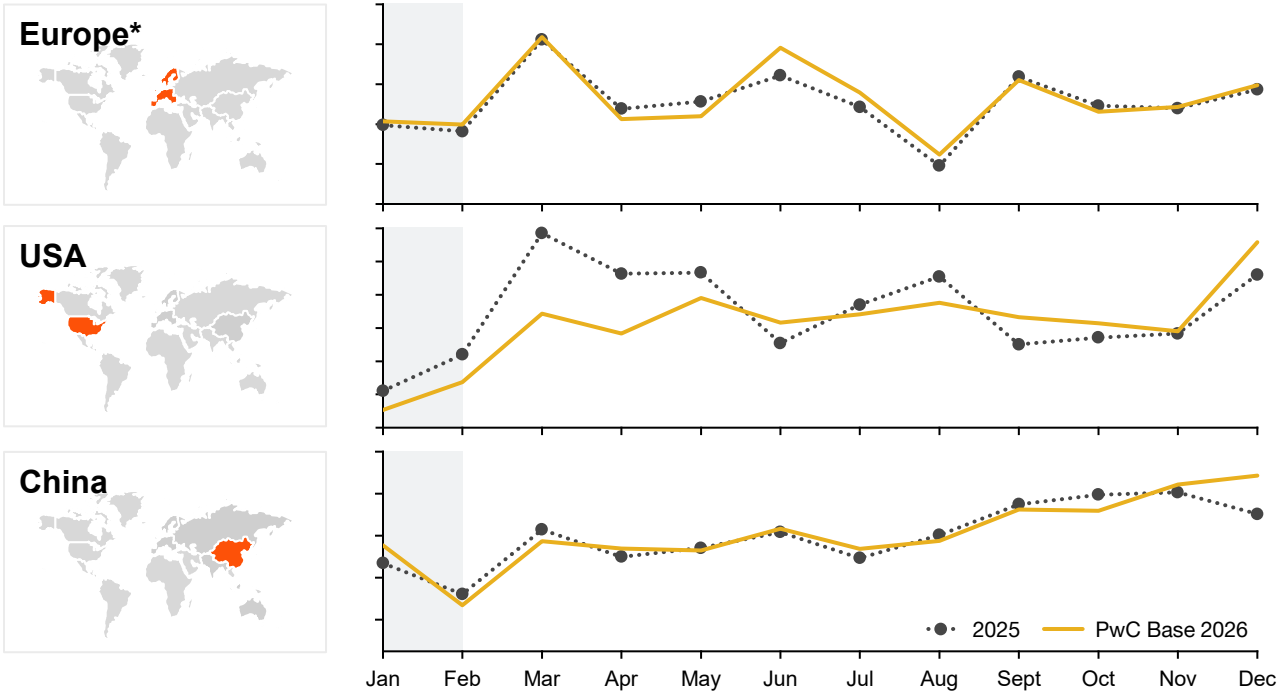
*EU27+UK+EFTA

2

Industry overview

Automotive dashboard

Global sales fell behind past year's levels, impacted by a post-Lunar New Year decline in the Chinese market; short-term projections remain volatile with costs and oil prices expected to further increase



YTD sales delta to 2025

	Absolute	Relative
Europe*	-18k	-1%
USA	-28k	-1%
China	-833k	-26%

Prices Q4 2025 vs. Q1 2026 forecast

Lithium	+33%
Cobalt	+13%
Nickel	+7%
Copper	+7%

- After a strong start into the year, the global market slowed to -2% YoY in February to 5.4 million, largely affected by a weak Chinese market
- Europe* sales rebounded and grew by +2% YoY, but remain -1% below the previous year's YTD figures
- The USA recorded the fifth consecutive YoY decline with -2% in February, while China saw 34% YoY drop, attributed to reduced purchase tax exemptions for NEVs** and fewer selling days during the Lunar New Year holiday period

*EU27+UK+EFTA; **NEVs include PHEVs and BEVs

Hot topics

Overview of latest developing stories in the automotive industry

1

Trump tariffs have cost OEMs at least $35 billion since 2025

Since 2025, OEMs have absorbed more than $35 billion in tariff-related costs, as Trump-era trade measures disrupted global supply chains, raised the cost of imported vehicles and parts and complicated long-term U.S. production planning.

2

Premium OEMs are relocating production to Eastern Europe

Since 2019, western Europe's main automotive production hubs have recorded a far steeper decline in output than central and eastern Europe, as OEMs increasingly shift manufacturing to lower-cost countries such as Hungary, Romania and Slovakia.

3

Europe is importing more cars from China than China is importing from Europe

In 2025, EU imports of cars and auto parts from China exceeded exports to China for the first time, as rising Chinese shipments and a sharp fall in European sales to the market underscored a broader shift in the global automotive balance. German OEMs still exported more to China than they imported, but the gap could close as early as 2026.

4

Hybrid and electric semi truck sales topped 231,000 units 2025 – in China alone

China's electrified heavy truck market surged in 2025, with registrations of battery electric, plug-in hybrid and range extended models rising 182% to more than 231,000 units as policy support, lower total cost of ownership and expanding charging infrastructure accelerated adoption.

5

Iran Price Shock Set to Hit Products From Cleaning to Tires

Europe's chemical producers are raising prices sharply after the Iran war disrupted feedstock supplies and shipping routes, with BASF increasing detergent and industrial chemical prices by 30% and Lanxess lifting tire-input prices by 50% or more.

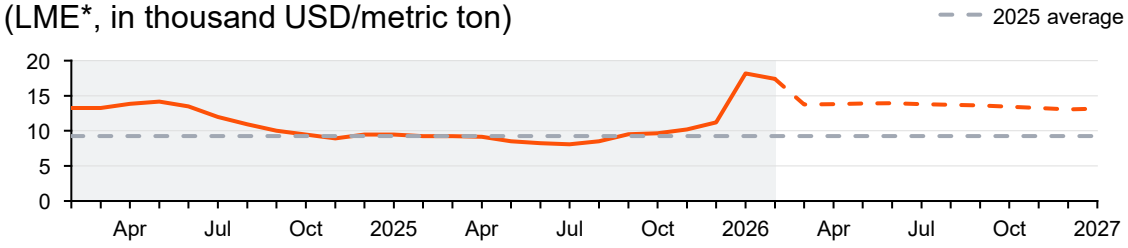
Source: Autonews, Handelsblatt, Spiegel, Electrek, Bloomberg

BEV commodity prices

Battery-related commodity prices have remained high due to mining and export suspensions, coupled with the Iran conflict undermining confidence in the US dollar

Lithium

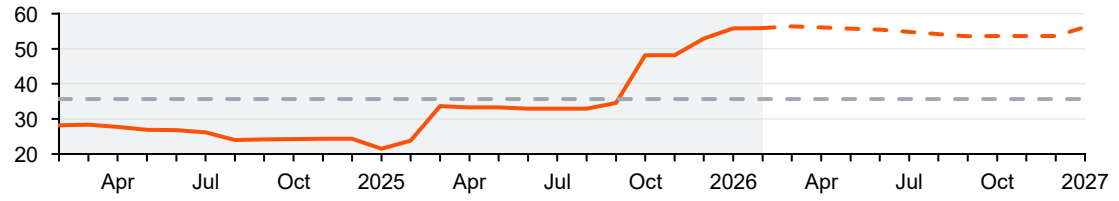
(LME*, in thousand USD/metric ton)



While prices remained elevated, they fell by -4% over January to $17,400/mt with top-tier miners such as PLS (Australia) announcing the mid-year restart of its Ngungaju plant and giving signals of resuming low-cost capacity.

Cobalt

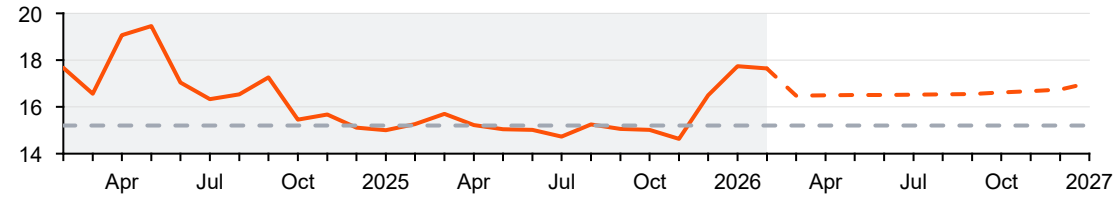
(LME*, in thousand USD/metric ton)



Despite increased cobalt output from Indonesia from 926mt in 2020 to 38,000mt in 2025 (18% of global output) easing pressures on the tight cobalt market, led by DR Congo, prices are expected to remain high.

Nickel

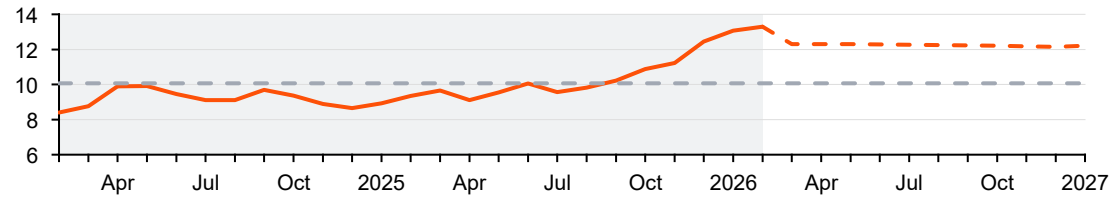
(LME*, in thousand USD/metric ton)



Prices fell by less than 1% in February after PT Weda Bay in Indonesia, world's largest nickel mine, received a sharply reduced output quota and PT Vale, also in IN, suspended its activities due to approval delays for its annual production plan.

Copper

(LME*, in thousand USD/metric ton)



Copper prices further hiked in February to a record $13,294/mt despite Chinese stock reaching a 10-year high as end-users slowed buying during Lunar New Year and high prices discouraged downstream demand.

*London Metal Exchange

Analyst insights

Scan the QR code to find out more
or visit us at
https://blogs.pwc.de/en/mobility-minds

Executive summary

The automotive industry is accelerating AI adoption and innovation while navigating workforce shifts and trade risks to secure future growth

70%
of automotive companies tolerate high risk in innovation projects

only
35%
of CEOs are optimistic about revenue growth in the next 3 years

61%
of automotive CEOs actively promote an AI adoption culture

up to
47%
of CEOs experience a decline in junior roles due to automation

40%
of CEOs admit gaps in AI governance within AI-driven workforce shifts

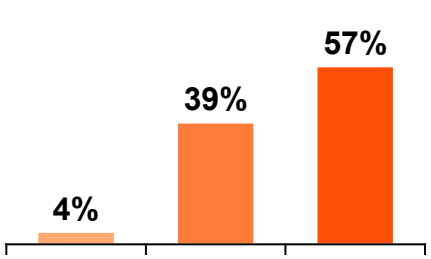
38%
of CEOs identify trade tariffs as biggest industry threat

Innovation approach

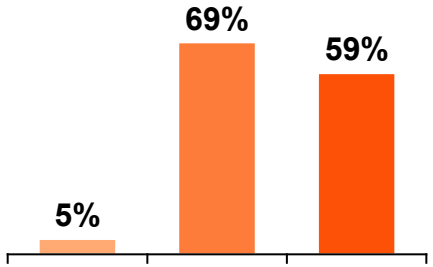
The automotive industry could boost competitiveness by taking risks, deepening partnerships and strengthening innovation structures

Characterisation of the automotive company's approach to innovation

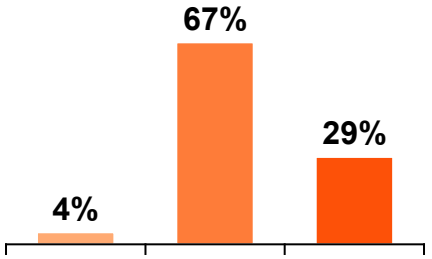
"We consider innovation vital to our business strategy"



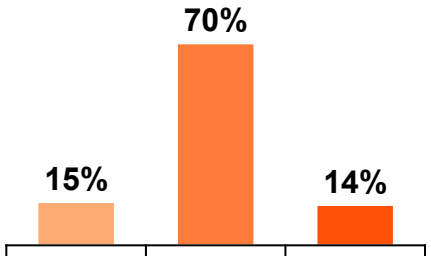
"We collaborate with external partners to increase innovation"



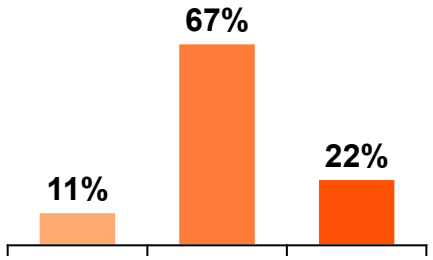
"We test new ideas rapidly with customers or end-users"



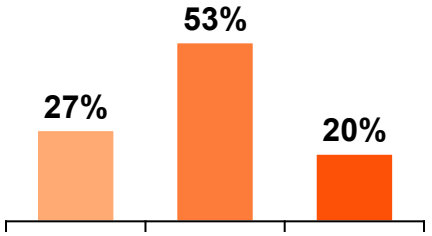
"We tolerate high risk in innovation projects"



"We routinely stop underperforming R&D projects"



"We have defined innovation or venturing division"



The automotive industry places **strong strategic emphasis on innovation**, driven by electrification, digitalisation, and new mobility trends. While many firms collaborate externally, there is **significant potential to deepen partnerships** with startups, tech providers, and research institutions to **accelerate innovation**.

The industry shows an **agile culture** with frequent testing and validation but could benefit from **faster adoption**.

Moderate risk tolerance may limit breakthrough innovations. Companies actively manage portfolios by cutting underperforming projects, yet **few have dedicated innovation units**, highlighting opportunities to **strengthen governance and focus**.

> "The automotive industry should remain attractive and focus on long-term employee retention to secure its capacity for innovation."

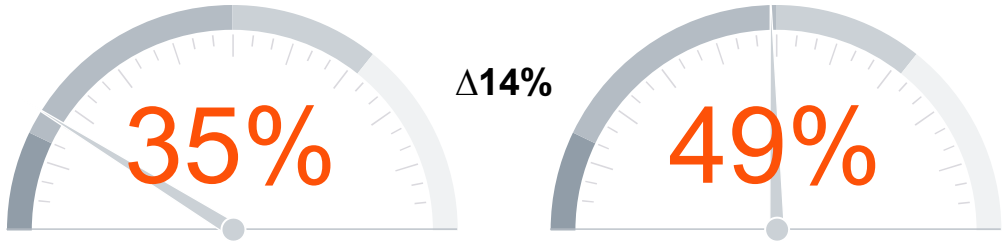
n=133

To a very large extent | To a limited/moderate extent | Not at all/To a very limited extent

Revenue growth outlook

The revenue growth confidence gap has notably widened within the automotive industry and compared to other sectors over the past years

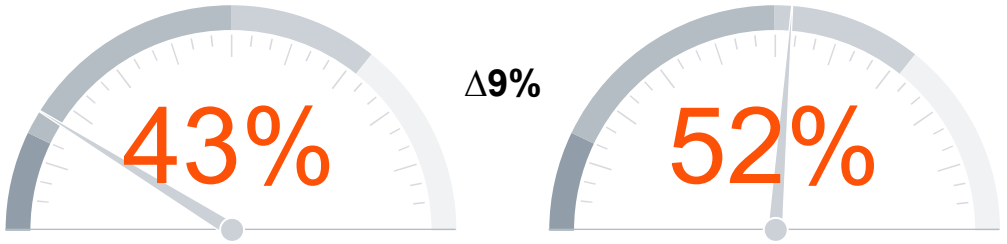
Over the next **three years**,



of **Automotive CEOs**[1] | of **x-Industry CEOs**[2]

are very or extremely confident in their revenue growth prospects

Average confidence rating **from 2023-2025**



of **Automotive CEOs**[3] | of **x-Industry CEOs**[4]

for revenue growth prospects over the next three years[5]

The downward trend reflects **growing scepticism** within the automotive industry due to **ongoing challenges**, including **technological upheavals**, **regulatory requirements**, **supply chain issues**, and **changing customer expectations**. Automotive CEOs are increasingly confronted with **uncertainties** dampening growth potential.

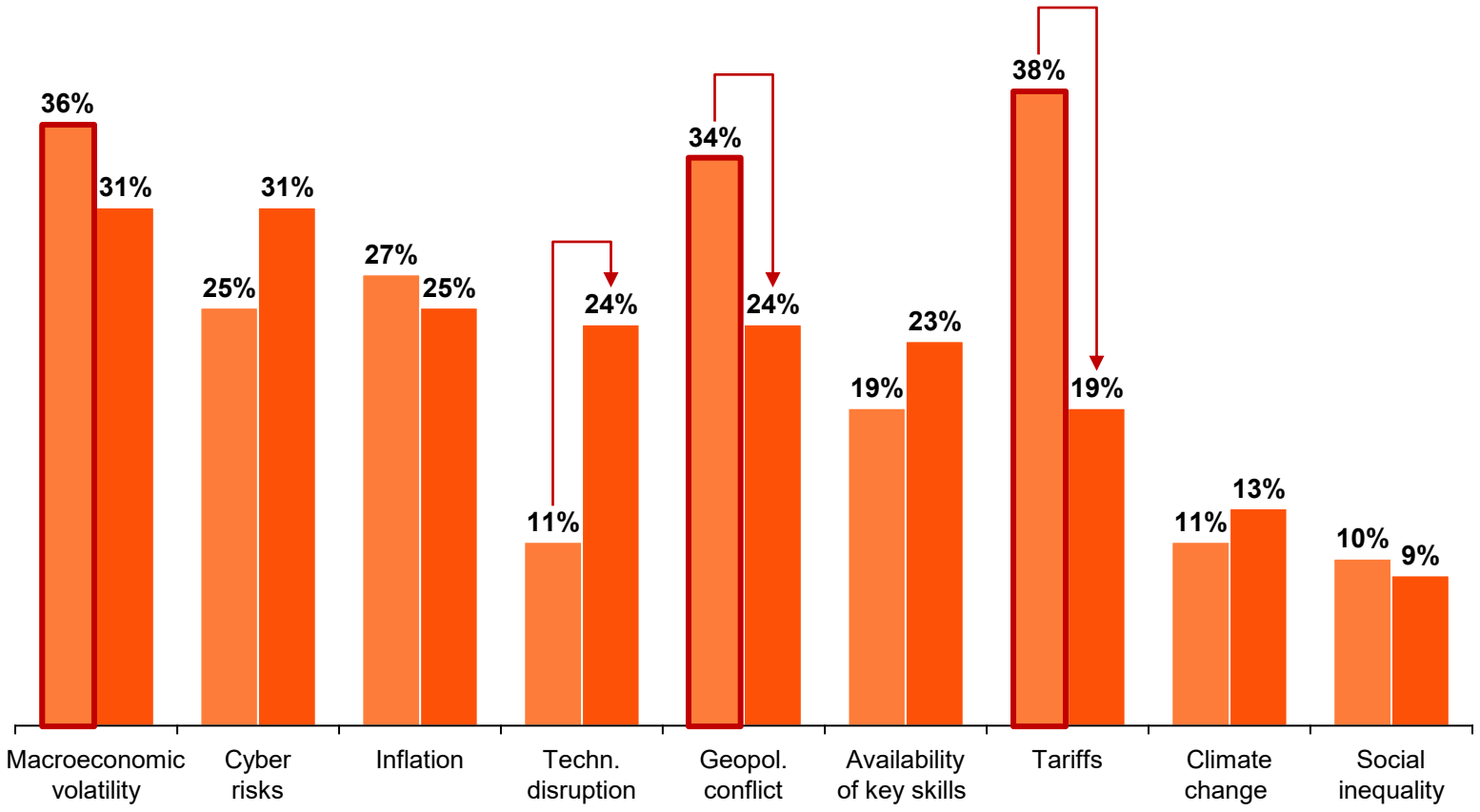
> "Automotive companies should strengthen their innovative capabilities, increase flexibility in operational implementation, and develop robust risk management strategies."

[1]n=134 [2]n=4,454 [3]2023 n=129; 2024 n=127; 2025 n=153 [4]2023 n=4,399 2024 n=4,688 2025 n=4,438 [5]very or extremely confident

Threat Exposure

The automotive industry navigates global challenges while leveraging opportunities in trade, geopolitics, and economic shifts

Perceived exposure to key threats over the next 12 months



The automotive industry faces **major challenges from external economic and geopolitical factors** over the next 12 months. **Tariffs** are the **top concern** for 38% of CEOs, nearly double the global average, highlighting the **industry's vulnerability to trade conflicts** and **rising production and supply chain costs**. **Geopolitical conflicts** (34%) and **macroeconomic volatility** (36%) are also **significant risks**, underscoring the **sector's sensitivity to political tensions** and **economic fluctuations**.

In contrast, automotive CEOs view **technological disruptions** (11%) and **cyber risks** (25%) as **less threatening** than cross-industry peers, indicating the industry is **adapting well to technological changes**.

Overall, the industry is more impacted by **global trade and political risks** while technological challenges are seen more as opportunities than threats.

> "Addressing trade and geopolitical risks is critical for automotive resilience, with technology viewed as a strategic advantage."

Automotive | n=134 x-Industry | n=4,454

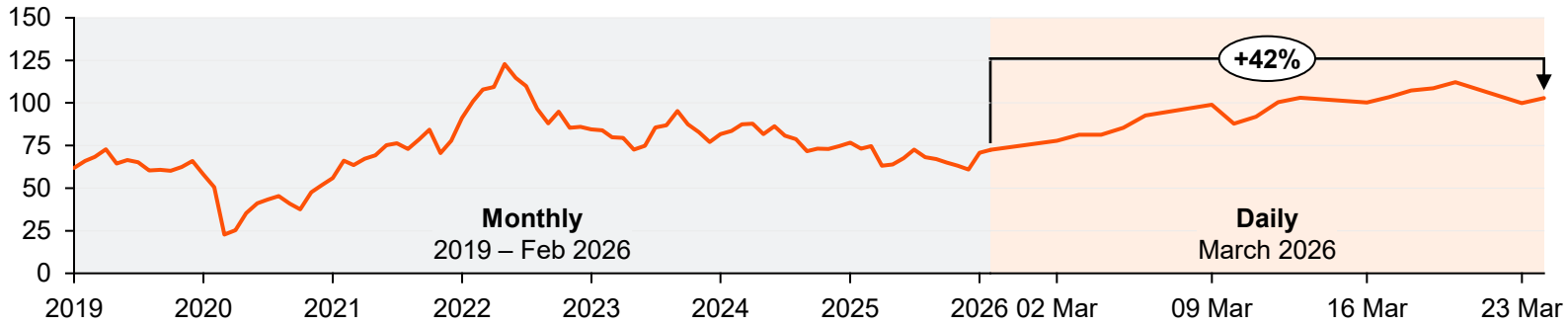
*Showing only 'to a very large extent' and 'to a large extent' responses

Impact of Iran war on crude oil and aluminium supply

The Middle East, a vital hub for crude oil and aluminum processing and export, is experiencing severe supply disruptions due to the Iran conflict, pushing prices toward record highs

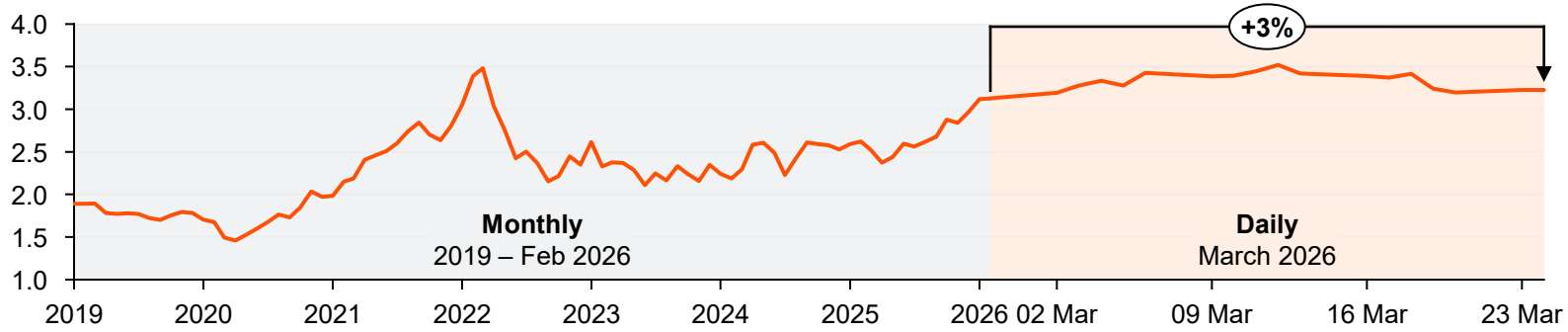
Brent crude oil

(in USD/barrel)



Aluminium

(in thousand USD/metric ton)



Key insights

- Since the surprise airstrikes by USA and Israel on Iran at the end of February, the **global crude oil and aluminium supply chain has been severely disrupted**
- **Brent crude oil prices jumped by +42%** since the war started and **passed the $100 per barrel mark** for the first time since the start of the Russo-Ukrainian War in February 2022 as the **Strait of Hormuz accounts for 25% of global oil trade**
- While **aluminium** prices started increasing well before the war, prices remain elevated and **temporarily hit $3,519/metric ton**, surpassing the peak of March 2022 with the **Middle East covering around 9% of global aluminium production**
- The region's notably low energy costs facilitate substantial production of energy-intensive aluminum

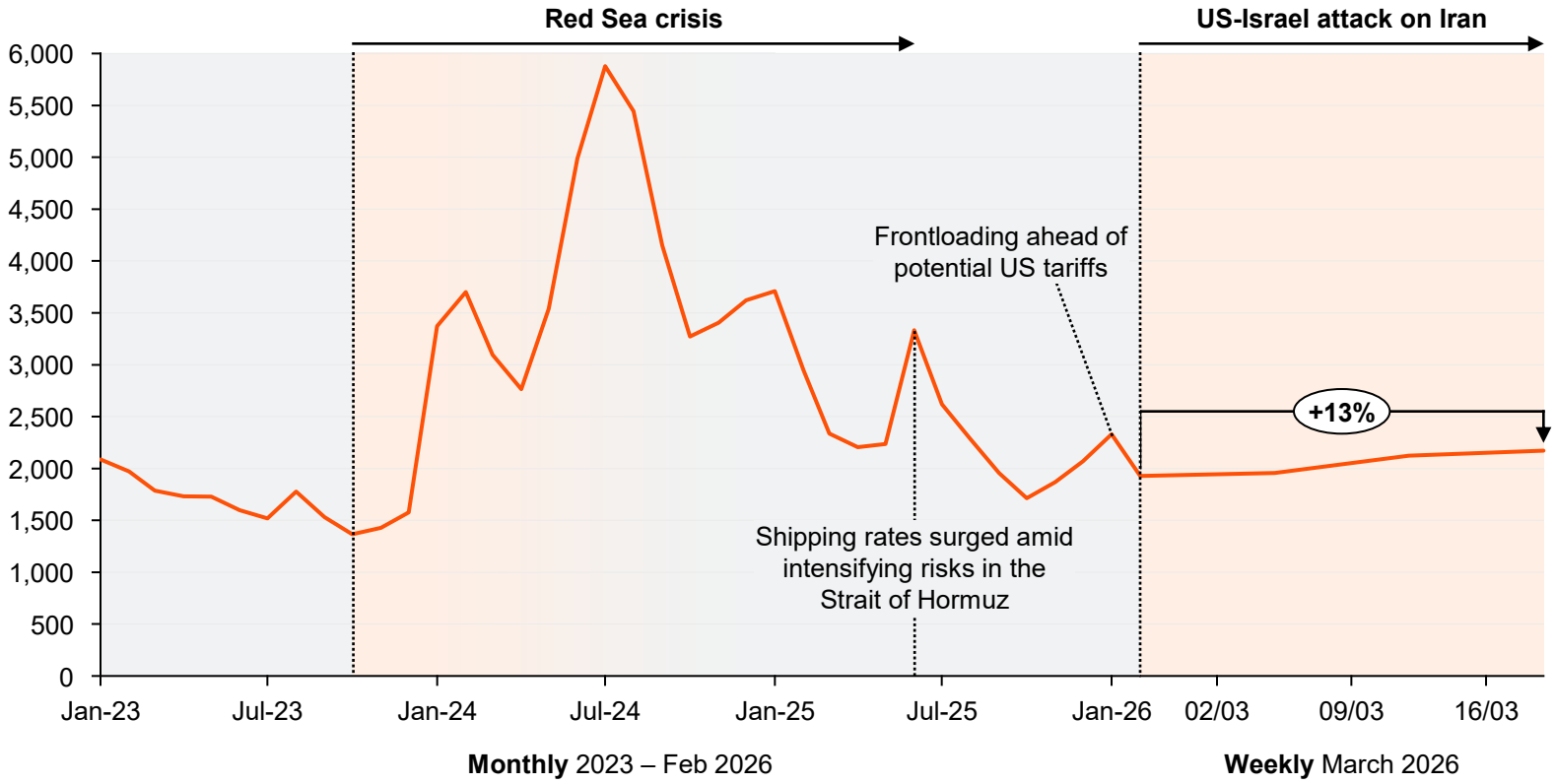
Source: PwC Autofacts analysis, S&P Capital IQ Pro, Bloomberg

Container shipping costs

Global shipping costs have risen by 13% since the onset of the conflict in Iran, driven by geopolitical disruptions, longer transit routes, and escalating fuel and insurance expenses

Container shipping rate

(in USD/40ft container)



Key insights

- While **shipping rates recovered from COVID-highs**, they have once **again increased significantly amid the Red Sea crisis** between Iran-backed Houthis and the US/Israel
- Expenses have spiked twice since, once in June 2025 with **growing tensions between Iran and the US/Israel** forcing vessels to reroute via the Cape of Good Hope and eventually **leading to the conflict**, and once ahead of the **Trump inauguration** and **potential tariff hikes**
- Freight **rates between Asia and Europe have remained relatively stable**, while **shipping costs from Europe to the US have decreased** with reduced demand amid tariff uncertainties

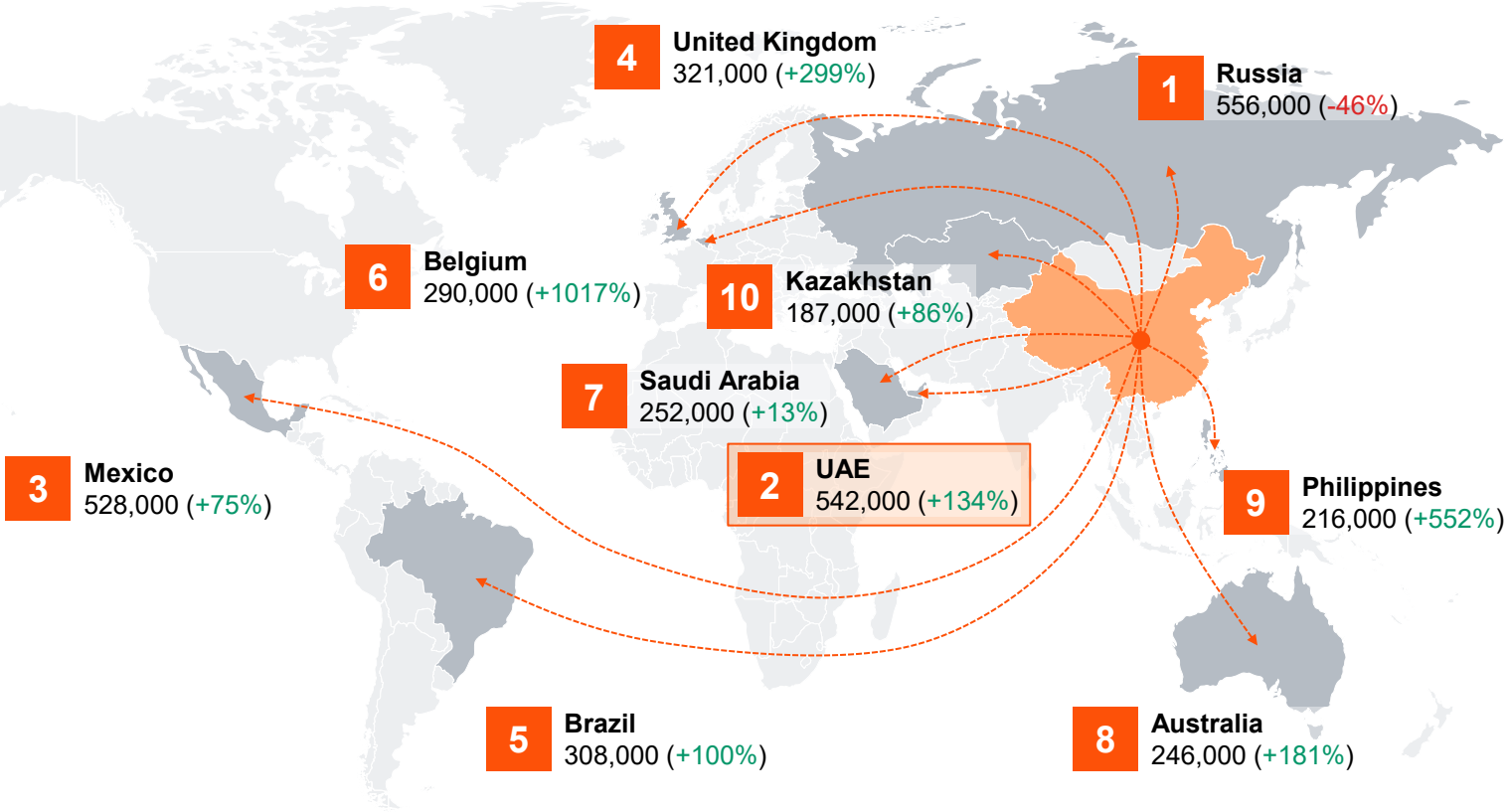
Source: PwC Autofacts analysis, UN Trade and Development, Drewry

UAE as a distribution hub for China

The crash of Russia exports has been covered by other regions; UAE grew to a major distribution hub for Chinese cars; however, its growth may falter due to the Iran conflict disrupting the Strait of Hormuz

Top 10 auto export destinations from China

(2025 export volumes in units, YoY in %)



Key insights

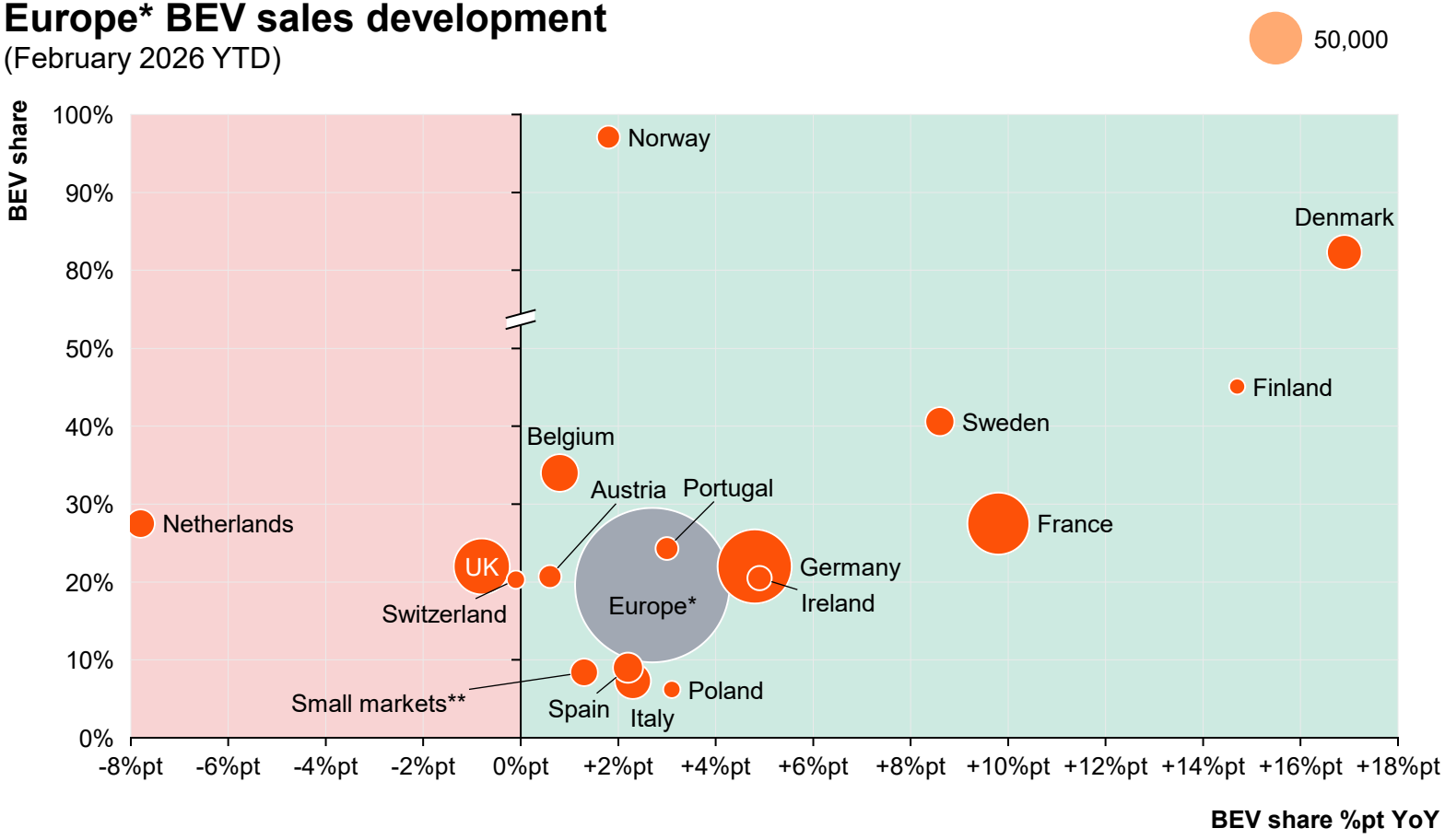
- In 2025, **7.1 million light vehicles were exported from China**, up by +20% YoY
- **Exports to Russia** of OEMs producing in China have **declined drastically amid import tax changes**
- While only 335,000 light vehicles were sold in the UAE 2024, **69,000 sold units were imported from China**
- Meanwhile, overall **exports from China to the UAE grew by +134% to 542,000** in 2025 following a **+108% jump in 2024** as UAE started to position itself as a **major distribution hub for China to the Middle East and Africa**
- As the route through the **Strait of Hormuz is severely disrupted**, export volumes to the UAE could see a **significant dip in the near-term**

Source: PwC Autofacts analysis, General Admission of Customs China, S&P Global Mobility LV Sales Forecast January 2026 release

European* BEV penetration

February BEV sales in Europe* gained both in market share and volume on the backs of an already strong result in January; small markets** slowly creep upwards

Europe* BEV sales development
(February 2026 YTD)



Key insights

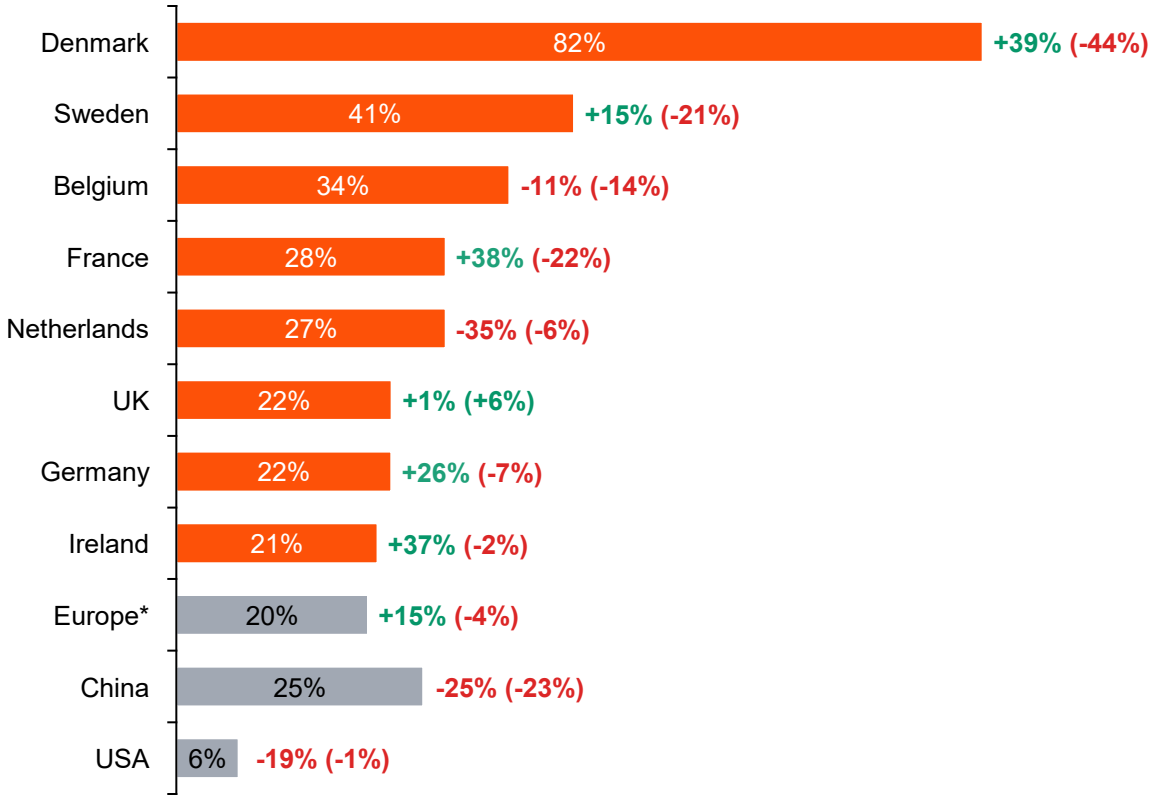
- In February, **Europe's* BEV sales grew by +16%** YoY to 191,000 units, leading to a **market share of 20% so far this year**
- While the **total European* market** grew by +2% YoY in February, the total market was **carried by BEV sales** as **other powertrain sales declined by -2%** over the same period
- Despite an already high BEV share, **Denmark and Finland boasted the largest market share gains** in February with +15%pt and +12%pt, respectively in February
- **Italy recorded the largest YoY gains** in February with +81% and was **followed by Spain and Finland** at +45% and +40%, respectively
- **Germany and France** were right behind with +29% and +28% YoY, **both taking advantage of renewed BEV subsidies**

*EU27+UK+EFTA; **Countries with less than 2,000 BEVs sold in Feb 2026 YTD combined
Source: PwC Autofacts analysis, ACEA

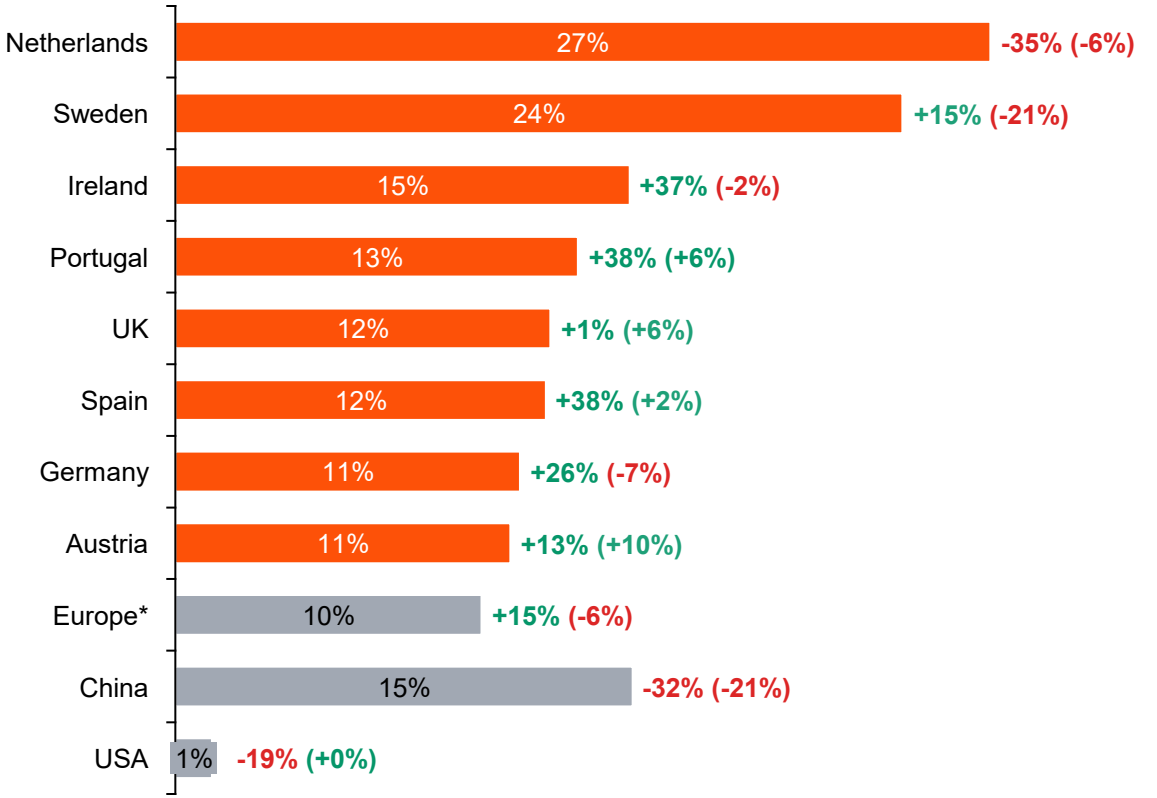
Leading countries in EV penetration

EV penetration increased in Europe, while it declined in China and the USA, Denmark and Netherlands keep their leadership position, while the UK moved up in the rankings

BEV market share of leading European* countries**
(February 2026 YTD, YoY change BEV (rest of market))



PHEV market share of leading European* countries**
(February 2026 YTD, YoY change PHEV (rest of market))



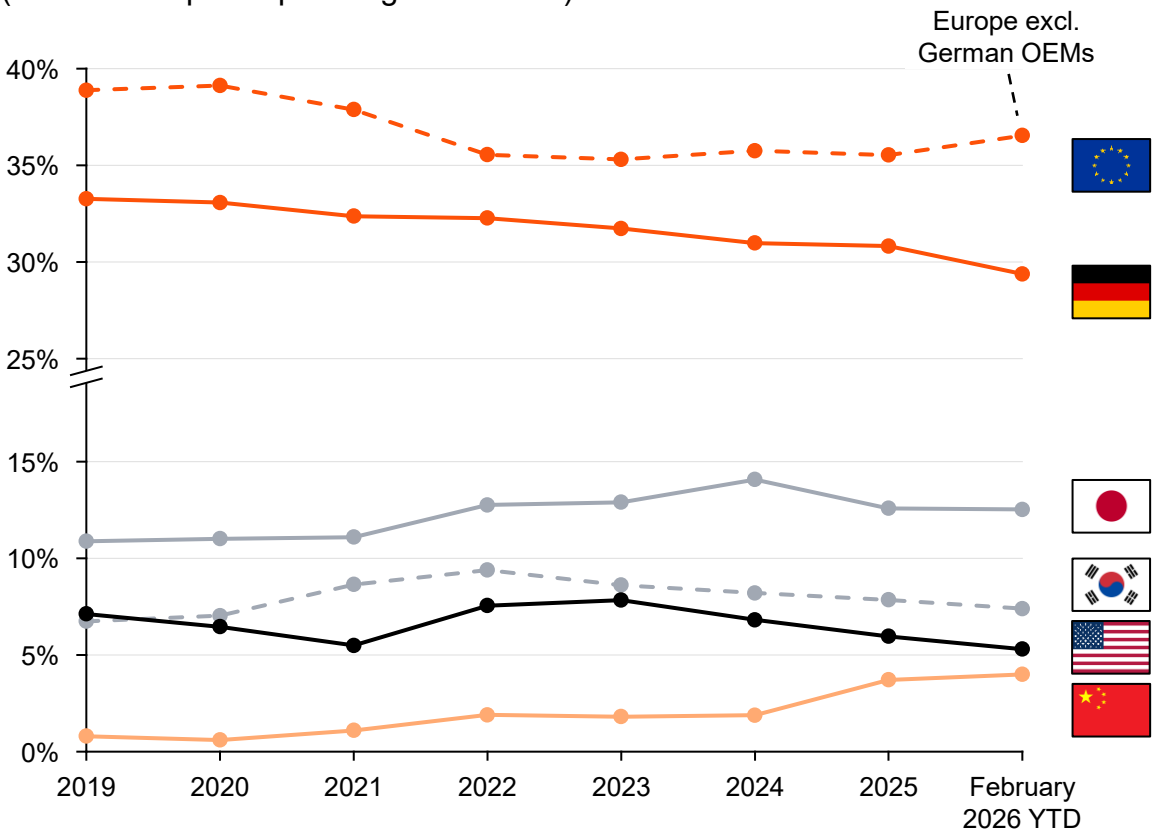
*EU27+UK+EFTA; **Ranked, more than 10,000 BEVs or 4,000 PHEVs sold in February 2026 YTD
Source: PwC Autofacts analysis, ACEA, CAAM, ANL

Sales performance by brand origin

In the first two months of 2026, Chinese brands lost market share at home but remained stable in Europe*, whereas German and American OEMs experienced declines in Europe and gains in China

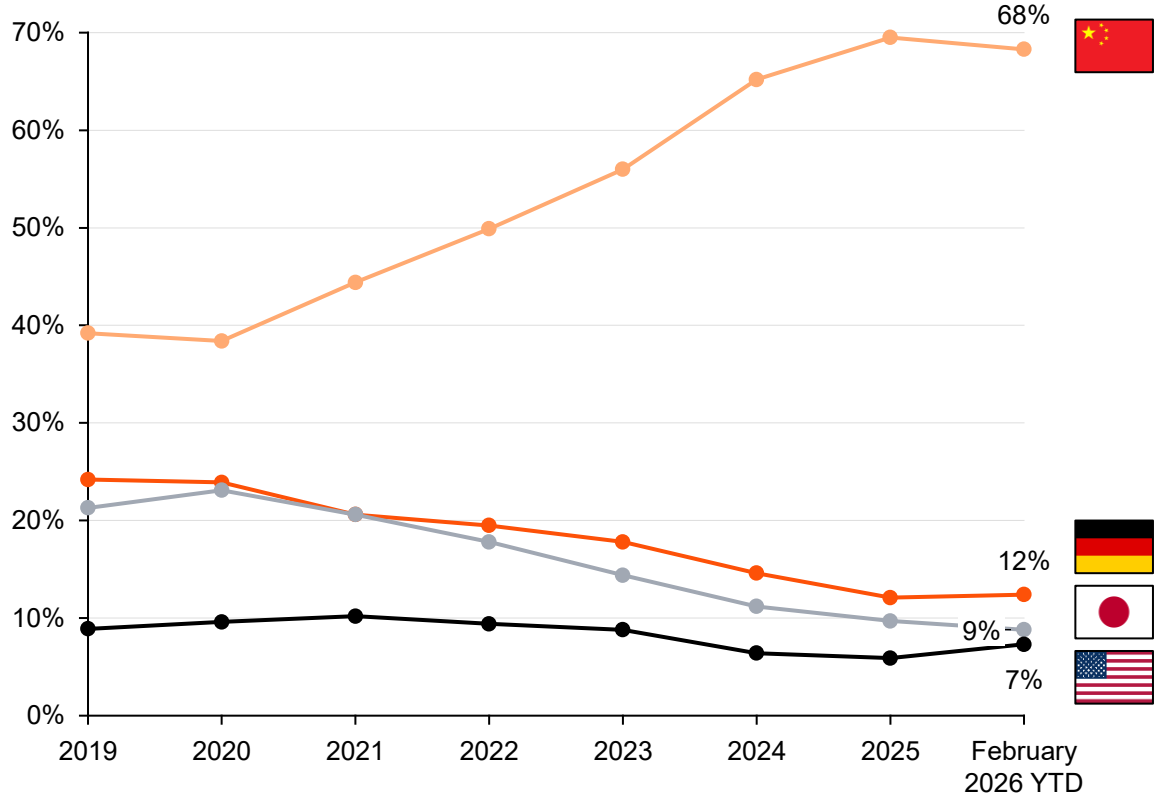
Market share in Europe* by brand origin

(in % of European* passenger car sales)



Market share in China by brand origin

(in % of Chinese passenger car sales)



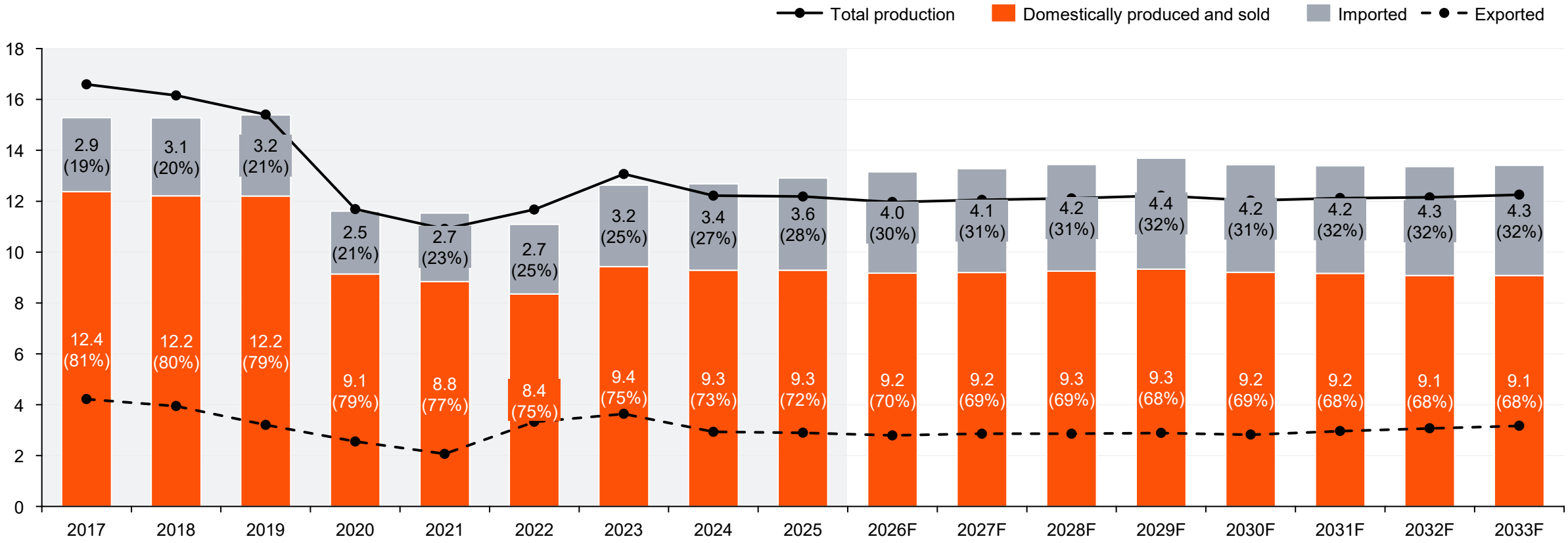
*EU27+UK+EFTA
Source: PwC Autofacts analysis, ACEA, CAAM

Europe* passenger car development

Since COVID-19, domestic car sales have fallen by 25% and are unlikely to recover, adversely affecting local production as imports are projected to surpass 4 million units annually by 2027

Europe* passenger car production and sales

(in million)



*EU27+UK+EFTA

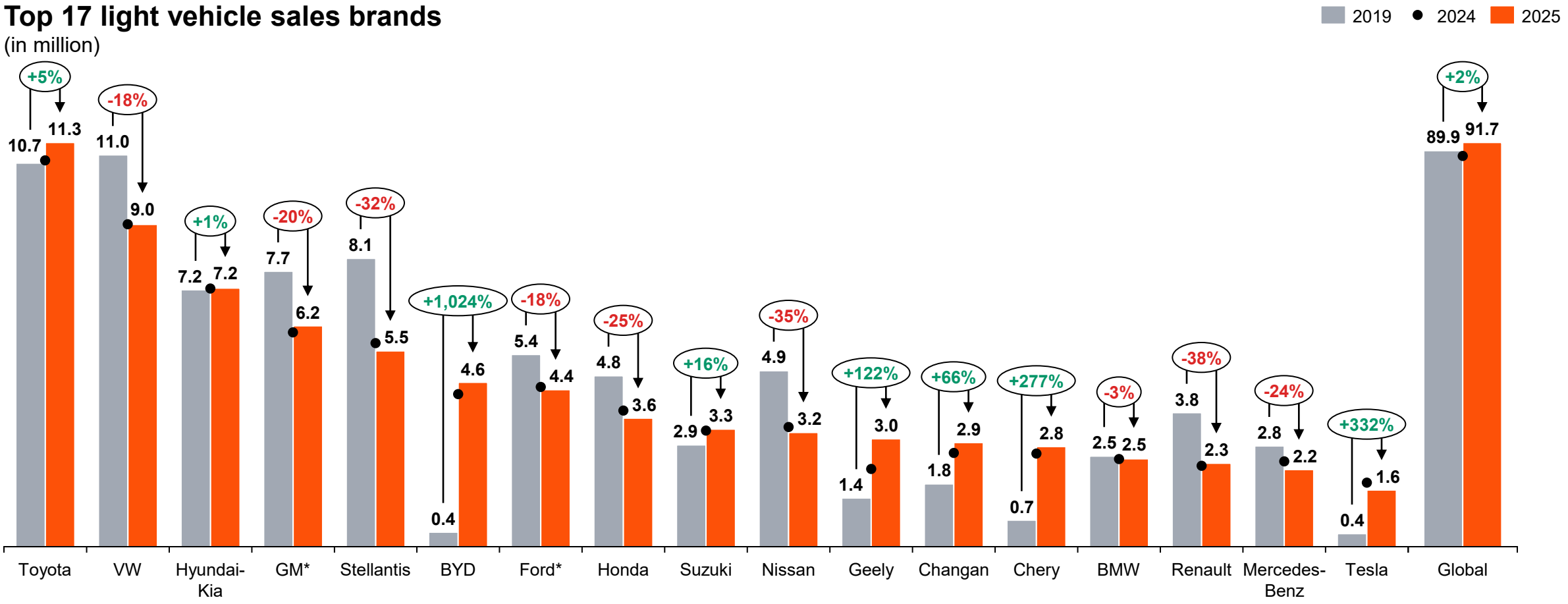
Source: PwC Autofacts analysis, S&P Global Mobility LV Sales Forecast January 2026 & Production Forecast February 2026 release

Change in passenger car sales

In 2025, many legacy OEMs had not yet returned to their pre-COVID 2019 sales levels, while Chinese OEMs and new market entrants experienced significant growth in this period

Top 17 light vehicle sales brands

(in million)



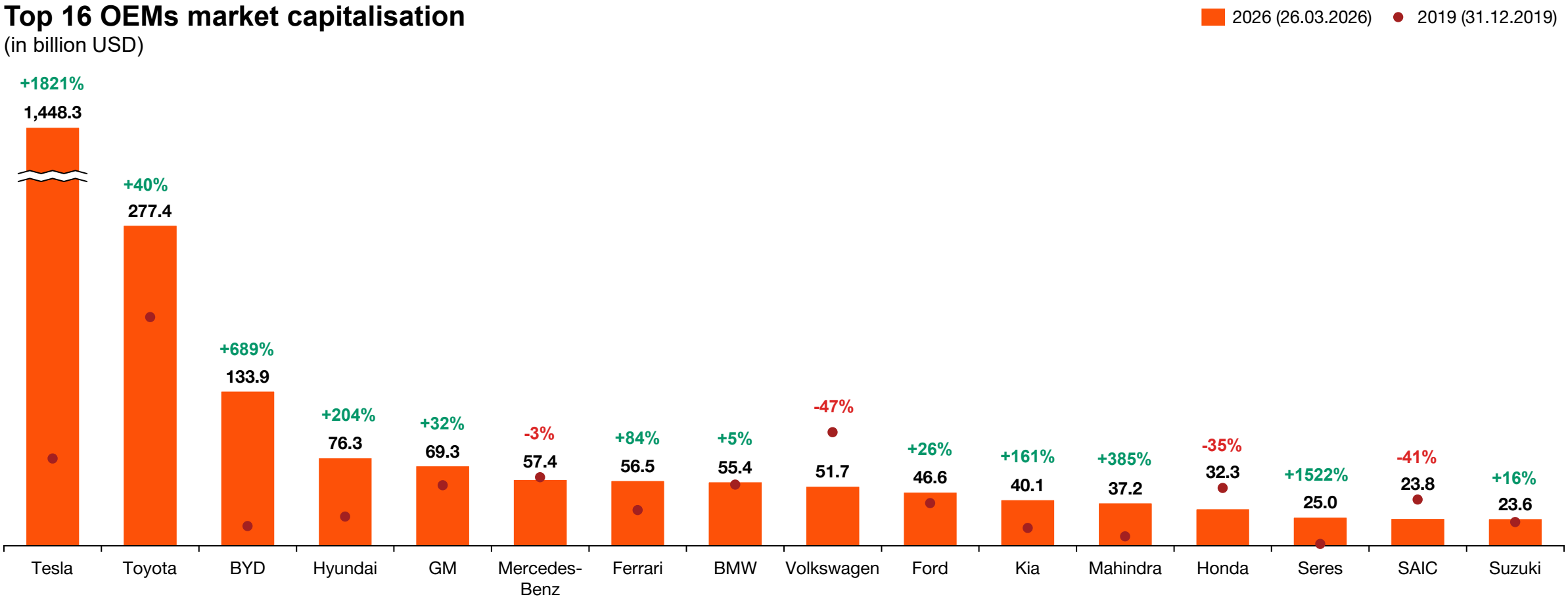
*Numbers estimated

Source: PwC Autofacts analysis, OEM annual reports

Market capitalisation of biggest OEMs

Tesla leads the market capitalisation of OEMs with a 4x lead over its nearest competitor, while BYD is the clear winner amongst Chinese OEMs

Top 16 OEMs market capitalisation
(in billion USD)



Source: PwC Autofacts analysis, S&P Capital IQ Pro

Platform trajectory of the largest OEM groups

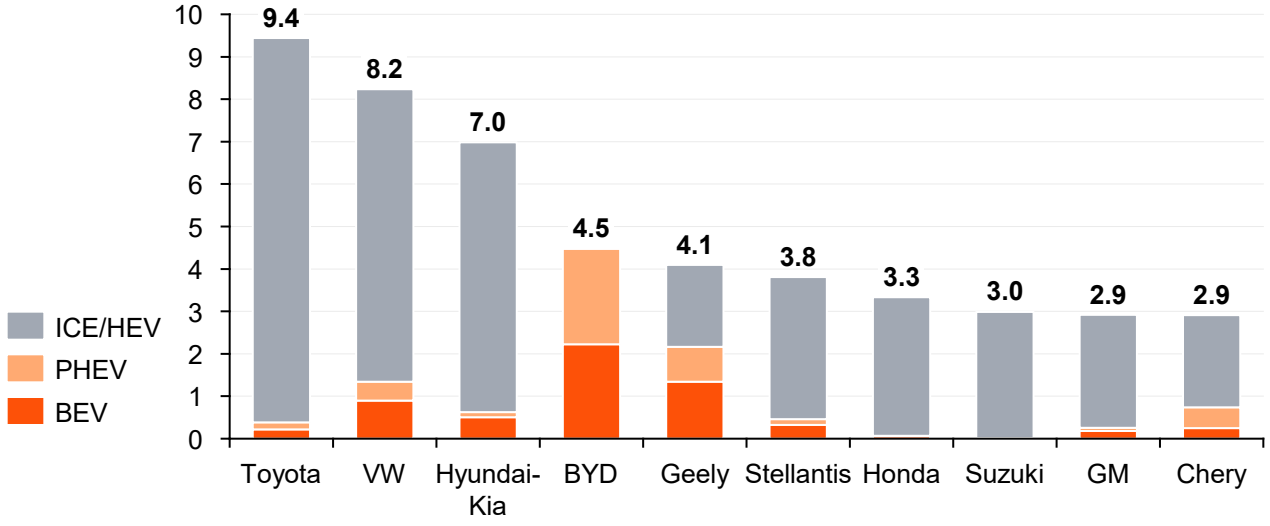
The increase of total platforms within the top 10 OEM groups is triggered by multi-energy platforms; only GM fell below 200k units per platform in 2025, all top 10 expected to breach 200k barrier by 2030

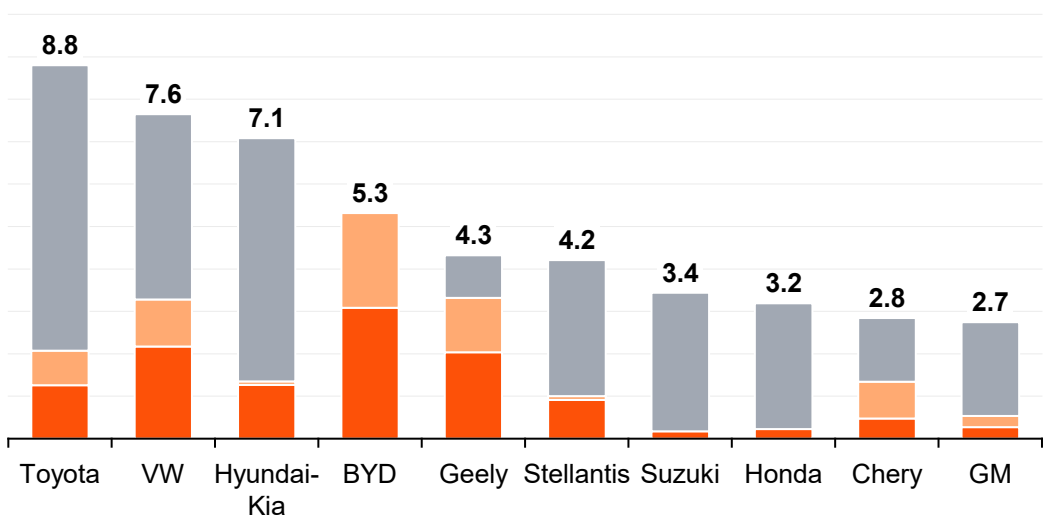
Top 10 passenger car manufacturing groups

(volume in million, vehicles per platform in 1,000)

	2025									
Total platforms	22	15	10	5	17	17	11	10	16	11
BEV only	2	4	2	1	5	1	3	1	2	1
ICE-powered only	18	10	3	2	6	9	5	9	11	5
Multi-energy	2	1	5	2	6	7	3	0	3	5

	2030									
Total platforms	25 (+3)	19 (+4)	13 (+3)	7 (+2)	12 (-5)	15 (-2)	11 (+1)	9 (+2)	11 (-)	13 (+2)
BEV only	4 (+2)	4 (-)	2 (-)	1 (-)	5 (-)	1 (-)	2 (+1)	3 (-)	2 (+1)	2 (+1)
ICE-powered only	13 (-5)	7 (-3)	6 (+3)	0 (-2)	3 (+3)	4 (-5)	7 (-2)	3 (-2)	4 (-1)	7 (+2)
Multi-energy	8 (+6)	8 (+7)	5 (-)	6 (+4)	4 (+2)	10 (+3)	2 (+2)	3 (-)	5 (-)	4 (-1)





Vehicles per platform	429k	549k	699k	896k	241k	224k	303k	299k	183k	264k

Vehicles per platform	352k	402k	546k	760k	360k	280k	312k	355k	546k	258k

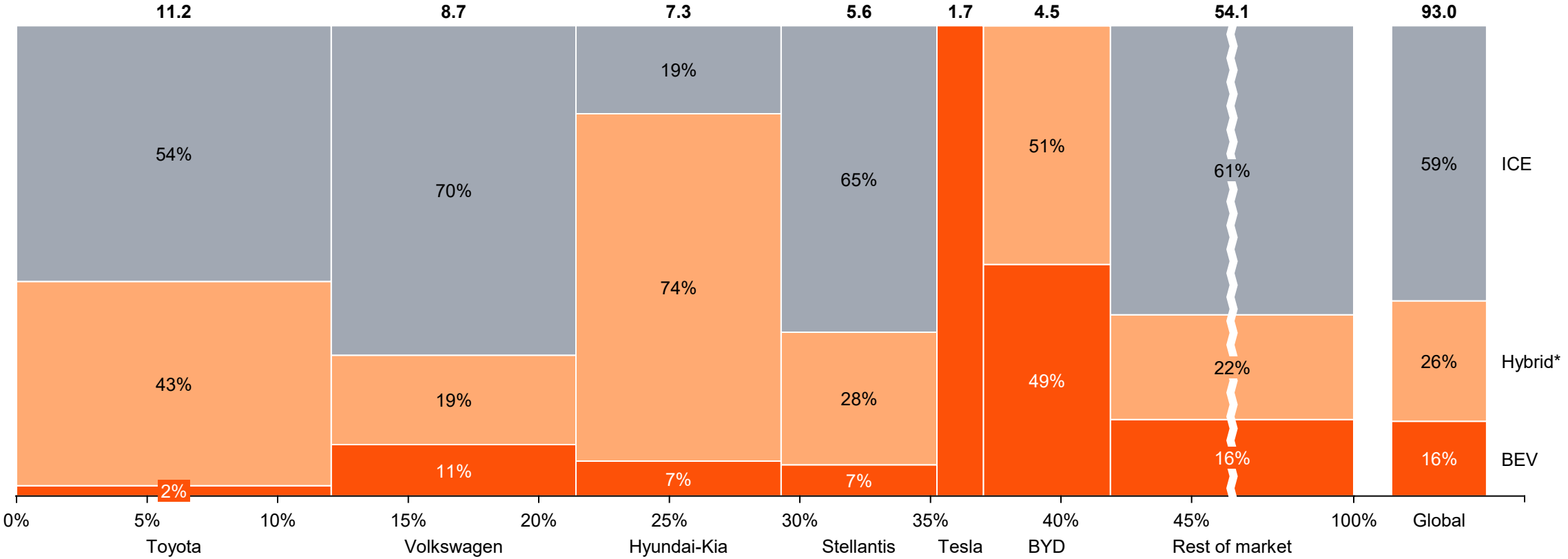
Source: PwC Autofacts analysis, S&P Global Mobility LV Powertrain Production Forecast February 2026 release

Cross-OEM comparison

Volkswagen has the highest proportion of ICE powertrains compared to the selected OEMs and even a higher proportion than RoW, while Toyota has the lowest proportion of BEVs

Global powertrain mix and market share of selected OEM groups in 2025

(total in million)



*Incl. PHEV and Hybrid

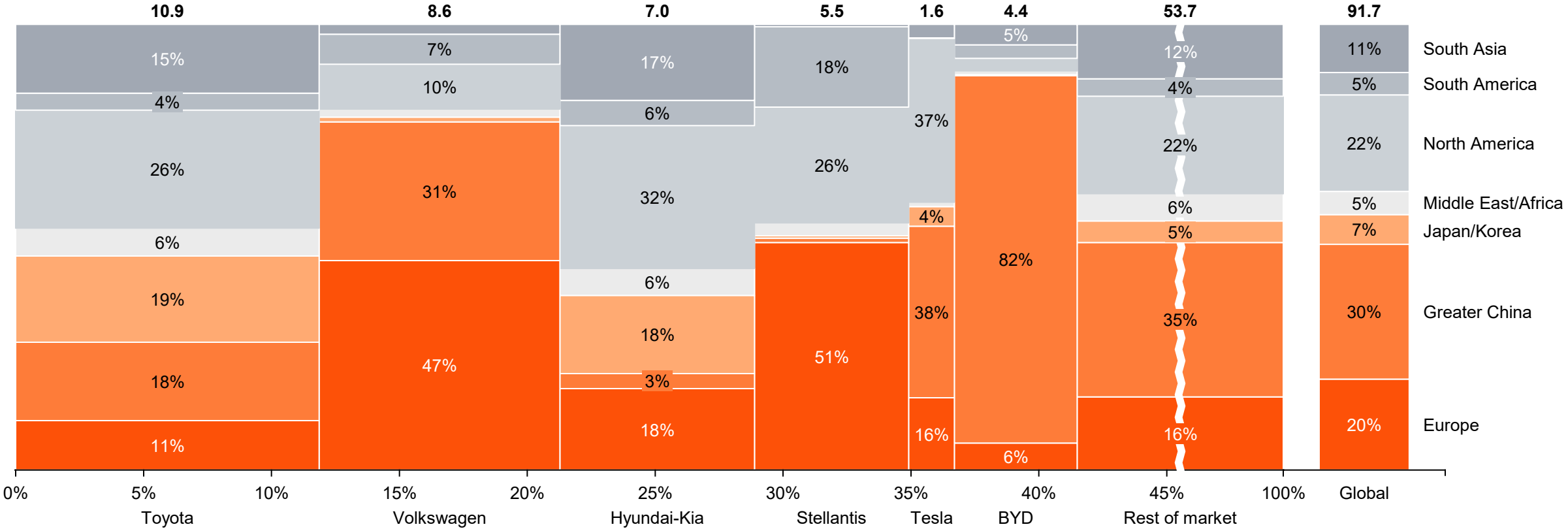
Source: PwC Autofacts analysis, S&P Global Mobility LV Production Forecast February 2026 release

Cross-OEM comparison

BYD is the OEM with the highest dependence on a single market, while Stellantis and Volkswagen are highly dependent on the European market

Regional market share of selected OEM groups in 2025

(total in million)

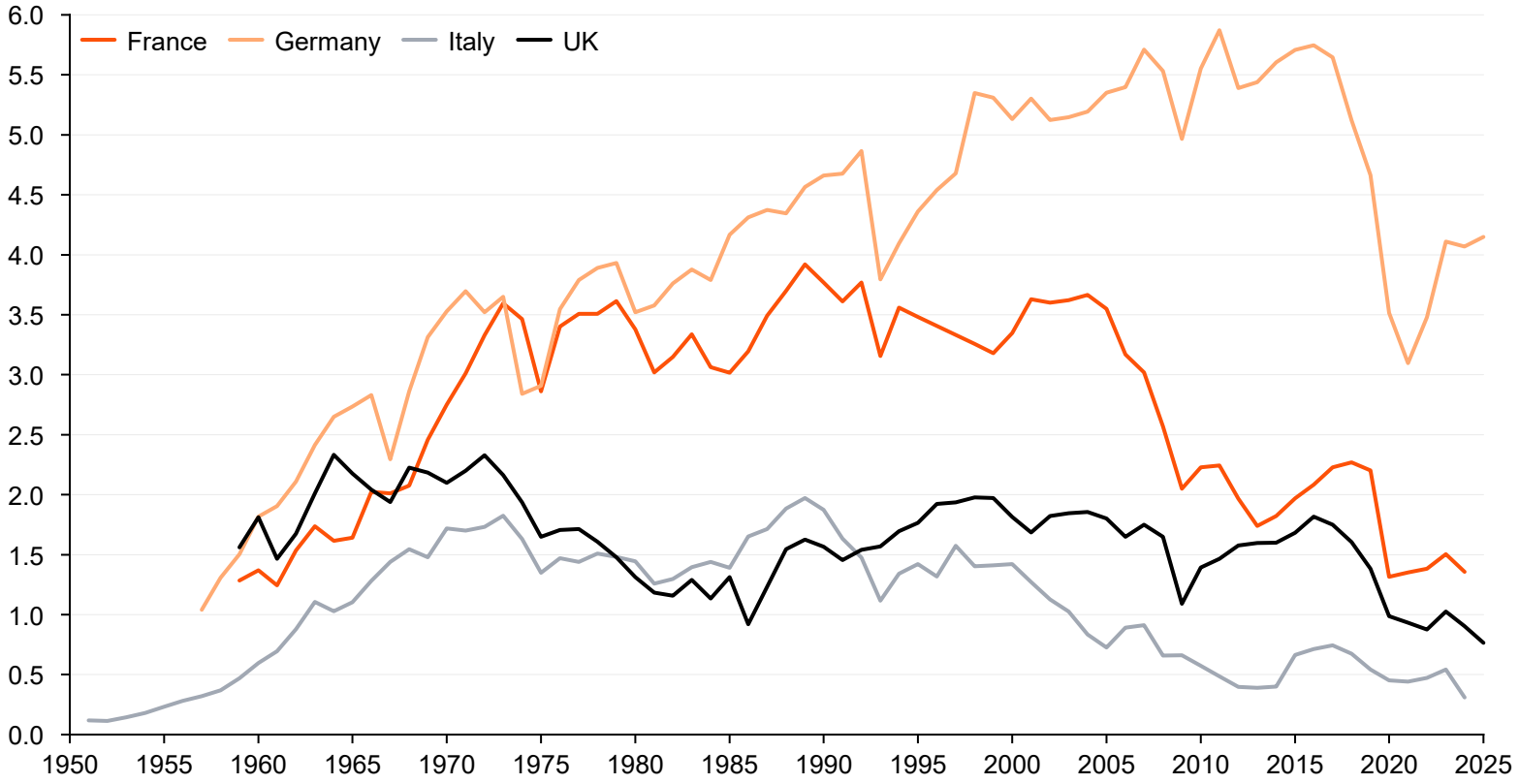


Source: PwC Autofacts analysis, S&P Global Mobility LV Sales Forecast January 2026 release

Annual production of top European countries

Italy and the United Kingdom experienced the most significant declines, while France was heavily impacted and Germany faced double-digit decreases

Annual production volume
(in million)



France	Germany
-38%	-11%
Since 2019	Since 2019
Lowest volume since	Lowest volume since
1961	1994
1.3m (2024)	4.1m (2025)

Italy	UK
-43%	-45%
since 2019	since 2019
Lowest volume since	Lowest volume since
1957	1952
310k (2024)	765k (2025)

Source: PwC Autofacts analysis, Guardian, Office for national statistics, American Automobile Manufactures Association, ANFIA, SMMT, VDA

ASEAN-6 snapshot

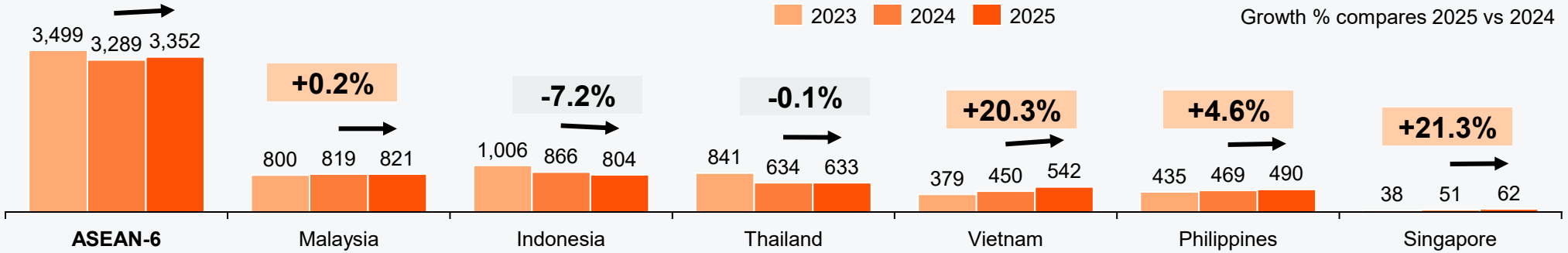
Overview of the ASEAN-6 automotive market

Contact:
Patrick Ziechmann
Partner Deals Southeast Asia
patrick.oliver.ziechmann@pwc.com

ASEAN-6 total industry volume (TIV) grew +1.9% with growth seen in smaller markets; Malaysia and Thailand remain steady, whilst Indonesia posted the sharpest decline

ASEAN-6 Total Industry Volume
(in thousand)

Total ASEAN +1.9% sales



Malaysia | **+0.2%** growth in sales

Malaysia was ASEAN's largest light vehicle (LV) market in 2025. Driven by strong GDP growth of 4.9% and low inflation, TIV saw a slight uplift. Momentum was strongest in 4Q, driven by a surge in EV purchases ahead of the expiry of CBU EV tax incentives, and further supported by new model activity from the national makes.

Indonesia | **-7.2%** contraction in sales

LV TIV declined for the third year despite 5.1% GDP growth, with VAT increases, reduced public spending, and a weaker rupiah eroding purchasing power. A smaller middle class shifted demand towards used four wheelers (4W) and two wheelers (2W), while high household debt, tighter loan approvals, and scant policy stimulus weighed on new LV sales.

Thailand | **-0.1%** contraction in sales

With GDP at +2.2% and mild deflation (−0.14%), **the market stabilised after 2024's −24.6% slump,** especially in 2H25. Without November's severe floods and the Cambodia border tensions, TIV growth would likely have been achieved.

Vietnam | **+20.3%** growth in sales

Vietnam's TIV growth was led by VinFast (+88k), underpinned by strong GDP growth (+8.02%) and rising GDP per capita (~USD5,026), which made entry-level 4Ws affordable for more households.

Philippines | **+4.6%** growth in sales

Philippines TIV growth cooled in 2H25 as public spending slowed after a major infrastructure corruption scandal and severe floods. GDP rose just 4.4% in 2025, the slowest in five years and below the 5.5–6.5% target.

Singapore | **+21.3%** growth in sales

Singapore growth supported by additional Certificate of Entitlements (COE) being added across vehicle categories for 2025 and a strong economy with growth in GDP of 4.8%.

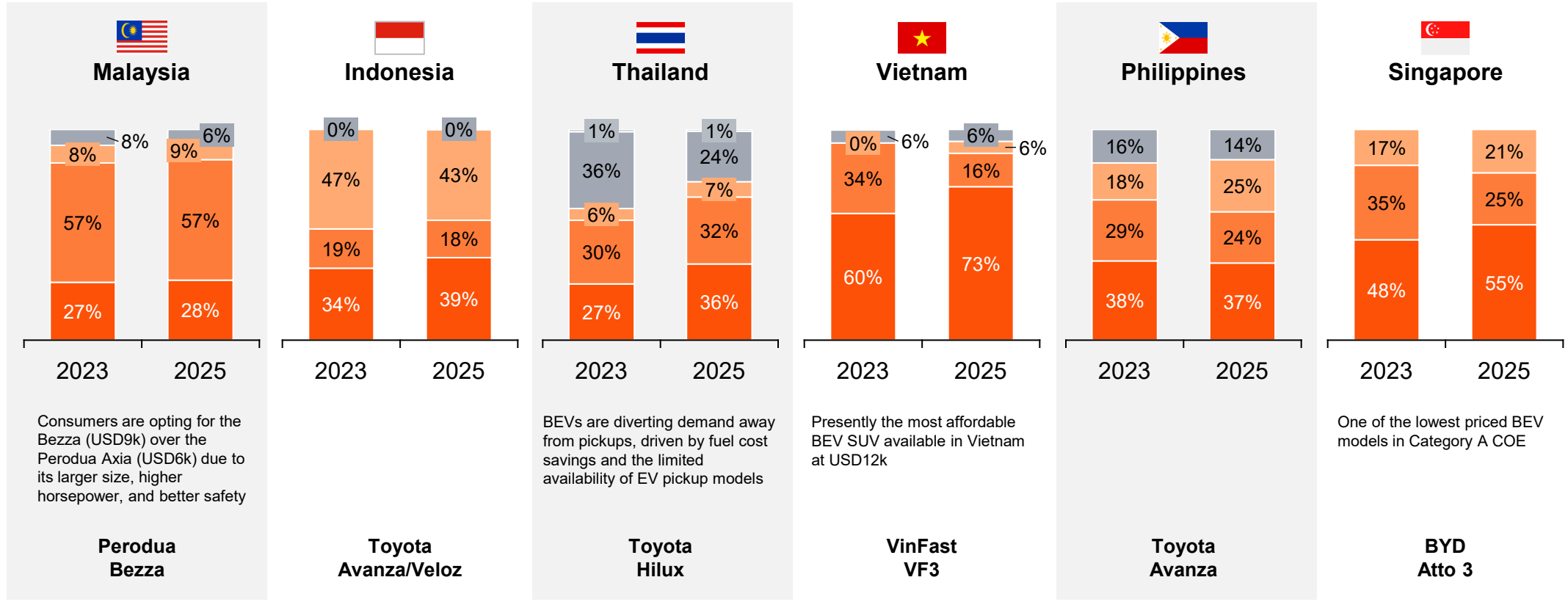
Note: *Total Industry Volume = No. of units sold inclusive of Passenger Vehicles (PV) and Commercial Vehicles (CV)
Source: Marklines, PwC research and analysis

Overview of the ASEAN-6 automotive market


Contact:
Patrick Ziechmann
Partner Deals Southeast Asia
patrick.oliver.ziechmann@pwc.com

Segment mix is market-specific across the ASEAN-6; SUVs and MPVs lead in most markets, except for Malaysia

ASEAN 2025 Vehicle Market Share by Vehicle Segment



Note: BEV - Battery Electric Vehicles, FX Rate used as of February 2026: USD:MYR ~4.0, USD:VND~26k
Source: Marklines, PwC research and analysis

Overview of the ASEAN-6 automotive market

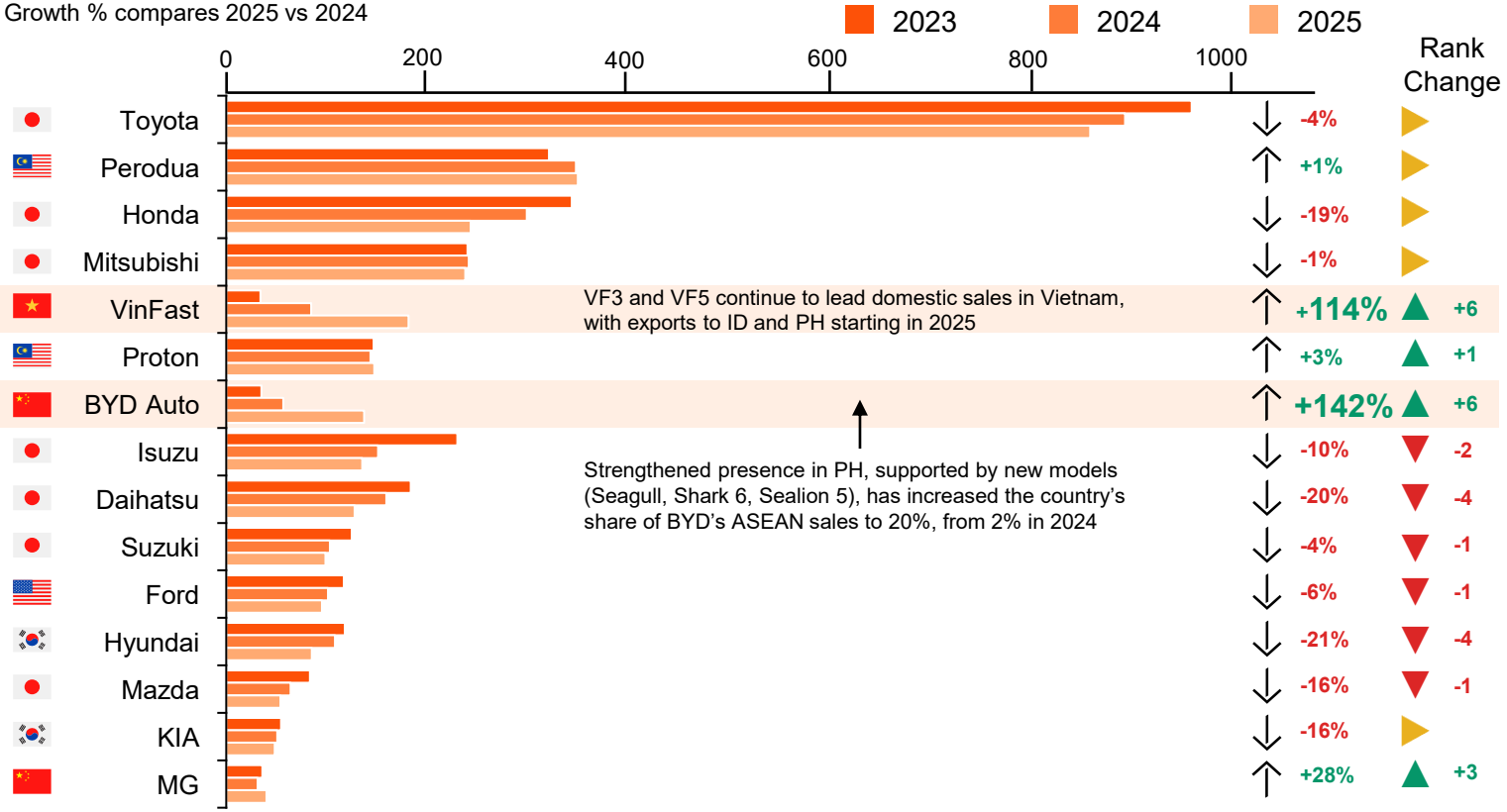
Contact:
Patrick Ziechmann
Partner Deals Southeast Asia
patrick.oliver.ziechmann@pwc.com

Dynamic competitive changes across ASEAN-6; Chinese OEMs rapidly gaining market share at the expense of Japanese brands

Top 15 Automotive Brands in ASEAN-6

(in thousand, 2023 vs. 2024 vs. 2025 sales volumes by brand)

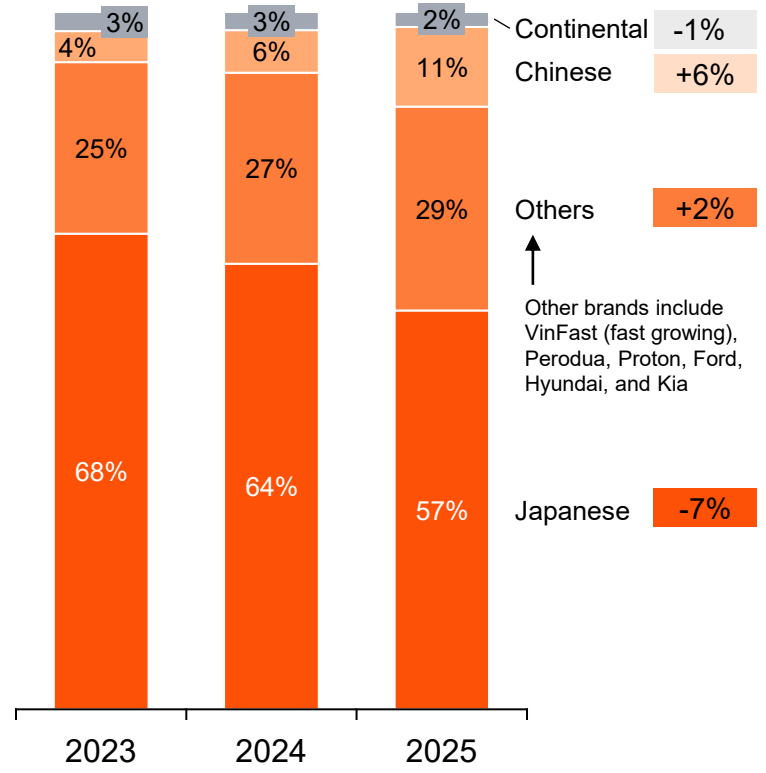
Growth % compares 2025 vs 2024



OEM Market Share in ASEAN-6

2023 vs 2024 vs 2025

Growth % compares percentage point change from 2025 vs 2024



Source: Marklines, PwC research and analysis

ASEAN-6 snapshot

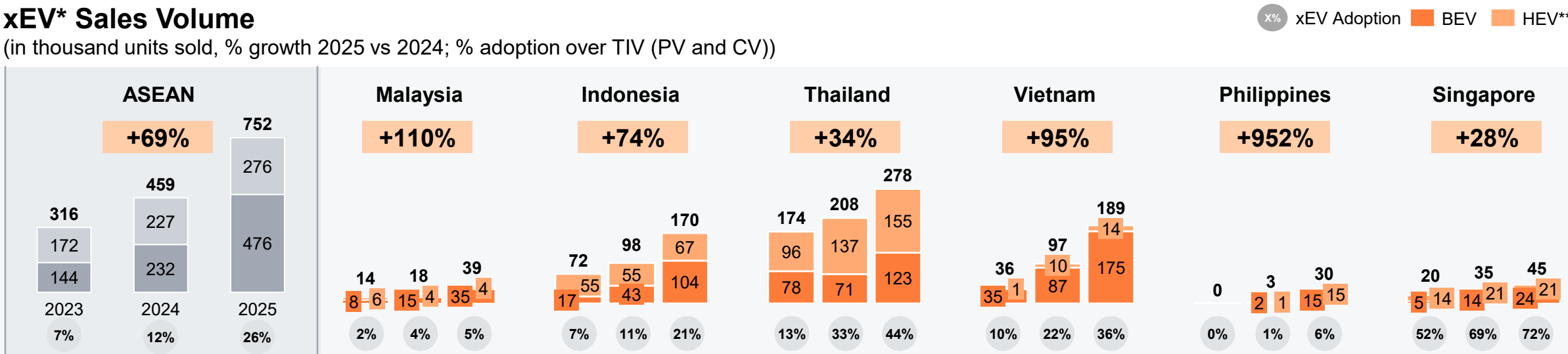
Overview of the ASEAN-6 automotive market

Contact:
Patrick Ziechmann
Partner Deals Southeast Asia
patrick.oliver.ziechmann@pwc.com

ASEAN-6 xEV adoption rate doubled in 2025 to an average of 26%, driven by strong growth for xEVs* across all markets

xEV* Sales Volume

(in thousand units sold, % growth 2025 vs 2024; % adoption over TIV (PV and CV))



Malaysia

- xEV adoption driven by a year-end surge in BEV purchases ahead of the expiry of the CBU EV tax exemption
- New national-brand EV launches and CKD EV tax incentives (extended until 2027)

Indonesia

- BEV sales is expected to slow down due to expired BEV incentives
- The government aims to create a fully integrated EV battery ecosystem by 2027–2028, attracting major OEM and battery investment

Thailand

- EV3.5 scheme provides tax cuts + subsidies up to USD 3,200 from 2024–2027
- 30% of its annual vehicle production targeted to be EVs by 2030, which translates to 725k EV cars and 675k electric motorcycles

Vietnam

- VinFast continues to dominate the market with models VF3 and VF5, priced between USD12k-USD22k
- 100% registration fee exemption for EVs through February 2027

Philippines

- Zero tariff rate and import duties exemptions for EVs until 2028
- EV uptake strengthened with BYD aggressively expanding affordable BEV choices, capturing >80% market share of xEVs

Singapore

- Large COE incentives, the Early Adoption Incentive (EEAI), and the Vehicle Emission Scheme (VES) provide up to ~USD 30k rebates for EVs
- Targets for 60k EV charging points by 2030 and a fully electric bus fleet by 2040

*xEV include both BEV and HEV **HEV include HEVs, PHEVs, MHV, REEV.
Source: Marklines, PwC research and analysis

Incentive programs in Europe*

Overview of latest announcements on electrified vehicle subsidies

Country	Tax Benefits	Purchase Incentives
Germany	**Ownership:** BEVs registered from 1 January 2026 will no longer be tax-exempt and will be taxed at 50% of the standard weight-based rate; **Company cars:** Reduction of taxable amount for BEVs and PHEVs from 1% to 0.5%, additional reduction to 0.25% for BEVs up to €100,000, 75% write-off in the first year, total write-off in 6 years; **From 2025**: 40% cost write-off, applying to company BEV purchases from July 2024 to December 2028.	**2026:** From 1 January 2026, newly registered battery-electric cars (and certain plug-in hybrids and range-extender vehicles) will again be subsidized nationwide. The exact amount depends on household income, number of children and vehicle type.
Spain	**Acquisition:** Exemption from "special tax" for cars ≤120g CO2/km; Canary Islands: VAT exemption partially; **Ownership:** Road tax reduction of up to 75% for BEVs in Spanish main cities (e.g., Barcelona); **Company cars:** 30% for BEVs/PHEVs ≤ €40,000.	MOVES III is to be replaced in 2026 with **Plan Auto+**, which is designed to provide direct, point-of-sale grants, up to about €4,500 for battery-electric cars with lower amounts for plug-in hybrids, and to simplify procedures by unifying administration at national level.
France	**Acquisition:** Exemption from the mass-based malus for BEVs, FCEVs and PHEVs (range of >50km); **Company cars:** Exemption for CO_2-based tax components ("TVS") for vehicles emitting less than 60g CO2/km	**2026:** BEV and FCEV subsidies range from €3,000 to €5,700, income-dependent and based on CO2 emissions. Vehicles must cost under €47,000 and weigh less than 2.4 tons; companies receive no purchase incentives; Additional bonus of €1,000 for the purchase of a "BEV made in Europe". **Leasing social**: Up to €7,000 per BEV for citizens with reference tax income of below €16,300, who fulfil all criteria, into 2026.
UK	**Company cars:** Reduced tax rates for BEVs and ultra-low emission cars (<75g CO_2/km), 2% until 2025 and progressively increasing afterwards until April 2028. **For 2025:** EVs registered after 1 April 2025 need to pay £10 VED for the first year. From the second tax payment onwards the standard rate of £195 is applied. On April 1, the expensive car tax supplement for BEVs costing more than £40,000, came into force.	**July 2025:** Up to £3750 on BEVs below £37,000 until 2028-29 or until the funding of £650 Mio. is used up. Split into two Groups regarding the sustainability of the BEV; Group 1: £3750/Group 2: £1500; **2026**: The government provided an extra £1.3b into the Electric Car Grant (ECG) and added four more qualifying BEV models.
Italy	**Ownership:** Five-year exemption for EVs from the date of first registration, 75% reduction afterwards; **Company cars:** taxable value of a company-provided BEV for private use is 10% of the standard amount (for PHEVs 20%), versus 50% for ICEs.	**2026:** Ecobonus scheme has been refinanced. Purchase **subsidies for M1 EVs range from €6,000 (no scrapping) to €11,000 (with scrapping)**. For households with **an annual income <€30,000**, the incentive is increased by 25% **up to €13,750** when scrapping a Euro 0-2 vehicle.

Change compared to previous release

*Overview contains only the most relevant subsidies, not exhaustive
BEV = Battery Electric Vehicle; PHEV = Plug-In Hybrid Vehicle; FCEV = Fuel Cell Electric Vehicle

Incentive programs in RoW*

Overview of latest announcements on electrified vehicle subsidies

Country	Tax Benefits	Purchase Incentives
USA	**Acquisition**: Federal tax credit for BEVs ended September 2025, due to the Trump Administration's "Big Beautiful Bill", which abolished tax credits for new, used and leased BEVs and PHEVs. The **Inflation Reduction Act** therefore does not open the possibility anymore to register for tax credit.	As of February 2026, federal funding for electric vehicle purchase incentives in the United States has largely expired, although **states subsidise electric cars differently**.
China	**Acquisition:** 100% purchase tax exemption for eligible NEVs was **halved to 50% starting 2026 until end of 2027 (5% purchase tax rate)**. 2026/2027 tax reduction **shall not exceed ¥15,000 (~€1,880) per vehicle**.	**Car trade-in subsidy scheme was extended for 2026**, with adjusted calculation methods based on **percentage of vehicle purchase price**. **Scrappage subsidy: 12%** for NEVs, up to ¥20,000 (~€2,510); **10%** for ICEs (max. 2L displacement), up to ¥15,000 (~€1,880). **Transfer subsidy: 8%** for NEVs, up to ¥15,000; **6%** for ICEs (max. 2L displacement), up to ¥13,000 (~€1,630).
Japan	**Acquisition:** Purchase tax is abolished for private and business cars in favour for a tax based on fuel efficiency and environmental criteria.	**2026**: Purchase subsidy caps for **BEVs increased to ¥1.3m** (~€7,100), **for PHEVs to ¥850k** (~€4,600). Subsidy cap for **FCEVs** was sharply cut from ¥2.55m to **¥1.5m** (~€8,100). Support of **Kei EVs** remains unchanged at **¥580k** (~€3,100).
South Korea	**Acquisition:** Up to ₩1.4m (~€820) can be deducted from the acquisition tax amount. Up to ₩3m (~€1,760) can be deducted from the **individual consumption tax** and up to ₩900k (~€530) from the **education tax**. If the individual consumption tax is ₩0, then there is also no education tax (which is 30% of the consumption tax); automotive tax set to ₩130k (~€80), significantly lower than ICE counterparts.	**2026:** EV purchase **subsidies increased to ₩6.8m** (~€4,000) incl. **₩1m (~€590) trade-in bonus** for ICEs. **Price cap** for EVs eligible for the subsidies **remains at ₩53m** (~€31,100) but will be **reduced to ₩50m (~€29,400) in 2027**. New

Change compared to previous release

*Overview contains only the most relevant subsidies, not exhaustive
BEV = Battery Electric Vehicle; PHEV = Plug-In Hybrid Vehicle; FCEV = Fuel Cell Electric Vehicle

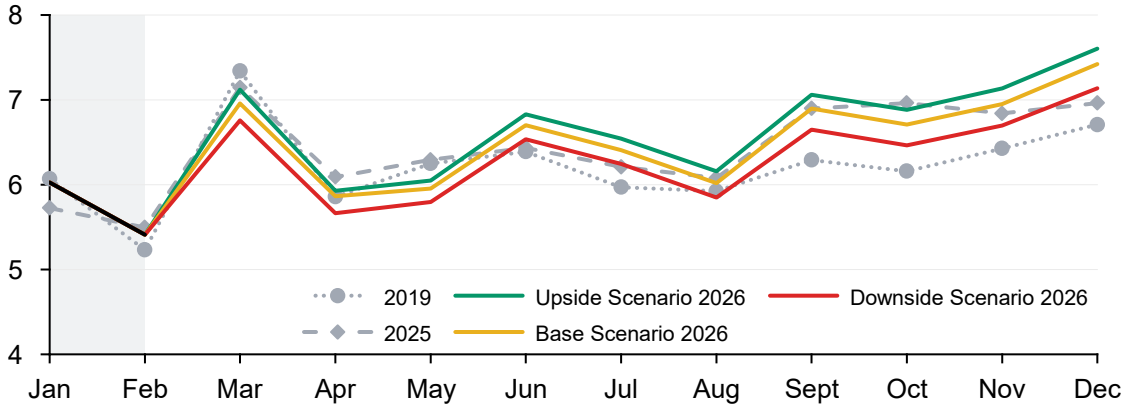
4

Global and regional market analyses

Sales: Global

Global sales remain ahead of last year YTD despite a dip in February; near-term development expected to be turbulent amid various current crises

Passenger car sales
(in million)

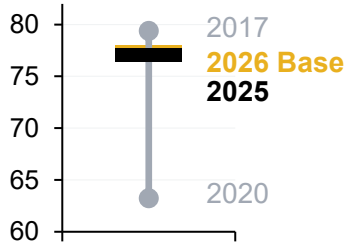


	Year	Sales (in million)	YoY growth	Q1 YoY growth
Past	2019	74.61		
	2025	77.13	+4.1%	+5.9%
PwC Scenarios	2026 – Upside	78.75	+2.1%	+1.0%
	2026 – Base	77.32	+0.2%	+0.2%
	2026 – Downside	75.23	-2.5%	-0.9%

Key insights

In February, **global passenger car sales saw a modest dip** of -2% YoY to 5.4 million units. This **downturn was mainly driven by China**, the world's largest single market, with sales **dropping 34%** YoY to below 1.0 million for the first time since April 2022, due in part to fewer selling days during the Lunar New Year holiday. Within the three core markets, the **USA also saw a decline** of -2%, while **Europe* sales grew by +2%**. Other notable performances were shown by **Japan**, where sales **fell for the 8th month in a row** and **South Korea** with **double-digit growth.** While the first two months are still +2% ahead of last year, the **PwC Base Scenario** projects **Q1 to remain largely unchanged** YoY amid disruptions such as **high oil prices following the Iran war and memory chip shortages**.

10-year benchmark
(in million, 2016-2026)



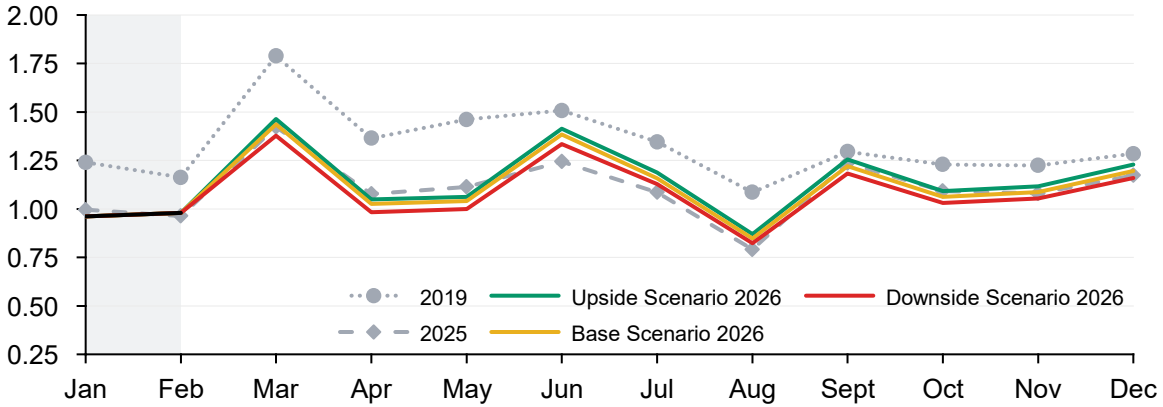
The **PwC Base Scenario** forecasts 2025 to **exceed 2026's performance marginally** and close the gap to the 10-year high gradually.

*EU27+UK+EFTA
Source: PwC Autofacts analysis, S&P Global Mobility LV Sales January 2026 release

Sales: Europe*

EU5 countries*** carried European* sales into the positive with EVs** outperforming the total market by a margin; near-term forecasts dampened by political and regulatory disruptions

Passenger car sales
(in million)

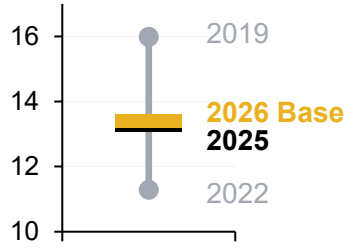


	Year	Sales (in million)	YoY growth	Q1 YoY growth
Past	2019	15.99		
	2025	13.27	+1.9%	-0.9%
PwC Scenarios	2026 – Upside	13.68	+3.0%	+0.7%
	2026 – Base	13.40	+0.9%	-0.1%
	2026 – Downside	13.01	-2.0%	-1.9%

Key insights

New registrations in February **saw a slight** YoY rise of 2%, totalling **979,000 units**. ICEs and EVs** showed opposing trends: **ICEs fell -18%** while **the latter grew +15% YoY** to a 68% market share, the **third-highest on record** after the previous two months. The **EU5 markets*** outgrew the total market** by +3% YoY, with **all countries bar France posting gains** from +14% (Italy) to +4% (Germany). **France** recorded its **fourth consecutive YoY decline** at -15%.
The **PwC Base Scenario** forecasts a **marginal Q1 decline** of -0.1% YoY amid **high gas prices since the Iran war** and **renewed EV subsidies** in France and Germany despite the **anticipated overturn of the ICE ban** by the European Commission.

10-year benchmark
(in million, 2016-2026)



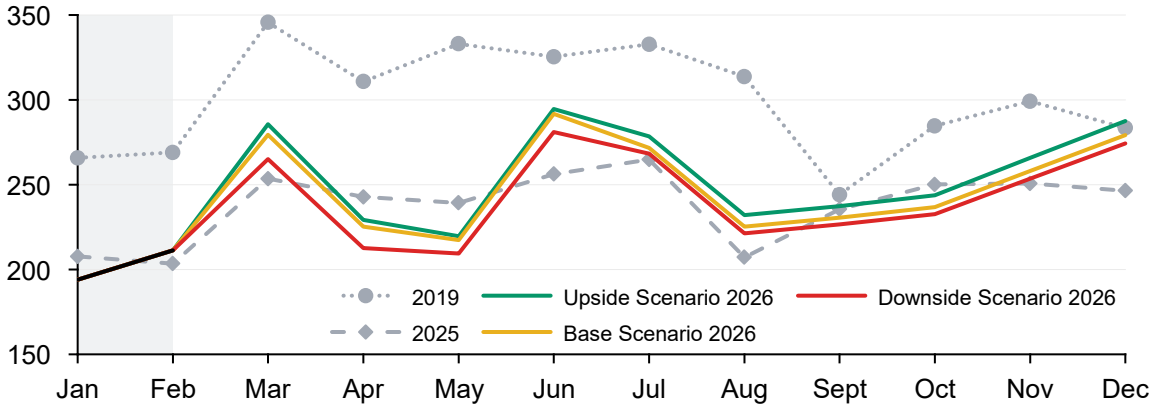
For the full year, a **mild +1% growth** is anticipated **in the PwC Base Scenario** resulting in 13.4 million passenger cars, **-16% below 2019's 10-year high**.

*EU27+UK+EFTA; **Incl. BEV, PHEV and Hybrid; ***Incl. France, Germany, Italy, Spain and UK
Source: PwC Autofacts analysis, ACEA

Sales: Germany

Germany's automotive market showed a modest recovery in February compared to January, driven by strong EV* growth following the introduction of new purchase subsidies

Passenger car sales
(in thousand)

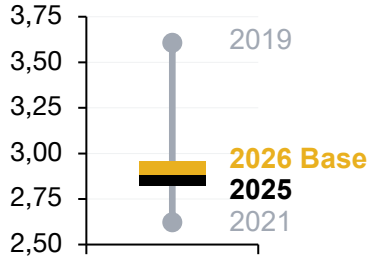


	Year	Sales (in million)	YoY growth	Q1 YoY growth
Past	2019	3.61		
	2025	2.86	+1.4%	-4.3%
PwC Scenarios	2026 – Upside	2.98	+4.3%	+4.0%
	2026 – Base	2.92	+2.2%	+3.0%
	2026 – Downside	2.85	-0.3%	+0.9%

Key insights

February saw a 4% YoY growth to 211,000 units, **partly offsetting January's decline**, though the YTD total still lags last year by 5,800 units. **BEV growth** slowed from last year's +43% but still **jumped by +29% YoY**, reaching a **record 89,000 units YTD and a 22% market share**, supported by the **new governmental subsidy of up to €6,000**. **PHEVs also benefited from the subsidies** (up to €4,500), growing 24% YoY YTD to an 11% share. **VW led the OEM rankings despite a -2% YoY decline**, with 40,000 units and a 19% share in February, **more than double Skoda's 9% in second place** (+27% YoY).
With **the incentives and high gas prices** expected to boost EV sales, the **PwC Base Scenario forecasts a +3.0% YoY jump in Q1**.

10-year benchmark
(in million, 2016-2026)



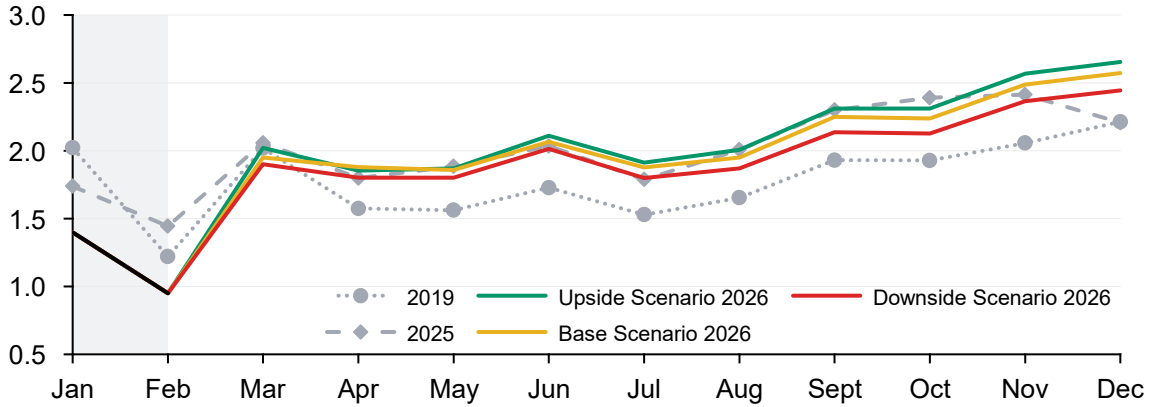
The **PwC Base Scenario** projects 2026 to end **+2% above 2025 levels**, yet **far below 2019's 10-year high**.

*Incl. BEV, PHEV and Hybrid
Source: PwC Autofacts analysis, KBA

Sales: China

February sales slumped as reduced purchase tax incentives caused NEV* sales to drop, and ICE sales fell 13% year-over-year due to fewer Lunar New Year selling days

Passenger car sales
(in million)

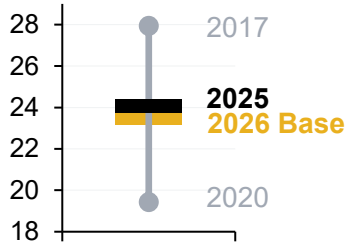


	Year	Sales (in million)	YoY growth	Q1 YoY growth
Past	2019	21.43		
	2025	24.06	+6.4%	+14.5%
PwC Scenarios	2026 – Upside	23.96	-0.4%	-16.6%
	2026 – Base	23.48	-2.4%	-18.0%
	2026 – Downside	22.61	-6.0%	-18.9%

Key insights

Domestic sales **entered a downward spiral** in November last year and gradually **fell steeper each month** with **February volumes dropping by -34% YoY** to 950,000 units, the **first time since April 2022** for monthly volumes to fall **below the 1-million mark**. This development is attributed to the Lunar New Year and **halved purchase tax subsidies for NEVs***, causing a **-33% and -42% YoY** decline to 310,000 and 173,000 units **for BEVs and PHEVs**, respectively. **Exports** on the other hand **jumped by +58% YoY to 586,000 units** with manufacturers trying to **utilise overcapacities** outside their **competitive domestic market**.
Given the **slumped start into 2026**, a recovery in March is not expected with the **PwC Base Scenario** forecasting a **-18% YoY downturn** in Q1.

10-year benchmark
(in million, 2016-2026)



While the **remainder of the year is expected to recover** from the lows so far, the **PwC Base Scenario forecasts a modest -2.4% decline** for the full year.

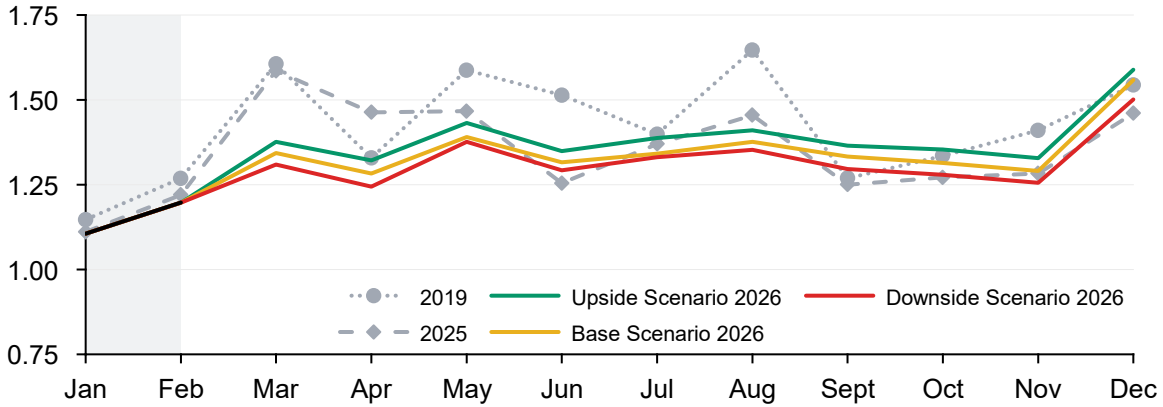
*NEVs include PHEVs and BEVs
Source: PwC Autofacts analysis, CAAM

Sales: USA

EVs continue to lose ground with the expiration of EV tax credits, but volatile fuel prices may steer undecided consumers towards BEVs

Light duty vehicle* sales

(in million)



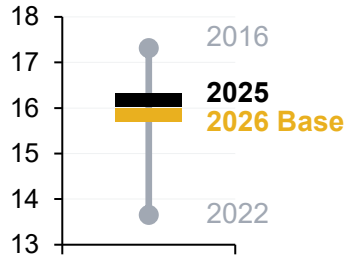
	Year	Sales (in million)	YoY growth	Q1 YoY growth
Past	2019	17.05		
	2025	16.19	+1.9%	+4.6%
PwC Scenarios	2026 – Upside	16.21	+0.2%	-6.0%
	2026 – Base	15.85	-2.1%	-6.9%
	2026 – Downside	15.54	-4.0%	-7.8%

Key insights

While February marked the **fifth consecutive month of YoY declines**, total sales were only mildly down with **-2% YoY to 1.2 million units**. **EV sales** on the other hand recorded a **significant hit since the EV tax credit expired** last September. **BEV sales were down by -14% YoY**, topped by PHEVs falling **-33%** over the same period. The decline was **mitigated by a 10% YoY increase in Hybrids,** continuing a growth streak that started in February 2023. **ICEs** fell by -2% YoY but **maintained a 79% share**.
The **PwC Base Scenario forecasts a -7% YoY sales drop during Q1 2026** with potential **cost and fuel price hikes stemming from the Iran war** weighing on consumer spending. Q1 2025 was particularly strong due to **accelerated purchasing** ahead of the implementation of **new tariffs**.

10-year benchmark

(in million, 2016-2026)



While the **short-term forecast is heavily influenced by uncertainties** surrounding the Iran war, the **PwC Base Scenario** projects a mild recovery from Q1's performance to **-2% for the full year**.

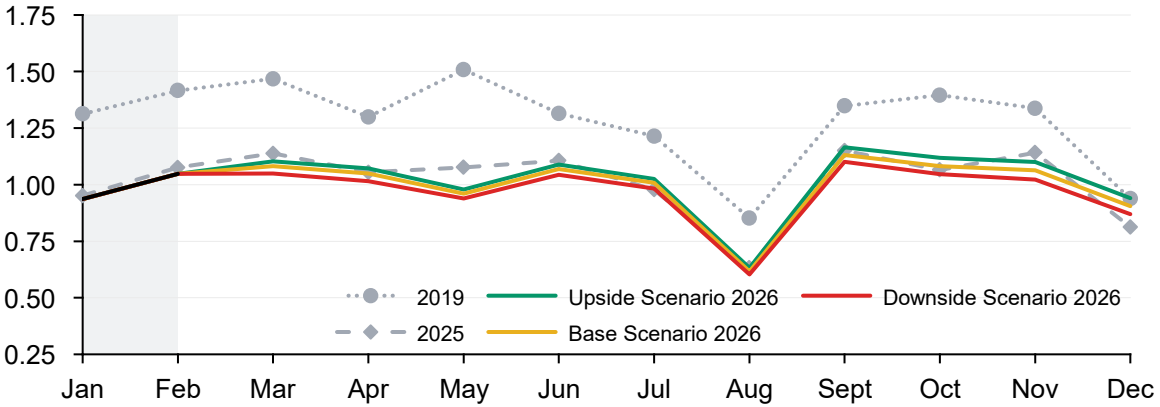
*Incl. passenger cars and light trucks
Source: PwC Autofacts analysis, ANL

Production: Europe*

European* passenger car production further widens the gap to last year amid fluctuating powertrain demand and growing imports from China

Passenger car production

(in million)



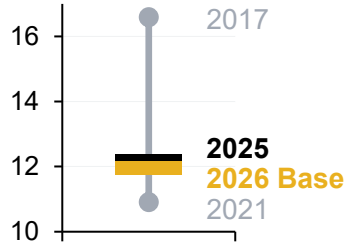
	Year	Prod. (in million)	YoY growth	Q1 YoY growth
Past	2019	15.40		
	2025	12.18	-0.0%	-3.9%
PwC Scenarios	2026 – Upside	12.21	+0.2%	-2.5%
	2026 – Base	11.95	-1.9%	-3.1%
	2026 – Downside	11.66	-4.3%	-4.2%

Key insights

After a weak start in January, **February volumes further declined** by -3% YoY to 1.0 million units, highlighting the **worst February result since 2022**. The **EU5** countries recorded a slightly better result** with -2% YoY to 675k units, **far from pre-COVID volumes** of over 900k units. Among them, **France was the only country able to boost output** (up by +11% YoY to 90k units). **Germany maintained last year's volumes** with 343k units, while **Italy** experienced the **largest decline** with -13% to 22k units, followed by the **UK** (-9% to 67k) and Spain (-8% to 153k) in February. Volumes are not only impacted by **lower demand since COVID-19**, but also by **growing imports** of all powertrains, **especially from China**. Thus, the **PwC Base Scenario projects a -3% YoY downturn for Q1 2026**.

10-year benchmark

(in million, 2016-2026)



As the European industry is strained by **not recovering demand** and **import pressures**, the **PwC Base Scenario forecasts a -2% YoY decline for the full year**.

*EU+UK+EFTA; **France, Germany, Italy, Spain and UK
Source: PwC Autofacts analysis, S&P Global Mobility LV Production February 2026 release

The year 2026 up to February

Only Europe* was able to grow its sales among the three core markets, yet still falls behind last year YTD; production volumes of the core markets aligned with global development

	February 2026 Sales						February 2026 Production					
Region	**Year-to-date**	**YTD vs. 2025**	**YTD vs. 2019**	**Month**	**Month vs. 2025**	**Month vs. 2019**	**Year-to-date**	**YTD vs. 2025**	**YTD vs. 2019**	**Month**	**Month vs. 2025**	**Month vs. 2019**
Europe*	**1,941,000**	**-1%**	**-19%**	**979,000**	**+2%**	**-16%**	**1,985,000**	**-2%**	**-27%**	**1,048,000**	**-3%**	**-26%**
France	228,000	-11%	-30%	121,000	-15%	-30%	175,000	+8%	-44%	90,000	+11%	-41%
Germany	405,000	-1%	-24%	211,000	+4%	-21%	639,000	-3%	-18%	343,000	-0%	-19%
Italy	299,000	+10%	-13%	157,000	+14%	-12%	39,000	+4%	-63%	22,000	-13%	-61%
Spain	170,000	+5%	-19%	97,000	+7%	-10%	280,000	-5%	-25%	153,000	-8%	-21%
UK	234,000	+5%	-4%	90,000	+7%	+10%	129,000	-10%	-47%	67,000	-9%	-46%
Rest of Europe*	604,000	-5%	-19%	303,000	-1%	-14%	722,000	-1%	-21%	373,000	-3%	-20%
North America	**2,789,000**	**-1%**	**-3%**	**1,438,000**	**-2%**	**-4%**	**1,705,000**	**-4%**	**-19%**	**892,000**	**-3%**	**-15%**
USA	2,303,000	-1%	-5%	1,197,000	-2%	-6%	1,138,000	+1%	-12%	596,000	-1%	-9%
Canada	236,000	-2%	+3%	122,000	0%	+1%	137,000	-29%	-53%	80,000	-11%	-43%
Mexico	250,000	+5%	+16%	118,000	+1%	+14%	430,000	-6%	-17%	216,000	-2%	-15%
Asia	**3,229,000**	**-21%**	**-24%**	**1,402,000**	**-26%**	**-20%**	**5,249,000**	**-7%**	**+6%**	**2,435,000**	**-9%**	**+18%**
China	2,349,000	-26%	-28%	950,000	-34%	-22%	3,480,000	-8%	+16%	1,572,000	-8%	+44%
Japan	636,000	-7%	-14%	329,000	-7%	-18%	1,200,000	-2%	-15%	618,000	-3%	-16%
South Korea	244,000	+15%	-5%	123,000	+16%	+1%	570,000	-5%	+2%	244,000	-25%	+4%
RoW	**3,346,000**	**+49%**	**+34%**	**1,522,000**	**+39%**	**+83%**	**3,011,000**	**-0%**	**-2%**	**1,538,000**	**-2%**	**-2%**
Turkey	131,000	-1%	+333%	70,000	-8%	+263%	126,000	-14%	-14%	66,000	-14%	-15%
Global	**11,436,000**	**+2%**	**+1%**	**5,410,000**	**-2%**	**+3%**	**11,355,000**	**-4%**	**-6%**	**5,605,000**	**-5%**	**-2%**

*EU27+UK+EFTA

Source: PwC Autofacts analysis, local statistics, S&P Global Mobility LV Sales January 2026 & Production February 2026 release

Appendix

Scenarios and assumptions

Key drivers of three PwC Autofacts® global scenarios

Analysis	Assumptions for Demand	Assumptions for Production	Total Effects
Upside Scenario	A significant rise in BEV demand is anticipated in Europe due to the implementation of stricter CO_2 emission targets between 2025 and 2027. In China, new subsidies to replace the scrappage scheme are possible later in 2026. Additionally, potential interest rate cuts could reduce the cost of new vehicles for consumers, further stimulating market demand.	An increasing number of new, affordably priced BEV models are being introduced across all major markets. While discussions on localisation and production efficiency measures are ongoing, their implementation remains limited, helping to keep production costs down.	Strong economic growth and stability with global economies experiencing robust growth supporting an increase in vehicle production and sales. Supportive policies towards ICE and BEV production further enhance consumer confidence, stimulating higher demand in the market.
Base Scenario	The economic outlook is generally stable, although concerns about potential recessions persist. In Europe, the demand for BEVs is projected to rise due to stricter CO_2 emission targets between 2025 and 2027. Moreover, additional discounts on BEVs are expected to further boost consumer interest. The Iran war is expected to have the biggest impact in the next two to four months.	An increasing number of new, affordably priced BEVs are being launched across all major markets. Discussions about tariffs and new government measures are intensifying due to localisation and protective strategies. Limited production impacts are expected due to the Iran war, but the main impact will be increased prices for impacted materials.	Moderate economic growth with global economies continuing to grow at a steady pace, supporting a gradual increase in vehicle production and sales. Governments maintain a balanced approach with policies that encourage vehicle production and sales without major new incentives or restrictions.
Downside Scenario	Although inflation is less of a concern in 2026, it remains above target levels in some regions and is expected to persist for the foreseeable future, leading to increased borrowing costs. While a major trade war is not anticipated in the downside scenario, impacts are expected, resulting in higher vehicle prices and reduced demand. A more significant impact is expected if the Iran war lasts over four months.	With current tariffs, OEMs may decrease the production of more models that are not economically viable and reduce the output of models intended for export to the US. Additionally, the 2025 -2027 EU CO_2 targets might lead some OEMs to limit the production of ICEs. Later in 2026 there is potential for renewed semiconductor shortages and production adjustments. More production impacts are expected if the Iran war lasts for over four months.	Global economic conditions deteriorate, largely due to geopolitical tensions, which are undermining consumer confidence and reducing both spending and sales. This challenging environment is compounded by persistent inflation, elevated interest rates, and US tariffs. The Iran war adds another level of uncertainty for consumers, OEMs and suppliers.

Glossary

Abbreviation	Full description
BEV	Battery electric vehicle
EFTA	European Free Trade Association (incl. Iceland, Liechtenstein, Norway and Switzerland)
EU	European Union
EU5	Five largest European countries by passenger car sales (incl. France, Germany, Italy, Spain and UK)
Europe	EU27+UK+EFTA
EV	Electric vehicle (incl. BEV, PHEV and HEV)
FHEV	Full-hybrid electric vehicle
FY	Full year
HEV/hybrid	Hybrid electric vehicle
ICE	Internal combustion engine
LCV	Light commercial vehicle up to 3.5t
LV	Light vehicle (incl. PC and LCV)
MHEV	Mild-hybrid electric vehicle
MSRP	Manufacturer's suggested retail price
NEV	New energy vehicle (incl. BEV and PHEV)
PC	Passenger car
PHEV	Plug-in hybrid electric vehicle
RoW	Rest of world
YoY	Year-on-year
YTD	Year-to-date

Your contacts

Harald Wimmer
Partner, Global & German Automotive Leader
and Global Smart Mobility Co-Lead
PwC Germany
Phone: +49 170 7864752
harald.wimmer@pwc.com

Steven van Arsdale
Senior Manager, Global Lead Analyst
PwC Autofacts®
PwC Germany
Phone: +49 151 65231099
steven.james.van.arsdale@pwc.com

Subscribe to our newsletter

or visit us at pwc.de/autofacts

pwc.com