

Dr. URSULA VON DER LEYEN
PRESIDENT
EUROPEAN COMMISSION
B-1049 BRUSSELS

Brussels, 24th October 2023



Subject: Rules of origin for batteries in the EU/UK Trade and Cooperation Agreement

Dear President von der Leyen,

On 1 January 2024, European electric vehicle (EV) exports to the UK will become subject to a 10% tariff because they cannot meet their rule of origin requirements in the Trade and Cooperation Agreement (TCA).

Such a tariff would have a direct impact on the competitiveness of EU electric vehicle manufacturing by reducing our share in Europe's number one EV export market, but it could be easily avoided with one simple temporary amendment to an annex of the TCA.

In March, ACEA requested the European Commission to support such an amendment, but until now, no action has been taken. With weeks to go before an end-of-the-year trading cliff-edge, the situation becomes more urgent by the day.

Our request on ROO

If things stay as they are, 90% of our EV exports to the UK will be subject to tariffs next year, leading inevitably to lost market share to global competitors and lost EV production in the EU.

Concern about the competitiveness of the new ecosystem for electric vehicles and their batteries, from supply chain to market, was a core element of your State of the European Union address. To substantially risk the competitiveness of our European EV exports by giving away the duty preferences we have through the TCA seems incoherent with a Commission policy that wants to marry the green transition with a vibrant green economy.

It also hinders the economies of scale needed to make EV production in the EU profitable. That will only happen when demand reaches a critical mass, and losing the UK market to global competitors will only delay that moment.



To be clear, ACEA only asks for short-term flexibility in the rules. We do not contest that they will become more restrictive in due course, it is simply a question of timing. We believe that a continuation of the current ROO for batteries in the TCA until the end of 2026 is the most appropriate solution.

Like the recent amendment of the TCA annexes required for the reintegration of the UK into Horizon 2020, this can be done by a simple decision of the EU/UK Partnership Council.

The Commission will of course need the Council to back such a change and we know that a large majority of member states have already expressed a willingness to support our position.

UK Prime Minister Sunak has indicated a clear willingness on the part of his government to address this issue through an amendment to the TCA.

Conclusion

We ask you to support an amendment to the ROO annex in the TCA to act as a bridging mechanism to get from today to a point in time when we will have a more developed battery industry in the EU and a strong EV production base on which to compete internationally.

At this critical juncture in our industry's green transformation, the application of unachievable rules of origin will have significant direct consequences in terms of a potential loss of EV manufacturing output in Europe.

The Board of Directors of ACEA stand willing and ready to meet with you to discuss this and other critical industry issues should you so wish.

Yours sincerely,

Luca de Meo, CEO of **Renault Group** and the **President of ACEA**

Mr Oliver Zipse, Chairman of the Board of Management, **BMW Group**

Mr Harald Seidel, President, **DAF Trucks NV**

Mr Martin Daum, Chairman of the Board of Management, **Daimler Truck**

Mr Benedetto Vigna, CEO, **Ferrari**

Mr Martin Sander, CEO, **Ford in Europe**

Mr Michael Cole, President & CEO, **Hyundai Motor Europe**

Mr Gerrit Marx, CEO, **Iveco Group**

Mr Adrian Mardell, CEO, **JLR**

Mr Ola Källenius, Chairman of the Board of Management, **Mercedes-Benz Group AG**

Mr Didier Leroy, Chairman of the Board of Management, **Toyota Motor Europe**

Mr Oliver Blume, Chairman of the Board of Management, **Volkswagen Group**

Mr Martin Lundstedt, President & CEO, **Volvo Group**

Ms Sigrid de Vries, Director General, **ACEA**