Research into the Welsh Automotive Sector and Trade

Public Summary Report

Centre for Business Prosperity, Aston Business School, Aston University

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1. Introduction

This report presents a public summary of the research project "Research into the Welsh Automotive Sector and Trade" (Contract Reference: C867AUTO/2025/26), commissioned by Welsh Government and delivered by a research team from the Centre for Business Prosperity, Aston Business School, Aston University.

The research was completed in Spring 2026 under the leadership of Professor Jun Du (Principal Investigator), with support from Dr Oleksandr Shepotylo (Co-Investigator), Dr Lin Zhang (Research Fellow), and research assistants Sitian Wang and Sham-Una Yakubu. The team brings combined expertise in international trade, firm-level microdata analysis, regional economics, and automotive sector intelligence.

The full reports draws on a range of commercially sensitive trade data that has been provided by those participating in the research under assurances that the information will be held in strict confidence. The full report therefore will not be published.

This report distils the principal findings and policy recommendations from the full report for a wider audience. It presents aggregate statistics and sector-level findings only; no commercially sensitive or firm-identifiable information is included. The trade analysis throughout this report focuses on goods trade; services trade in the automotive sector is not covered by the data sources used.

2. Background and Purpose

The Welsh automotive sector in context

Welsh Government requires granular trade intelligence on an automotive sector facing structural transformation within a difficult policy environment. Wales is the third-highest contributor to UK automotive GVA, directly employing 7,000 and supporting more than 12,700 workers in total,[1] after the West Midlands and North East. It is the second in the upstream labour productivity among all UK regions (at ITL1[2] level), averaging £188k per worker in 2023.[3]

Trade and productivity are closely linked. Exporting firms are more productive because only competitive businesses can absorb the costs of entering foreign markets, and

[1] Business Register and Employment Survey (BRES) estimates Welsh automotive sector direct employment as 7,000 FTE. Welsh Ad-hoc statistical requests: 13 to 24 July 2026 | GOV.WALES allows to infer full time equivalent of jobs directly employed and supporting the sector at 12,705 FTE.

[2] ITL1 (International Territorial Level 1) is the primary regional classification used in UK statistics, dividing the UK into 12 areas: North East, North West, Yorkshire and The Humber, East Midlands, West Midlands, East of England, London, South East, South West, Wales, Scotland, and Northern Ireland.

3 ONS Business Structure Database (BSD). Upstream labour productivity is measured as mean turnover per worker (£000 per worker), weighted across OEM, Tier 1 and Tier 2 firms. Wales averaged £188k per worker, ranking second behind Northern Ireland (£283k) and ahead of the West Midlands (£167k). See Table 2.4 for the full regional ranking.

persistent exporters gain further productivity advantages through exposure to international competition. Research shows that firms which both import and export enjoy a 20% productivity premium over domestic-only businesses[4]. The decline in continuous exporters documented in this research, combined with post-Brexit non-tariff barriers that have disproportionately pushed SMEs out of EU markets, represents not only a trade problem but a **productivity problem**. This is directly relevant to the Welsh Government's new economic mission[5], announced by the Welsh Government, to halve Wales' 15% productivity gap with the rest of the UK within a decade.

The geopolitical environment

The sector faces three simultaneous shocks. First, the electric vehicle (EV) transition threatens Wales' traditional strengths in internal combustion engine manufacturing and powertrain components. While the North East has secured major EV investments and the West Midlands a battery gigafactory, Wales has no comparable battery production or EV assembly anchor.

Second, fragmenting global value chains - driven by US tariff threats, EU-China tensions over EV subsidies, and reshoring pressures - create policy uncertainty. US steel and aluminium tariffs alone reduced US imports by around 20% and 10% respectively, with 70-80% of the tariff cost passed through to downstream automotive buyers[6]. EU rules of origin thresholds tightening from 2027[7] demand compliance intelligence at company and product level.

Third, Wales's distinct automotive sector profile - smaller scale, component specialisation, and higher EU export orientation (55.9% of goods exports compared to the UK average of 49.0%[8]) - means specific vulnerability. UK vehicle output fell 13.0% in Q1 2026 to 208,088 units, with car production down 6.7% and commercial vehicle output declining 70.0%[9]. Intelligence gathered for other UK nations and regions cannot be extrapolated to address Welsh-specific policy questions. With the dissolution of the Welsh Automotive Forum in March 2026, this has impacted Welsh market intelligence.

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[4] Wales, P., Black, R., Dolby, T., & Awano, G. (2018). UK Trade and Productivity. ESCoE Discussion Paper 9. Productivity premium for firms engaged in both importing and exporting, relative to firms trading only domestically.

[5] New economic mission to close Wales' productivity gap with UK and boost pay | GOV.WALES

[6] Du, J., Shepotylo, O., Shi, Y. and He, L., 2026. Steel and Aluminium Tariffs: Impact Assessment for the US, UK, and Broader Markets.

[7] Rules of origin determine whether goods qualify for tariff-free trade under the UK-EU Trade and Cooperation Agreement. To qualify, a minimum share of a product's value must originate in the UK or EU. From 2027, the thresholds for electric vehicles and batteries become stricter, meaning manufacturers must source a higher proportion of components locally or face tariffs on exports to the EU.

[8] HMRC (2026). Regional Trade in Goods Statistics, 2025. EU share calculated as the value of goods exports to EU destinations as a proportion of total goods exports, for Wales and the UK respectively. Available at: Regional trade statistics

[9] SMMT (2026). Car production stabilises but outlook still challenging. Available at: https://www.smmt.co.uk/car-production-stabilises-but-outlook-still-challenging/

Purpose of the research

The research aims to provide Welsh Government with evidence-based analysis of the Welsh automotive sector's trade profile, competitive position, and vulnerability to ongoing structural transitions. The specific objectives include mapping the population and identifying stylised facts about the sector.

3. Research Methodology

The project employed a three-phase sequential design combining quantitative desk research with qualitative primary research.

Phase 1: Quantitative analysis

Phase 1 delivered quantitative desk-based analysis drawing on seven complementary data sources: FAME/Orbis (Bureau van Dijk) for firm-level data; ONS Business Structure Database (BSD) for establishment-level data; ONS Trade in Goods (TiG) for trader-level customs data; ONS and Welsh Government Input-Output Analytical Tables for supply chain linkages; HMRC Traders Tool for importing and exporting activity; HMRC Regional Trade Statistics for trade values by UK nations and regions; and HMRC Customs Data at product level and by port of entry.

The report classifies automotive firms by supply-chain position. Original Equipment Manufacturers (OEMs) assemble finished vehicles. Tier 1 suppliers provide major systems directly to OEMs. Tier 2 suppliers manufacture parts and sub-components feeding into Tier 1 products. Post-OEM firms operate downstream, including aftermarket parts, distribution, repair and services.

Phase 2: Qualitative research

Phase 2 comprised semi-structured interviews with 14 Welsh automotive businesses, conducted in March and early April 2026. Interviewees were senior decision-makers such as managing directors, directors and senior managers. The interviews covered strategic outlook, trade barriers, EV readiness, skills constraints, and investment decisions. Participating companies represented a diverse range of sizes (from micro firms with fewer than 10 employees to large firms with 450 staff), ownership structures (both foreign-owned and domestically-owned), and supply chain positions.

Phase 3: Integrated analysis

The final phase integrated both strands into the policy analysis, synthesising quantitative evidence on sector structure, trade flows, and trader dynamics with qualitative evidence on firm-level experience and strategic outlook.

4. Key Findings

4.1 Sector structure: sizeable but shallow in manufacturing depth

Wales has a large automotive-related business base but a narrow manufacturing core. Over 9,300 automotive-related firms operate in Wales, of which 760 recorded trade in goods in 2025[10]. However, Post-OEM firms - dealers, repairers, and aftermarket businesses - account for over 88% of these. The upstream[11] manufacturing base consists of only 61 OEMs and 172 Tier 1 suppliers (2023 data). Within this, three companies build complete vehicles in Wales: Aston Martin Lagonda, employing around 500 skilled staff at Bro Tathan in South Wales; Riversimple in Mid Wales, developing hydrogen cars; and ARC Vehicles in West Wales, producing bespoke electric motorbikes.

Welsh upstream automotive firms averaged 24.3 employees in 2023, ranking third among UK nations and regions and above the UK average of 21.9. Despite a relatively small OEM presence, Welsh Tier 1 firms averaged 34.9 employees - the highest of any nation and region. Upstream labour productivity doubled from £99,500 per worker in 2013 to £188,000 in 2023, indicating that remaining upstream firms are generating substantially more economic value per worker.

Welsh automotive firm counts have grown steadily, rising from 7,418 active firms in 2011 to 9,318 in 2023. The upstream share has declined gradually from 13.1% to 10.7% over this period, reflecting faster growth in the downstream services base rather than a contraction in manufacturing. On average, upstream firms are nearly two decades old, reflecting a maturing supply chain. Upstream turnover per firm remained substantially above the downstream level throughout, at around £4,000-5,600k compared with £800-950k for Post-OEM firms.

Table 1: Number of firms by UK nation/region and supply chain tier (2023)

UK Nations and Regions	OEM	Tier 1	Tier 2	Post-OEM	Total	Upstream %
West Midlands	189	476	1,970	25,520	28,155	9.4%
South East	243	433	2,327	25,001	28,004	10.7%
North West	162	338	1,918	21,664	24,082	10.0%
Wales	61	172	765	8,320	9,318	10.7%
Scotland	70	137	881	9,385	10,473	10.4%
UK Total	1,497	3,428	17,083	197,255	219,263	10.0%

Source: ONS Business Structure Database, 2023. Selected regions shown.

[10] Firm counts are from the ONS Business Structure Database, which covers all VAT- and PAYE-registered businesses. The trader count is from HMRC Trader Tool, which records only firms with goods trade transactions in that year. The two sources measure overlapping but different populations.
[11] Firms are classified by supply chain position using SIC codes. The OEM category covers firms whose registered activity is vehicle manufacture; most are small specialist manufacturers rather than volume vehicle assemblers.



Figure 1: Number of active automotive firms in Wales by supply chain tier, 2011-2023. Source: ONS BSD.

4.2 Macroeconomic footprint and the supply chain gap

Input-output analysis[12] reveals that Welsh motor vehicle (C29) and other transport equipment manufacturing (C30) generated £5,704 million of output and £1820 million of GVA in 2022. Export intensity is high: 85.7% of sector output goes to markets outside Wales, with 73.5% exported internationally.

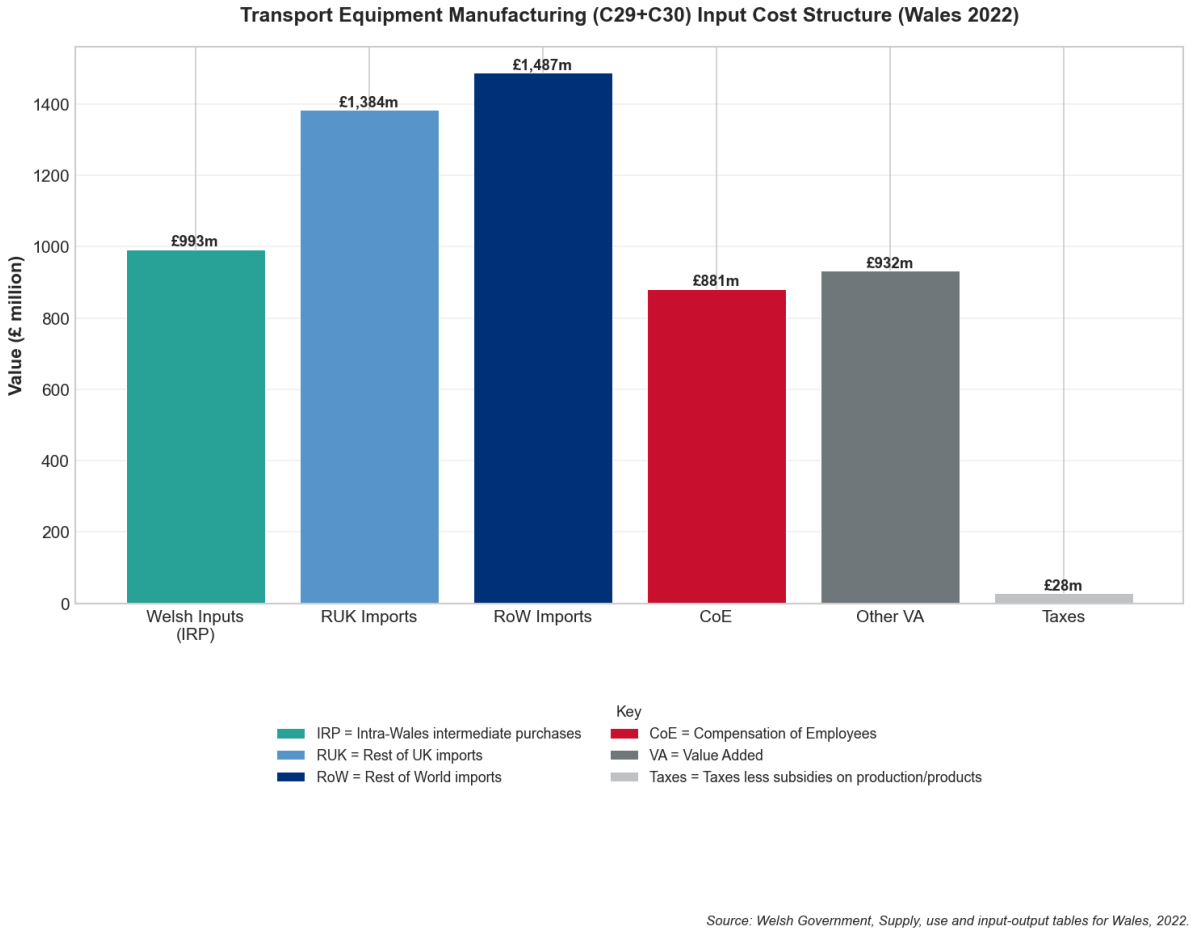
However, only 17.4% of output is sourced through Welsh intermediate purchases, while 50.3% comes from the rest of the UK or overseas. This shallow local supply-chain depth produces a **local output multiplier of 1.294 - well below the UK average of 1.82[13]**. This means that for each £1 of final demand for Welsh automotive products generates only £1.29 of output across the Welsh economy, compared with £1.82 at UK level. This gap reflects the high import content of Welsh production, with most intermediate inputs sourced from outside Wales.

[12] Supply and use tables and input-output tables: 2022 | GOV.WALES
[13] These statistics are for C29 specifically. Ad hoc analysis found here: indicative-economic-multipliers-for-the-motor-vehicle-manufacturing-industry-2022-505223.xlsx

Table 2: UK and Wales input-output comparison (C29 and C30 Motor Vehicles and other Transport Equipment, 2022)

Indicator	UK	Wales
Total output	£99,486m	£5,704m
Gross value added (GVA)	£27,990m	£1,820m
GVA / output ratio	28.1%	31.9%
Export intensity (% of output)	58.9%	85.7%
Import dependency (% of output)	24.3%	50.3%
Welsh intermediate procurement	n/a	£993m (17.4%)
Type 1 output multiplier	1.82 (C29 only)	1.294(C29 only)

Source: ONS Input-Output Analytical Tables, 2022; Welsh Government Input-Output Tables, 2022.



Source: Welsh Government, Supply, use and input-output tables for Wales, 2022.

Figure 2: Motor vehicle manufacturing (C29 and C30) input cost structure, Wales 2022. Source: Welsh Government Input-Output Tables.

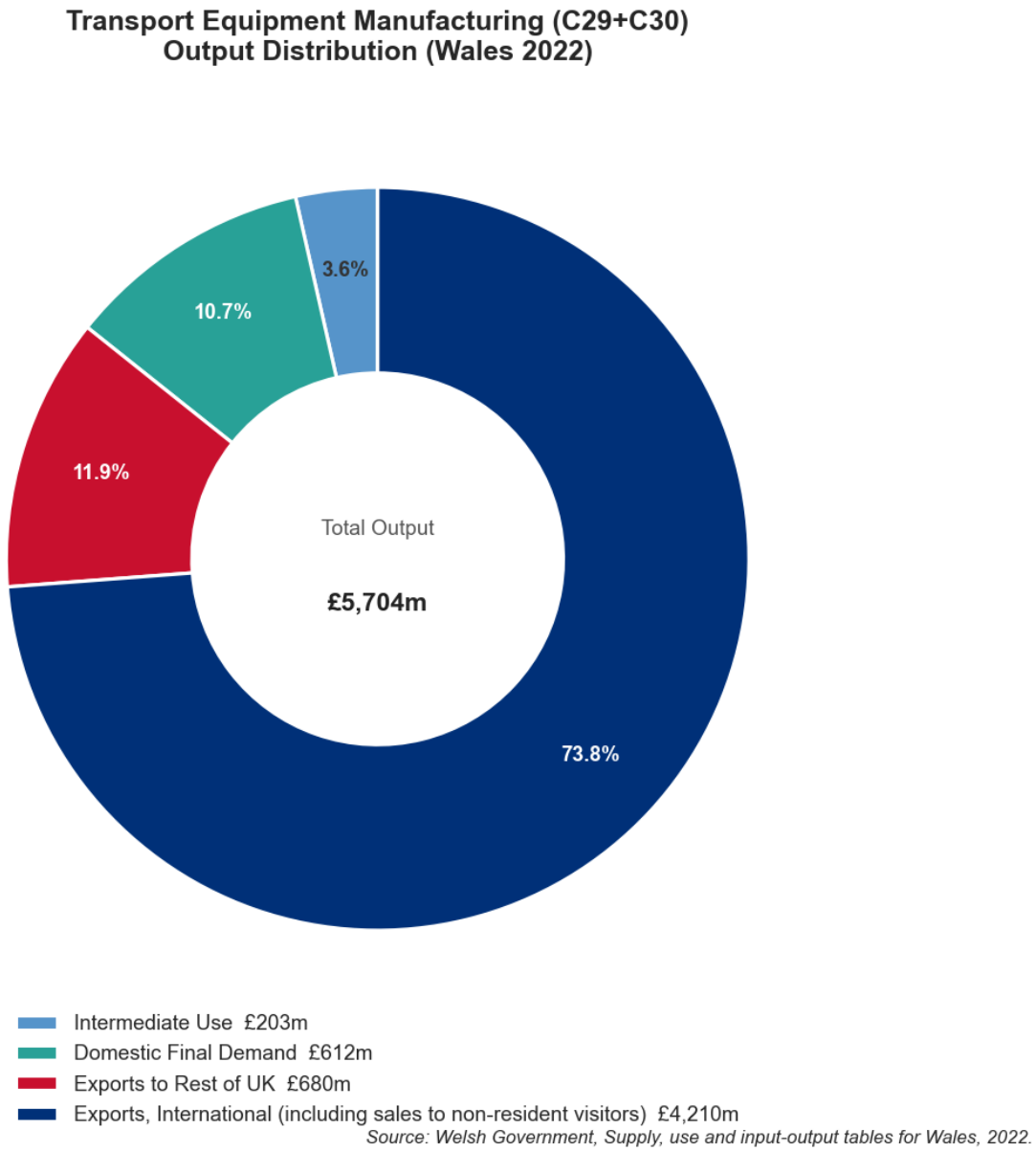


Figure 3: Motor vehicle manufacturing (C29 and C30) output distribution, Wales 2022. 57.7% of output is exported internationally. Source: Welsh Government Input-Output Tables.

4.3 Trade flows and declining Welsh share

Welsh automotive trade totalled £1.48 billion in 2025, comprising £0.94 billion of imports and £0.55 billion of exports. This is 31% below the 2017 peak of £2.16 billion. A persistent structural trade deficit characterises the sector: across 2013-2025, cumulative imports of £16.09 billion exceeded cumulative exports of £6.78 billion by a ratio of more than 2:1[14].

Wales' share of total UK automotive trade fell from 2.3% in 2016 to 1.5% in 2025, a decline consistent with the trader attrition and post-Brexit adjustment documented in

[14] HMRC Regional Trade in Goods Statistics, SITC 78 Road Vehicles, Wales, 2013 to 2025.

the research. Export values peaked at £0.65 billion in 2022 before declining to £0.55 billion in 2025[15].

Trade remains heavily concentrated: the top ten partners account for 71.6% of post-2021 Welsh automotive trade, with seven EU members, including Sweden, together representing 53.6%. Germany is the dominant partner on both sides. Sweden, within the EU, and the United States, outside it, are strongly export-oriented destinations, while Turkey has emerged as a major import source, with a highly asymmetric import/export ratio of 22.3:1[16].

EU export dependence stands at 55.9% of Wales' total goods exports, materially above the UK average of 49.0%. Approximately 70.3% of Welsh automotive exports go to EU destinations[17].

Port-level data complicates the picture. Holyhead dominates when looking at flows of automotive products through Welsh ports, with annual average exports of £340.3[18] million over 2022-2025. However, the product profile at Holyhead is dominated by finished passenger vehicle codes, most likely reflecting transit traffic to Ireland via the roll-on/roll-off ferry route rather than Welsh-manufactured output. This matters for policy: trade statistics on goods travelling through Welsh ports likely overstate the value of Welsh-origin automotive production entering international markets. Conversely, port data also fails to capture Welsh-manufactured goods that enter wider UK supply chains and are subsequently exported through non-Welsh ports. Qualitative evidence confirms that several firms estimated 80-85% of their UK-sold components are ultimately exported in finished vehicles - significant "hidden" exports not captured in Welsh trade statistics. While port statistics should not be interpreted as a measure of Welsh-origin exports, they do highlight the strategic importance of Welsh transport infrastructure for UK and international supply chains.

In terms of product composition, Welsh automotive exports are component-oriented rather than vehicle-oriented. The three largest export categories are HS87[19] (vehicles and parts), HS85 (electrical machinery, including automotive electrical components) and HS39 (plastics and articles), together accounting for around 75-85% of all Welsh automotive exports throughout the period. The recovery in HS85 electrical machinery

[15] HMRC Regional Trade in Goods Statistics, as above. Wales' share calculated as Welsh SITC 78 trade value as a proportion of UK total.
[16] HMRC Regional Trade in Goods Statistics, SITC 78 Road Vehicles, Wales, partner country breakdown, post-2021 period 2021-2025.
[17] HMRC Regional Trade in Goods Statistics. The 55.9% and 49.0% figures cover total goods exports for Wales and the UK respectively. The SITC 78 figure covers road vehicles only, calculated as export values to EU27 destinations as a proportion of total Welsh SITC 78 exports, post-2021 period.
[18] HMRC Overseas Trade Statistics (OTS), HS Chapter 87, Welsh ports. Annual average, 2022 to 2025.
[19] The Harmonised System (HS) is an internationally agreed system for classifying traded goods. Each chapter, such as HS87, covers a broad product group, which is then subdivided into more detailed codes.

exports, from £126 million in 2016 to £278 million in 2022, may reflect increasing electrification of components in Welsh supply chains[20].

4.4 Trader attrition and the broken exporter pipeline

HMRC Traders Tool data identify 760 active Welsh automotive goods traders in 2025, but the composition of this base reveals a worrying shift. **Continuous exporters - those present every year since 2016 - fell from 57 in 2020 to just 36 by 2025**, with continuous importers declining at a near-identical rate.

Yet trader counts more than doubled over the same period, driven by high-churn, one-off and new entrants rather than a deepening of the persistent trading core. Import traders grew from 163 in 2016 to 553 in 2025 (239%), while export traders grew from 203 to 340 (68%). By 2025, importers outnumbered exporters 553 to 340 - a reversal of the 2016 position. This imbalance is most pronounced in Tier 2 (parts and accessories), where import traders expanded sharply after 2021, while Tier 1 remained export-oriented.

By 2025, importer entries and exits ran at exactly the same level (233 each), and exporter exits (145) outpaced new entrants (67). The exporter base has already begun to contract in absolute terms. The policy implication is clear: headline trader counts overstate the depth of Welsh automotive trade engagement.

Table 3: Mean firm size (employees) by UK nation/region (2023)

UK Nation/Region	Upstream Mean	Rank	Downstream Mean	Rank
West Midlands	35.8	1st	5.7	6th
North East	35.1	2nd	6.9	2nd
Wales	24.3	3rd	5.3	10th
Yorkshire & Humber	24.2	4th	5.2	11th
UK Average	21.9	-	5.9	-

Source: ONS Business Structure Database, 2023. Selected regions shown.

4.5 Qualitative findings: firm-level perspectives

The 14 semi-structured interviews with Welsh automotive businesses provided qualitative depth to complement the quantitative analysis. Interviewees were senior decision-makers. The companies represented a diverse range of sizes, from micro firms with fewer than 10 employees to large firms, with annual turnover ranging from around £1 million to over £100 million. About one third of the firms reported turnover of less than £10 million. Key themes emerged across supply chains, trade, the EV transition, and geopolitical pressures.

Supply chain position and sourcing: Interviewed businesses operated across Tier 1 and Tier 2 supply chain positions, producing intermediate goods - sub-components

[20] ONS Business Structure Database linked to Trade in Goods microdata (BSD-TiG). Welsh automotive export values by HS2 product category, 2013 to 2022. Figures are subject to ONS Statistical Disclosure Control.

and components - that integrate into vehicle manufacture, including castings, braking systems, copper components, elastomers, water pumps, power modules and thermal management components. Most sourced raw materials through a mix of UK, European and global strategies. International sourcing was particularly common for sub-components and semiconductors, often from Asia (China, India, South Korea) and Europe (Germany). Several firms estimated that 80-85% of their UK-sold components are ultimately exported in finished vehicles, revealing significant "hidden" exports not captured in Welsh trade statistics.

EV transition readiness: The majority of firms reported limited direct impact from the EV transition, largely because their components are powertrain-agnostic - products such as brakes, seats, body structures, and plastic components serve both internal combustion engine and electric vehicles. A small number of firms had actively pivoted toward EV-specific components. However, several firms faced indirect pressures from market uncertainty, skills shortages in electrification, and investment decision paralysis. Most firms reported limited Welsh Government engagement on EV transition planning.

Brexit compliance: Brexit remained the most cited geopolitical challenge, having increased logistics and regulatory complexity. Most firms spent significant time learning new compliance requirements including export documentation, rules of origin, and HS code classification. Firms found it difficult to quantify costs precisely but described them in terms of time lost rather than money spent. Limited awareness of preferential tariffs available under the UK-EU Trade and Cooperation Agreement was reported, suggesting that existing support channels are not reaching the firms that need them.

Geopolitical pressures: US tariff threats and regional conflicts in the Middle East and Ukraine added further supply chain uncertainty, disrupting shipping routes and increasing costs. Several firms reported that customers are deferring orders or restructuring supply chains in response to tariff uncertainty. Several firms cited growing competition from Chinese manufacturers, with some reporting that customers had switched to Chinese suppliers prioritising price over quality. Most firms described themselves as coping with accumulated friction rather than strategically adapting.

Future challenges and support needs: When asked about anticipated challenges over the next three years, firms focused on continued supply chain disruptions from regional conflicts and tariff uncertainty; reduced market demand from price increases; regulatory demands such as Euro 7 emissions standards and EU carbon border adjustment measures; global competition from Chinese cost-competitive vehicles; and domestic policy changes such as minimum wage increases. Firms recognised that government was limited in its ability to manage major geopolitical challenges but suggested support in several areas: help with rising energy costs, export assistance to develop new markets, support for maintaining manufacturing jobs in the UK, policy advocacy representing Welsh interests, preparing a pipeline of engineering and

technical skills, reducing administrative burden, and supporting adoption of automation and AI.

Key turning points: When reflecting on key moments over the past decade, firms identified Brexit, energy price shocks, and the EV transition as major turning points. Several had made significant strategic shifts including establishing manufacturing sites overseas for better returns, closing domestic manufacturing to ensure survival, pivoting operations toward EV components, and diversifying beyond the automotive sector to manage risk. Several firms expressed concern over the dissolution of the Welsh Automotive Forum, which had previously served as a coordination mechanism for the sector.

4.6 The trade-productivity linkage

The research identifies a critical link between trade engagement and productivity that has direct relevance to Welsh Government's economic mission. Exporting firms are more productive, and persistent exporters gain further advantages through sustained international engagement. Research shows that two-way traders (firms that both import and export) enjoy a **20% productivity premium** over domestic-only businesses.

The decline in continuous exporters from 57 to 36 between 2020 and 2025 therefore represents not merely a trade indicator but a productivity warning. When firms exit exporting, they suffer a permanent loss in productivity growth. The erosion of the Welsh automotive export base is directly relevant to the ambition announced by the Welsh Government June 2026 to halve Wales' 15% productivity gap with the rest of the UK within a decade.

4.7 Future-facing assets: the compound semiconductor cluster

Against the backdrop of structural vulnerability, Wales' compound semiconductor cluster represents the sector's strongest forward-looking asset. The cluster supported 3,140 Welsh jobs and generated £436 million in GVA in 2025 - growth of 14% and 19% respectively year-on-year. Investment in silicon carbide production at Newport positions Wales directly in EV power electronics, the fastest-growing automotive subsystem. These capabilities are relevant because EV competitiveness is increasingly shaped by power electronics and high-efficiency control systems rather than battery assembly alone.

5. Conclusion and Key Recommendations

Concluding assessment

The evidence points to a Welsh automotive sector that is **individually competitive but structurally vulnerable**. Wales is the third-highest contributor to UK automotive GVA, with a mature Tier 1 and Tier 2 manufacturing core deeply embedded in

European supply chains. Yet the sector's narrow manufacturing depth (Post-OEM firms account for over 88% of the business population), its low local output multiplier (1.294 against a UK average of 1.82), and its dependence on a small number of continuous traders (just 36 on each side by 2025) expose it disproportionately to three concurrent disruptions: the EV transition, trade policy fragmentation, and supply chain restructuring.

The interviews confirm this: firms report coping with accumulated friction from Brexit compliance costs, energy price increases, skills shortages, and policy uncertainty rather than adapting strategically.

Five strategic priorities

Five strategic priorities follow from the evidence.

Priority 1: Deepening the manufacturing core. Wales needs targeted interventions to raise the local output multiplier (currently 1.294, against a UK average of 1.82) by increasing domestic intermediate purchases within Wales. With less than a quarter of output sourced through Welsh intermediate purchases, the shallow local supply-chain depth reflects both limited demand-side pull and underdeveloped supplier linkages. Policy should operate on both sides simultaneously: attracting or retaining anchor OEM and Tier 1 capacity to generate demand, while developing Welsh Tier 2 supplier capability to meet it. Supplier matching programmes should be complemented by inward investment and retention efforts targeting the OEM and Tier 1 tier specifically.

Priority 2: Supply chain resilience. Welsh automotive trade is concentrated around a small number of partners, with a single logistics corridor through Holyhead to Ireland (though Welsh-manufactured goods also leave through other UK ports). These port-level figures capture only goods exported directly through Welsh ports; the available data do not allow comparison with Welsh-manufactured products exported through ports elsewhere in the UK. Smaller firms lack the resources to monitor geopolitical risks and diversify supplier networks. A shared platform for risk monitoring and supplier diversification, designed with industry, would help firms anticipate disruption and diversify where concentration is highest. Company-level supply chain mapping should be a priority for future work to identify critical single points of failure.

Priority 3: Trade intelligence and exporter pipeline rebuild. Continuous exporters declined by a third between 2020 and 2025. The fall is not driven by established exporters leaving - exit rates among incumbents are stable - but by the failure of new exporters to form. Three distinct forces may be suppressing new entry: Brexit trade friction raising fixed costs; tariff uncertainty discouraging new relationships; and a competitiveness gap. Each requires a different policy response. Welsh Government should commission firm-level diagnostic research alongside practical export facilitation that lowers fixed costs for SMEs, with priority given to Tier 2 where import orientation is growing fastest and export capability is most at risk of permanent loss.

Priority 4: Brexit compliance support. The evidence is clear: Brexit compliance costs are real, ongoing, and disproportionately burdensome for smaller firms. With EU rules of origin thresholds tightening from 2027, the compliance challenge will intensify. Since SMEs typically access business advice through accountants and general consultants rather than government services directly, the most effective delivery model may be equipping these intermediaries with automotive-specific guidance on rules of origin certification, HS code classification, and TCA preferential tariff utilisation - rather than building a standalone advisory function.

Priority 5: EV transition readiness. The evidence does not support sector-wide EV transition programmes. Most Welsh automotive firms make powertrain-agnostic components and face no immediate threat from the shift to electric vehicles. The small number exposed to ICE (internal combustion engine) phase-out need firm-level transition roadmaps. For the majority, the priority is accessing EV supply chain opportunities as they emerge, which requires market information and customer matching rather than technology transformation. Wales's compound semiconductor cluster, supporting 3,140 jobs and £436 million in GVA, represents the sector's strongest forward-looking asset and a credible basis for positioning Welsh suppliers within EV power electronics supply chains.

This public summary was prepared by Professor Jun Du, Centre for Business Prosperity, Aston University, for Welsh Government. The full report (Classification: Official - Sensitive) contains additional detail including firm-level analysis, interview data, and supplementary tables. For enquiries, please contact the trade policy team at the Welsh Government (TradePolicy@gov.wales).

Data sources: ONS Business Structure Database; ONS Trade in Goods microdata; Orbis (Bureau van Dijk); HMRC Traders Tool; HMRC Regional Trade Statistics; HMRC Customs Data; ONS and Welsh Government Input-Output Tables; SMMT; CSconnected. Full source notes and methodology are available in the main report.