# Chery Auto moves closer to building second UK factory amid rising demand and trade shifts



The Chinese carmaker Chery Auto is actively considering the establishment of a second manufacturing plant in the UK, signalling a strategic push to deepen its local presence and commitment to the British market. Victor Zhang, Chery’s UK director, revealed this development at the Society of Motor Manufacturers and Traders (SMMT) annual conference in London. He described the prospect of a new plant as part of a broader "localisation" strategy, aimed at embedding production within the UK rather than relying solely on imports. “If we, as a brand, want to be here, to be committed, to be here, [manufacturing] is something that we should do,” Zhang stated, highlighting that discussions with relevant stakeholders were ongoing and that all options remained open.

Since launching its Omoda and Jaecoo brands in the UK in September, Chery has made notable inroads, capturing around 2% of the UK electric vehicle (EV) market through sales in 75 showrooms. Current consumer sentiment appears receptive, with roughly 40% of British car buyers indicating a willingness to consider Chinese automotive brands. Zhang pointed to rising curiosity among UK drivers, which is beginning to translate into stronger sales, including interest in Chery’s hybrid model boasting an impressive 90 miles on drive-generated energy alone. This growth trajectory aligns with the company’s ambitious long-term goals; it aims to increase sales to 30,000 vehicles by 2026 and target a 6% share of the UK car market within the next decade, potentially rivaling established Korean brands like Kia and Hyundai.

The move towards local manufacturing in the UK is also reflective of wider strategic responses by Chinese automakers to global trade complexities. Amid persistent tariffs in markets such as the United States and the European Union—where luxury and electric vehicle tariffs have been particularly prohibitive—China’s carmakers are intensifying efforts to establish production bases within target regions. Chery, which is already preparing a manufacturing footprint in Spain through a joint venture, is similarly exploring the UK as a key part of its European expansion. This alongside other Chinese investments, such as Geely Auto’s £3 billion involvement in British sports car maker Lotus and planned giga-factory developments by EV battery firm EVE Energy near Coventry, emphasises an expanding Chinese industrial footprint in the UK. Meanwhile, rival Chinese EV manufacturer BYD is pursuing local production in Hungary, underscoring a broader strategy among Chinese firms to circumvent tariff barriers and foster regional supply chains.

Despite these positive signs, challenges remain in the context of UK-US trade relations. The UK’s new trade deal with the US, effective from this month, reduces tariffs on vehicles from 27.5% to 10%, offering the UK a competitive edge over the EU, which still faces a 25% tariff on car exports to the US. However, this 10% tariff remains significantly higher than pre-Trump-era rates and the ongoing 25% steel tariffication has drawn criticism from UK officials who continue to negotiate for exemptions. Business Secretary Jonathan Reynolds described the situation as “still a lot of work” and is actively engaging to secure tariff reliefs that would benefit the automotive sector. The evolving trade dynamics underscore the importance for automakers like Chery to establish local manufacturing as a means to reduce exposure to fluctuating global tariff regimes.

Sherard Cowper-Coles, chair of the China-Britain Business Council and a former diplomat, pointed out that Chinese investors are increasingly proactive in seeking opportunities in the UK, partly motivated by tariff policies under the previous US administration. He added that high-level UK-China engagements are advancing, including imminent visits by UK national security adviser Jonathan Powell and business secretary Jonathan Reynolds, signalling intensified diplomatic efforts to facilitate closer economic ties and investment flows.

While Chery’s plans for a UK factory remain at an early stage, the company’s approach to sustainable growth through regional localisation is clear. Its UK CEO, Gary Lan, has described eventual UK production as “the final destination” in the company’s market development strategy. The expansion of Chery’s dealer network from over 70 to nearly 140 outlets by the end of 2026 further supports its long-term ambitions in the British market.

In conclusion, Chery Auto’s consideration of a second UK plant reflects both a response to global trade challenges and a firm commitment to the UK as a vital part of its European operations. With the company’s growing presence and positive reception among UK consumers, coupled with ongoing government engagement and shifting trade policies, the next few years could see significant deepening of Chinese automotive manufacturing in the UK.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.theguardian.com/business/2025/jun/24/chinese-carmaker-chery-auto-actively-considering-building-second-plant-in-uk), [[2]](https://www.theguardian.com/business/2025/jun/24/chinese-carmaker-chery-auto-actively-considering-building-second-plant-in-uk), [[4]](https://www.telegraph.co.uk/business/2023/06/10/chinese-car-makers-hold-talks-with-uk-officials/), [[5]](https://www.autocar.co.uk/car-news/business-manufacturing/chery-could-build-new-uk-car-factory-2030), [[6]](https://www.bbc.com/news/articles/c74jgk1kw87o)
* Paragraph 2 – [[1]](https://www.theguardian.com/business/2025/jun/24/chinese-carmaker-chery-auto-actively-considering-building-second-plant-in-uk), [[2]](https://www.theguardian.com/business/2025/jun/24/chinese-carmaker-chery-auto-actively-considering-building-second-plant-in-uk), [[3]](https://www.autocar.co.uk/car-news/business-vehicle-manufacturing/chery-doesnt-rule-out-uk-factory-says-more-growth-needed), [[7]](https://www.motortrader.com/motor-trader-news/automotive-news/chery-aims-reasonable-100000-sales-year-2035-07-06-2024)
* Paragraph 3 – [[1]](https://www.theguardian.com/business/2025/jun/24/chinese-carmaker-chery-auto-actively-considering-building-second-plant-in-uk), [[2]](https://www.theguardian.com/business/2025/jun/24/chinese-carmaker-chery-auto-actively-considering-building-second-plant-in-uk), [[6]](https://www.bbc.com/news/articles/c74jgk1kw87o)
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* Paragraph 5 – [[1]](https://www.theguardian.com/business/2025/jun/24/chinese-carmaker-chery-auto-actively-considering-building-second-plant-in-uk)
* Paragraph 6 – [[1]](https://www.theguardian.com/business/2025/jun/24/chinese-carmaker-chery-auto-actively-considering-building-second-plant-in-uk), [[3]](https://www.autocar.co.uk/car-news/business-vehicle-manufacturing/chery-doesnt-rule-out-uk-factory-says-more-growth-needed), [[7]](https://www.motortrader.com/motor-trader-news/automotive-news/chery-aims-reasonable-100000-sales-year-2035-07-06-2024)

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## Bibliography

1. <https://www.theguardian.com/business/2025/jun/24/chinese-carmaker-chery-auto-actively-considering-building-second-plant-in-uk> - Please view link - unable to able to access data
2. <https://www.theguardian.com/business/2025/jun/24/chinese-carmaker-chery-auto-actively-considering-building-second-plant-in-uk> - Chery Auto, a Chinese carmaker, is considering establishing its second European factory in the UK. After launching its Omoda and Jaecoo brands in the UK in September, Chery's UK director, Victor Zhang, highlighted the growing appetite for Chinese cars in the British market. Speaking at the Society of Motor Manufacturers and Traders conference, Zhang stated that the company is 'actively considering' building a second plant in the UK as part of a 'localisation' strategy. He emphasized the importance of manufacturing locally to demonstrate commitment to the UK market. Chery has captured 2% of the UK electric vehicle market since its launch in 75 showrooms in September, with 40% of customers expressing willingness to consider Chinese brands. This move comes amid increased UK and EU tariffs, prompting Chery to explore local production options.
3. <https://www.autocar.co.uk/car-news/business-vehicle-manufacturing/chery-doesnt-rule-out-uk-factory-says-more-growth-needed> - Chery Auto is focusing on sustainable growth in the UK before committing to building a factory there. With the launch of its Jaecoo and Omoda brands, Chery has quickly achieved a 1.5% market share in the UK and plans to expand its dealer network from over 70 to nearly 140 by the end of 2026. Chery's UK country director, Victor Zhang, has previously indicated that UK production is a potential future goal, with new Omoda and Jaecoo UK CEO Gary Lan stating that UK production is 'the final destination' for the company in the UK.
4. <https://www.telegraph.co.uk/business/2023/06/10/chinese-car-makers-hold-talks-with-uk-officials/> - Chinese carmakers, including Chery, have held discussions with UK officials about potential manufacturing in Britain, aiming to boost the country's automotive industry. Chery, planning to sell cars in Britain from the following year, is among those interested in local manufacturing. The investment could involve partnerships with European car companies to produce vehicles from Chinese designs or establishing full manufacturing plants in Europe or the UK.
5. <https://www.autocar.co.uk/car-news/business-manufacturing/chery-could-build-new-uk-car-factory-2030> - Chery Auto is in early discussions with UK authorities about plans to build a new car factory in the UK. The company, which will launch its Omoda and Jaecoo sub-brands in the UK in the coming months, is optimistic about its performance potential in the market. Chery's UK manager, Victor Zhang, confirmed that 'we have started some discussions' with the government, though it's still at a very initial stage. The decision will depend on factors such as transportation, market developments, and the government's willingness to engage.
6. <https://www.bbc.com/news/articles/c74jgk1kw87o> - Chinese car giant Chery is considering building cars in the UK, according to a senior executive. Its UK head, Victor Zhang, stated it is a 'matter of time' before the company makes a final decision. Chery, which is already preparing to build cars in Spain, is determined to take a 'localised' approach to the European market. The company has set up two new brands focused entirely on the international market, Omoda and Jaecoo, and has launched the Omoda 5 SUV in the UK.
7. <https://www.motortrader.com/motor-trader-news/automotive-news/chery-aims-reasonable-100000-sales-year-2035-07-06-2024> - Chinese carmaker Chery aims to achieve a 10-year forecast of 6% of the UK new car market, reaching 100,000 sales a year by 2035. Speaking on the BBC’s 'The Bottom Line', Victor Zhang, UK country manager for Omoda and Jaecoo parent firm Chery, stated that in 10 years, Chery aimed to be as big as Kia and Hyundai in the UK. Chery has been expanding its dealer network in the UK, partnering with established dealer groups and aiming to sell 10,000 cars in the UK in 2024, and 30,000 by the end of 2026.