

# Electric car sales gain traction at start of transitional decade

Electric car sales surged last year and will do so again in 2021, with Europe at the forefront of the transition



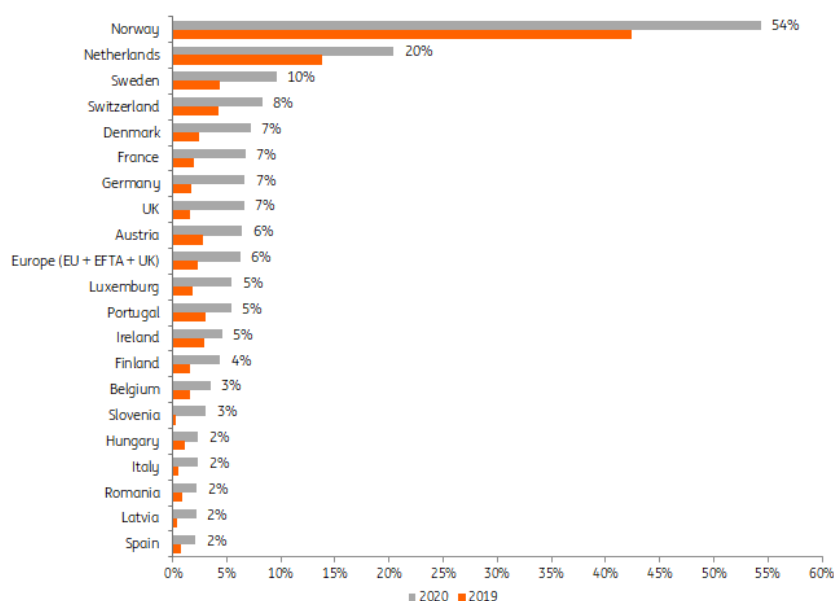
## Electric car sales accelerate as pandemic hits the European market

In a dramatic year for the European car market where new car registrations dropped 24%, the total number of new battery electric vehicles (BEV) hitting the road more than doubled. The largest European car markets in Germany, the UK and France showed a significant increase. In these three countries, the share of BEVs in new car sales jumped from 2% in 2019 to 7% in 2020. The European BEV-share closed the year at 6%, against 2% in 2019, which puts Europe at the worldwide forefront of the transition to electric vehicles (global share 2020: 3%). All European countries experienced an increase in BEV sales, but large differences appear across the continent. Norway leads the transition with its share of new car sales last year at 54%, followed by The Netherlands (20%) and Sweden (10%).

<https://think.ing.com/articles/automotive-sector-outlook-recovering-after-traumatic-2020/>

## Norway leads the electrification of new car sales in Europe, biggest markets Germany, France and the UK caught up in 2020

European top 20 full electric vehicles (BEV) in % of new car registrations



Source: ACEA, ING Economics Department

### Uptake of electric vehicles to continue in 2021

We believe the rise of the BEV will continue in 2021. Worldwide sales could soar 50% again this year, according to BNEF. From a demand perspective, the costs of ownership and the range available are getting more attractive to drivers, with new affordable models entering the market. On top of that, fiscal stimulus packages (or exemptions) are still applicable. But perhaps most important, on the supply side, car manufacturers need to comply with an average footprint of 95 grams of CO2 per kilometer for newly built cars this year, which will have to be reduced by another 15% by 2025. Several European countries have adopted targets to reach 100% zero emissions for new car sales between 2025-2035. Car makers like General Motors have announced a full phase out of the internal combustion engine in the near future.

<https://think.ing.com/reports/break-it-or-make-it-long-term-impact-of-tech-and-policy-on-energy-transition/>

### Hybrids (PHEVs) experience a temporary surge in the slipstream

Sales of plug-in hybrid vehicles (PHEV) also jumped from 1% to 5% of European new registrations. Nordic countries are in the lead here as well (Sweden: 23%, Norway: 20% and Finland: 14%). This actually reflects a revival of hybrids following the trend of making traditional models ready for short electric rides. Before the first attractive BEVs entered the market, hybrid cars (including PHEVs) were becoming increasingly popular. Fully electric vehicles mostly require a complete redesign of car models, like VW's ID.3. From this perspective, the current rise of the PHEV can be seen as a precursor to further proliferation of BEVs.

## Author

### Rico Luman

Senior Sector Economist, Transport and Logistics

[Rico.Luman@ing.com](mailto:Rico.Luman@ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user’s investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.