

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



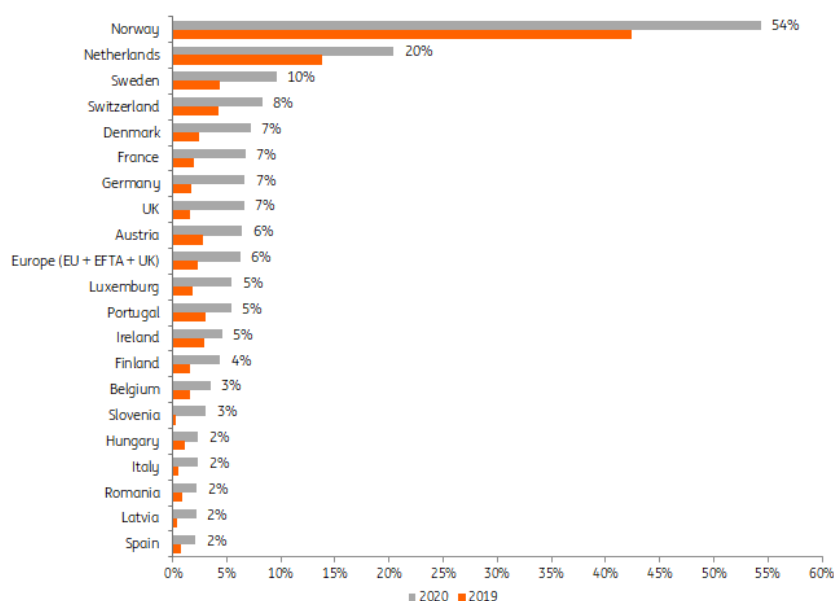
Electric car sales accelerate as pandemic hits the European market

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.

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