
Global trend towards e-mobility continues despite German slump

The ramp-up of electromobility is continuing unabated, despite the crisis in sales of battery electric vehicles (BEV) in Germany. This is shown in the "Electric Vehicle Sales Review" by "PwC Autofacts" and "Strategy&", PwC's global strategy consultancy, which analyzes new registration figures in 20 selected markets worldwide. According to the report, the global e-car market grew by 19% in the first quarter of 2024 compared to the same quarter of the previous year. This means it grew significantly faster than the market as a whole, which grew by four percent.

As a result of the continued growth, both BEVs and plug-in hybrids (PHEVs) achieved record market penetration figures for the first quarter. According to the study, the global market share of BEVs stood at twelve percent, while PHEVs were at seven percent. While the electric transformation has recently been driven primarily by BEVs, PHEVs and hybrids are now experiencing a second spring. In the first quarter of 2024, they overtook purely electric vehicles with global growth leaps of 57% (PHEVs) and 11% (hybrids).

German BEV market collapses

Contrary to the stable global growth momentum, the German e-car market suffered a considerable setback. According to the study, BEV sales in particular slumped massively, shrinking by 14% in the first quarter of 2024. A look at the previous year's growth shows just how much the German BEV market has lost ground. In the first quarter of 2023, BEV sales had still risen by 13 percent. The comeback of PHEVs and hybrids alone prevented the entire German e-car market from slipping into the red. PHEVs increased by 20 percent, while hybrids recorded an increase of eleven percent.

While the German e-car market is in crisis, growth is continuing in other European markets. In France, BEV sales increased by 23 percent compared to the same quarter of the previous year, while eleven percent more BEVs were sold in the UK. With a total of more than 84,000 BEVs sold, the UK overtook Germany as the previous leader. Due to the stuttering German market and subdued BEV sales in Spain and Italy, the five largest European sales markets - Germany, Italy, Spain, the UK and France - once again sold more combustion cars than electric cars.

"European car manufacturers are still under pressure from several sides. On the one hand, the electric transformation in important domestic markets is sluggish, while at the same time Chinese OEMs are attacking precisely these markets, which can hardly be prevented by tariffs in the long term. European manufacturers can therefore only counter with convincing vehicles. German car manufacturers in particular have now understood that they not only have to defend the luxury segment, but also score points in the high-volume entry-level segment," says Felix Kuhnert, Partner and Automotive Leader at PwC Germany. "For this balancing act to succeed, reliable framework conditions are needed. Only then can companies plan and master the technology transition."

Europe faces trade deficit due to battery cell production

China remains the undisputed key driver of the global mobility transition. According to the study, total e-car sales grew by 31% in the first quarter of 2024, significantly faster than the overall market, which grew by 6%. While pure electric vehicles recorded a 15% increase in sales, sales of PHEVs rose by 77%. In China, too, PHEVs therefore continue to be the preferred interim solution for many when switching to e-mobility.

This trend is even more evident in exports. PHEV exports shot up by 160 percent, BEV exports rose by seven percent and total exports of all drive types grew by 33 percent. The export growth is a consequence of built-up overcapacity. While capacity utilization at Chinese car plants was still 62% in 2017, it was only 48% in 2023.

The Chinese export glut not only affects e-cars, but also preliminary products for battery cell production, which is growing in Europe. Between 2018 and 2023, the EU's trade deficit for lithium-ion batteries more than quadrupled from USD 4.7 billion to USD 20.0 billion. As a result, Europe could go from being a net exporter to a net importer of car parts and battery cells as early as next year, with a trade deficit of USD 37.1 billion. In the long term, this deficit could ease again thanks to battery recycling and closer European value chains in battery production.

"We are observing that competition in China is continuously intensifying. On the one hand, this inevitably leads to consolidation; on the other hand, competitive pressure is accelerating technical innovations, which are indispensable in the current phase of the market in order to get mainstream customers excited about e-mobility after the first movers. After all, in addition to environmental aspects, they are primarily interested in features, reliability and price," says Jörn Neuhausen, Senior Director and Head of Electromobility at Strategy& Germany. "Chinese manufacturers have recognized this and are pushing into the European market with lithium iron phosphate (LFP) batteries. Although LFP batteries have so far been inferior to the battery types used by European competitors in terms of charging speed or weather sensitivity, they are significantly cheaper. Thanks to innovations, however, they are now catching up with the more expensive batteries, making them particularly interesting for the lower segments. Previous premium manufacturers such as BYD will soon position themselves on the European market with affordable electric vehicles and challenge the local car manufacturers even more decisively."

The complete results can be found at: <https://www.strategyand.pwc.com/de/en/electric-vehicle-sales-review-2024-q1.html> (aum)

Images for article



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