

Electric Vehicles in Norway to see Strong Expansion through 2025

Norwegian Auto Industry is likely to grow at a CAGR of around 8% through 2025.

NEW YORK, NEW YORK, UNITED STATES, February 12, 2020 /EINPresswire.com/ -- The automotive industry is one of the most important industrial sectors in Norway, and in some regions it is a crucial element of the economic structure. This branch of industry not only drives innovation, growth and employment, but for several decades has also determined the development of transport and people's mobility habits. No other country can boast a comparable concentration of EV related R&D, design, supply, manufacturing and assembly facilities. Moreover, no other European country provides the same market opportunities as those offered in Norway. Norway automotive Industry has established success stories of electric vehicles adoption.

In Norway sales of Battery electric vehicles (BEVs) are sold in numbers that are comparable to the sales of big countries like Germany, France and the UK. This is quite impressive in a country with only 5 million inhabitants. Electric or hybrid vehicles in Norway accounted for more than half of all new vehicles registered in the country in 2017. Zero-emission, generally all-electric and few hydrogen-powered cars registered 20.9% of total sales in 2017. This signifies an upsurge over 2016, when electric and hybrid cars accounted for 15.7% and 24.5% respectively of total sales, making Norway a global leader in electrifying road transport. The Norwegian e-mobility incentives have created a powerful bottom-up market pull, whereas governments in countries like Germany focus more on policies creating a top-down market push. The bonus to German BEV buyers introduced last year seems less effective than originally expected and may hence, need to be increased in order to have a real impact on their purchasing behavior.

Growth Factors

[Goldstein Research](#), a market intelligence & consulting firm, forecast the [Norwegian Auto Industry](#) is likely to grow at a CAGR of around 8% during the forecast period 2017-2025. Norway has proven that BEVs can sell well in a mass market, and the vehicles can easily be integrated into the overall vehicle fleet by multi-car households. Battery life is not yet an issue in Norway – maybe, because our summers are not that hot. Heat however, is the main factor in degrading battery life. When the battery capacity is decreasing, BEVs will most likely continue to be used by less demanding users, until the end of the vehicle life. Then, the batteries are handed in for recycling, organized by the vehicle importers, and subsidized by a 300 Euro scrappage bonus.

Norway has other favorable conditions. Diesel is expensive and electricity is cheap, and 98 percent based on emission-free hydropower, so the emission benefit is huge. This benefit has also been realized at EU level, as electricity production is part of the EU greenhouse gas emission trading system, whereas transportation is not.

On long distance trips users will, of course, need to recharge – unlike diesel car owners, who can fill up for the entire trip. It will be expensive to operate a fast-charging infrastructure meeting all needs for long distance driving on peak travel days. On-street charging is another big challenge inhibiting BEV ownership in densely populated cities. The municipality of Oslo installed chargers in parking blocks and in the streets, but struggles to keep up with the demand. Other mobility services could act as supportive measures preserving mobility in crowded city centers.

Government EV Policy

This is first and foremost due to a substantial package of incentives developed to promote zero

emission vehicles into the market. Since the early 1990's incentives have been gradually introduced by different governments and broad coalitions of parties to speed up the transition. The Norwegian Parliament have decided on a national goal that all new cars sold by 2025 should be zero emission (electric or hydrogen).

The zero emissions incentives include:

- No purchase/import taxes (1990-)
- Exemption from 25% VAT on purchase (2001-)
- No annual road tax (1996-)
- No charges on toll roads or ferries (1997- 2017).
- Charges were introduced on ferries with upper limit of maximum 50% of full price (2018-)
- Charges on toll roads were introduced with upper limit of maximum 50% of full price (2019)
- Free municipal parking (1999- 2017)
- Parking fee for EVs was introduced locally with an upper limit of maximum 50% of full price(2018-)
- Access to bus lanes (2005-).
- New rules allow local authorities to limit the access to only include EVs that carry one or more passengers (2016)
- 50 % reduced company car tax (2000-2018).
- Company car tax reduction was lowered to 40% (2018-)
- Exemption from 25% VAT on leasing (2015)
- Fiscal compensation for scrapping of fossil vans when converting to a zero emission van (2018)
- Allowing holders of driver license class B to drive electric vans class C1 (light lorries) up to 2450 kg (2019)

The 50% rule

Since 2017 it has been up to the local governments to decide the incentives regarding access to bus lanes and free municipal parking. The Parliament has decided on implementing a 50 % rule, which means that counties and municipalities can not charge more than 50 % of the price for fossil fuel cars on ferries, public parking and toll roads. The 50 % rule is in function on county ferries, state ferries and will be introduced in toll roads during 2019. A rule of maximum 50 % parking fee at public parking for zero emission cars is expected to be implemented by many municipalities from 2019.

This is an edited extract from "Norway Automotive Industry Outlook, 2025" a study undertaken by Goldstein Research. The study was conducted using an objective combination of primary and secondary information including inputs from key participants in the industry. A systematic approach in order to estimate and project the market sizing has been followed keeping in mind all the on-going and upcoming trends of the market. For more information, visit

<https://bit.ly/2UNpNiW>

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