

# Realities of the Market

Dear Reader,

The expiry of the German subsidy scheme for plug-in hybrids at the end of 2022 led to a fall of more than 50 % in sales of these cars. While manufacturers attempted to boost the sales figures with their own promotional offers, these were largely unsuccessful when considered over the whole year. Almost 176,000 new cars with plug-in hybrid drives were newly registered in Germany in 2023, compared to 362,000 in 2022. Despite the fall in the number of PHEVs, there was an increase of 1.6 % in the registrations of hybrid cars as a whole. A total of 840,000 were registered in 2023.

We have yet to see how the sales of battery electric cars will respond to the end of the subsidy scheme in December 2023. If the abolition of subsidies for PHEVs and the subsequent collapse in sales cannot be taken as a sign of what is likely to happen, then perhaps the drop in the sales figures for BEVs in September 2023 will give an indication. At the end of August, the subsidies for businesses came to an end. The result was a massive fall of 63 % in new registrations in the following month. By the end of the year, sales had stabilized to a certain extent, but were far below expectations. Many manufacturers are themselves providing temporary funding that is equivalent to the government subsidies with the aim of not putting market growth at risk. However, in the medium term, only a reduction in the price of BEVs will bring lasting stability to the market and support the transport transition.

Gasoline engines remain the most widely used means of converting energy, particularly in smaller vehicles where buyers tend to be more price-sensitive. The price difference between the conventional models and the electric variants is simply too high. The gap is generally more

than 10,000 euros and this means that the entry-level price of the cheapest model is almost doubled. If you include self-charging and plug-in hybrids, in December 2023 more than 60 % of the newly registered cars had gasoline engines and another 15.5 % had diesel engines.

This does not bring about a positive impact on the vehicle population as a whole. On the contrary, the number of vehicles in Germany is continuing to rise, because cars now have a longer service life. Overall, the CO<sub>2</sub> emissions from transport are increasing, despite the fact that PHEVs and BEVs make the situation seem better than it is.

This year could be a decisive one for the expansion of BEVs in Germany. Without the help of subsidies, the technology now has to prove its worth in a more realistic market environment. The manufacturers are aware of this, but it is not yet clear what measures they will take.

I hope you enjoy reading this issue of MTZ.



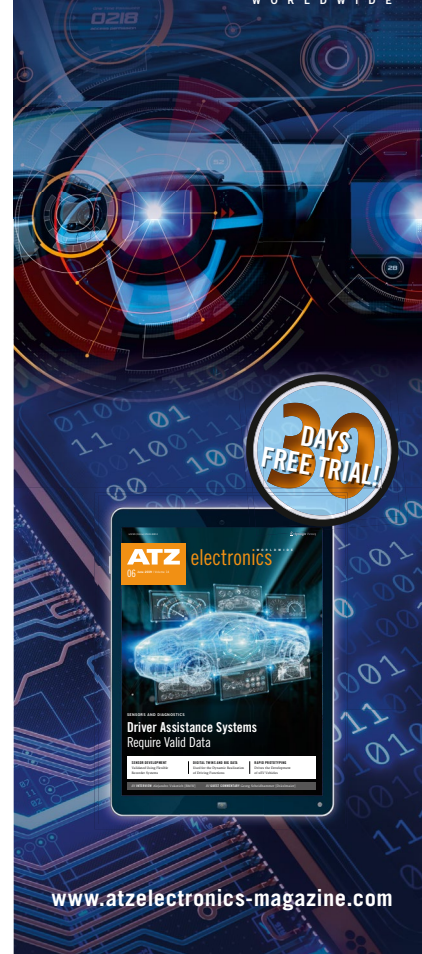
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