Electric Commercial Vehicle Market - Growth, Trends, Covid-19 Impact, and Forecast (2023 - 2028)

Market Report | 2023-01-23 | 90 pages | Mordor Intelligence

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Report description:

The Electric Commercial Vehicle Market was valued at USD 67.51 billion, and it is expected to reach USD 258.78 billion, registering a CAGR of 25.10% during the forecast period.

The COVID-19 pandemic hit the market, posing challenges to the entire automotive industry. Lockdowns in many countries had led to limited global vehicle sales and disrupted the entire supply chain. The global electric commercial vehicle market, which has been impacted by COVID-19, is gaining attention for its post-pandemic industry trends. It is expected that the industry will gradually pick up the pace in the coming years, with companies gaining momentum as the economy grows. As players have started their overseas businesses which shows positive growth post-pandemic. For instance,

Key Highlights
November, 2022: Farizon New Energy Commercial Vehicles (Farizon), a Geely subsidiary, has officially shipped its E200S mini-trucks to Chile from the Guangdong Province port of Shenzhen. This is the second batch of mass exports to South America, following the June 2022 shipment to Costa Rica.
November, 2022: Under the Powered by Karma brand, Karma Automotive held its first customer handover of production commercial vehicles electrified by Karma.

Electric vehicle adoption is fairly visible in many emerging economies, owing to a significant expansion in areas such as logistics and supply chain companies. Furthermore, strict pollution regulations in several countries around the world are pressuring many corporations to electrify their vehicles, which is propelling the market forward. Governments around the world are putting pressure on vehicle manufacturers to reduce carbon emissions caused by diesel fuel combustion and address greenhouse gas

emissions by investing in the development of electric vehicles. Meanwhile, low-emission zones are causing fleets to switch to cleaner diesel trucks.

The market is expanding due to advancements in battery technology and the extensive use of cutting-edge technologies such as ADAS, AI, IoT, and others in providing the most up-to-date features to their products. Major corporations invest in increasing OEM competition and assisting market growth. Many countries are attempting to adopt electric mobility, but as new vehicles enter the market, charging infrastructures remain a major concern. Therefore players are also collaborating and devloping new products and required infrastructure for electric commercial vehicles.

Key Highlights
November, 2022: Flash Electronics has announced a collaboration with Elimen Group to develop EV components. The two companies will collaborate to develop and manufacture traction motors and controllers for all EV segments, including two- and three-wheelers, passenger and commercial vehicles, and electric buses with capacities of up to 300 kW.

The Asia Pacific electric commercial vehicle market is being driven by the demand to reduce urban pollution and reliance on fossil fuels. This is also the world's largest ECV market. China, India and Japan are the largest contributor to the global market for electric commercial vehicles. Therefore, players are focusing on developing new products. For instance,

October, 2022: Mitsubishi Motors Corporation (Mitsubishi Motors) resumed general public sales of its MINICAB-MiEV, the only mini commercial electric vehicle produced by a Japanese automaker.

Electric Commercial Vehicle Market Trends

Increase in Adoption of Electric Buses

Diesel vehicles are currently widely used around the world. Furthermore, these vehicles are mostly used in densely populated cities, where air quality has already been degraded by other pollutants. However, in the upcoming years most diesel buses might be replaced by electric buses, the factor which will drive the growth is the lower cost of operation. Electric buses are still more expensive than diesel buses, data shows that they can have a lower total cost of ownership and compete with diesel buses when comparing lifetime costs over 12 years, owing to simplified drivetrains that offer better efficiency and lower maintenance costs.

The Environmental Protection Agency and National Highway Traffic Safety Administration in the United States proposed implementing the Safer Affordable Fuel-Efficient (SAFE) vehicles rule from 2021 to 2026. The rule could establish corporate average fuel economy and greenhouse gas emissions standards for passenger and commercial vehicles. The Zero-emission Vehicles (ZEV) Program requires automakers to sell a certain number of zero-emission vehicles. The ZEV plan aims to put 12 million ZEVs (including buses) on the road in the country by 2030.

Europe has set a goal of becoming a carbon-neutral continent by 2050. To meet this goal, the European Commission announced a slew of new legislative proposals. Depending on population and GDP, national targets for new clean buses range from 24% to 45% in 2025, and from 33% to 65% in 2030. For instance,

November, 2021: Following approval by the Council of Ministers, Belgium announced the Belgian Hydrogen Vision and Strategy. The policy primarily focused on three sectors for hydrogen electrification, including the country's transportation sector. With this, the country expects to be hydrogen-dependent and carbon-neutral in transportation by 2050.

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Asia-Pacific is Expected to Lead the Market

Asia-Pacific is expected to lead the electric commercial vehicle market, followed by Europe and North America. Growing government regulations encouraging electric vehicle adoption, as well as aggressive expansion by OEMs and suppliers in the region to meet rising demand from China's automotive industry, are expected to create a positive outlook for market growth during the forecast period. For instance,

The Chinese government is encouraging people to use electric vehicles. The country has already announced plans to phase out diesel fuel, which is used in nowadays, tractors and construction equipment. According to Chinese authorities, by 2035, all new vehicles sold in China must be powered by "new energy." Half of them must be electric, fuel cell, or plug-in hybrid vehicles, with the other half being hybrid vehicles. The state governments in India are including electric buses in their fleet to convert their ICE fleet of buses and reduce operational costs while also reducing carbon emissions and improving air quality. For instance, January, 2022: The Delhi government launched 100 electric buses. They became part of the state's public transportation fleet. According to the Delhi Government, an additional 300 electric buses will be added to the city's existing fleet of 100 e-buses. Furthermore, the state plans to buy 2,000 more e-buses over the next few years.

Japan has one of the world's best electric vehicle ecosystems. Toyota and Nissan, for example, are taking steps to build electric vehicles in the country. The presence of a large number of electric vehicle charging stations in the country, which outnumber the petrol and diesel outlets, can be used to gauge the developments in the hybrid and electric vehicle market. These favourable factors are expected to drive the market and demand for commercial electric vehicles in Japan. Movover, government funding are also backing the growth of electric commercial vehicle market in Japan. For instance,

November, 2022: The Ministry of Land, Infrastructure, Transport, and Tourism of Japan will increase its support for the use of green number plates on commercial vehicles. In the 2nd supplementary budget for the fiscal year that ends in March 2023, the Ministry has included an additional budget of JPY 2.12 billion. It has also asked for funding for a commercial electrified vehicle promotion project in the fiscal year 2023.

Electric Commercial Vehicle Market Competitor Analysis

The electric commercial vehicle market is dominated by a few major players, including BYD Auto Co. Ltd, AB Volvo, Daimler AG, Zhongtong Bus Holding, and Traton SE. Commercial electric vehicles are developed by manufacturers through joint ventures, partnerships, and the conversion of their existing IC engine fleet to electric. For instance,

IN April, 2021: Daimler and Portland General Electric (PGE) unveiled a new first-of-its-kind electric truck charging station in Portland, Oregon.

In April, 2021: Rivian announced that it would use Samsung SDI battery cells for its R1T electric pickup truck and R1S electric SUV, as well as upcoming commercial vehicles.
In 2021, Volvo Trucks announced its plans to convert complete heavy-duty range with electric drivelines starting in Europe. Volvo Trucks' massive drive towards electrification marks a major step forwards on the road to fossil-free transport. Volvo Trucks had started testing electric heavy-duty Volvo FH, Volvo FM and Volvo FMX trucks, which will be used for regional transport and urban construction operations in Europe and depending on the battery configuration the range could be up to 300 km.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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