

Middle East and Africa Automotive Electric Vehicle - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Middle East and Africa Automotive Electric Vehicle Market size is estimated at USD 3.33 billion in 2024, and is expected to reach USD 9.42 billion by 2029, growing at a CAGR of 23.20% during the forecast period (2024-2029).

The impact of the COVID-19 pandemic on the electric vehicle market is inescapable. Several factors caused car sales to drop in 2020, including closures of manufacturing units, social distance norms, and reduced consumer spending on transportation. The automotive industry witnessed significant growth in terms of sales in the previous year, and it is expected to continue during the forecast period.

The growing focus of governments across the region to promote the use of electric vehicles and increased awareness about energy storage solutions in the renewable-based power sector is expected to drive the market during the forecast period. Moreover, expanding the 5th generation-based telecommunication network and implementation of Vision Documents in Saudi Arabia, the United Arab Emirates, Qatar, and Kuwait are likely to further aid the Middle East and African EV market in the coming years.

Sub-Saharan African (SSA) countries are in urgent need of alternative energy sources for transport to stave off the growing burden of fuel dependency and subsidies, as well as an electricity storage solution to leverage their abundant renewable energy resources. Electric vehicles (EVs), powered by electricity and running on battery storage, offer a potential solution to both of these problems. Many SSA countries are expected to make large power capacity investments in the next decade.

Countries like Saudi Arabia and the United Arab Emirates are becoming early adopters of electric vehicles in the Middle Eastern region. The Saudi Arabian Standards Organization (SASO) has plans to issue regulations for the use of electric vehicles. The Road

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Transport Authority (RTA) of the United Arab Emirates has issued advisory messages and worked to develop charging stations in the country.

Middle East Electric Vehicles Market Trends

Rise of Electric Mobility in the Middle East and African Region

The Middle Eastern electric vehicle market is expected to register significant growth over the coming years. Although oil constitutes a major source of national revenue and domestic fuel for several Middle Eastern countries, the respective governments are focusing on renewable energy and clean transportation technologies. In addition, they are implementing economic and energy diversification plans.

Rising government initiatives to build charging infrastructure across the region to promote the sale of electric vehicles are likely to witness major growth for the market during the forecast period. For instance, in August 2022, Saudi Arabia's Ministry of Industry and Mineral Resources invested USD 6 billion to boost the mining of minerals used in batteries. In addition, it provides funding for the electric vehicle supply chain. In May 2022, Abu Dhabi released the regulatory policy for electric vehicle charging infrastructure in the emirate. It includes the principles governing ownership, installation, and management of electric vehicle supply equipment, power supply to the charging installations, and the pricing mechanism for end customers.

Tesla's entry into the EV (electric vehicle) market rattled the automobile industry with its all-electric range of vehicles. It gave competing manufacturers a reason to expedite the process of dedicating resources to creating fully electric models in the United Arab Emirates. Dubai has been working toward its long-term goal of electrification. It has launched several initiatives over the past few years to encourage sustainable choices among its residents. For instance, to promote the United Arab Emirates' plans for green mobility solutions. This is part of its plan to have 25% of the city's trips converted into driverless journeys by 2030.

Although the electric vehicle market in the African region is in the nascent stage, various key players are trying to establish new facilities for product development, increasing their presence in the market. For instance, in March 2022, Volvo AB launched Volvo XC40 Recharge. The XC40 Recharge has a total output of 300 kW and 660 Nm of torque that accelerates from 0-100 km/h in 4.9 seconds. It has a 78 kWh battery capacity that promises a 418 km range on a single charge. BMW AG introduced the new electric car model "EX" at the "Novelty Dubai" Motor Show in Dubai Harbor in November 2021.

Gulf Countries and South Africa Expected to Witness Significant Growth in Region

The growing trend toward electric mobility across the country is likely to increase the sale of electric vehicles. For instance, South Africa sold 218 electric vehicles in the previous year, whereas only 92 battery electric vehicles (BEVs) were sold in 2020, down from 154 in 2019, representing 0.02% of domestic vehicle sales. Hybrid sales declined from 253 units in 2019 to 232 units in 2020.

Nonetheless, several countries are developing comprehensive policy frameworks to catalyze the transition and adoption of electric mobility. Momentum is anticipated to escalate after the European Union (EU) in mid-July proposed to phase out diesel and petrol car sales in a major market shift by 2035. This decision will positively impact African countries like South Africa, which exports nearly 64% of its manufactured vehicles to global markets.

UNEP, through its Global E-Mobility program, has been helping African countries to develop the right policies to switch from fossil fuel mobility to electric mobility. Some 19 countries have allocated part of their Global Environment Facility funding to electric mobility. The South African government is reviewing its taxation structure and adopting EV policies and standards to favor EV uptake. The private sector is also keen to have a share in this market.

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Major governments offer tax incentives to enhance the sale of electric vehicles across the region. For instance, several African countries such as Kenya and Rwanda have adopted tax incentives to encourage electric vehicle imports and have been working on developing their electric two and three-wheelers. Kenya has gained critical market momentum to increase the adoption of electric mobility and has set a target of 5% of all newly registered vehicles to be electric by 2025.

The adoption of electric cars is set to enter the fast lane in the Gulf, especially in tech-savvy urban hubs, like Dubai. As EVs are in the nascent stage in the country, it has not yet set out incentives for deploying EVs, such as free charging stations, Greenbank loans, etc. EV incentives are yet to be developed, especially when EV deployment starts on a commercial scale. However, the country has taken a few initiatives that are likely to boost EV demand. For instance, Saudi Electricity Company signed a deal with Nissan Motor, Takaoka Tokyo, and Tokyo Electric Power Company for the first EV pilot project in Saudi Arabia. According to reports, the agreement provides for the development of fast-charger EV stations. Saudi Arabia has signed a memorandum of understanding ('MoU') with the United Kingdom in a move to reduce carbon emissions and support Saudi Vision 2030. The MoU commits both countries to cooperate and share expertise to develop technologies, including smart grids and EVs. The United Arab Emirates is another most developed market for EVs regarding sales and charging infrastructure, with Dubai offering more than 300 charging stations. The UAE government targets 42,000 electric cars on the roads in a few years. Moreover, favorable government policies and incentives offer lucrative opportunities for major players to promote the adoption of electric vehicles over the coming years in the region.

Middle East Electric Vehicles Industry Overview

The Middle East and African electric vehicle market is dominated by a few players, such as Tesla Motors Inc., Volkswagen AG, Toyota Motor Corporation, Nissan Motor Co. Ltd, and Geely. With the growing demand for electric vehicles in the region, major players in the market form partnerships, joint ventures, and acquisitions. For instance,

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 - In March 2022, M Glory Holding Group, a Dubai-based company opened an electric vehicle manufacturing plant in Dubai. Through this expansion, the company extended its production capacity to around 55,000 electric vehicles per year.
 - In June 2021, Toyota Motor Corporation announced the launch of a new assembly plant in Ghana. The company announced an investment of USD 7 million in the new plant with an annual production capacity of around 1,330 units.

Additional Benefits:

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

Table of Contents:

- 1 INTRODUCTION
 - 1.1 Study Assumptions
 - 1.2 Scope of the Study
- 2 RESEARCH METHODOLOGY
- 3 EXECUTIVE SUMMARY
- 4 MARKET DYNAMICS

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- 4.1 Market Drivers
- 4.2 Market Restraints
- 4.3 Industry Attractiveness - Porter's Five Forces Analysis
 - 4.3.1 Bargaining Power of Suppliers
 - 4.3.2 Bargaining Power of Consumers
 - 4.3.3 Threat of New Entrants
 - 4.3.4 Threat of Substitute Products
 - 4.3.5 Intensity of Competitive Rivalry

5 MARKET SEGMENTATION (Market Size by Value - USD Million)

- 5.1 By Drive Type
 - 5.1.1 Plug-in Hybrid
 - 5.1.2 Pure Electric
- 5.2 By Vehicle Type
 - 5.2.1 Passenger Cars
 - 5.2.2 Commercial Vehicles
- 5.3 By Country
 - 5.3.1 United Arab Emirates
 - 5.3.2 Saudi Arabia
 - 5.3.3 South Africa
 - 5.3.4 Egypt
 - 5.3.5 Rest of Middle-East and Africa

6 COMPETITIVE LANDSCAPE

- 6.1 Vendor Market Share
- 6.2 Company Profiles*
 - 6.2.1 Volkswagen AG
 - 6.2.2 Tesla Motors Inc.
 - 6.2.3 Hyundai Motor Company
 - 6.2.4 Toyota Motor Corporation
 - 6.2.5 BMW AG
 - 6.2.6 Nissan Motor Co. Ltd
 - 6.2.7 Jaguar Land Rover Limited
 - 6.2.8 Zhejiang Geely Holding Group Co. Ltd
 - 6.2.9 Foton Motors
 - 6.2.10 General Motor Company

7 MARKET OPPORTUNITIES AND FUTURE TRENDS

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