



Major Automotive Global Trends of January 2025



Table of contents

1 . Global.....	3
2. Europe.....	6
3. Turkey.....	9
4. USA.....	10
5. China.....	21
6. Canada.....	24
7. Japan.....	26
8. South Korea.....	27
9. Israel.....	29



1. Global

25% Increase in Global BEV and PHEV sales in 2024

Data released by research firm Rho Motion in mid-January reveal that in 2024, sales of EVs and “Electrified” vehicles rose sharply by 25% to more than 17 million units. December 2024 was the fourth consecutive month in which sales records were broken in these segments, mainly due to continued growth in EV sales in the Chinese market.

Analyzed by region, EV sales in China jumped 36.5% in December compared to a year earlier, to 1.3 million units, totaling about 11 million units in all of 2024. In the same month, EV sales in the US and Canada increased by 8.8% compared to last year, to 190,000 units. In Europe, sales amounted to about 310,000 units in December, an increase of 0.7% compared to December 2023. In the rest of the world, EV sales increased by 26.4% in 2024 compared to 2023.

Rho Motion estimates that government incentives and low carbon emission targets have driven the growth of EV sales in China while helping the UK overtake Germany to become the largest BEV market in Europe in 2024.

However, 2025 could be a challenging year for the continuation of the global EV market growth as President Trump implements his reversing of his predecessor’s policy and eliminates incentives to buy EVs. The researchers note that Germany’s elimination of EV



subsidies had a devastating effect on the entire European EV market, and if the US follows, a similar phenomenon will occur.

New research by Gartner: the auto industry is facing overproduction and competition that may affect its robustness and employment in the sector

A significant number of car production facilities in Europe and the US are on the verge of being shut down or sold, while the auto industry is facing major challenges, so claims the Gartner consulting firm in a report published in January. The mentioned challenges include overproduction, intense price competition, and aggressive emissions regulations, which are expected to impact production decisions on both continents.

The research firm predicts a reduction in the automotive industry's production capacity in 2025, and the report emphasizes that factories located in high-cost regions are at greater risk of closure or sale. This situation may be exploited by Chinese car brands, who will acquire existing factories to circumvent trade restrictions.

In addition, the Chinese may establish production sites in European countries with low costs or in countries that have free trade agreements with the EU, such as Morocco and Turkey. This strategic shift reflects China's growing dominance in the EV market.



Also, the implications of the new CO2 emissions regulations in the EU and the tough electrification targets raise concerns that reducing the production and sales of ICE vehicles could artificially "Inflate" EV sales figures without a direct connection to their natural demand.

Despite these obstacles, the company expects 17% growth in EV deliveries in 2025 (including buses and trucks) and estimates that by 2030, more than half of all vehicles sold in the market will be electric. Traditional automakers may adapt by acquiring technological expertise from newer manufacturers, mainly Chinese.

The consulting firm estimates that production over-capacity and price competition could also have social, cultural, and economic consequences globally. One of the most significant social impacts is a potential increase in unemployment as a result of factory closures in Europe and North America. The loss of jobs in major manufacturing plants could severely damage local economies that rely on the automotive sector. Factory closures would lead to large economic disparities and social tension, while the loss of skilled labor could lead to a decline in innovation capacity in these regions.



2. Europe

The European auto market registered a slight increase of 0.9% in car deliveries and a drop of 1.3% in EV deliveries. German Chancellor: the EU is developing a program to support EV sales

2024 saw a slight increase of 0.9% in car deliveries in the EU to 13 million units, so reveal the concluding figures published by the ACEA in January. The ACEA estimates that the stagnation in growth is due to continued inflation, high financing costs, and declining customer enthusiasm for EVs, which has led to the postponement of many vehicle purchases.

The EV segment registered a decrease of 1.3% in sales to two million units after European governments led by Germany canceled or reduced subsidies. EV market share in the EU also dropped to 15%.

Demand for EVs in the EU was particularly weak in December, with the exception of the UK, Iceland, Norway, and Switzerland, with deliveries falling by around 10% compared to December 2024, despite a 5.1% increase in overall vehicle deliveries in the same month. PHEV deliveries in Europe fell by 3.9% in 2024 to around 950,000 units, although this segment increased by 2.5% in December.

Analysts estimate that 2025 will also be a challenging year for European automakers due to the EU's stricter carbon emissions



targets, which are forcing manufacturers to produce and sell more EVs despite declining demand.

European automakers also saw a decline in exports to China, the world's largest car market, in 2024 and are now facing the threat of potential tariffs from the new US president. According to estimates, new car sales in Europe are expected to fall in the first half of 2025, but a lowering of car prices in the second half of the year will create positive momentum.

Meanwhile, German Chancellor Ulf Schultz said in January that the EU was developing a broad plan to encourage the purchase of EVs to support the European car industry. According to him: "We need a pragmatic solution, so I am pleased that the European Commission President has accepted my proposal to introduce incentives for the purchase of EVs across the EU".

European automakers are offsetting CO2 emissions with EV manufacturers to meet 2025 EU emissions regulations

The aggressive reduction targets for CO2 emissions from vehicles set by the EU for 2025 currently force "Traditional" car manufacturers to offset emissions with manufacturers specializing in EVs, such as Tesla and Polestar, which benefit from excess CO2 quotas, to avoid huge fines for exceeding the targets.

The trade is carried out through the establishment of "Pools" of "Surplus CO2", through which designated EV manufacturers can trade their surpluses with manufacturers who do not meet



emissions targets. An EU document published in January shows that two such "Pools" have already been formed recently.

Tesla's "Surplus pool" is used by Stellantis, Toyota, Ford, Mazda, and Subaru to offset the high average CO2 emissions of their fleets. In contrast, German carmaker Mercedes-Benz uses a pool of EV brands from the Geely Group, Smart, Volvo, and Polestar. Both "Pools" will be open for offsets with other carmakers by early February.

Emissions trade is not a new phenomenon, and "CO2 pools" first appeared in 2021, when average emissions limits were imposed on the model fleet of car manufacturers in the EU. At that time, the maximum average value was 115.1 grams of CO2 per kilometer per vehicle, while in 2025, it dropped to 93.6 grams, so the gap in meeting the targets became more severe.

Manufacturers can only achieve the 2025 emissions target by producing and selling a high proportion of EVs, but in practice, EV sales of many manufacturers in Europe are not meeting expectations.

A Stellantis spokesman said in January: "Participating in the Tesla "Pool" will help the group achieve the EU's 2025 emissions targets while maintaining the optimization of its resources." A Mercedes spokesman also said that the company's joining the "Pool" was intended to close the gap in average emissions due to the relatively slow sales rate of EVs.



3. Turkey

While Erdogan was busy with the embargo, car production in Turkey dropped by 7% in 2024

In 2024, passenger cars and LCV production dropped by 7% compared with 2023 and amounted to 1.4 million units, so according to data published by the Turkish Automotive Manufacturer Association OSD.

Passenger car production dropped by 5% to 900,000 units, whereas LCV production dropped by 11% to 460,000 units. The production utilization rate (out of the total production capacity of automotive plants in Turkey) in 2024 was approximately 70%.

However, demand in the domestic Turkish market remained stable in 2024 and even strengthened slightly by 0.5% to approximately 1.2 million units. Sales of passenger vehicles grew by 1.3% compared to the previous year to approximately 980,000 units, while sales of commercial vehicles decreased by 2.7% compared to the previous year.

Sales of vehicles with gasoline engines accounted for about 60% of total passenger vehicle sales, a decrease of 8.6% compared to the previous year. Sales of hybrid cars increased by 70.8% compared to the previous year and amounted to about 19% of total sales.



Sales of PHEVs increased by 300% compared with last year, to about 10,000 units, accounting for 1% of total sales, while sales of EVs increased by about 46% compared to the previous year, to 105,315 units, accounting for 10.7% of total sales. The main increase in demand for EVs was due to the self-production of EVs in Turkey, which receives significant incentives from the government, including subsidies and the imposition of high tariffs on Chinese competitors.

4. USA

The US approves regulations that forbid the use of Chinese-connected “Smart” vehicles in its territory

In the “last minute”, before the change of administration in the US, the outgoing Biden administration approved regulations that would ban the import of "Smart" vehicles made in China into the US and the use of network-connected hardware and software components made in China in vehicles sold in the US, citing a "National security risk".

The regulations were adopted after a lengthy review process that lasted almost a year, during which the US Department of Commerce held hearings with representatives of the automotive and parts industry in the US and around the world and published



drafts. In January, the Department of Commerce published the final regulations and expanded its application to include Russian-made automotive hardware and software components.

According to the White House statement, the regulation concerning Chinese software, such as operating systems, will take effect in vehicles starting with the 2027 model year (which in the US are launched in January 2026) and will also apply to hardware starting with the 2030 model year. The goal of the regulation is to "Protect the automotive industry supply chain from cyber threats and information collection by adversaries".

The new regulation covers a long list of sensitive vehicle components, including driver assistance systems (ADAS) and communication components such as Wi-Fi, Bluetooth, cellular communications, and satellite connectivity. According to the administration, such components can actively collect and transmit information about sensitive American infrastructure, and their remote control by foreign adversaries poses a "Significant threat to most vehicles currently on U.S. roads". The White House also accused Chinese automakers in its statement of "Aggressive attempts" to increase their presence in the American and global auto markets.



Even before their practical implementation, the new regulations already pose a significant barrier to the import of Chinese-made vehicles into the US and also create a serious problem for American and foreign automakers, including Europeans and Koreans, who intensively use Chinese-made components in current and future vehicle models, mainly electric ones.

Many manufacturers, including Tesla, market vehicles in the US with batteries and power management systems made in China. Many "Smart" chargers currently used in the US are also made in China. The ban will also apply to testing Chinese-made autonomous vehicles on US roads, which will pose a significant problem for companies like WAYMO.

The regulation is not limited to Chinese and Russian manufacturers. According to the final version, the ban on use will also apply to products from companies "Directly or indirectly controlled by hostile states," even if production is carried out in the US. However, car and component manufacturers will be able to apply for an exemption, although it is not yet known under what criteria.

The ban does not apply to the use of Chinese software developed before the new rules took effect - as long as it is not maintained and updated by a Chinese company. This means that GM and Ford will



likely be able to continue importing existing models they manufacture in China to the US.

In addition, the new trade regulations are limited to passenger cars only. The Commerce Department is preparing separate regulations for CV over 4.5 tons. However, US commentators are questioning the incoming Trump administration's policy on the issue, given the interests of his partner Elon Musk in the matter.

President Trump threatens to impose new tariffs on goods imported from the EU, including cars

During January, a few days after entering the White House, the new American president said in a press conference that the US is mulling tariffs on goods imported from the EU, in order to “Correct the trade balance between the US and the EU and to achieve fair trade”. President Trump also said that he is considering imposing an additional 10% tariff on goods imported from China starting from February 1st.

In response, Chinese spokesmen said that China "Is willing to maintain an open channel of communication with the US to close gaps and expand mutually beneficial cooperation between the two sides. The Chinese Foreign Ministry believes that the stable and sustainable development of China-US relations is a common



interest of China, the US, and the international community". However, they said: "China will also firmly safeguard its national interests".

It should be noted that on January 20, Trump signed a memorandum instructing US federal agencies to complete a comprehensive review of a variety of trade issues by April 1, including an analysis of the US trade deficit and unfair trade practices of foreign countries. Trump instructed US federal agencies to recommend solutions, including Imposing supplementary tariffs".

The incoming president did not impose tariffs immediately upon taking office, as he promised during his presidential campaign, and commentators believe that he does not want to deepen the division in his administration on this issue and destabilize the markets. According to estimates, Trump has slowed down his decision-making on the issue to ensure that he has a solid legal basis for such actions.

State of Michigan governor: the tariffs Trump is expected to impose on Mexico and Canada may harm the American auto industry

In mid-January, Michigan Governor Gretchen Whitmer warned that imposing potential tariffs of 25% on imports of cars and auto parts



from Mexico and Canada, as proposed by the incoming US president, could harm the American auto industry, drive up car prices, and benefit China.

The governor, a large part of whose constituents are employed in the American auto industry and its derivatives, said in a speech in Detroit that the potential tariffs would disrupt supply chains, slow production, and lead to job losses in Mexico and Canada.

According to her: "70% of all the auto parts we make in Michigan are sold directly to Mexico and Canada. The tariffs that the US will impose on Mexico and Canada will make China the only winner in the story". She also noted that many auto parts move between the US and its neighbors in the process of manufacturing and assembling American vehicles and that 25% of annual trade between the US and Canada, amounting to about \$700 billion, is carried out through the border crossing between Detroit and Windsor, Canada, where many auto factories are located. "Each time auto parts made in Michigan cross the border and are subject to tariffs, those costs are passed on to dealers and then to customers. Sometimes, this happens multiple times in the vehicle production process. This means that the customer pays more to buy an American pickup truck or replace parts in an American vehicle", she said.



She also said the state of Michigan has been in discussions with Canadian officials to explore ways to lower costs and protect the industry and consumers. The president of Ford also recently expressed support for the governor's position, saying: "We rely heavily on countries around the world as part of our supply chain, so the proposed tariffs pose a real challenge".

In November 2024, Donald Trump declared on social media that after taking office in January 2025, he would immediately sign all the documents required to impose a 25% tariff on Mexico and Canada "Unless illegal immigration is stopped and the fentanyl trade is stopped". It should be noted that in the first half of 2024, the ten leading automakers in Mexico produced approximately 1.4 million vehicles, approximately 90% of which were exported to the US.

American auto market: sales broke a five-year record, led by Hybrids

Sales of passenger cars and LCVs crossed the 16 million mark in 2024, up 2.5% from 15.6 million in 2023, according to final delivery figures released in January. This is the highest annual sales level since 2019 but is still below the peak of 17.55 million units recorded in 2016.



The main growth engines of the US market last year were Hybrids and PHEVs. According to data from the market research company JD Power, in 2024, the average sales cycle for hybrid cars at dealerships was 24 days, while other cars and light trucks took an average of 48 days to sell. Due to excess demand, some consumers in the US had to wait about three months to receive certain hybrid models, and according to estimates, the delays may continue into 2025.

The research firm estimates that in 2024, sales of hybrid vehicles in the US grew by approximately 354,000 units compared to 2023, reaching approximately 1.44 million units, representing 11% of the US market. This is an increase of 2.4 percentage points compared to 2023. Retail sales of EVs in the US grew by approximately 140,000 units in 2024 to 1.2 million units, representing 9.2% of the US market (an increase of 0.8 percentage points compared to the previous year).

US car and light truck inventory continued to recover but remained uneven across brands and models. Hybrid model inventory remained low for some brands while SUV and pickup truck supply improved. According to the research unit of US auto retailer Cox Automotive, US vehicle inventory in mid-December 2024 was about 3.2 million vehicles, compared to about 3.15 million vehicles in early December and about 3 million vehicles in early November.



Automakers' sales incentives increased by about 31% at the end of 2024 compared to 2023 to an average of about \$3,440 per vehicle. In 2024, as a whole, the average vehicle incentive was \$2,880 per vehicle, an increase of \$1,020 year-over-year. The average monthly financing taken out by US car buyers in 2024 was about \$753, an increase of \$21 compared to 2023. Many automakers in the US are currently using leasing and financing transactions to increase showroom traffic and promote EV sales.

JD Power data shows that the average transaction price for new vehicle sales in the US in 2024 increased slightly to approximately \$46,260 at the end of 2024, an increase of \$52 (0.1% compared to the previous year). However, it was lower than the peak of \$47,329 in December 2022. The decrease in the average transaction price is due, in part, to the high pricing of new vehicles and high credit costs, which led many consumers to purchase cheaper and smaller vehicles, such as compact crossover models.

As for 2025, the research firm S&P Global Mobility estimates that many consumers in the US are still hesitant to purchase a new vehicle, but many may advance their purchases if the incoming US president leads to a massive increase in the price of new vehicles, by imposing high tariffs on cars and light trucks made in Mexico or Canada, or by canceling the US federal tax credit for EVs (\$7,500).



JD Power estimates that new car sales in the US will increase moderately to about 16.3 million units in 2025, although the imposition of tariffs may lead to a slowdown later on.

The Biden administration allocated an additional \$635 million for the deployment of a charging network in the US just before being replaced by the Trump administration

One of the Biden administration's key "Green" achievements in the field of electric transportation was the plan to allocate billions of dollars to build hundreds of thousands of charging stations and create critical "Charging corridors" along and across US highways. The allocation was under threat of being halted due to the Trump administration's new policy, and it seems that the Biden administration decided not to wait and determine facts on the ground.

The current allocation is part of a program that began in January in which the Biden administration approved more than half a billion dollars in grants to build 11,500 new charging stations, including thousands of superfast charging stations, to create "Fast charging corridors" on interstate transportation routes. According to a statement from the Federal Highway Administration, the government has now poured \$635 million into developing charging



infrastructure, which will be allocated to 49 infrastructure projects in 27 states.

According to the administration, there are currently more than 206,000 public charging points operating in the US, of which about 38,000 were added in 2024.

The approved grants also include hydrogen truck charging projects such as a Houston Port Authority project, which received nearly \$25 million in funding, a fast-charging corridor for electric trucks between California and Nevada, and more.

The original plan is part of the “Bipartisan Infrastructure law” initiated by Biden with the aim of establishing “A convenient, affordable, reliable, American-made national network of electric vehicle charging stations, including at least 500,000 publicly accessible charging stations by 2030”. The plan also includes upgrading existing stations.



5. China

The Chinese government will continue to give “Scrappage bonus” to those replacing old polluting vehicles with low-emission and electric ones

In January, the Chinese government informed that it intends to continue giving “Scrappage bonus” to customers, replacing old polluting vehicles with new low-emission electric, hybrid, or PHEV ones. The subsidy will be between 1,990-2,650 per vehicle (in Yuans), but the government is expanding the range of old vehicles eligible to enter the “Replace old with new” follow-up program.

China introduced the scrappage bonus in April 2024, and it is set to expire on January 10, 2025. However, China’s National Development and Reform Commission (NDRC) has finally decided that this financing tool, which has led to the replacement of millions of vehicles, will be maintained at least until the end of 2025. So far, the bonus has only been granted to customers who scrapped gasoline cars first registered in traffic before 2011 and diesel cars first registered before 2013. This year, gasoline cars registered before 2012 will also be accepted as candidates for scrapping. Industry experts estimate that the new scrappage bonus will increase demand for EVs in China by about 3 million units in 2025



as a whole and support double-digit growth in the second and third quarters.

The biggest winners will be manufacturers of cheap EVs and hybrids/plug-in cars, as the subsidy is particularly effective for the price of cheap models. The financing for car scrapping in China is part of a larger scrapping initiative that also includes consumer products such as household appliances.

Car exports from China broke new record in 2024 with 6.4 million units, despite the US and European breaking attempts

China's vehicle exports (including chassis) totaled about 6.4 million units in 2024, an increase of 22.8% compared to 2023, according to data from the China Customs Administration, published in mid-January.

The export value (including chassis) in 2024 amounted to about \$115 billion, an increase of 16.5% compared to 2023. The export value of automotive parts, including EV batteries, amounted to about \$95 billion in 2024, an increase of 7.8% compared to last year.

At the time of presenting the data, Chinese official spokesmen said that the term "Over-production" does not exist in the Chinese auto



industry and that "It is an invention of Western competitors." In the past, foreign media reported that China's EV industry is facing a problem of excess production capacity, which significantly exceeds domestic demand and forces Chinese automakers to export vehicles, sometimes without profit.

The customs spokesman said, "The term 'Made in China' is popular and is currently appreciated in the global market, including the automotive market. This is based on a complete industrial system, which relies on continuous investment and innovation in R&D." According to him: "We have ensured the stability of the global supply chain and driven technological progress and industrial upgrading around the world".

In 2025, the Chinese Customs Administration is expected to announce additional reliefs in favor of expanding the export of Chinese products, including automobiles.



6. Canada

Canada stops the subsidy program for EVs until further notice due to an earlier-than-expected ending of the support budget

While in the US, the Trump administration is mulling cutting/canceling incentives for EVs, Canada stopped government funding for EVs in January for a completely different reason – over demand. At the beginning of January, Canada had already exhausted the budget allocated for subsidizing zero-emission (iZEV) until March due to unexpected over-demand for electric vehicles.

Customers who have already ordered their EV and whose application to participate in the iZEV program has been pre-approved will receive the subsidy. However, others will have to pay the full price of the vehicle or postpone the purchase or leasing contract they signed.

The Canadian government notes that this is a temporary pause, although it is still unclear when the incentive program will continue and to what extent. However, in Canada, it is estimated that this is not the end of the subsidy for EVs.



Transport Canada noted that more than 546,000 EVs have already been partially financed through the program since its launch in 2019. Canada's Minister of Transport expressed satisfaction with the success of the program, saying: "Since 2015, our government has been committed to building a greener economy and fighting climate change. We will continue to work with industry, environmental groups, and international stakeholders to foster cooperation in decarbonizing Canada's transportation sector and making it a global leader in zero-emission vehicles".

Canada's iZEV program provided subsidies for the purchase or lease of new EVs, as well as hybrids and plug-in hybrids, of up to CAD 5,000 (approximately EUR 3,400). The program was extended in 2024 when the list of eligible models included 122 PHEV models and 149 full electric models, as well as a single private hydrogen-powered model. The subsidy applies only to new cars priced up to CAD 55,000 for private cars and up to CAD 60,000 for station wagons, pickup trucks, SUVs, minivans, and special vehicles. The subsidy program helped Canada achieve EV penetration of 14.2% of all deliveries in the first three quarters of 2024, up from 11.7% in all of 2023. Medium and heavy-duty commercial vehicles with electric and hydrogen drive are not affected by the funding cutoff since they are supported by a separate program, introduced in 2022 and not due to expire until March 2026.



7. Japan

Car sales in Japan dropped 7% compared with last year, and EV sales registered a decrease for the first time in four years

In 2024, total sales of new cars in Japan dropped by 7% to 4.4 million units, so reveal figures published in Japan during January. Out of the total sales, passenger car sales dropped by 6% to 3.7 million units, and truck sales decreased by more than 12% to 690,000 units.

One of the most notable figures was a sharp decline of about 33% in EV deliveries compared to 2023, to 59,736 units. This is the first decline in this segment in four years. The share of EVs in total sales last year also fell below 2%, the lowest figure among major developed economies. This figure especially strikes against the background of the positive growth of EVs in developed countries. EV manufacturers from China and South Korea are rushing to fill the vacuum in the Japanese EV segment.



8. South-Korea

The total value of South Korean car export in 2024 crossed the \$70 billion threshold. However, the international turmoil, especially in the US, is casting doubt on continued growth for 2025

The South Korean automotive industry concluded 2024 with exports of vehicles and parts worth over \$70 billion for the second year in a row. However, Korea is currently carefully examining the policies of incoming President Trump, which could have a significant impact on the continued export momentum. Analysts in Korea estimate that if tariffs are indeed imposed on vehicles imported to the US, as Trump has stated, this will significantly harm the country's vehicle exports, which will add to the negative impact of the depreciation of the Korean currency against the dollar.

According to Korean customs data, vehicle exports from the country recorded a respectable increase in 2024, considering the production disruptions and strikes that plagued the Korean auto industry in the second half of the year. The monetary value of exports amounted to more than \$70 billion for the second consecutive year since 2023.

However, analysts estimate that part of the increase in export value is due to the advance of vehicle exports to US dealer inventories



towards the end of 2024 in anticipation of the imposition of a 10% to 20% tariff by the Trump administration.

It should be noted that the imposition of reciprocal tariffs between the two countries is currently limited under the Korea-US Free Trade Agreement (FTA). However, there is a possibility that the new administration will seek to "Reopen" the agreement. The Korea Institute of Industrial Economics and Trade estimates that if tariffs are indeed imposed on vehicles exported from Korea to the US, the impact on exports will be 7.7% to 13.6%.

South Korean vehicle sales in the US have been steadily increasing in recent years, reaching a market share of about 21.5% in 2022, about 22.6% in 2023, and about 23.6% in 2024.

The Korea Automobile Industry Association (KAMA) estimates that in 2025, the monetary value of total vehicle exports from Korea will decrease by 4.2% compared to the previous year, to \$68 billion.



9. Israel

Ministry of Finance is formulating a reform in the imputed value of usage incentives for “Green” cars

The Ministry of Finance is formulating a reform in the imputed value of usage incentives for reduced emission companies and fleet cars, reported the economic press in January.

At the end of 2025, the current temporary imputed value of the usage outline was set in 2022, and since then, it has been updated several times via temporary orders. As part of that outline, a benefit of 500 NIS per month was set for a hybrid vehicle, 1,000 NIS per month for a plug-in vehicle, and 1,200 NIS for an EV. Since then, the benefits have been updated only at the index level, and today, according to the Ministry of Finance, the benefit has been significantly eroded due to the sharp increase in vehicle prices in these segments.

The main increase in price was due to the complete cancellation of purchase tax benefits on hybrid and plug-in vehicles in 2022-2024 and a sharp increase in the purchase tax on EVs from 10% to 45% today.

The Ministry of Finance aims to present the new and updated benefit outline before the end of 2025 in order to continue to encourage approximately 300,000 fleet car drivers in Israel, whose



relative contribution to travel and pollution is particularly high, to acquire a "Green" vehicle. It is still unclear whether the outline will include a one-time increase in NIS in the imputed value of usage or a variable dynamic updating mechanism derived from vehicle prices. It is also not yet clear what the source of financing for the increased benefits will be. Currently, the cost of these benefits is estimated at approximately 260 million NIS in taxes per year, while the usage value tax brings the Treasury approximately 5.5 billion NIS per year on average.

Hezi Shayb, Ph.D
CEO – I-Via