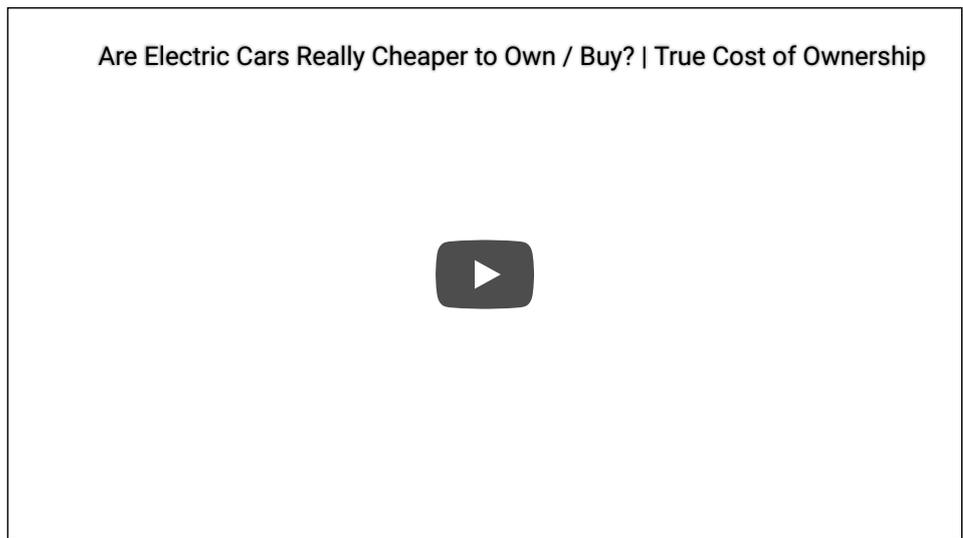


# Electric cars estimated to be cheaper than regular cars by 2022

BY KEN HANLY APR 29, 2019 IN TECHNOLOGY

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The research company BloombergNEF claims that electric cars (EVs) could be cheaper than regular fossil-fueled cars by as early as 2022.



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## The electric vehicle(EV) industry is growing very quickly

Less than a decade ago in 2010 the global number of EVs was about 12,500. In 2018 more than 2 million EVs were sold world-wide and amounted to 2 percent of total car sales. Today there are more than 5 million EVs on the road throughout the globe.

There has been a constant reduction in both the size and price of the batteries essential to the EVs. However, EV's still are more expensive on the whole than the gas-powered counterparts and also lag in range and also refueling time.

However, price differentials is also a concern for many buyers.

### EV's may become cheaper than fossil-fueled vehicles earlier than thought

Every year **BloombergNEF**, a research company, analyses the cost of purchasing an EV and compares it with the cost of a fossil-fueled vehicle of the same type. The company estimates the crossover point at which EVs become cheaper than regular combustion engine powered cars. **The point has been changing rapidly:** " In a recent blog post, BloombergNEF energy analyst Nathaniel Bullard notes that in 2017 the point at which an electric vehicle would become cheaper than a combustion-engine vehicle of the same size was estimated to be 2026. Last year that closed to 2024, and he says the latest analysis suggests it's now 2022 for large vehicles in the European Union."

One of the main causes for the change in the crossover point is the declining price of the lithium-ion batteries essential to the operation of the EVs. The battery costs now represent about a third of the car price whereas not long ago they made up around half the price. The batteries are expected to have another price drop of around 20 percent by 2025. The range of electric vehicles is likely to broaden and include construction diggers, boats, and even planes.

### Government policies can help the EV industry grow

The growth of the EV industry is also helped through government policies in some countries that subsidize the purchase of the vehicles in order to reduce emissions and protect the environment. The US had such policies but the tax incentives will end this year and have already declined for Tesla and GM EVs. The Trump administration has not been friendly to environmental concerns and there is no sign at present Trump will try to have a new program or the old one extended.

The Chinese government has been pushing for more EV sales but recently slashed the extensive subsidies that had made China the world's largest market for EV's overtaking the US. The government said that the subsidies made companies too reliant on handouts and less open to innovation. China says it will remove subsidies completely by 2020. It may be that the slowdown in the economy is making less revenue available for subsidies. However, China has a huge pollution problem and fostering the EV industry may pay off in reducing pollution caused by conventional cars. While the reduction in subsidies in some countries may set back the production of EV's somewhat, it still seems that lower costs will increase demand producing economies of scale that could result in lower prices still. Also many countries may decide that subsidies actually payoff in terms of the positive effects of reducing the use of fossil fuels.

Overall it seems the growth momentum of the EV industry is likely to increase over the next years.

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