Mobility Minds Blog
By PwC Deutschland | 05. Dezember 2025

How can governments best promote the EV market?

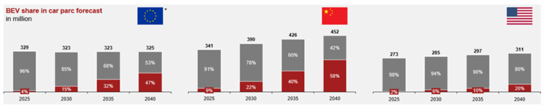
Smart ways to push smart mobility.

The European Union (EU) has put in place a stringent government approach by effectively banning the sale of new ICE vehicles from 2035 with a current mandate for a 0 g CO2 emission limit. The goal of ending new registrations of combustion engines in 2035 was long considered set in stone. However, the German government's latest initiative means that a postponement and watering down of the plan is likely. Despite the long transition period, a de facto ban on combustion engines was controversial from the outset.

In the quest to expand the BEV market and to reach the climate targets, major regions worldwide have adopted varied strategies.

China, in contrast, has chosen a different path. Instead of implementing a hard-and-fast ban, it has focused on strategic incentives, government subsidies for NEVs, tax exemptions, and conditional restrictions on ICE license plates. Unlike the EU, China employs state-led and state-funded industrial policies, enhancing efficiency in a market characterized by low vehicle ownership per capita, inexpensive electricity and a growing number of first-time buyers, open for EV powertrains.

We believe that this more adaptable approach may achieve CO2 reduction targets more swiftly and effectively than a fixed date ban. The increasing popularity of BEVs, coupled with smart incentives, subsidies, improved infrastructure, and lower charging costs, might render an absolute ICE ban unnecessary. The EU's CO2 target for 2035 aligns with its broader goal of achieving climate neutrality by 2050. However, the complete removal of CO2-emitting vehicles from the roads will extend beyond 2035. This shows the importance of continued progress.



*EU27+UK+EFTA

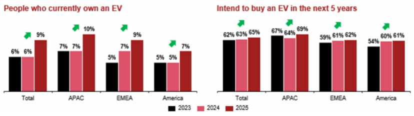
Source: PwC Autofacts® analysis

Smart approach can render hard bans unnecessary

The 2025 Strategy& eReadiness Study revealed that approximately two-thirds of global consumers are interested in purchasing an EV within the next five years. This enthusiasm for EVs is consistent across various regions, suggesting that it transcends differing governmental policies. A key driver of this growing consumer interest is the rapid advancement in EV technology, which has led to shorter charging times, extended driving ranges, and more affordable options. Crucially, EVs are now also winning over pragmatic, cost?conscious consumers who run the numbers, as improving total cost of ownership make EVs an increasingly rational choice.

Furthermore, the vast majority of current EV owners express satisfaction with their vehicles, and it is probable that they will encourage friends and family to make similar purchases. This organic growth in consumer demand highlights an already evolving trend, that governments can play a role in supporting.

In the short term, well-designed incentives can have a greater impact than simply threatening future bans. By enhancing infrastructure, governments can increase convenience and alleviate potential buyers' concerns. Additionally, reducing electricity prices can significantly lower the operating costs, a critical consideration for those contemplating an EV purchase.



Source: PwC Autofacts® analysis, Strategy& analysis

Taken from the Electric Vehicle Sales Review Q3-2025. Get the full studyhere.

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