



Electric cars – sales take off in the fight against air pollution

Governments and car manufacturers the world over are promoting alternative fuels and propulsion systems as a way of tackling climate change. In 2022, the European Parliament decided that from 2035, all newly-registered cars and light commercial vehicles will be banned from emitting greenhouse gases, and governments and manufacturers believe that to achieve this objective, the old propulsion systems must be abandoned and only electric or hydrogen-powered vehicles will be produced.

The ever-increasing range of models produced by automobile manufacturers, the progressive improvements in infrastructure and the upsurge in sales seem to indicate that electric cars will capture an increasingly large market share over the next few years.

KEY MESSAGES

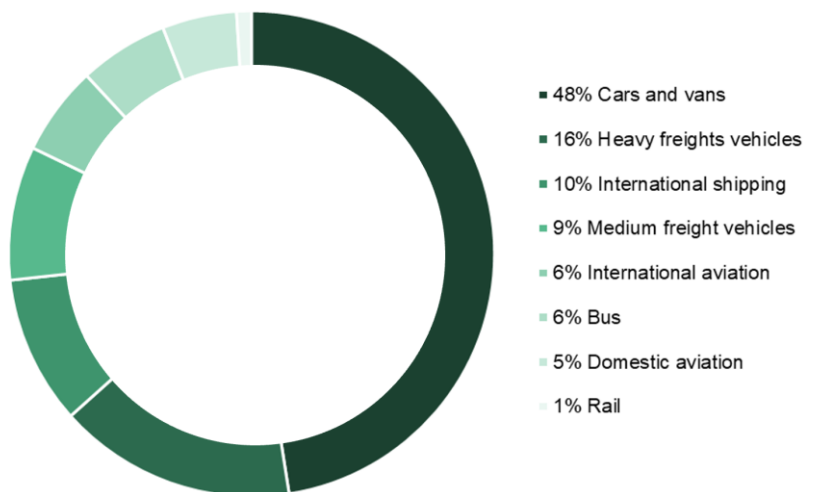
The transport industry is the second-biggest polluter.

CO2 emissions – a dangerous trend

Emissions of carbon dioxide (CO2) from the combustion of fossil fuels and industrial processes all over the world have risen dramatically.

According to the Emissions Database for Global Atmospheric Research, the majority of CO2 emissions in 2022 were from the following industries: the electrical industry (38.1%), transport (20.7%), industrial combustion (17%), buildings (8.9%) and industrial processes (8.4%). Within the transport sector, almost two-thirds of carbon dioxide emissions were produced by cars and vans (48%) as well as heavy freight vehicles (16%).

Source: Statista.com

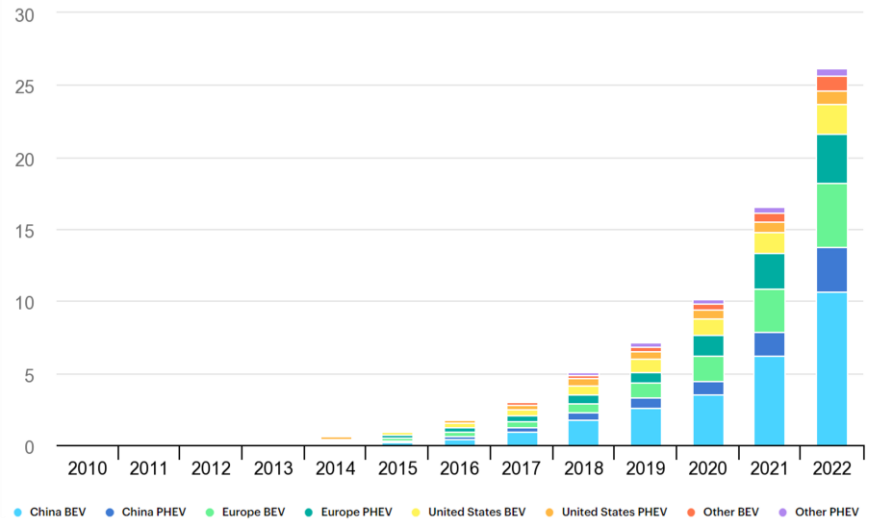


KEY MESSAGES

In the five-year period between 2017 and 2022, sales of electric vehicles rose from 1 million to more than 10 million.

Sales of electric vehicles continue to increase globally

According to the International Energy Agency (IEA), there were over 26 million electric cars on the road in 2022, five times more than in 2018:

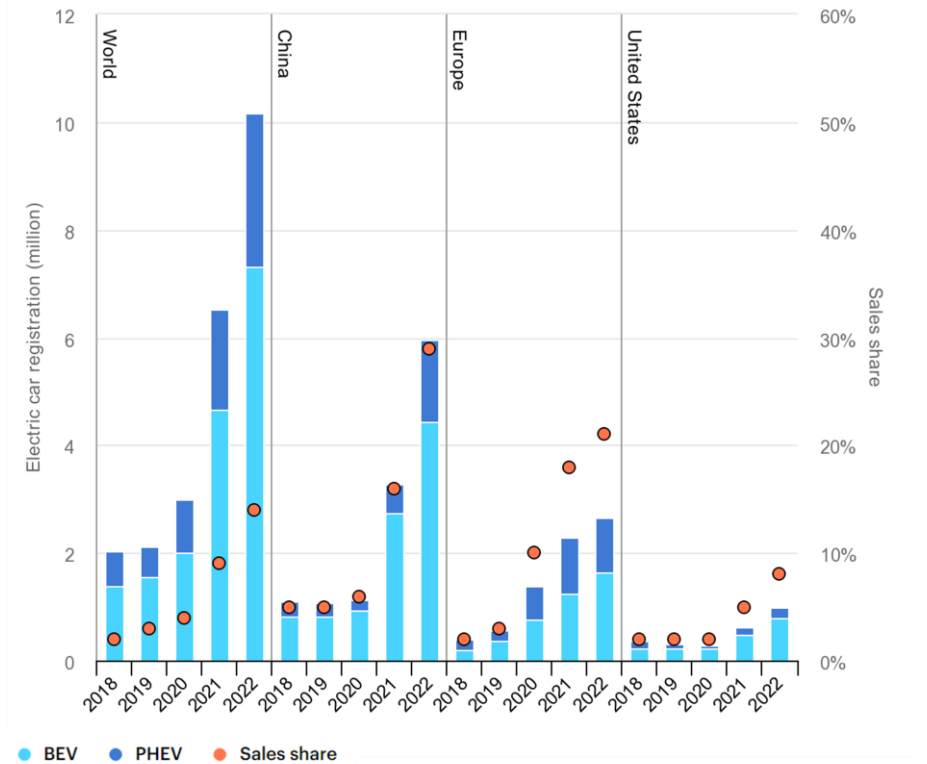


Source: [International Energy Agency](https://www.iea.org/)

Despite macroeconomic and geopolitical uncertainty and the high costs of commodities and energy, electric vehicle sales hit record levels over the past year, and it is now certain that 2023 figures will be even higher. These figures are even more significant given that the increase in sales of electric vehicle occurred within an overall contraction of the automobile markets: in 2022, total automobile sales were 3% less than in 2021, whereas sales of battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs) exceeded 10 million - twice as many as two years ago and ten times as many as in 2017.

In 2022, around 60% of all new electric vehicles registered were in China, which is the biggest market for this type of transport. In addition, over 50% of all the electric vehicles in the world were last year located in China for the first time. In August 2023, 38% of new vehicles registered were electric cars, and the upsurge is due to more than a decade of political incentives.

After China come Europe, where the sales share for electric vehicles reached 21% in 2022 – up significantly from 3% in 2019 – and the United States, which saw an increase of 55% in electric vehicle sales between 2021 and 2022. This increase is even more significant considering that total vehicle sales fell by 8% last year compared to the previous year, a much sharper decline than the global average (3%).



Source: [International Energy Agency](https://www.iea.org)

Finally, it is estimated that around 14 million electric cars will be sold around the world in 2023, representing an increase of 35% over 2022 figures for electric vehicles sales.

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Over 50% of all electric and hybrid cars sold (BEVs and PHEVs) come from just 5 manufacturers.

Which car manufacturing groups have benefited most from this expansion?

According to data released by EV-volumes.com relating to the first half of this year, five car manufacturers alone are responsible for over 50% of electric (BEV) and hybrid (PHEV) car sales. The biggest of these is the Chinese group BYD, with a 21.4% market share. Next is Tesla, which manufactures all-electric cars only and is the market leader in zero-emissions, with a sales volume of around 888,000 vehicles.

Car groups listed by number of BEV and PHEV sales for the first half of 2023, compared to the same period in 2022:

	No. of cars sold	Market share	
		2023	2022
BYD	1,248,168	21.4%	15.4%
Tesla	888,879	15.2%	13.6%
Volkswagen	425,761	7.3%	8.0%
Geely-Volvo	359,543	6.2%	5.6%
SAIC (SAIC-GM-Wuling)	322,921	5.5%	8.6%

Source: [Insideevs.com](https://www.insideevs.com)

Car groups listed by number of BEV sales for the first half of 2023, compared to the same period in 2022:

	No. of cars sold	Market share	
		2023	2022
Tesla	888,879	21.7%	19.0%
BYD	615,064	15.0%	11.0%
Volkswagen	311,359	7.6%	7.3%
SAIC (SAIC-GM-Wuling)	308,899	7.5%	10.8%
Geely-Volvo	236,847	5.8%	?

Source: insideevs.com

KEY MESSAGES

Asian suppliers continue to dominate the market for electric vehicle batteries.

Battery manufacturers that have benefited from this positive trend

The global market for electric vehicle batteries is expected to grow from 17 billion dollars in 2019 to over 95 billion by 2028; the growing demand to decarbonise the transport sector has engendered significant momentum for the companies that manufacture these items.

The world's main producers of batteries are:

Rank	Company	2022 Market Share	Country
#1	CATL	34%	China
#2	LG Energy Solution	14%	Korea
#3	BYD	12%	China
#4	Panasonic	10%	Japan
#5	SK On	7%	Korea
#6	Samsung SDI	5%	Korea
#7	CALB	4%	China
#8	Guoxuan	3%	China
#9	Sunwoda	2%	China
#10	SVOLT	1%	China
	Other	8%	ROW

Source: Visual Capitalist, 2022

Despite efforts in the USA and Europe to increase domestic production of batteries, the market is still dominated by Asian suppliers. Chinese companies currently account for 56% of the global market, followed by Korea (26%) and Japan (10%).

CATL - supplier of lithium-ion batteries to the Tesla, Peugeot, Hyundai, Honda, BMW, Toyota, Volkswagen and Volvo brands – is the leading battery manufacturer with a market share of almost 35%.

Electric car manufacturers and battery producers, as well as commodity, sectoral fund and ETF companies, are therefore attractive investment opportunities for future-oriented and environmentally-sensitive investors.

Opportunities

- *Contribution to environmental protection: the proposed instruments ensure that the money is invested in companies that contribute to reducing CO2 emissions.*
- *Participation in a rapidly-growing trend: share prices benefit from growing demand from both private and institutional investors.*

Risks

- *Market fluctuations: depending on market phases, shares are subject to major fluctuations in their value, both upwards and downwards.*

To request the full publication containing the instruments we have selected and recommended or to get more information, please fill in the form on our [website](#) (only available to residents in Switzerland).

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