

# Germany outlines bold plan to drive electric

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A man charges his electric car at an electric filling station in Dresden, eastern Germany in 2010. The German government said on Monday it would double subsidies to help the auto industry develop electric cars to two billion euros (\$2.8 billion) .

Germany outlined Monday a bold plan to rev up the number of all-electric cars on its roads from next to nothing to one million in under 10 years, helping its automakers shift into the key sector.

While only 2,000 to 3,000 all-electric cars are currently registered in a country of 40 million vehicles, Chancellor [Angela Merkel](#) dreams of boosting their number to a million by 2020, and possibly six million by 2030.

Germany must become "a market leader" in the new technology, Merkel told a press conference on Monday.

While Germany's [automakers](#) have driven to the top of the luxury segment, they have only belatedly moved to bring gas-electric hybrid or electric-only vehicles to the market.

Berlin is to double its financial aid to the industry, with spending of two billion euros (\$2.8 billion) by 2013, especially for research and development into more powerful batteries, a key technology for improving performance and reducing the [price-tag](#) of electric vehicles.

But Merkel rejected the idea of subsidising the cost of buying [electric cars](#) which remain far more expensive than conventional cars.

"A premium to buy isn't the right answer," she said.

Mitsubishi's all-electric i-Miev, one of the first to be mass-produced, retails at more than 30,000 euros, a price far superior to other cars in its class.

The [German government](#) will nevertheless try to encourage sales by other means.

Merkel said any car emitting less than 50 grammes of [CO2](#) per kilometre -- something no petrol powered car can do -- would be exempt from road tax for 10 years.

She also promised to reform the way company vehicles are taxed to give electric cars an advantage.

Electric cars would also be allowed to use bus lanes in towns, while some parking and charging would be free.

The government would also ensure that 10 percent of its hiring or buying of cars would involve electric cars, she added.

The chancellor acknowledged that it would "not be easy" for Germany to become a market leader in the [new technology](#) as foreign manufacturers have stolen a march on its development.



German Chancellor Angela Merkel gives a press conference on electric mobility in Berlin. Germany outlined Monday a bold plan to rev up the number of all-electric cars on its roads from next to nothing to one million in under 10 years, helping its automakers shift into the key sector.

A switch to [electric vehicles](#) is seen as crucial to help reduce greenhouse gas emissions and dependency on foreign oil imports.

But it is also seen as key to protecting the German automobile industry, one of the economy's main engines.

"Batteries must be manufactured in Germany to guarantee employment throughout the production chain," the German federation of electric and electro-technical industries has warned.

"We must make sure that expertise remains based in Germany," Willi Diez, head of the Automobile Marketing Research Institute told Handelsblatt newspaper.

Germany's Automobile Federation (VDA), for its part, has announced that this year's Frankfurt international car show, to be held from September 15 to 25, would highlight electric cars.

The world's leading luxury car maker, BMW, has said it will launch its first all-electric urban vehicle in 2013, two years earlier than planned.

Daimler is poised to unveil an electric version of its mini "smart" car, as well as a version of its Mercedes A class this year, while Volkswagen, Europe's biggest automaker, expects to launch its electric car in 2013.

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