Sri Lanka plans to scrap state-owned fossil fuel vehicles by 2025

November 9 2017

Sri Lanka's government will phase out in the next eight years its fleet of diesel and petrol vehicles including buses, and move to electric or hybrid models, the finance minister said

Sri Lanka announced Thursday plans to replace all state-owned vehicles with electric or hybrid models by 2025, a move that will be extended to private vehicles by 2040.

Finance Minister Mangala Samaraweera said the government will phase out its fleet of diesel and petrol vehicles including buses over the next eight years, switching to electric or hybrid models.

Private owners have until 2040 to replace their cars, tuk-tuks and motorcycles, when the country plans to no longer allow any fossil fuel-burning vehicles on its roads, he said.

Sri Lanka is the latest country to announce plans to phase out fossil fuel vehicles.

Britain and France have said they want to end the sale of diesel and petrol cars by 2040. India wants to make new vehicle sales all-electric by 2030.

Sri Lanka had around 6.8 million vehicles, most imported from Japan and India, on its roads at the end of 2016, including nearly 720,000 cars.

To encourage citizens to replace their cars the government announced a slew of measures including slashing taxes on electric cars and hiking them on large fuel guzzlers, as well as introducing a new carbon tax on fossil fuel-burning vehicles.

"The tax on electric cars will be reduced by over a million rupees ($6,600) to encourage motorists to switch to clean energy," Samaraweera told parliament while unveiling the government's annual budget for 2018.

Import tax on large cars will be hiked by nearly $17,000, he said.

The government also offered cheap credit to the owners of buses and the country's 1.3 million tuk-tuk taxis to help them make the switch.

Samaraweera presented the country's revenue and expenditure proposals for 2018 a day after slashing taxes on six commonly consumed commodities to curb high living costs as inflation hit 7.8 percent.

The government has blamed the record inflation on sharp increases in food prices.

Tens of thousands of rice and vegetable farms were hit by severe floods earlier this year that killed hundreds in the island nation.

The finance minister also revised up the country's budget deficit for 2017 to 5.2 percent of GDP from an earlier projection of 4.6 percent.