

**ELECTRICALLY OPERATED MOTOR VEHICLES:
ARE THEY HERE TO STAY, THIS TIME AROUND ?**

In the year 1900, the land speed record was held by a battery powered, electrically operated vehicle.

The concept of an electric motor car goes back to 1828 when Mr Anyos Jedlik, an Hungarian, invented an electric motor that could be powered by a storage battery, the power of which was sufficient to make a vehicle mobile.

Little has changed from the original concept of the production of a purely electrically operated vehicle, powered by a storage battery, other than improvements in battery technology.

In Germany, today, the number of electric vehicles remains low, compared with the number of traditionally powered vehicles, ploughing the streets of the country.

The registrations of new motor cars, fitted with pure, electrically operated engines (distinct from hybrid vehicles due to the fact such vehicles do not need an external power source to recharge vehicle batteries), being less than one tenth of one percent.

The German Government is considering the concept of giving financial assistance to motor-vehicle manufacturers, employing electrically driven motors by use of an on-board, storage battery in order to power their motor vehicles.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the Government has waived the First Registration Tax in respect of purely electrically operated motor cars, equipped with on-board, storage batteries.

This waiving of the First Registration Tax expires in March 2017.

Whether or not it will be extended past March, next year, is a question, being raised by some prospective buyers of purely electrically operated motor cars.

For many HKSAR consumers, owning purely electrically operated motor cars, they were purchased more for novelty value than for any other valid reason because, among other things, the purchase price is equivalent to the asking price of many models of middle-of-the-line, Mercedes Benz motor cars.

For a resident of the HKSAR, one who is desirous of purchasing a motor vehicle, powered by a traditional, internal combustion engine, the First Registration Tax amounts to about 110 percent of the imported price of the vehicle.

The original concept of imposing a high, First Registration Tax on imported motor vehicles into the territory was an attempt to reduce the number of motor vehicles on Hongkong's roads, the Hongkong Government has, always, maintained.

It appears that, with the coming into vogue of a purely electrically operated motor vehicle, the Government has done an about-face in respect of its original intent.

Recently, Mr Mok Wai Chuen (), Assistant Director, (Air Policy), Environmental Protection Department of the HKSAR Government, in his paper, entitled '*The Promotion of Electric Vehicles in Hongkong*', said, inter alia, that such vehicles would:

Reduce carbon emissions;
Promote green economy; and,
Improve roadside air quality.

He said, also, that the ultimate aim of Government was to achieve zero-emission buses on HKSAR roads, encourage manufacturers of electrically operated vehicles, equipped with on-board storage batteries, to introduce their vehicles to HKSAR consumers, as well as putting the icing the Government's '*cake*' with a promise of full Profits Tax deduction in respect of the capital expenditure on the purchase of electrically operated vehicles in the first year of procurement.

Mr Mok Wai Chuen said, also, that Government had been working with the private sector in order to establish charging facilities for purely electrically operated motor vehicles in the territory and permitting free charging facilities at HKSAR Government car parks.

In addition, car parks in new developments with fixed electrical installations would be eligible for Gross Floor Area Concessions.

Mr Mok Wai Chuen said that the Government's recommended guidelines for new, car-parking spaces was that 30 percent of spaces should be installed with standard chargers.

In short, the HKSAR Government is intent on subsidising manufacturers of electrically operated vehicles, directly and indirectly, to the detriment of manufacturers of vehicles, employing internal combustion engines to power their motor cars and lorries, etc.

It could be held that HKSAR consumers of purely electrically operated vehicles are obtaining a definite financial advantage over those consumers who, for one reason or another, cannot afford the cost of an electrically operated vehicle that is, presently, selling at between \$HK700,000 and \$HK800,000.

Further, the financial subsidies, presently offered by the HKSAR Government to manufacturers of electrically operated motor cars as well as to HKSAR consumers of such vehicles, are, without question, interference in the long-established concept of the territory's free-market economy as well as being contrary to the economic principal of *liaise faire*.

Electric Car Penetration

By the middle of 2015, a little more than one million vehicles, all plug-in electric motor cars and light utility vehicles, as electrically operated motor vehicles are commonly described in some regions of the world, today, had been sold, worldwide.

That number of motor vehicles represented about 0.10 percent of all motor vehicles sold, throughout the world for that year.

As at December 31, 2015, The United States of America had a fleet of 411,000 light-duty, plug-in electric vehicles.

Some of those vehicles dated back to 2008.

The US, therefore, is the world's largest, single purchaser of plug-in electric vehicle, old though many of these vehicle may be, today.

The PRC ranks second in the world, with its consumers, owning 258,000 such vehicles, many dating back to 2011.

Japan follows in third place with statistics, reporting that its consumers owned 130,000 plug-in electrical vehicles, many having been bought in 2009.

As for Europe, statistics indicate that, as at December 31, 2015, 419,000 plug-in electric motor cars had been registered.

With regard to the four years, ended December 31, 2014, the top-selling, plug-in electric motor car was the Chevrolet Volt with sales of 3,952 vehicles.

The Nissan Leaf came in second place with sales of 1,965 vehicles.

The Tesla Model S came in third place with sales of 1,580 vehicles.

But Tesla sold not one vehicle in 2011.

Thanks to the Hongkong Government's promotion of plug-in, electric motor cars, Tesla has been riding high, or so the company's propaganda would have one believe.

On July 2, last year, the company made the following announcement:

'Tesla also announced on Thursday that it made 11,507 deliveries for its Tesla Model S car in the second quarter of 2015, a new record for most cars delivered in a quarter and a 52 per cent increase compared to the same period last year.'

'EV (Electric Vehicles) sales are also gaining traction in Hong Kong, with 2,200 electric cars now licensed and on the road compared to just 100 in 2011, according to the Environmental Protection Department.'

But the Hongkong Government's subsidy with regard to the waiving of the First Registration Tax for consumers, purchasing plug-in, electrically operated motor cars is supposed to cease in about 12 months for now.

It will be interesting to learn how sales of plug-in, electrically operated vehicles will fare after March 2017, that is assuming that the HKSAR Government stops subsidising Tesla.

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