

EVs — toys for the rich?

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February saw some activity in Pakistan's automobile sector, as four new vehicles, three of them electric, were introduced into the market.

Pakistan's automobile industry has always been highly criticised. High-priced, low-quality vehicles, delayed deliveries, black market premiums, lack of features, high import dependence despite decades of localisation fantasy, and protectionist policies, among many other issues, have persisted for decades. However, at this time, all has not been downhill.

Instead, the nexus of the 'big three' (Pak Suzuki Motor Company, Honda Atlas Cars Pakistan, and Indus Motor Company Limited) has been dented by the entry of almost ten new automobile assemblers and manufacturers. Consumer options have improved as competition in the sedan segment increased, while the market has also been flooded with compact sports utility vehicles (SUVs).

Despite introducing more vehicles, automobile production remains stagnant, and restrictions on automobile and parts imports increased as economic governance worsened.

(Complete EV transition is inefficient and unviable, except for a wealthy few

The global automobile industry, meanwhile, has made leaps forward towards achieving the target of replacing over three-fourths of automobiles with electric vehicles (EV) by 2030. Many brands and countries have either already or are about to cease production of internal combustion engines (ICE) and move entirely towards EVs.

Pakistan also launched its first-ever National Electric Vehicle policy in 2019 as part of its commitment to work towards Sustainable Development Goal (SDG) 11, which aims to make cities and human settlements inclusive, safe, resilient, and sustainable. Managing air quality in urban areas is a key factor in achieving SDG 11, and the efforts to shift towards EVs are expected to play a pivotal role.

However, it is important to acknowledge the ground realities. As per the latest Pakistan Social & Living Standard Measurement Survey, only six per cent of households own a vehicle in Pakistan while the country's peak demand for new automobiles is only around 0.25 million annually. This shows that automobiles are not affordable for a vast majority, and with the continuous increase in prices of new cars, the demand for them continues to shrink.

In such an economy, dreaming of a complete or major EV transition in the automobile industry is not

only far-fetched but impossible. EVs are not only financially unattainable for the public — apart from a select few — but also unviable.

A major question pertaining to the EV transition is, much like the chicken and the egg problem, what comes first: the charging infrastructure or the EVs?

Commercial charging infrastructure will not be a profitable business unless demand increases through increased EV ownership. However, EVs will not be a practical option if commercial charging infrastructure is unavailable.

The lack of fast chargers, especially on intercity highways, makes EVs unusable for intercity travel. Meanwhile, long charging times at home and continuous electricity disruptions make charging a massive headache for daily intracity users. Similarly, even commercial chargers are faced with the continuous threat of electricity disruptions due to the inadequacies of the energy sector itself.

In such a scenario, purchasing an EV seems like a realistic decision to use as a second vehicle for intracity mobility only.

Consequently, EVs are an attraction for only the handful of households that have the capacity to spend at least Rs10m for a second vehicle.

Automobile companies in Pakistan have recently introduced hybrid electric vehicles (HEV), which have pulled automobile consumers towards them. With constantly increasing fuel prices, hybrid vehicles are a practical option for Pakistani consumers, reducing fuel expenditures.

In past years, imported and even plug-in hybrid electric vehicles (PHEV) have been preferred by consumers along with 660cc engine vehicles. This represents a clear preference for low-fuel-consuming vehicles in the country if options are made available.

Some believe that Pakistan's shift to EVs will begin with two-wheel and three-wheel vehicles. This view has some grounding, as over 60pc households in Pakistan own a two-wheel vehicle while 2.7pc households own a three-wheel vehicle used primarily for commercial or public transport purposes. Subsequently, the target population for two- and three-wheel EVs is much greater, but that too comes with its constraints.

Firstly, EV bikes cost at least more than twice the cheapest motorcycles available. Secondly, ICE bikes have significantly lower fuel consumption and, thus, are not a major expenditure burden for most. Meanwhile, EVs are not only more expensive but also have a low range per charge and require long charging times, mostly overnight. This makes commercial or public transport use of two and three-wheelers unviable.

EVs in Pakistan currently seem to be lacking in financial benefit to the user as well as any practical benefit for the shift. Instead, they restrict the possible commute and mobility options due to their

constraints.

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