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Electric Transport Gains Foothold in Latin Cities

Electric vehicles (EVs) are currently too expensive to disrupt oil's dominance in transport, even in wealthy nations where EV sales are gradually inching upward. In lower-income countries, EV adoption is moving even slower. A useful example is Latin America: High sticker prices are keeping EVs out of reach for virtually every household, but automakers have been able to make early inroads with corporations and governments that are eager to ease congestion in smoggy cities. With official statistics hard to come by, a recent Inter-American Dialogue (IAD) report estimates there are just a few thousand such vehicles rolling around the entire region. Most EVs sold in Latin America are ending up in public transportation or taxi fleets. "When you have those big transit problems, it makes the most sense to start there," says Lisa Viscidi, author of the IAD report, "and governments are being very forward-thinking in making changes now." Given success stories in places like Norway, Latin governments — while not able to offer the same level of incentives — are nonetheless aware that an extra push is needed to get citizens to go electric (NE Jun.11'15).

The charge is being led by cities. Bogota, Colombia, for instance, has made a pledge to convert 50% of its taxi fleet to EVs over the next 10 years. The city also made EVs — which were only introduced to Colombia in 2012 — exempt from rotating driving bans, which keep cars off the road on certain days to control traffic, mirroring a Chinese policy (NE Jun.4'15). Some have pointed to China as the model for emerging market EV adoption; however, such comparisons often overlook massive government subsidies and already advanced technological capacity (NE Aug.13'15). That isn't stopping some Latin countries from dreaming, however. In a drive to one day become the first Latin country to manufacture EVs, Ecuador signed a 2015 agreement with Kia Motors, Nissan, Chinese photovoltaic company BYD and France's Renault waiving all import taxes on EVs costing less than \$35,000. The Kia Soul for instance, an EV priced at just under \$32,000, is within the threshold. In economic terms, the move should promote technology transfers while also making Ecuadoreans aware of EV capabilities. Colombia has also offered breaks of up to 35% off import taxes for EVs priced up to \$52,000.

Tax breaks are seen as a way to get more EVs on the road and drum up consumer excitement, reflecting how public perception may be just as important as public policy. "We've found many companies with a 'green' focus have incorporated our BMWi electric model into their fleets because of the image of ecological awareness it offers," Eugenio Grandio, coordinator for BMW electric vehicles Latin America, told *EI New Energy*. In line with the newness of the market itself, BMW — which did not have readily available figures about market penetration for its EVs — describes its clients as "pioneers." The company introduced its BMWi model in Colombia about a year ago but has already started moving things along further in other countries. Grandio pointed out that BMW has installed more than 70 recharging stations in Mexico as part of a pilot program in cooperation with the country's Comision Federal de Electricidad, an electric utility. However, such efforts are not being matched by other automakers at the moment. A source from Tesla Motors said the company had "not yet revealed a strategy" for Latin America but was trying to establish operations in Mexico to lay the groundwork. The source added that Tesla had not yet expanded its supercharger network there, something that would probably happen once a sales presence was established (NE Jun.20'13).

A lack of public charging infrastructure remains a key regional challenge, but in countries like Brazil, EV adoption faces other obstacles. Brazil's huge ethanol industry, with a powerful lobby fueling the world's largest fleet of flex-fuel vehicles, practically guarantees EV manufacturers will face barriers to entry (NE Sep.17'15). If these hurdles can be overcome, Brazil has the potential to be a particularly "green" EV market since the majority of the country's power is generated by hydro. Viscidi believes Brazilians would be willing to switch out ethanol-fueled vehicles for EVs if the right incentives are in place. She is quick to point out, however, that Latin America still has a long way to go before EVs begin to truly steal market share from the internal combustion engine. "Even if you take into account the benefits — the lower fuel costs — EV adoption still needs policy incentives," she says, "it can't just be market driven."

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