

# **South America Tractor Market By Power Output (>40 HP, 40 HP & Under 40 HP & 100 HP & Above), By Drive Type (2-wheel Drive & 4-wheel Drive), By Application (Agriculture & Non-Agriculture), Competition, Forecast & Opportunities, 2018-2028**

<https://marketpublishers.com/r/S41BA243886EN.html>

Date: November 2023

Pages: 128

Price: US\$ 4,400.00 (Single User License)

ID: S41BA243886EN

## **Abstracts**

Saudi Arabia Electric Commercial Vehicle Market has valued at USD 1.6 Billion in 2022 and is anticipated to project robust growth in the forecast period with a CAGR of 5.95%. The electric commercial vehicle (ECV) market in Saudi Arabia has been witnessing a transformative shift in recent years, driven by a combination of government initiatives, increased consumer awareness, and global sustainability trends. As the world's largest oil producer, Saudi Arabia has long been synonymous with fossil fuel dependency. However, recognizing the need to diversify its economy and reduce greenhouse gas emissions, the Saudi government, through its Vision 2030 plan, has committed to a sustainable future with a strong emphasis on electrification and cleaner transportation. This has paved the way for the rapid growth and development of the ECV market in the country. The Saudi Arabian government has played a pivotal role in accelerating the growth of the ECV market by introducing a range of incentives and support mechanisms. These initiatives are aimed at reducing the initial purchase cost of electric vehicles, facilitating the development of charging infrastructure, and encouraging ECV adoption among individuals and businesses. One of the most significant government initiatives has been the reduction of import tariffs and tax benefits for ECV manufacturers and buyers. This has made electric vehicles more financially attractive, helping to offset the higher initial costs associated with these vehicles. To address one of the critical challenges in ECV adoption, Saudi Arabia has invested heavily in expanding its charging infrastructure. A robust network of charging stations is essential for the convenience and practicality of ECVs, and the Saudi government is fully aware of this. The commitment to developing charging infrastructure extends not only to urban

centers but also to highways, remote regions, and key travel corridors. As a result, range anxiety, which has been a significant deterrent to ECV adoption, is gradually diminishing, making electric vehicles more viable options for consumers and businesses. The adoption of ECVs by commercial and industrial fleets is on the rise in Saudi Arabia. Businesses operating in the country are increasingly realizing the benefits of ECVs, both in terms of cost savings and their positive environmental image. Electric vehicles offer substantial reductions in fuel and maintenance costs over time, making them an economically sensible choice for fleet operators. Moreover, the government's incentives and regulations have made it financially advantageous for companies to integrate ECVs into their fleets. Fleet electrification is an important trend as it not only reduces emissions but also significantly shapes the ECV market by promoting mass adoption.

One of the most promising trends is the increased awareness and adoption of ECVs among consumers. As more individuals become informed about the environmental benefits of electric vehicles and their long-term cost savings, demand for ECVs is on the rise. Consumer adoption is further boosted by the development of a local market for used ECVs, which provides affordable options for a wider range of buyers. This trend contributes to the growth of charging infrastructure, creating a positive feedback loop for the ECV market. Saudi Arabia is actively working on a comprehensive regulatory framework to support the growth of the ECV market. This framework includes setting emission reduction targets, defining emissions standards for vehicles, and establishing regulations for charging infrastructure. The development of clear and favorable regulations is essential to providing a roadmap for ECV adoption and ensuring the sustainable growth of the sector. To bolster the ECV market, Saudi Arabia has been collaborating with international ECV manufacturers. These partnerships include technology transfer, investments, and the establishment of local manufacturing facilities. These efforts aim to reduce the dependence on imported ECVs and components while promoting local manufacturing, job creation, and the development of a comprehensive ECV ecosystem.

The integration of ECVs into innovative mobility solutions and ride-sharing services is an emerging trend. Companies and startups are entering the market to provide ECV-based ride-sharing and last-mile delivery services. This trend aligns with the global shift toward shared mobility and presents an opportunity for ECV manufacturers and service providers to tap into new revenue streams. It can also lead to increased exposure and acceptance of ECVs among the public. Advancements in battery technology are central to the growth of the ECV market. A notable trend is the improvement in battery energy density, which results in extended vehicle ranges. As battery technology evolves, ECVs

can travel longer distances on a single charge, reducing range anxiety and making electric vehicles more practical for various applications, including long-haul transportation. This trend is critical for the ECV market's competitiveness and acceptance.

## Key Market Drivers

### Government Initiatives and Policies

Saudi Arabia has shown a strong commitment to diversifying its economy and reducing its dependence on oil. One of the key strategies for achieving this goal is to promote sustainability and environmental responsibility, which includes transitioning to electric mobility. The government has introduced several initiatives and policies to boost the eCV market: Saudi Vision 2030 includes plans for localization and reducing unemployment through Saudization. This policy is expected to encourage local eCV manufacturing and assembly, creating jobs and reducing import costs. The kingdom is actively promoting green energy sources. As a part of the Saudi Green Initiative and the Middle East Green Initiative, there's a push for cleaner energy sources, which is directly related to the adoption of electric vehicles. The Saudi government offers various incentives such as subsidies on electric vehicle purchases, reduced taxes, and favorable financing options to encourage eCV adoption. These government initiatives create a conducive environment for electric commercial vehicle adoption and local production.

### Environmental Concerns and Sustainability

Saudi Arabia faces environmental challenges, primarily related to air quality and carbon emissions. The transportation sector, including commercial vehicles, is a significant contributor to pollution. eCVs are considered an environmentally friendly solution to combat these issues. Key factors include: The adoption of eCVs can significantly reduce air pollutants, thus improving air quality, which is a growing concern in cities like Riyadh and Jeddah. Reducing greenhouse gas emissions is essential to meet international climate targets. Electric vehicles produce zero tailpipe emissions, which is in line with global environmental commitments. Sustainability is becoming a significant factor in business decisions. Using eCVs can help companies project a more sustainable and responsible image.

### Advancements in Technology

Technological advancements in the eCV sector have made electric commercial vehicles more practical and efficient. These include Continuous developments in battery technology have increased the energy density and reduced charging times, making eCVs more viable for commercial use. Improvements in range and performance have made eCVs a competitive alternative to traditional diesel and gasoline vehicles. The growth of charging infrastructure across Saudi Arabia, including fast-charging networks along highways, is reducing range anxiety and making eCVs more attractive to businesses.

### Total Cost of Ownership (TCO)

The TCO of eCVs is becoming increasingly competitive when compared to traditional internal combustion engine vehicles. Key factors contributing to this include: eCVs have lower operating costs due to the lower cost of electricity compared to gasoline or diesel fuel. They also have fewer moving parts, reducing maintenance expenses. Though the initial purchase price may be higher, eCVs can offer significant long-term savings, making them an attractive investment for businesses. As businesses recognize the cost-saving potential, they are more likely to invest in eCVs.

### Consumer Awareness and Demand

Increased awareness of the environmental impact of vehicles and a growing preference for sustainable alternatives are driving demand for eCVs. Factors influencing consumer demand include large corporations are increasingly adopting sustainability goals and incorporating eCVs into their fleets to reduce their carbon footprint. E-commerce and delivery services are booming, and electric commercial vehicles are well-suited for last-mile deliveries in urban areas due to their low emissions and quiet operation.

### Infrastructure Development

The growth of charging infrastructure is critical for the success of the eCV market. Key aspects of infrastructure development in Saudi Arabia include: The government and private sector have been investing in charging infrastructure, making it easier for eCV users to charge their vehicles. Incentives for businesses and investors to develop and maintain charging stations are helping to expand the network. The integration of smart charging technologies allows for better management of charging times and energy consumption, making eCVs more efficient..

### Key Market Challenges

## Infrastructure Development

One of the most significant challenges for the eCV market in Saudi Arabia is the lack of robust charging infrastructure. Key issues include: The availability of charging stations, especially in rural and less-developed areas, remains limited. The eCV market's growth is heavily dependent on the expansion of a reliable and extensive charging network. Fast-charging infrastructure is essential for eCV adoption, especially for commercial vehicles that need to minimize downtime. The deployment of high-speed charging stations is still a work in progress. Ensuring that charging stations are compatible with different eCV models is a challenge, as the market sees a variety of vehicle types and charging standards.

## High Initial Cost

The upfront cost of eCVs is considerably higher than that of conventional vehicles. Key factors contributing to this challenge are: Batteries are the most expensive component of eCVs. Although battery prices are decreasing, the initial investment is still a barrier for many businesses. A limited selection of eCV models available in the Saudi market can limit choices and increase prices due to lower competition. Overcoming the high initial cost is crucial to driving eCV adoption among businesses.

## Range Limitations

Limited driving range is a critical concern for eCVs, particularly for commercial vehicles operating over long distances. Key points include: Commercial vehicles, such as trucks and buses, often require long-range capabilities, and current eCVs might not provide the necessary range without frequent recharging. The fear of running out of charge before reaching a destination, also known as range anxiety, is a significant psychological barrier for both consumers and businesses. Developing eCVs with longer ranges and implementing effective strategies to alleviate range anxiety is crucial.

## Battery Technology and Performance

Battery technology plays a central role in eCVs, and several challenges are associated with it: Although battery technology is improving, there's a need for higher energy density to increase vehicle range and reduce battery weight. While charging infrastructure is developing, faster charging times are still needed to match the convenience of refueling traditional vehicles. Batteries degrade over time, and their

replacement is a significant cost. Extending the lifespan of batteries is essential to reduce long-term ownership costs.

### Limited Vehicle Options

The diversity of eCV models available in the Saudi market remains limited, which poses challenges for businesses looking to transition their fleets to electric. Key points include: There are fewer eCV options for specialized vehicles like heavy-duty trucks and buses. Businesses often require specialized vehicles for their operations, and limited availability can make it challenging to find eCVs that meet their specific needs. Encouraging a broader range of eCV models and customizations would enhance the market's attractiveness.

### Regulatory and Policy Hurdles

The regulatory and policy landscape can both facilitate and hinder the eCV market's growth. Key challenges include: The absence of well-defined regulations related to eCVs can create uncertainty for consumers and businesses regarding vehicle standards, emissions, and incentives. Import duties and taxes on eCVs can make them more expensive compared to traditional vehicles, discouraging their adoption. While there are incentives in place, their clarity and accessibility can be improved to encourage more businesses to invest in eCVs. Navigating the regulatory landscape and advocating for policies that favor eCVs is essential for market growth.

### Key Market Trends

#### Government Initiatives and Support

The Saudi Arabian government has been actively promoting the adoption of ECVs through various incentives and support mechanisms. These initiatives include financial incentives, reduced import tariffs, and tax benefits for electric vehicle manufacturers and buyers. Additionally, the government has been investing in charging infrastructure development to facilitate the widespread use of ECVs. It is crucial to note that government policies and support significantly influence market trends in the ECV sector.

#### Growing Investment in Charging Infrastructure

One of the most prominent market trends in Saudi Arabia's ECV sector is the significant investment in charging infrastructure. To encourage the adoption of ECVs, the country

has been developing a comprehensive network of charging stations, not only in major cities but also along highways and in remote areas. This commitment to expanding charging infrastructure is a crucial trend, as it addresses the "range anxiety" that potential ECV buyers may have. The availability of convenient and reliable charging options is essential for the growth of the ECV market.

### Increased Focus on Public Transportation Electrification

Public transportation electrification is a notable trend in Saudi Arabia. The government recognizes the potential for ECVs in reducing emissions and enhancing the quality of life in cities. This trend includes the introduction of electric buses and other forms of public transportation, such as trams and commuter trains. Electrifying public transportation not only reduces emissions but also sets an example for the private sector and individuals, encouraging them to adopt ECVs.

### Fleet Electrification

Fleet electrification, which involves the adoption of ECVs by commercial and industrial fleets, is on the rise. Businesses in Saudi Arabia are increasingly investing in electric commercial vehicles for several reasons. First, ECVs offer significant cost savings over time due to lower fuel and maintenance costs. Second, they contribute to a more sustainable image for companies, which aligns with global sustainability trends and customer expectations. Finally, government incentives and regulations have made it financially advantageous for businesses to integrate ECVs into their fleets. This trend not only reduces emissions but also plays a vital role in shaping the ECV market in the country.

### Local Manufacturing and Partnerships

There is a growing trend toward local ECV manufacturing and partnerships with international ECV manufacturers. As of 2021, most ECVs in Saudi Arabia were imported, leading to high import costs and limited economic benefits for the country. To address this challenge, Saudi Arabia has started to explore the possibilities of manufacturing ECVs locally. This not only reduces costs but also stimulates the domestic economy and creates jobs. Partnerships with international automakers are also being formed, allowing for the transfer of technology and expertise in ECV manufacturing.

### Rising Consumer Awareness and Adoption

Increased consumer awareness and adoption of ECVs are key trends in the Saudi Arabian market. As more individuals become informed about the benefits of ECVs, their environmental advantages, and the cost savings they offer, the demand for electric passenger vehicles and light commercial vehicles is growing. The development of a local used ECV market is also expected to support consumer adoption. The increase in consumer adoption can further stimulate the development of charging infrastructure, creating a positive feedback loop for the ECV market..

## Segmental Insights

### Propulsion Type Insights

BEVs are fully electric vehicles that rely solely on electric batteries for propulsion. They do not have an internal combustion engine and produce zero tailpipe emissions. BEVs are becoming more popular worldwide due to advancements in battery technology and charging infrastructure. PHEVs combine an internal combustion engine with an electric battery. They can run on electricity for a certain range before switching to the internal combustion engine. PHEVs offer flexibility for longer trips while reducing emissions during short journeys. FCEVs use hydrogen as fuel and produce electricity through a chemical process in a fuel cell to power an electric motor. They are known for their longer range and quick refueling, but hydrogen infrastructure can be limited in many regions. HEVs combine an internal combustion engine with an electric motor. They are not plug-in and primarily use regenerative braking to charge the battery. HEVs are a transitional technology toward full electrification.

### Regional Insights

The northern and central region dominate the market. Riyadh, being the capital and the largest city, has a diverse range of commercial vehicles. Pickup trucks and vans are prevalent, as they are used for delivery services, construction, and transportation within the city. The region also has a substantial number of buses for public transportation and tourism. Jeddah is a major port city, and as a result, heavy-duty trucks and container haulers are commonly seen, especially around the ports. Pickup trucks and vans are used for logistics and goods transport within the city. Due to its tourism industry, Jeddah has a high number of buses for both local transportation and tours. These regions have a significant agricultural industry, and as such, there's a higher prevalence of pickup trucks and small trucks used for transporting agricultural products.



## Key Market Players

Higer Bus Company Ltd.

Anhui Ankai Automotive Co, Ltd.

Yuchai International Ltd.

Daimler AG

AB Volvo

Tesla

## Report Scope:

In this report, the Saudi Arabia Electric Commercial Vehicle Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

### Saudi Arabia Electric Commercial Vehicle Market, By Vehicle Type:

Truck

Bus

### Saudi Arabia Electric Commercial Vehicle Market, By Propulsion Type:

Battery Electric Vehicle (BEV)

Plug-In Hybrid Vehicle (PHEV)

Fuel Cell Electric Vehicle (FCEV)

### Saudi Arabia Electric Commercial Vehicle Market, By Battery Capacity:

Less Than 50 Kwh

50 to 250 kwh

Above 250 kwh

Saudi Arabia Electric Commercial Vehicle Market, By Region:

Northern & Central

Eastern

Western

Southern

Competitive Landscape

Company Profiles: Detailed analysis of the major companies presents in the Saudi Arabia Electric Commercial Vehicle Market.

Available Customizations:

Saudi Arabia Electric Commercial Vehicle Market report with the given market data, Tech Sci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

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