

The U.S. jumps on board the electric vehicle revolution, leaving Australia in the dust

8 February 2021, by Jake Whitehead, Dia Adhikari Smith and Thara Philip



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The Morrison government on Friday released a [plan](#) to reduce carbon emissions from Australia's road transport sector. Controversially, it ruled out consumer incentives to encourage electric vehicle uptake. The disappointing document is not the electric vehicle jump-start the country sorely needs.

In contrast, the United States has recently gone all-in on [electric vehicles](#). Like leaders in many developed economies, President Joe Biden will offer consumer incentives to encourage uptake of the technology. The nation's entire government [vehicle fleet](#) will also transition to electric vehicles made in the US.

Electric vehicles are crucial to delivering the substantial emissions reductions required to reach [net-zero by 2050](#) – a goal Prime Minister Scott Morrison now says he supports.

It raises the question: When will Australian governments wake up and support the [electric vehicle revolution](#)?

A do-nothing approach

In Australia in 2020, electric vehicles [comprised](#)

just 0.6% of new [vehicle](#) sales—well below the global average of [4.2%](#).

Overseas, electric vehicle uptake has been boosted by [consumer incentives](#) such as tax exemptions, toll road discounts, rebates on charging stations and subsidies to reduce upfront purchase costs.

And [past advice](#) to government has stated financial incentives are the best way to get more electric vehicles on the road.

But government backbenchers, [including](#) Liberal MP Craig Kelly, have previously warned against any subsidies to make electric cars cost-competitive against traditional cars.

Releasing the government's Future Fuels Strategy discussion paper [on Friday](#), Energy and Emissions Reduction Minister Angus Taylor said subsidies for electric vehicles did not represent good value for money.

(As argued [here](#), the claim is flawed because it ignores the international emissions produced by imported vehicle fuel).

The Morrison government instead plans to encourage business fleets to transition to electric vehicles, saying businesses accounted for around 40% of new light vehicle sales in 2020.

The government has also failed to implement fuel efficiency standards, despite in 2015 establishing a [ministerial forum](#) to do so.

The approach contrasts starkly with that taken by the Biden administration.

Biden's electrifying plan

Cars, buses and trucks are the [largest source of emissions in the US](#). To tackle this, Biden has proposed to:

- offer new [consumer incentives](#) to support electric vehicle purchases, beyond the [existing \\$US7,500 tax credit](#)
- [electrify](#) the government's 650,000-strong fleet
- establish ambitious [fuel economy standards](#)
- build an extra [500,000 public charging stations](#) for electric vehicles [by 2030](#)
- provide [incentives](#) for US manufacturers to build electric vehicles and parts
- make all new US-built buses zero-emissions by 2030, and electrify the nation's [500,000 school buses](#)
- invest \$US5 billion into battery research to further [reduce](#) electric vehicle prices
- ensure every American city with 100,000 or more residents has high-quality, zero-emissions [public transport options](#).

And by committing to carbon-free electricity generation [by 2035](#), the Biden administration is also ensuring renewable energy will power this electric fleet.

This combined support for electric vehicles and renewable energy is crucial if the US is to reach [net zero emissions by 2050](#).

Made in America

US companies are getting on board to avoid missing out on the electric vehicle revolution.

The day after Biden announced his fleet transition plan, General Motors (GM) - the [largest](#) US vehicle manufacturer and a major employer - [announced](#) it would stop selling fossil fuel vehicles by 2035 and be carbon-neutral by 2040.

This aligns with plans by the US states of California and Massachusetts to [ban](#) the sale of fossil fuel vehicles by 2035.

GM is serious about the transition, committing [\\$US27 billion](#) and planning at least [30 new](#) electric vehicle models by 2025. And on Friday, the Ford Motor Company said it would double its investment in vehicle electrification to [\\$US22 billion](#).

Opportunities and challenges abound

Using government fleets to accelerate the electric vehicle transition is smart and strategic, because it:

- allows consumers to see the technology in use
- creates market certainty
- encourages private fleets to transition
- enables the development of a future second-hand electric vehicle market, once fleet vehicles are replaced.

Biden's fleet plan includes a clear target, ensuring it stimulates the economy and supports his broader goal to create [one million](#) new US automotive jobs. Prioritising local manufacturing of vehicles, batteries and other components is key to maximising the benefits of his electric vehicle revolution.

On face value, the Morrison government's business fleet plan has merit. But unlike the US approach, it does not involve a clear target and [funding](#) allocated to the initiative is relatively meagre.

So it's unlikely to make much difference or put Australia on par with its international peers.

Australian governments must wake up

Compounding the absence of consumer incentives to encourage uptake in Australia, some states are mulling [taxing](#) electric vehicles before the market has been established.

[Our research](#) shows this could not only delay electric vehicle uptake, but jeopardise Australia's chances of reaching net-zero emissions by 2050.

Australia is already a world leader in building [fast-charging](#) hardware, and manufactures [electric buses](#) and [trucks](#). We could also lead the global electric vehicle supply chain, due to our [significant](#) reserves of lithium, copper and nickel.

Despite these opportunities, the continuing lack of national leadership means the country is missing out on many [economic benefits](#) the electric vehicle revolution can bring.

Australia should adopt a Biden-inspired electric

vehicle agenda. Without it, we will miss our climate targets, and the opportunity for [thousands](#) of new jobs.

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