

# Electric Cars for All: Aligning Industrial, Social and Climate Policy Goals

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Dr. Brigitte Knopf | May 28th, 2025

# Affordable electric cars for all: Options for an industrial, climate and socially balanced support programme for the private car market in Germany



**Zukunft KlimaSozial**  
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**Agora Verkehrswende**

## Bezahlbare Elektroautos in die Breite bringen

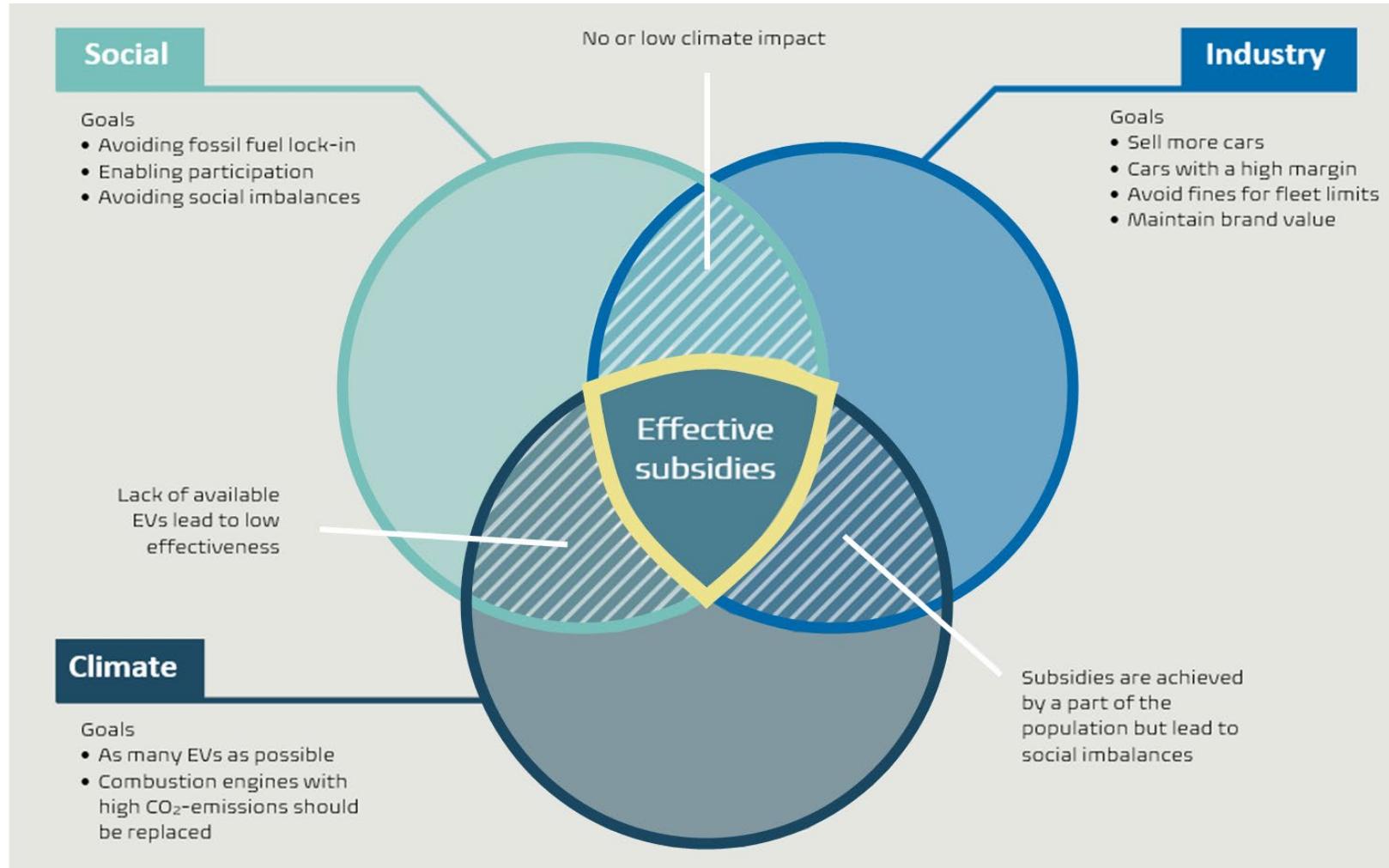
Optionen für ein industrie-, klima- und sozialpolitisch ausgewogenes Förderprogramm für den Privatwagenmarkt in Deutschland

DISKUSSIONSPAPIER



Project lead: Marion Vieweg  
(Agora Verkehrswende)

# Core dimensions of effective subsidy schemes





# Example I: EV purchase subsidy in Germany – richer households benefited the most

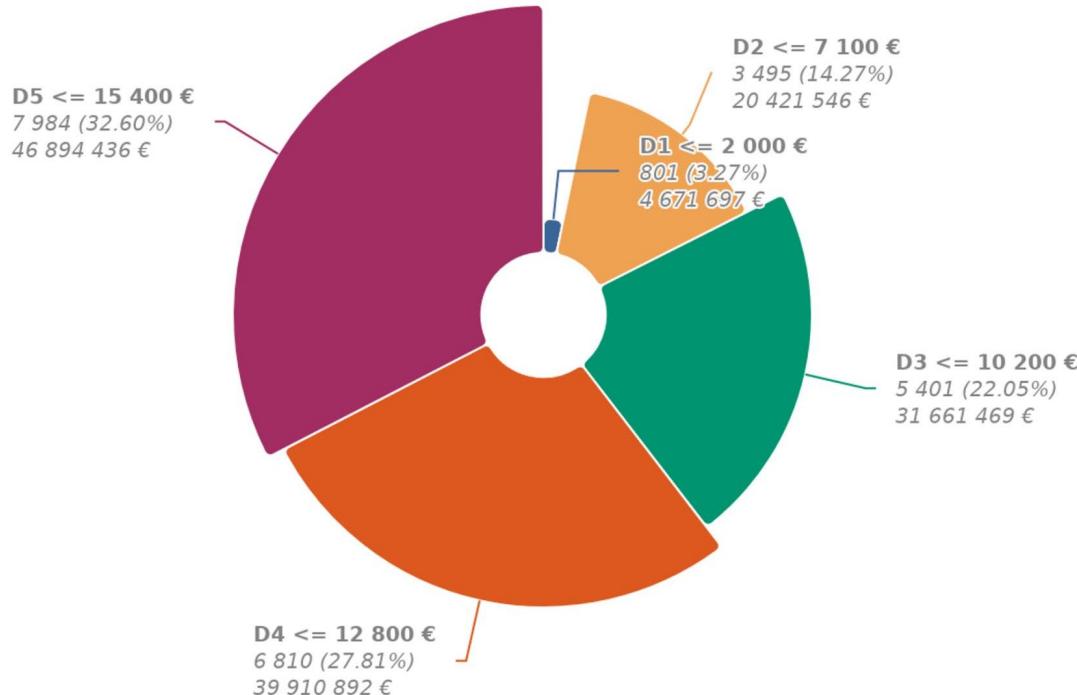
Income structure of applicants: Share of beneficiaries by monthly net household income (in percent)	1st funding period	2nd funding period	3rd funding period	Total
Below €900	0%	0%	0%	0%
From €900 to €1,300	1%	1%	0%	1%
From €1,300 to €1,500	1%	1%	0%	0%
From €1,500 to €2,000	3%	3%	1%	3%
From €2,000 to €2,600	6%	6%	5%	6%
From €2,600 to €3,200	8%	9%	6%	8%
From €3,200 to €4,500	22%	21%	17%	21%
From €4,500 to €6,000	25%	30%	33%	29%
From €6,000 to €8,000	17%	15%	22%	16%
More than €8,000	18%	14%	16%	17%

Median income



## Example II: „Social leasing“ in France – 40% of beneficiaries fall within the first three income deciles

Beneficiaries along income deciles



- Eligibility criteria:
  - maximum reference income of €15,400 (corresponding to the median income)
  - Commuting more than 15 km to work by car or drive more than 8,000 km per year for work purposes
- Leasing for €100 per month (or €150 depending on the model) for a minimum of 3 years.

Source: [https://www.linkedin.com/posts/dgec-direction-generale-de-l-%C3%A9nergie-et-du-climat\\_aide-au-leasing-de-voitures-%C3%A9lectriques-pour-activity-7224399110638821376-WIKh](https://www.linkedin.com/posts/dgec-direction-generale-de-l-%C3%A9nergie-et-du-climat_aide-au-leasing-de-voitures-%C3%A9lectriques-pour-activity-7224399110638821376-WIKh)

# Lower-income households can only afford smaller cars

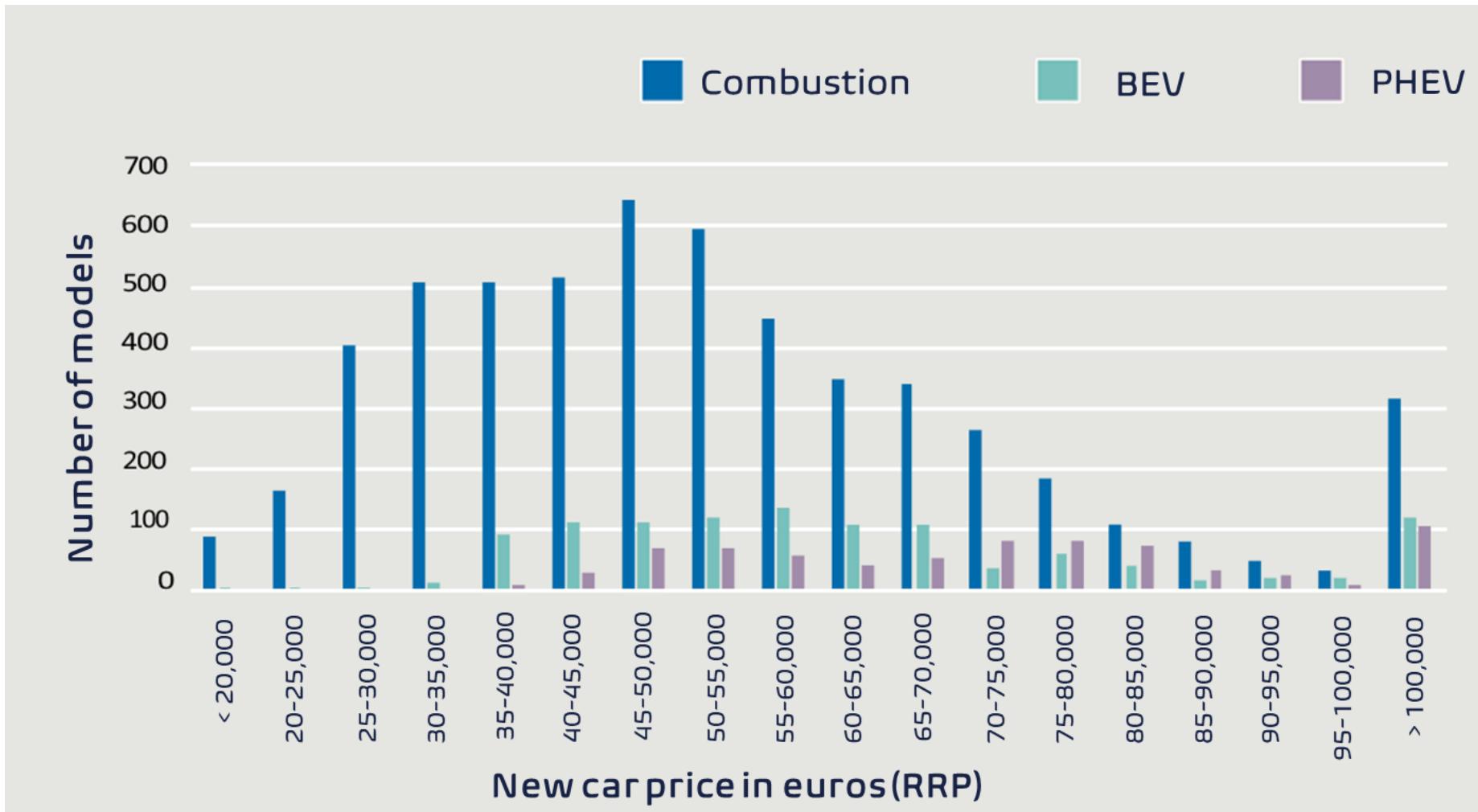


Share of new cars in specific car segments in dependence of net household income

	Under 1,500 euros	1,500 to 3,000 euros	3,000 to 4,000 euros	Over 4,000 euros
<b>Small</b>	49 %	29 %	19 %	17 %
<b>Compact</b>	29 %	37 %	36 %	29 %
<b>Medium</b>	12 %	24 %	31 %	37 %
<b>Large</b>	3 %	6 %	10 %	14 %
<b>Not assignable</b>	6 %	3 %	3 %	3 %
<b>Share of households with new cars*</b>	5,5 %	11,2 %	14 %	17,5 %

\* Proportion of households with cars that are less than three years old to households with cars

# Only few electric vehicles are available below 40,000 €



# Key aspects for the design of subsidy programmes from the perspective of the car market



- Funding should be targeted at fully electric vehicles.
- The subsidy limit for the price of a new car must be appropriate:
  - low enough to reach lower and middle-income groups.
  - high enough to ensure that there are sufficient vehicles in the market that are also suitable for low- and middle-income households.
- The subsidy can be staggered according to the price of the new car.
- A temporary subsidy for used cars can also make EVs affordable for lower-income groups during the market ramp-up of comparatively cheap vehicles.

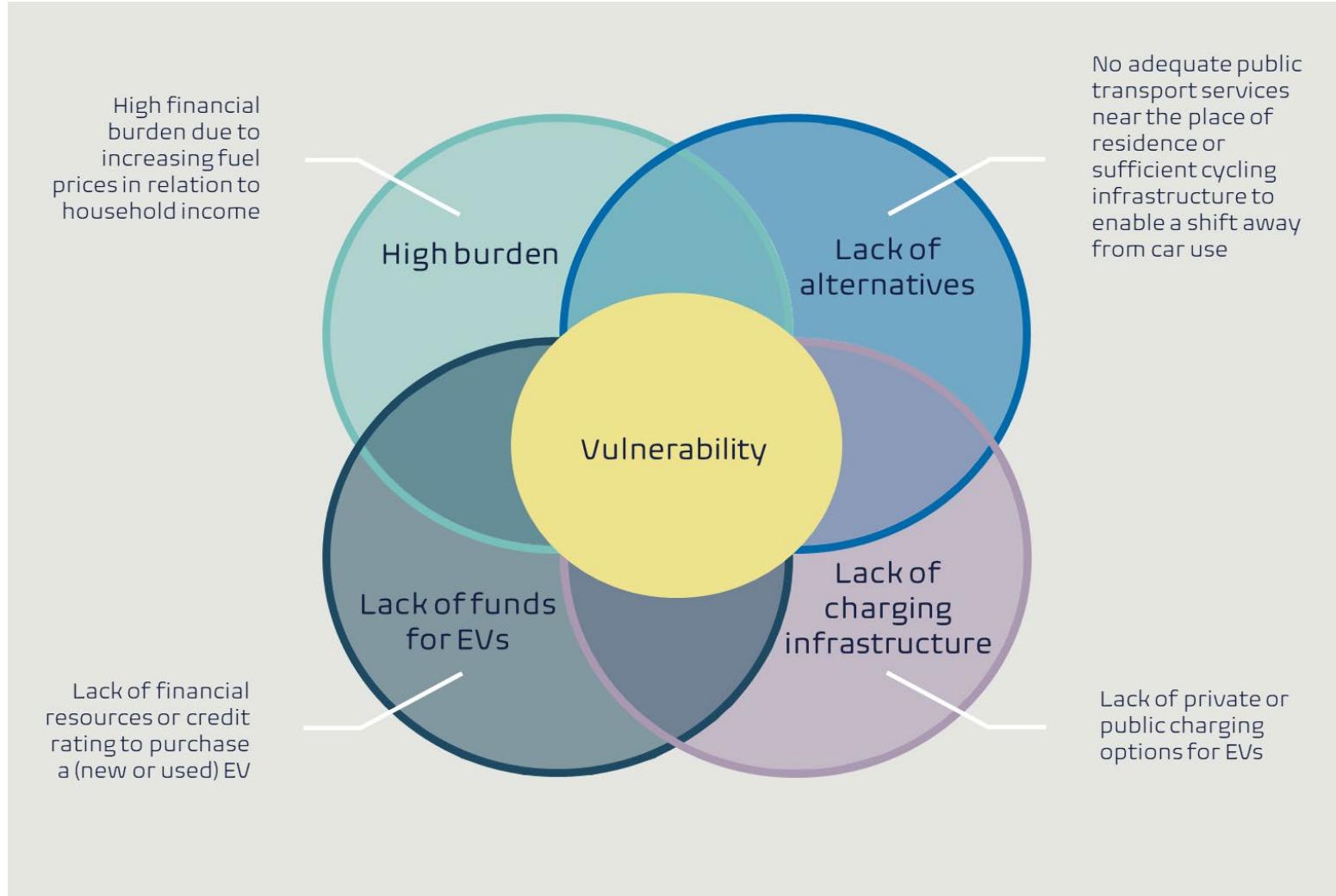


# Different design options for subsidy schemes

Option	Advantages	Disadvantages	Implementation
Purchase subsidies	<ul style="list-style-type: none"><li>Simple realisation</li></ul>	<ul style="list-style-type: none"><li>Without available equity capital and, depending on the amount of the subsidy, may not be possible for people on low incomes</li></ul>	<ul style="list-style-type: none"><li>Relatively simple implementation, like the environmental bonus only with differentiation according to income</li></ul>
Subsidised leasing	<ul style="list-style-type: none"><li>Cars are available on the used car market after leasing</li><li>Also possible for households that do not have enough equity to buy an EV even with a cheque bonus</li></ul>	<ul style="list-style-type: none"><li>Leasing less attractive than owning in Germany</li><li>Hidden costs for repairs, fully comprehensive insurance and final payments</li><li>So far, few people on low incomes have been leasing</li></ul>	<ul style="list-style-type: none"><li>Decision whether to reduce the purchase price or target rates</li><li>Complex negotiation process for target rates</li><li>New handling process must be implemented</li><li>Which risks need to be covered and how?</li><li>What role do car dealerships, KfW, house banks?</li></ul>
Subsidised loans	<ul style="list-style-type: none"><li>Owning more attractive than leasing</li><li>Possible even without financial assets</li></ul>	<ul style="list-style-type: none"><li>Hidden costs for fully comprehensive insurance</li><li>Residual debt risk in the event of total loss, labour disability, etc.</li></ul>	<ul style="list-style-type: none"><li>Established channels (KfW) for loan-based funding available</li><li>What risks must now be secured?</li></ul>
Income tax concessions	<ul style="list-style-type: none"><li>Simple realisation</li></ul>	<ul style="list-style-type: none"><li>Regressive distribution effect: high incomes benefit more</li><li>No advantages for low income</li></ul>	<ul style="list-style-type: none"><li>Define deductible cost portions</li><li>Enable bridging finance</li></ul>



# Dimensions of mobility poverty



# Criteria for eligibility



## At individual level:

- Income
- Car ownership
- Availability of public transport
- Commuting distance
- Specific mobility requirements

- **Specific requirements for cars:**
  - price of new car  
(price limits in different EU countries:  
30,000 € - 60,000 €)
  - maximum weight
  - minimum efficiency requirement
  - carbon footprint

→ possible pilot project within the EU Social Climate Fund

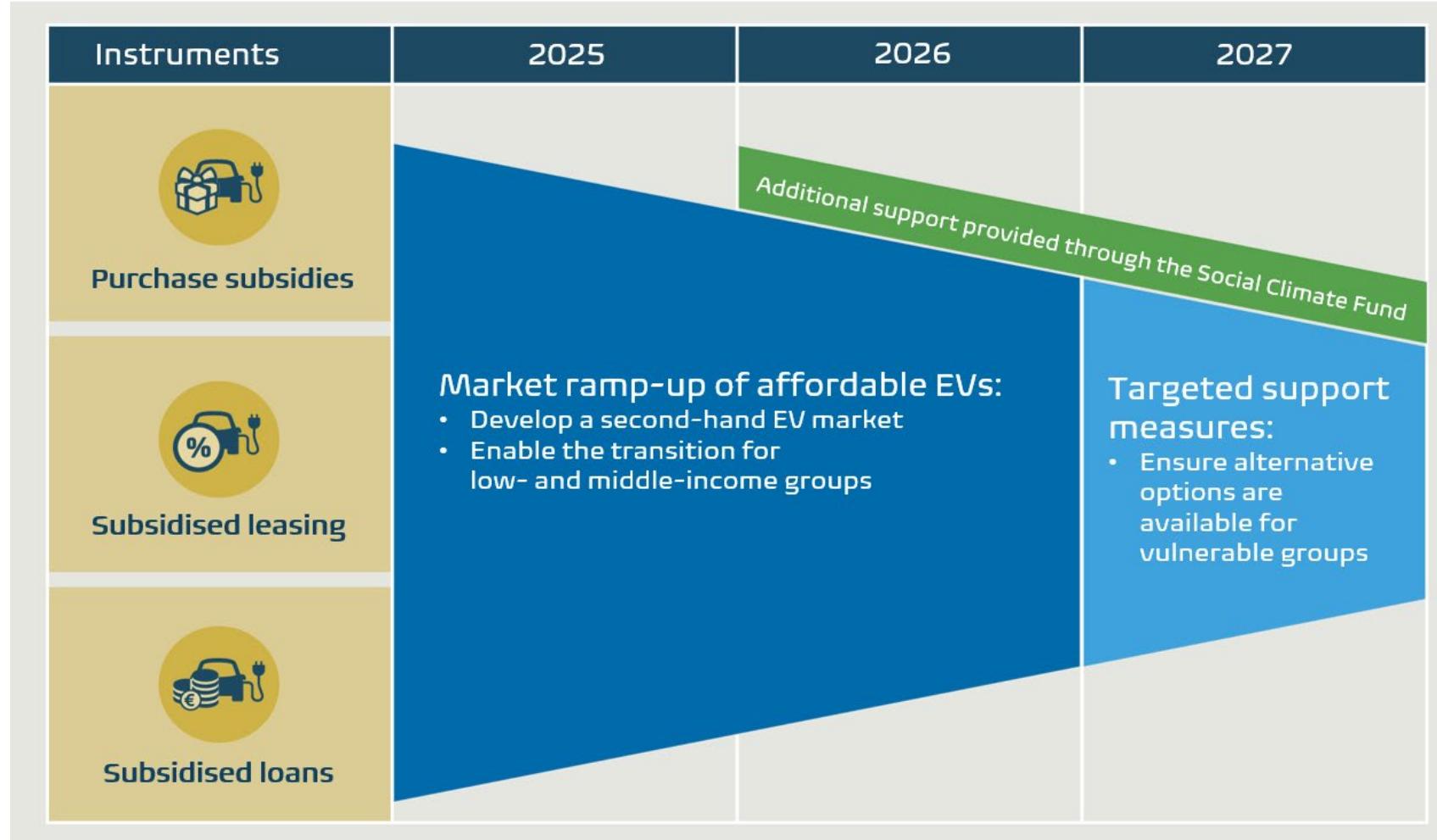
# Key aspects for the design of subsidy programmes from the social perspective



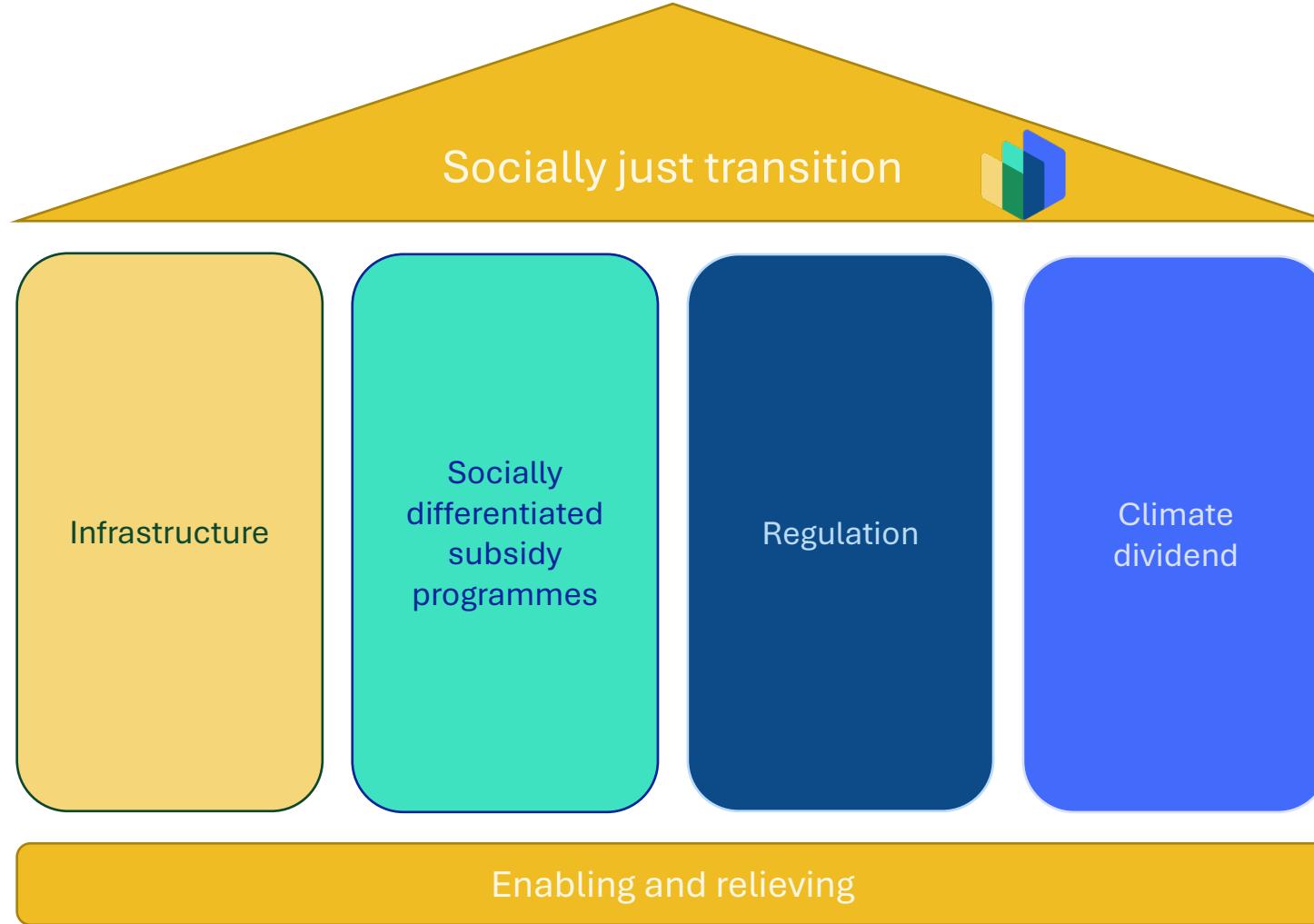
- A portfolio of instruments is important to address different target groups.
- For leasing and subsidised loans, risk protection and hidden costs must be considered.
- High-income households benefit more from income tax concessions than lower income groups. In addition, bridging loans would be needed for low- and middle-income households.
- Administrative implementation: via income tax assessment notice or employment contract.



# Two-step approach to ensure a successful EV rollout combining industrial, social and climate policy goals



# Embedding subsidy programs in a broader approach



# Further reading



- Diskussionspapier von Zukunft KlimaSozial & Agora Verkehrswende: Bezahlbare Elektroautos in die Breite bringen (German only): [https://zukunft-klimasozial.de/wp-content/uploads/2025/02/Zukunft-Klima-Sozial\\_Agora-Verkehrswende\\_Analyse\\_Bezahlbare-Elektroautos.pdf](https://zukunft-klimasozial.de/wp-content/uploads/2025/02/Zukunft-Klima-Sozial_Agora-Verkehrswende_Analyse_Bezahlbare-Elektroautos.pdf)
- Securing a socially just and climate-neutral future - 11 Insights for a Social Climate Policy – Summary: [https://zukunft-klimasozial.de/wp-content/uploads/2024/06/Zukunft-KlimaSozial\\_11-Insights\\_Summary.pdf](https://zukunft-klimasozial.de/wp-content/uploads/2024/06/Zukunft-KlimaSozial_11-Insights_Summary.pdf)
- Eine sozial gerechte und klimaneutrale Zukunft sichern - 11 Thesen für eine Klimasozialpolitik (German only): [https://zukunft-klimasozial.de/wp-content/uploads/2024/06/Zukunft-KlimaSozial\\_11-Thesen-fuer-eine-Klimasozialpolitik.pdf](https://zukunft-klimasozial.de/wp-content/uploads/2024/06/Zukunft-KlimaSozial_11-Thesen-fuer-eine-Klimasozialpolitik.pdf)
- Policy Brief: Ein Klima-Sozialplan für Deutschland (German only): [https://zukunft-klimasozial.de/wp-content/uploads/2024/09/Policy-Brief\\_Ein-Klima-Sozialplan-fuer-Deutschland.pdf](https://zukunft-klimasozial.de/wp-content/uploads/2024/09/Policy-Brief_Ein-Klima-Sozialplan-fuer-Deutschland.pdf)
- KlimaSozial kompakt „Beispiele für klimasoziale Maßnahmen in Europa“ (German only): [https://zukunft-klimasozial.de/wp-content/uploads/2025/02/ZKSkompakt\\_EU\\_Beispiele.pdf](https://zukunft-klimasozial.de/wp-content/uploads/2025/02/ZKSkompakt_EU_Beispiele.pdf)
- Analyse: Die Transformation der Stromnetze klimaneutral und sozial gerecht gestalten – Herausforderungen und Lösungsansätze (German only): [https://zukunft-klimasozial.de/wp-content/uploads/2025/03/Zukunft-KlimaSozial\\_Die-Transformation-der-Stromnetze-aus-KlimaSozialer-Sicht.pdf](https://zukunft-klimasozial.de/wp-content/uploads/2025/03/Zukunft-KlimaSozial_Die-Transformation-der-Stromnetze-aus-KlimaSozialer-Sicht.pdf)
- KlimaSozial kompakt „Gezielte Förderung nach Einkommen“ (German only): <https://zukunft-klimasozial.de/klimasozial-kompakt-gezielte-foerderung-nach-einkommen/>



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