

Hanoi electric vehicle adoption

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Vietnam is on a journey towards the "future of mobility" with the Government's green energy transformation action program setting a goal for all vehicles on the road to be powered by green energy by 2050 to meet its goal of net zero emissions. But how ready is the market for this transition?

With this whitepaper, Vero's mobility-focused brand consulting practice explores several facets of the electric vehicle (EV) market in Vietnam: the goals that various brands are striving for, perceptions of EVs among Vietnamese consumers, and ways for brands to overcome current barriers and capitalize on the market's potential. As communication consultants at Vero, we aim to provide our perspectives on how brands can expand in this market and get ahead of the game in the coming era of sustainable transportation.

In Vietnam, where motorbikes rule the road, the electric motorbike industry is experiencing continued growth. According to the Ministry of Industry and Trade, sales of electric motorcycles have grown by about 30-35% in recent years, making Vietnam the largest electric two-wheeler (E2W) market in the ASEAN region and the second-largest worldwide, after China.

Sales of E2Ws are predicted to eventually surpass gasoline-powered motorbikes due to growing environmental concerns and surging gasoline prices, a report from [motorcyclesdata](#) shows. According to Vero IQ, the YoY% growth rate in terms of search volume for E2W in Vietnam is 71% (data measured from Jan 2019 to Mar 2023). This data indicate that Vietnamese consumers are increasingly exploring and considering electric two-wheelers as a viable and eco-friendly means of commuting.

Yadea, the China-based "world's largest manufacturer of electric two-wheeled vehicles," invested 100 million USD in an assembly plant in Bac Giang Province in January 2023 that is expected to produce 2 million electric motorbikes per year.

The evident success of electric motorbikes in Vietnam serves as a model for electric car brands looking to join the sustainable transportation race.

Several automotive brands have already established their presence in the local market. The EV industry is a buzz with sales-boosting initiatives by brands from mainstream to luxury brands:

In December 2021, VinFast released the VF e34, the first electric car to be produced in Vietnam as well as the first ever EV sold in the country. That historic moment marked the beginning of a new era for transportation in Vietnam. As of August 2022, nearly 3,000 electric cars had been produced, assembled or distributed nationwide, data from the Vietnam Register shows.

The Vietnam Automobile Manufacturers Association (VAMA) forecasts that Vietnam will reach 1 million EVs around 2028, and about 3.5 million EVs by 2040. According to 6Wresearch, Vietnam's electric vehicle market size is growing at a CAGR of 22.9% during the 2020-2025 period.

While this may sound ambitious, considering Vietnam only accounts for 0.7% of total EV sales in Southeast Asia (Statista Q3 2022), new government policies and incentives are expected to further promote the use of EVs among Vietnamese consumers.

Vietnam has implemented a compelling incentive for electric cars, providing a 0% registration fee for battery electric vehicles for three years starting from March 1, 2022. Over the following two years, the registration fee will be merely 50% of what applies to petrol-fueled cars with the same seating capacity. Additionally, the special consumption tax rate for battery electric cars has been significantly reduced to just 1-3% until the end of February 2027, positioning it as a game-changing "springboard" to catalyze the growth of the EV market in the country.

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Web: <https://www.kary.com.pl/contact-us/>

Email: energystorage2000@gmail.com

WhatsApp: 8613816583346

