# More than one in four cars sold globally in 2025 will be electric, IEA reports



More than one in four cars sold globally in 2025 will be electric, marking a significant milestone in the transition away from fossil fuel transport, according to a recent report from the International Energy Agency (IEA). This positive trajectory signifies not just a pivotal shift in consumer preferences but also represents broader implications for the automotive industry and global emissions.

The IEA's Global EV Outlook 2025 strongly underscores this trend, predicting that electric vehicle (EV) sales will climb to 20 million units, up from 17.5 million in 2024. The growth, however, is not uniform across all markets. China continues to lead, accounting for over 50% of global EV sales in 2024, with 11 million units sold. This surge is primarily driven by competitive pricing and robust domestic manufacturing capabilities. In stark contrast, challenges persist in Western markets such as Europe and the United States, where growth has faltered due to reduced subsidies and weakened emissions targets.

In Asia and Latin America, the adoption of electric vehicles has seen a remarkable 60% increase last year, highlighting the international momentum towards cleaner transport solutions. The ongoing demand in these emerging markets is primarily attributed to an increasing awareness of the environmental benefits and improving affordability, driven by falling battery costs. Indeed, the IEA reports a 25% drop in battery pack prices over the past year, making EVs more accessible across various demographics.

Yet, despite these gains, barriers remain. In many regions, including the United States, electric vehicles still carry a price premium, costing nearly 30% more than their petrol or diesel counterparts. This disparity poses a significant obstacle for low- and middle-income consumers, potentially slowing the transition to electric options if not addressed through policy support and incentive structures.

The impact of the expanding EV market on fossil fuel consumption has already become evident. The IEA estimates that the increased uptake of electric vehicles has lowered oil demand by approximately 1.3 million barrels per day as of 2024. However, the agency stresses that the current rate of EV adoption is insufficient to meet global climate goals. To adhere to net-zero targets, particularly in heavy transport segments and developing regions where infrastructure gaps persist, a rapid acceleration in electric vehicle uptake is essential.

IEA executive director Fatih Birol articulated the need for continued support, stating, “Our data shows that… electric cars remain on a strong growth trajectory globally.” He emphasised that policy backing is crucial, cautioning against the adverse effects of trade barriers and inconsistent regulations, which could hamper progress as the market matures.

The broader geopolitical landscape also presents challenges. In the US, recent policy reversals regarding electric vehicle subsidies and emissions standards have led the IEA to revise its long-term projections downward. Analysts indicate that trade tensions and high tariffs in North America, alongside shifts in regulatory frameworks, have begun to influence EV sales dynamics negatively. For instance, while electric vehicle sales are up by 10% in the US, the growth has not matched that of other regions, with North America experiencing a decline for the first time in several months, attributed to the complex interplay of tariffs and shifting political priorities.

Europe, too, has seen a mixed landscape. After a strong start to 2025 with an increase of 28% in EV sales, translating to over 570,000 units in the first quarter, the market faces challenges as some countries reconsider their decarbonisation timelines amid economic pressures. The rollback of subsidies and regulatory adjustments, particularly from influential players like Germany, raises concerns about long-term growth trajectories.

Despite these headwinds, the IEA remains optimistic about the future of electric vehicles, forecasting that by the end of this decade, EVs will represent more than two in five cars sold globally. As the technology continues to evolve and marginal costs decline, the potential for electric vehicles to play a crucial role in both reducing emissions and reshaping the automotive landscape becomes ever clearer.

Nonetheless, the pathway to achieving ambitious climate targets necessitates a confluence of market readiness, extensive policy support, and societal commitment towards sustainable practices. The shift to electric vehicles reflects not just a technological evolution but an imperative transformation required to confront the pressing challenges posed by climate change and resource dependency.

**Reference Map:**1. Par 1, 2, 3, 4, 5, 6, 7 2. Par 2, 3, 4, 5 3. Par 3, 4 4. Par 4 5. Par 2, 3, 6 6. Par 2, 3 7. Par 2, 5

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.independent.co.uk/climate-change/news/electric-vehicles-sales-iea-report-b2751478.html> - Please view link - unable to able to access data
2. <https://www.axios.com/2025/05/14/global-ev-sales-iea> - The International Energy Agency (IEA) projects that electric vehicles (EVs) will constitute 25% of global car sales in 2025, marking a significant milestone in the shift away from fossil fuels. This growth is driven by competitive pricing and strong domestic manufacturing in China, which accounted for over half of global EV sales in 2024. However, the IEA has downgraded its long-term EV projections for the U.S. due to policy reversals and slower-than-expected adoption rates. Despite these challenges, the global outlook for EVs remains optimistic, with falling battery costs making them more accessible in many markets.
3. <https://www.reuters.com/business/autos-transportation/global-ev-sales-rise-april-despite-trade-disruptions-research-finds-2025-05-13/> - Global electric and plug-in hybrid vehicle sales rose by 29% year-on-year in April 2025, reaching 1.5 million units, despite ongoing global trade tensions. China led with a 32% increase to 0.9 million vehicles, while Europe saw a 35% rise to 0.3 million. In contrast, North America experienced a 5.6% decline, its first drop since September 2024, attributed to high U.S. import tariffs and policy uncertainties under President Donald Trump. Chinese manufacturers increasingly met international demand for plug-in hybrids, fueling a 50% global sales surge outside major markets.
4. <https://www.ft.com/content/1525d7a1-d242-4010-9a33-90f599cddbe9> - Electric vehicle (EV) sales have rebounded strongly in Europe in early 2025, increasing 28% to 573,500 units in Q1, primarily driven by robust growth in Germany and the introduction of affordable EV models. However, Tesla saw a 37% decline in European sales, attributed to consumer backlash. Analysts caution that the long-term outlook remains uncertain due to challenges such as reduced government subsidies, geopolitical instability, and recent EU regulatory softening on combustion engines, which may slow EV adoption and deter investment.
5. <https://www.aa.com.tr/en/economy/global-electric-vehicle-sales-reach-record-171m-in-2024/3449720> - Global electric vehicle (EV) sales reached a record high in 2024, totaling 17.1 million units, according to a report by Rho Motion. Sales surged by 25% compared to the previous year, spurred by four consecutive months of exceptional sales. China dominated the global EV market, with 11 million units sold in 2024, marking a 40% year-on-year growth. In Europe, sales experienced a slight decline, dropping by 3% to 3 million units in 2024. The UK led the region, surpassing Germany with more than 400,000 units sold in 2024, thanks to the Zero Emission Vehicle (ZEV) mandate.
6. <https://www.euronews.com/business/2025/01/15/global-electric-vehicle-sales-surge-as-china-demand-boosts-market-growth> - Global electric vehicle (EV) sales surged by 25% in 2024, reaching 17.1 million units, according to Rho Motion. December 2024 marked the fourth consecutive month of record sales, with more than 1.9 million units sold globally. China's EV sales soared by 40% to 11 million units compared to the previous year, primarily due to substantial government incentives and subsidies. In North America, the market share rose by 9% to 1.8 million units in 2024, supported by incoming U.S. President Donald Trump's plans to slash vehicle tax credits.
7. <https://www.fleetnews.co.uk/news/china-responsible-for-two-thirds-of-global-ev-registrations> - Global electric vehicle (EV) sales grew by 25% in 2024 to 17.1 million units, with China accounting for two-thirds of global EV registrations. In December 2024, China achieved another monthly record for electrified vehicle sales, with more than 1.3 million units sold, accounting for the lion’s share of the more than 1.9 million EVs registered globally in the month. The U.S. and Canadian market grew by 9% to 1.8 million units in 2024, helped by vehicle tax credits that incoming President Trump has announced he plans to cut.