

Study: Electric vehicles good for families, but not the economy

National Economic Council study shows electric vehicles are worthwhile for consumers but are not yet beneficial for the economy; a decline in prices is expected to change the situation.

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The National Economic Council in the Prime Minister's Office on Thursday published the findings of the economic evaluation by economist David Bedell on the entry of electric vehicles to the Israeli market.

The evaluation presents – for the first time – a comprehensive economic picture of the costs and benefits stemming from the transition from gasoline-powered vehicles to electric vehicles. It places an emphasis on the viewpoint of the economy, while taking into account direct costs and benefits (while neutralizing the effects of taxation), and external influences such as pollution emissions, and so on.

The findings show that in 2024, the use of an electric family car as opposed to a gasoline-powered vehicle, created – for the private consumer – a savings of around NIS 3,700 per annum thanks to the current taxation policy, whereas for the Israeli economy, a higher cost of NIS 740 per annum was created.

This trend is expected to change significantly over the next decade, given that according to the forecast, in 2034 an electric family car will save the economy NIS 1,600 per annum as compared to a gasoline-powered vehicle. According to the current taxation framework, and without travel

tax, the private consumer is expected to benefit from a savings of around NIS 3,500 per annum.

The study shows that the positive benefit to the economy from the transition to electric vehicles stems from the reduction in greenhouse gas emissions. The assessment is that meeting the government targets for the entry of electric vehicles to the market will lead to an economic benefit of approximately NIS 2.1 billion as compared to the base scenario without targets.

The Council emphasized, however, that the results of the analysis are sensitive to future fluctuations in a number of main parameters, among them prices of electric vehicles, fuel costs and the pace of technological developments in the field.

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