



منتدى الاستراتيجيات الأردني  
JORDAN STRATEGY FORUM

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# Electric Vehicles in Jordan... Where is the Direction?

2024 September





## منتدى الاستراتيجيات الأردني JORDAN STRATEGY FORUM

The Jordan Strategy Forum (JSF) is a not-for-profit organization, which represents a group of Jordanian private sector companies that are active in corporate and social responsibility (CSR) and in promoting Jordan's economic growth. JSF's members are active private sector institutions, who demonstrate a genuine will to be part of a dialogue on economic and social issues that concern Jordanian citizens. The Jordan Strategy Forum promotes a strong Jordanian private sector that is profitable, employs Jordanians, pays taxes and supports comprehensive economic growth in Jordan.

The JSF also offers a rare opportunity and space for the private sector to have evidence-based debate with the public sector and decision-makers with the aim to increase awareness, strengthening the future of the Jordanian economy and applying best practices.

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### To evaluate the study



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## 1. Background

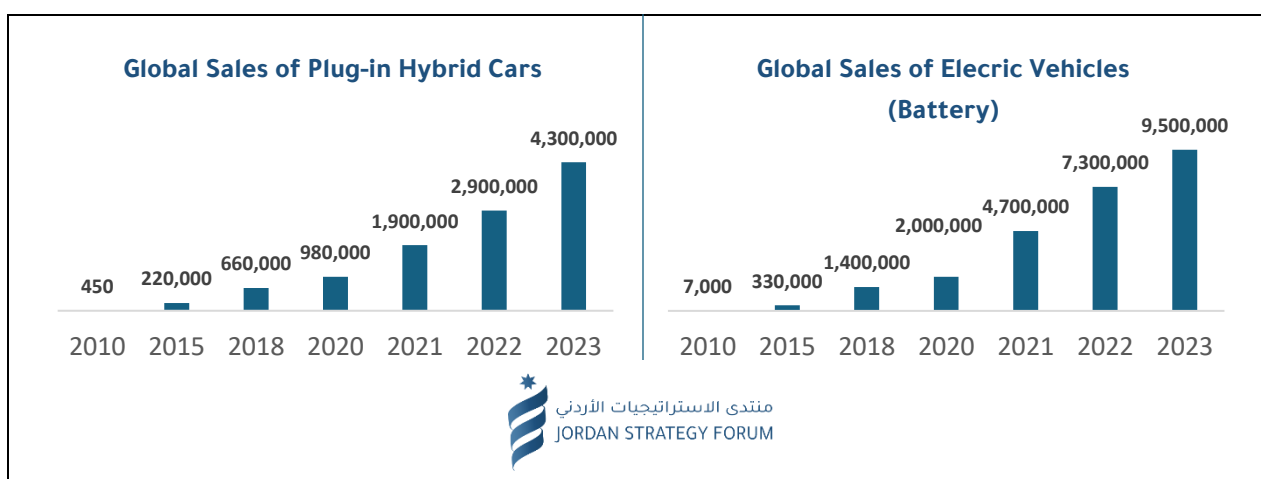
Electric vehicles are one of the most significant technological advancements of the modern era. With growing environmental awareness and a heightened focus on sustainability, their adoption has surged significantly in recent years. Continuous technological innovations, supportive government policies, and the increasing emphasis on reducing carbon emissions have all played pivotal roles in encouraging individuals to choose electric vehicles as a more environmentally friendly and efficient means of transportation.

With the increasing use of **electric vehicles** (battery-powered and plug-in hybrids), fuel demand has fallen to unprecedented levels, leading to lower public revenues resulting **from fuel taxes**. This alternative is effectively reducing public revenue WHICH is typically used by many countries in the world to finance transport infrastructure, highways, as well as other items of public expenditure.

## 2. Key Observations on Electric Vehicles

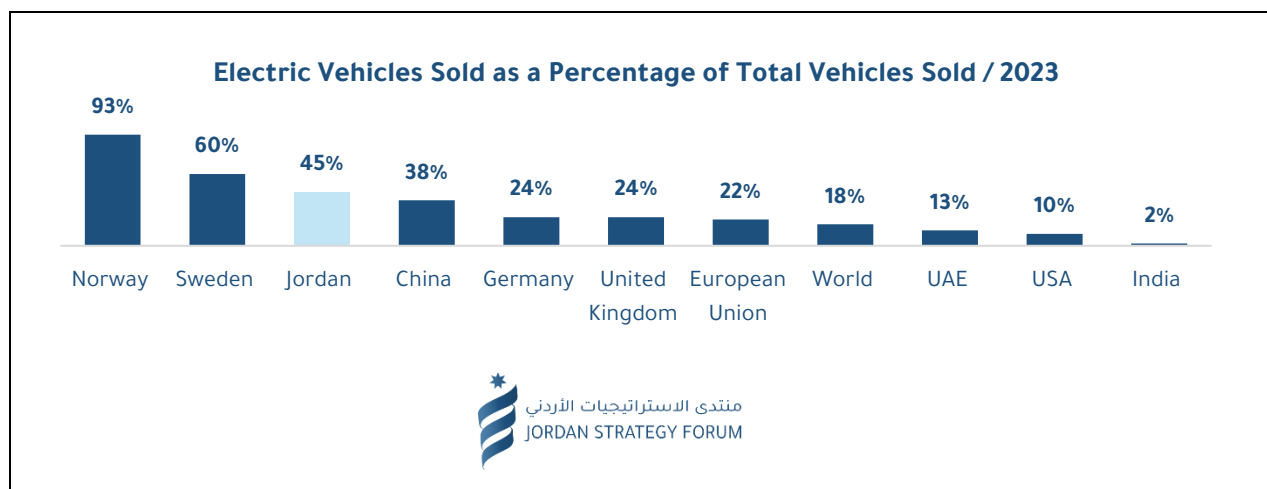
Based on the International Energy Agency's (IEA) database, it is worth noting the following observations about the use of electric vehicles globally, regionally, and locally.

- A. Global sales of battery electric cars have increased from 7,000 in 2010 to 9.5 million in 2023.
- B. Global sales of plug-in hybrid cars have increased from 450 in 2010 to 4.3 million in 2023.



Source: 2024 Global EV Outlook, published by the International Energy Agency (IEA).

- C. In 2023, electric vehicles account for approximately 18% of global vehicle sales. Notably, this share reached 93% in Norway, 60% in Sweden, 38% in China, and 24% in Germany.
- D. Jordan led the Middle East in electric vehicle sales, with over 45% of all vehicles sold being electric. The UAE ranked second in the region, with a sales share of 13%.



Source: 2024 Global EV Outlook, published by the International Energy Agency (IEA).

The growing shift toward electric vehicles in many countries has been fueled by various **“tax benefits”** and **incentives**, such as tax exemptions, reduced taxes on electric vehicles, and lower registration fees.

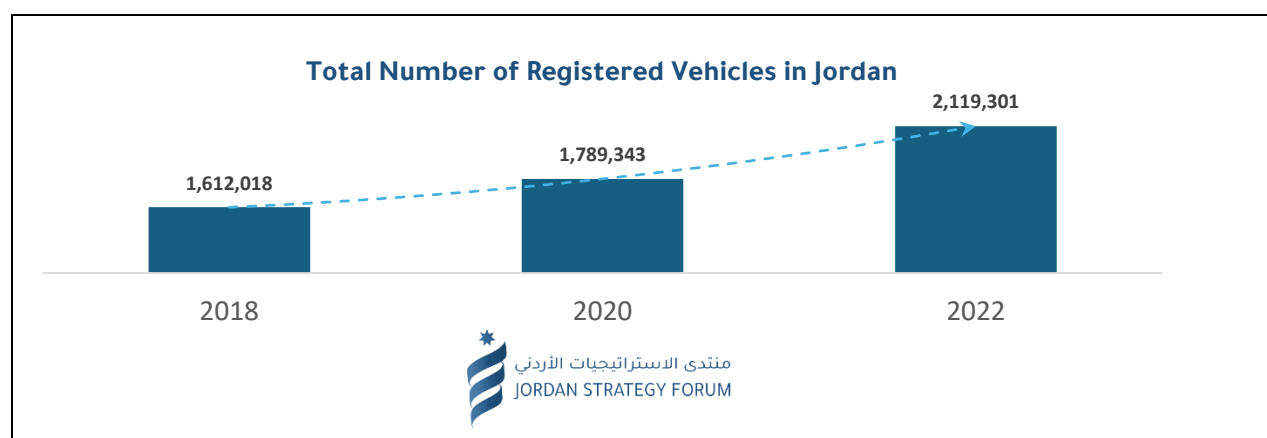
Despite their many advantages, while electric vehicles still contribute to **the wear and tear of streets, highways, and bridges**, they do not generate fuel tax revenue like traditional vehicles do. Naturally, this simple fact raises the question: **How will road infrastructure and other public spending be financed if revenues from fuel taxes decline?**

Many countries are exploring various options to compensate for the revenue shortfall caused by reduced fuel consumption. These include increasing fuel tax rates, raising vehicle registration fees—particularly for electric vehicles—transitioning from fuel taxes to road usage fees (based on mileage traveled), and introducing taxes on the electricity used to charge electric vehicles.

On September 17<sup>th</sup>, 2024, the Jordanian government made sudden amendments to the special tax regulations, including a reduction in the special tax on gasoline vehicles from 67% to 60%, and the imposition of a special tax on electric vehicles. This tax is set at 40% tax for electric

vehicles whose price is between JD 10,000 and JD 25,000 JOD, and at 55% tax for those whose price is above JD 25,000.

Relative to the above-mentioned observations, it is useful to note that the total number of registered vehicles **in Jordan has risen from around 1.6 million in 2018 to approximately 2 million in 2022. Naturally, this number is expected to increase further** in 2023 and 2024. Indeed, the increases in the number of registered vehicles is driven by several factors, including population growth, inadequate public transport system, and the rising demand for more affordable electric vehicles compared to fuel-based alternatives.



Source: Directorate of Public Security: Driver and Vehicle Licensing Department.

### 3. Jordan Strategy Forum Recommendations

Given the economic and environmental benefits of electric vehicles (EVs), **the Jordan Strategy Forum emphasizes the need to reconsider the government's recent decision to impose special taxes on EVs.** Instead, the government should explore alternative measures to offset the decline in its revenues, especially since the tax increase disproportionately affects EVs priced between JD 10,000 and JD 25,000—a segment most suitable for Jordanian households (typically consisting of 4.8 members), and those with middle incomes.

One viable alternative is a **moderate and carefully planned increase in vehicle registration fees across all categories.** This approach would indeed help compensate for the reduced fuel tax revenues by generating consistent annual income, while maintaining Jordan's progress towards clean energy adoption. This would also ensure that the country's transition to cleaner energy sources continues at a pace comparable to other nations in the region and aligned with global trends.



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