Fair play?
Europe and China competition in the electric car market

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“Fair Play”?
– International market trends
In 2023, China and the U.S. showed greater uptake of battery electric and plug-in hybrid vehicles, compared to Europe.

https://theicct.org/publication/ev-ldv-major-markets-monitor-2023-may24/
The uptake rate for battery-electric vehicles in China slowed down in 2023, with a 2.5 percentage point increase compared to 2022.
The top-10 vehicle models dominate nearly 50% of market share in China and Europe, even more so in the U.S. and India.

https://theicct.org/publication/ev-ldv-major-markets-monitor-2023-may24/
China is the world's largest electric vehicles exporter, but at the same time sells the vast majority of its EVs within China.

https://theicct.org/publication/ev-ldv-major-markets-monitor-2023-may24/
SUVs remain the most popular segment, also for electric vehicles, but China is stronger on Mini/Subcompact/Compact vehicles than Europe.

https://theicct.org/publication/ev-ldv-major-markets-monitor-2023-may24/
The average driving range of electric vehicles keeps increasing in all major markets

https://theicct.org/publication/ev-ldv-major-markets-monitor-2023-may24/
The share of electric vehicle sales among manufacturers varies greatly, ranging from 0 to 100%.
“Fair Play”? – A historic perspective
“Fair Play”? – A historic perspective

*Developing a historic time series comes with some caveats*

- Lack of statistical time series for Europe as a whole
  - Germany as a proxy market for the analysis

- Challenging to tie a manufacturer brand to a specific location
  - Example Opel: originally US, from 2021 counted as European brand (owned by Stellantis)
  - Example Volvo: originally Swedish, from 2009 on counted as Chinese brand (owned by Geely)
  - Example Smart: counted as German brand, even though production in China (owned by Mercedes & Geely)
  - Example Tesla: counted as US brand, even though production to some extent in China
“Fair Play”? – A historic perspective

**Historically, the market share of “Chinese” brands is (still) low**

![Graph showing new car registrations in Germany, by location of brand ownership.](https://theicct.org/german-car-market-amid-increasing-competition-from-china-based-manufacturers-apr24/)

- “Chinese” brands account for 3% of new car registrations in Germany today
- “Japanese” and later “South Korean” brands had entered the market before
- “US” brands face a significantly reduced market share in Germany
- Despite the success of brands from Asia, “German” brands remain stable

*Data source: KBA*

https://theicct.org/german-car-market-amid-increasing-competition-from-china-based-manufacturers-apr24/
“Fair Play”? – A historic perspective

“Chinese” brands have fostered a strong home-market for EVs

<table>
<thead>
<tr>
<th>New car registrations, by location of brand ownership, in 2023</th>
</tr>
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<tbody>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td><strong>All</strong></td>
</tr>
<tr>
<td>51%</td>
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<td>25%</td>
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<td>25%</td>
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<tr>
<td>3%</td>
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<td></td>
</tr>
<tr>
<td><strong>BEVs</strong></td>
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<tr>
<td>41%</td>
</tr>
<tr>
<td>17%</td>
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<tr>
<td>3%</td>
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</tbody>
</table>

- “Chinese” brands are much stronger with electric car sales than with combustion engine cars, both in Germany as well as in China
- “German” brands account for a much higher market share in China than “Chinese” brands in Germany

Data source: KBA and MarkLines

“Fair Play”? – A historic perspective

Today’s debate provides some similarities to the early 1980s

1980

”Japanese cars: Europe is getting under the wheels”

- Increasing fuel prices provide a competitive advantage for the more efficient Japanese models
- Lean Production, Kaizen, Just-in-Time, Muda result in lower production costs for Japanese models
- USA threatens to increase import tariffs from 2.9% to 20%
- “The industrial base in Germany is in danger” (BMW-CEO)

2024

”The electric shock: Germany despairs of the electric car”

- Chinese manufacturers have focused on electric vehicles early on, while German OEMs kept relying on diesel & co.
- High production volumes and battery suppliers’ network allow for economy of scales
- EU considering to raise import tariffs from today 10%
- “The world markets are flooded with cheap Chinese electric cars” (von der Leyen)
“Fair Play”? – A historic perspective

*Increased tariffs may provide some breathing time, not more*

- If history repeats itself, then increased import tariffs will result in more local production
- Technology perspectives will not change though, with battery electric vehicles offering significant emissions and cost savings

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*China's BYD will consider second Europe plant in 2025, executive says*

By Nick Carey

May 9, 2024 5:54 PM GMT+2 · Updated a month ago

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Conclusions

- China has the highest market share of EVs among major markets, and is also the world's largest EV exporter
- Despite recent growth, "Chinese" brands account for 3% of German new registrations
- Historically, "Japanese" and "South Korean" brands had entered the market without affecting the market share of "German" brands
- "German" brands account for a higher share in China than vice versa
- "Chinese" brands are particularly strong in selling EVs, also in China
- Historically, tariffs provided only a temporary "solution"
- Technologically, BEVs offer greatest benefits for consumers, environment & society
- European vehicle manufacturers need planning / investment security