

China's electric carmakers bloom at Beijing auto show

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A man takes a photo of Hanteng X5 EV car at the Beijing auto show

Auto executives from across the globe are plugging their plans for an electric car future in China at the Beijing auto show, but they will find their Chinese counterparts are already motoring ahead.

Local carmakers and upstarts flaunted their latest plug-in models at the industry extravaganza this week, from sedans to SUVs and futuristic supercars fitted with the latest gadgets.

While American, Japanese and European auto giants dominate sales of combustion engine vehicles, Chinese firms are in the driver's seat when it comes to [electric cars](#).

Policymakers in Beijing have been pushing the market to go electric, using a carrot and stick to drag along consumers and automakers through a quota system for manufacturers and subsidies to car buyers.

China hopes to reduce its dependence on imported oil and cut pollution, both strategic priorities for Beijing, and it has announced plans to phase out fossil fuel vehicles at a yet-to-be-decided date.

Unable to seed a company capable of competing on the global stage, the shift conveniently provides China a new opportunity to foster local champions in the world's largest car market.

Unencumbered by history and the billions sunk into refining gasoline engines, electric presents a clean competitive slate for homegrown automakers.

"The entry hurdle is lower with an electric drive train than it has been with a combustion engine, which requires experience or where at least the contenders have experience of 130 years," Dieter Zetsche, head of Mercedes-Benz cars, said at the auto show.

Zetsche welcomed the Chinese newcomers: "The moment you don't have competition you get lazy."

Xi's market goals

But it is unclear if the competition will take place on a level playing field.

"The government is supporting the development of EVs," said Li Zhuihui, marketing manager at newcomer Hanteng Auto, which is pushing into the electric vehicle market.



China's BAIC ranked first in global EV sales last year, turning over 96,000 units, according to data from automotive research firm Jato Dynamics

"There are financial incentives to research and build electric," he told AFP.

One key industrial policy wielded by Chinese President Xi Jinping called "Made in China 2025" aims for domestic automakers to control 70 percent of the electric vehicle market by 2020 and 80 percent by 2025.

Elon Musk, CEO of Tesla motors, compared the environment to "competing in an Olympic race wearing lead shoes", in a tweet to United States President Donald Trump last month.

Still, China is one of Tesla's largest markets.

Roughly three-quarters of the gleaming electric car models on display in Beijing are homegrown, reflecting domestic firms' dominance on their home turf.

Last year new energy vehicles sales exploded 53 percent to 780,000 units in China, though they still constitute only 2.7 percent of the market.

International behemoths like Volkswagen and General Motors sold most of the 28.9 million units that changed hands here last year.

Despite both companies—and a heap of other foreign automakers—announcing huge investments in electric projects recently, Chinese companies have beaten them to the pavement.

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Chinese firms ZD, Geely, BYD, Zotye and JAC also racked up enough sales to make the top ten list of EV sales by volume.

In Beijing, car company Nio backed by IT giants Tencent and Lenovo, showed off a line of electric SUVs and supercars at its booth.

Jack Cheng, a co-founder of the startup, admitted the competition was fierce with 200 new players chasing a market the government hopes will reach two million in annual sales by 2020.



The Nio Eve concept car is displayed during the Beijing Auto Show

"Plus by 2020 the big guys are waking up so they may take a chunk of the volume," Cheng told AFP.

"But they are slow," he said, noting Nio's edge is the company's speed and nimbleness.

Battery technology

Batteries remain a critical piece of every electric car and Beijing's protective embrace of the technology may ensure China becomes the world's battery lab.

Fujian-based CATL is one major supplier benefitting from the policies.

"The technology you'll see in a CATL factory is as good as you'll see anywhere else in the world," said Trevor Worthington of Ford's product development division, which will use the firm's batteries in its Chinese electric models.

Hubertus Troska, head of Daimler's China business, said he too expected state policy to lead Mercedes-Benz to local suppliers.

"We will work with Chinese cell suppliers to anticipate and be in line with future regulation," Troska said.

The electric uptake has brought along prices for commodities like cobalt, a metal critical for light and durable batteries.

The price of cobalt has risen to \$91,000 per tonne on the London Metal Exchange, roughly tripling in value since the beginning of 2016.

China has not yet figured out how to corner the supply chain for the crucial component, with CATL listing its rising price as a risk in its recent initial public offering prospectus.

And international mining giant Glencore has become one of CATL's largest suppliers, providing the firm with cobalt hydroxide.

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