China’s Electric Ambitions

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Why China Chases Electric

“The top makes the policy, the bottom takes counter-measures.”

- Miniscule tech transfer via foreign JVs.
- China home to 7 of 10 world’s most polluted cities.

In 2009, China set ambitious targets of 500,000 new energy vehicles by 2015.
Electric Runs on the Board?

- Expect 120,000 pure electrics + 80,000 plug in hybrid sales in 2015. (40% of 2009 target)

- Missing ingredient: individual buyers. Range anxiety and more range anxiety.

- PwC predicts 3.7M EVs and plug ins by 2025. Guv promises 5M charging stations.

*Chinese not shy about making grandiose projections.*
China Electric Car Leaders

1. BYD
2. Zotye
3. Beijing Automotive
4. Chery Automobile
5. Shanghai Automotive

- Mix of Private and SOEs mostly leading the charge. Tesla on track for 4K in 2015. 13 stores, 7 service centers.
Enter the Internet Disruptors

- Faraday Future: $1B from LeTV to USA.
- NextEV: Sequoia and Joy Capital backing.
- Atieva: Connections to Beijing Automotive $\$
- Karma Automotive: Reincarnated Fisker

In Q2, 2015 Chinese government formally encouraged non-automotive companies to enter the sector. Watch this space.
China Electrics in 2020

• SOEs will “muddle” to 500,000+ EVs by 2020. 10 new EV licenses to be granted this year.
• Real excitement will be high end Tesla-fighters funded by Internet billionaires.
• R&D in San Jose, Berlin, Shanghai.
• Volvo already exports to US from China and plans major electric push in coming years.
China Has Market & Money for It

"The two most profound innovations in auto since the moving production line are electrification & autonomy."

-- Elon Musk