

**Electric vehicles**

## China's EV sales set to overtake traditional cars years ahead of west

Volumes forecast to rise 20% next year, smashing international projections and Beijing's official targets



BYD's Dolphin compact hatchback. China's electric vehicle sales are expected to reach 12mn cars in 2025 © Valeria Mongelli/Bloomberg

**Edward White** in Shanghai and **Kana Inagaki** in London 11 HOURS AGO

Electric vehicles are expected to outsell cars with internal combustion engines in China for the first time next year, in a historic inflection point that puts the world's biggest car market years ahead of western rivals.

[China](#) is set to smash international forecasts and Beijing's official targets with domestic EV sales — including pure battery and plug-in hybrids — growing about 20 per cent year on year to more than 12mn cars in 2025, according to the latest estimates supplied to the Financial Times by four investment banks and research groups. The figure would be more than double the 5.9mn sold in 2022.

At the same time, sales of traditionally powered cars are expected to fall by more than 10 per cent next year to less than 11mn, reflecting a near 30 per cent plunge from 14.8mn in 2022.

Meanwhile, [EV](#) sales growth has slowed in Europe and the US, reflecting the legacy car industry's slow embrace of new technology, uncertainty over government subsidies and rising protectionism against imports from China.

Robert Liew, director of Asia-Pacific renewables research at Wood Mackenzie, said China's EV milestone signalled its success in domestic technology development and securing global supply chains for critical resources needed for EVs and their

batteries. The industry's scale meant steep manufacturing cost reductions and lower prices for consumers.

"They want to electrify everything," said Liew. "No other country comes close to China."

## China is set to sell more electric vehicles than ones powered by traditional engines in 2025

Estimated passenger vehicle sales in China (mn)

Internal combustion    Battery EV    Hybrid EV    Plug-in hybrid EV

While the pace of Chinese EV sales growth has eased from a post-pandemic frenzy, the forecasts suggest Beijing's official target, set in 2020, for EVs to account for 50 per cent of car sales by 2035, will be achieved 10 years ahead of schedule. Norway leads the world in EV sales as a share of the market, with more than 90 per cent of new cars battery-powered.

The industry forecasts were provided to the FT by investment banks UBS and HSBC, as well as research groups Morningstar and Wood Mackenzie.

They imply that over the coming decade, factories set up in China to produce tens of millions of cars with traditional engines will have almost no domestic market to

serve.

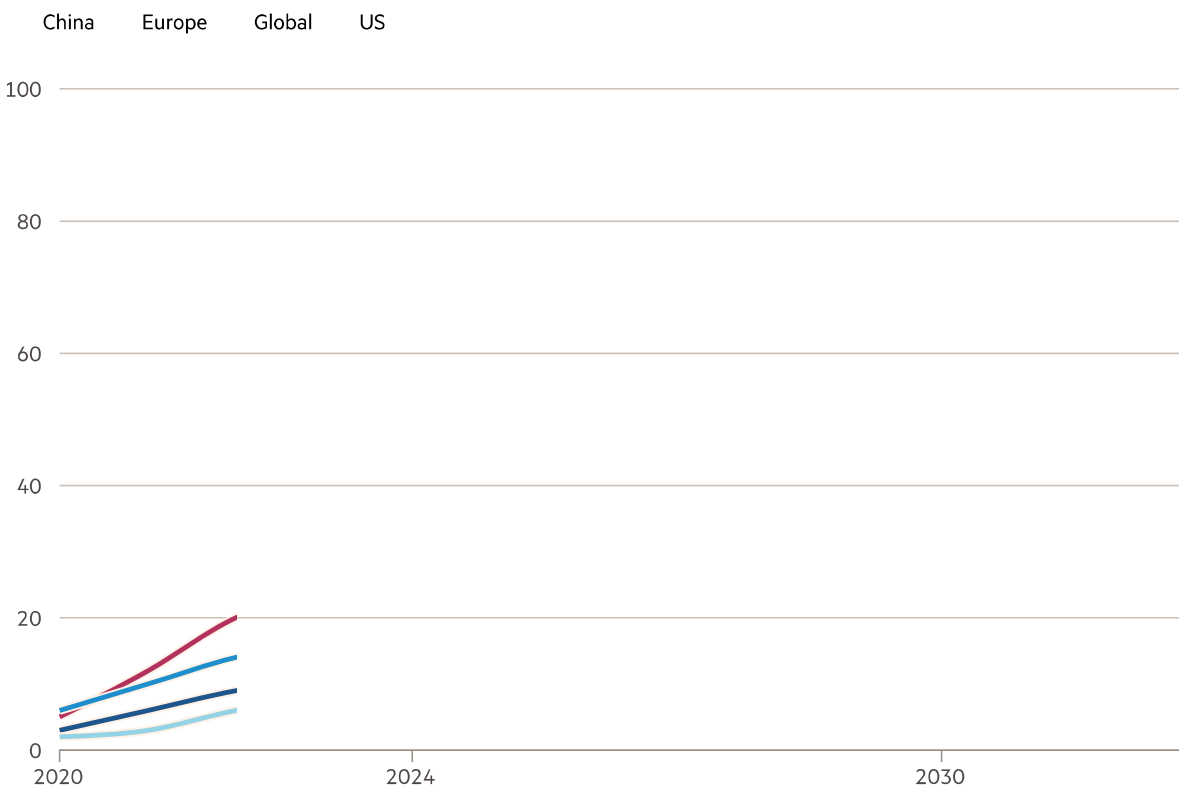
They also highlight how the rapid rise of the Chinese EV industry now threatens the national manufacturing champions of Germany, Japan and the US.

As China's EV market tracked towards year-on-year growth of near 40 per cent in 2024, the market share of foreign-branded cars fell to a record low of 37 per cent — a sharp decline from 64 per cent in 2020, according to data from Automobility, a Shanghai-based consultancy.

In this month alone, GM wrote down more than \$5bn of its business value in China; the holding company behind Porsche warned of a writedown in its Volkswagen stake of up to €20bn; and arch rivals Nissan and Honda said they were responding to a “drastically changing business environment” [with a merger](#).

**China's** adoption of battery electric vehicles (BEVs) is projected to grow to 80% by 2035

BEVs adoption (%)



Chinese carmakers face their own internal rivalry. Yuqian Ding, a veteran Beijing-based analyst with HSBC, said that while EVs were now a “strategically important” part of China’s new, high-tech economy, intense competition was expected to

part of China's new, high-tech economy, intense competition was expected to “squeeze” more players out of the market as the industry consolidated.

“While China’s domestic EV sector is clearly flourishing, it is also facing slowing growth — from a very high base — models oversupply, intense competition and a price war,” she said. “The longer-term direction of travel is clear — China’s EV juggernaut is unstoppable.”

Tu Le, founder of consultancy Sino Auto Insights, said the industry was only at “the beginning” of a period of unparalleled upheaval.

Vincent Sun, an equity analyst covering China’s car sector for investment research group Morningstar, noted that several multinational carmakers, including Germany’s Volkswagen, were not expecting to release major new EV models in China until late 2025 or 2026.

HSBC estimated about 90 new car models had been planned for release by manufacturers in China in the fourth quarter of 2024 — about one a day — and nearly 90 per cent were EVs.

Still, Paul Gong, head of Chinese automotive research at UBS, cautioned there was some uncertainty over China’s broader economic policy heading into 2025 and forecast the market would have a “weak start to the year” after a robust finish to 2024.

But he added: “We anticipate . . . a strong surge in purchases at the end of 2025, driven by the expiration of subsidies and the imposition of a 5 per cent purchase tax on electric vehicles in 2026 — compared to 0 per cent until the end of 2025.”

*Additional reporting by Richard Milne in Oslo*

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