

AmCham Shanghai Auto Conference

China's EV Sector: Economic Lessons and Policy Choices

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Unique levels of state support for the EV sector

Chinese Government Spending (US\$, billions)

Type of Support	2009-2017	2018	2019	2020	2021	2022	2023	Total
Buyer's Rebate	37.8	4.3	3.3	3.5	7.4	9.2	0.0	65.7
Sales Tax Exemption	10.8	7.7	6.4	6.6	16.4	30.3	39.5	117.6
Infrastructure Subsidies	2.3	0.2	0.2	0.3	0.3	0.6	0.6	4.5
Research & Development	2.0	3.6	3.4	3.5	4.3	3.9	4.3	25.0
Government Procurement	7.8	1.6	1.4	2.9	1.7	1.8	0.8	18.0
Total	60.7	17.4	14.8	16.8	30.1	45.8	45.2	230.8
Spending as Share of Total Sales	42.4%	22.7%	23.3%	25.4%	18.3%	15.1%	11.4%	18.8%
Subsidy per Vehicle (US\$)	-	13,860	12,311	12,294	8,538	6,656	4,588	-

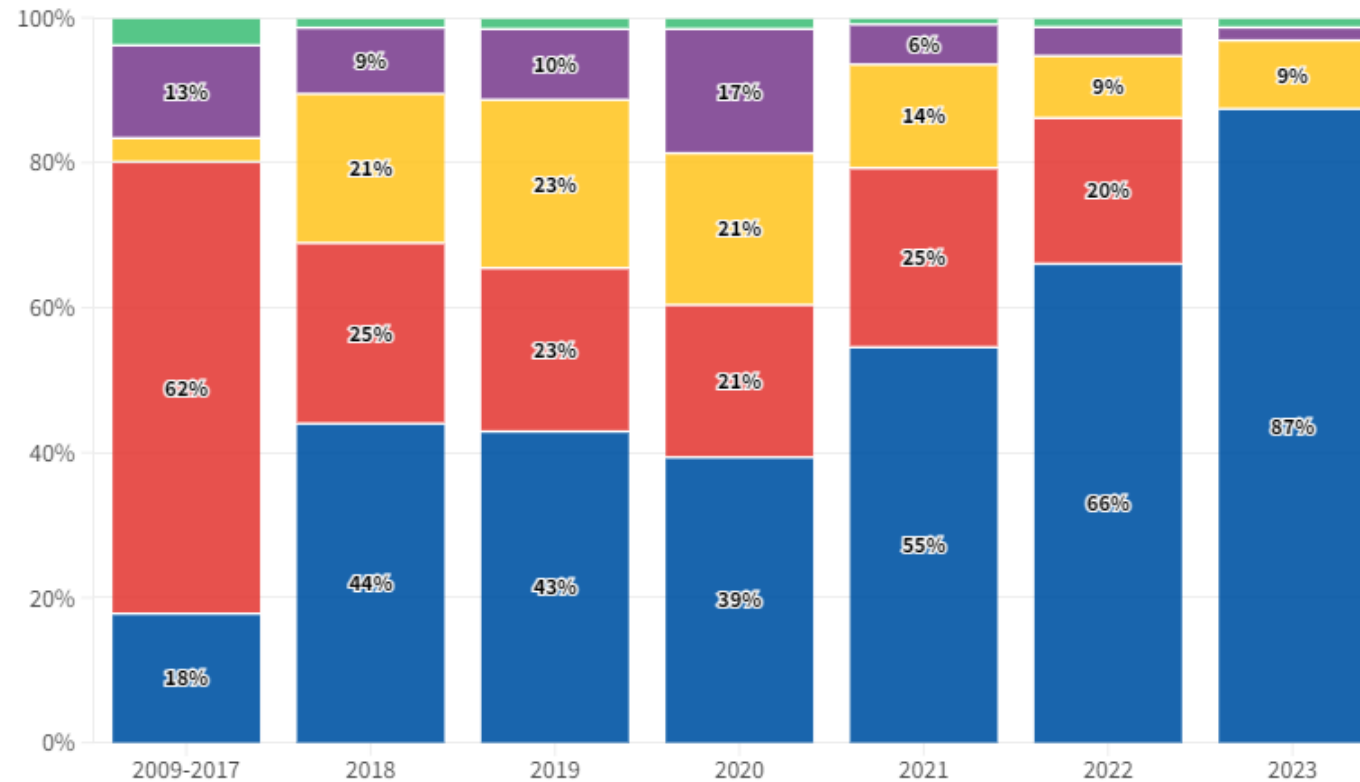
Source: CSIS Trustee Chair estimates



Gov't tools have shifted

Share of Chinese Government Spending on NEVs by Type of Support

■ Sales Tax Exemption ■ Buyer's Rebate ■ Research & Development ■ Government Procurement ■ Infrastructure



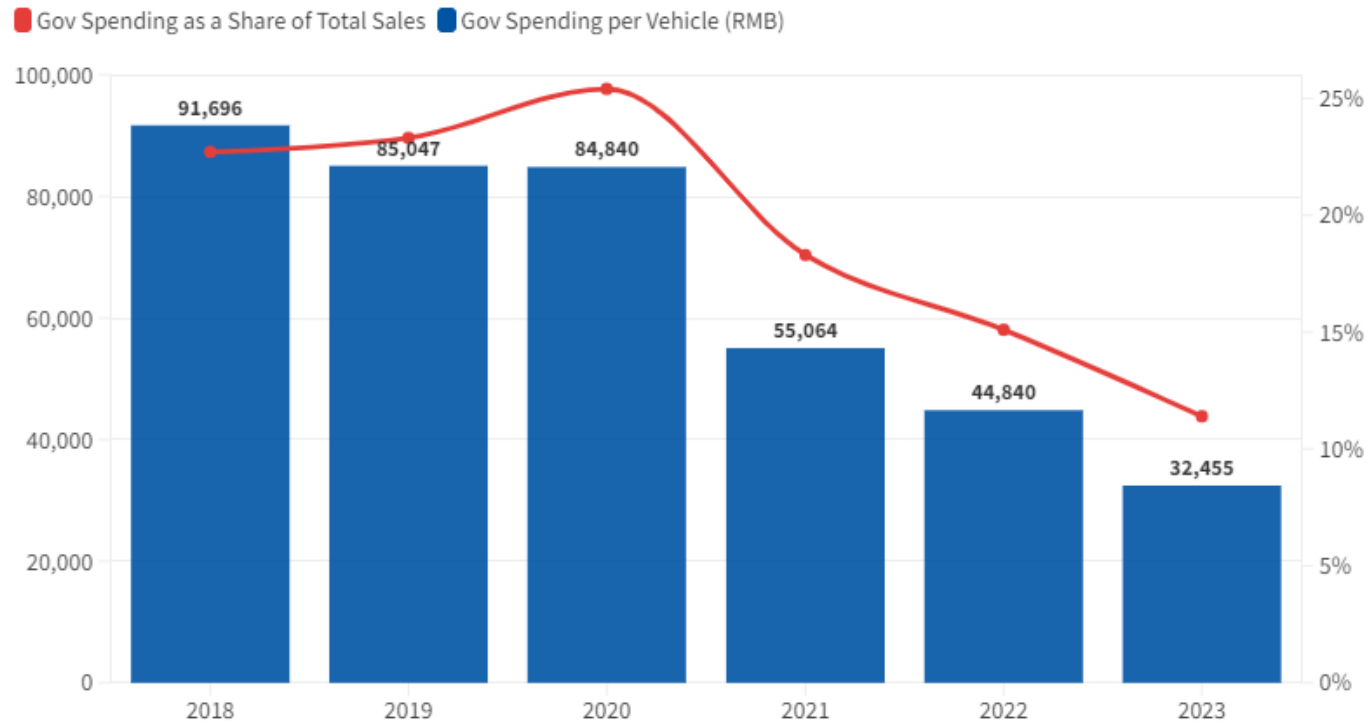
Source: Author Compilation



Gov't spending per vehicle has declined

NEV Government Spending as a Share of Total Sales and Average Government Expenditure per Vehicle

LHS: RMB, billions - RHS: Percentage Share

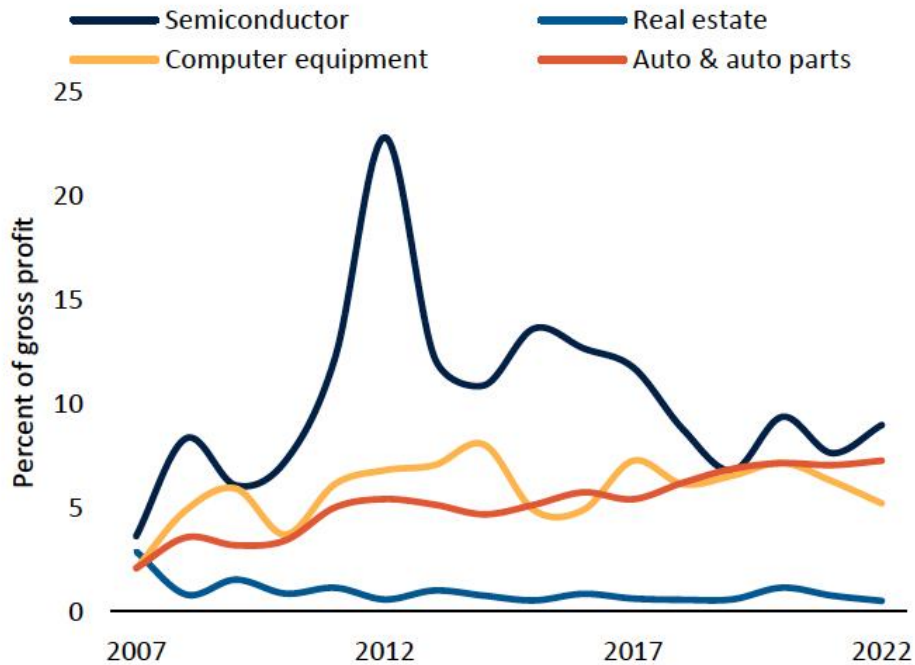


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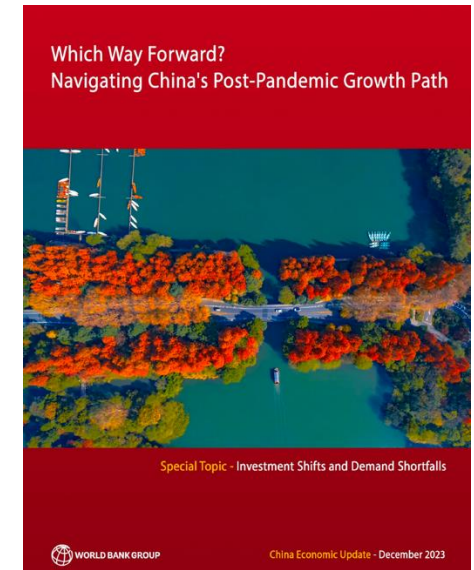
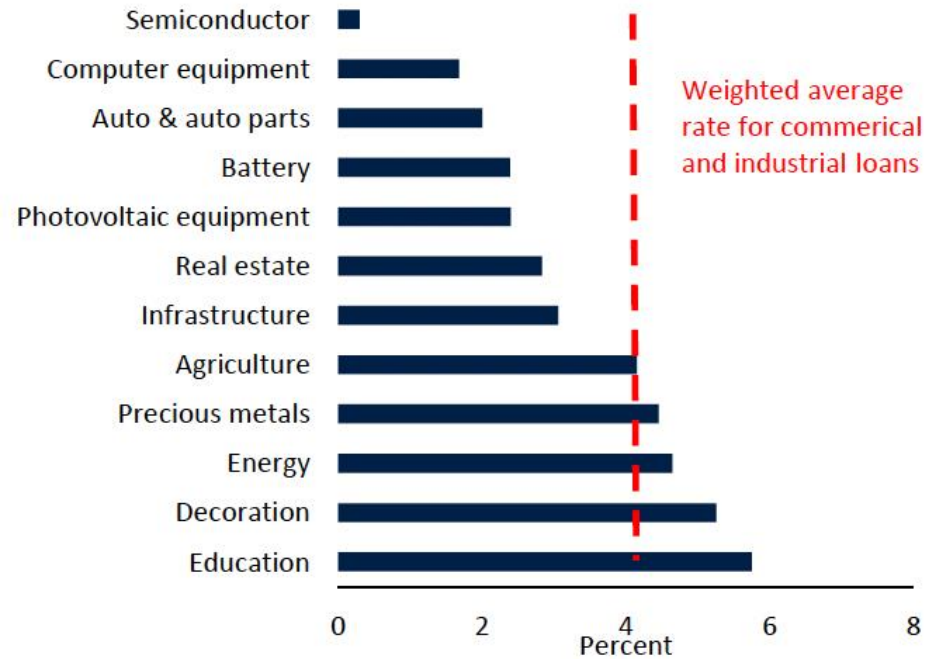
Gov't spending has declined, but credit has risen

C. Direct subsidies received by listed firms



Source: PBC, Wind, World Bank staff estimates.

D. Implied interest rates for listed firms in 2022





Many Brands, High Quality



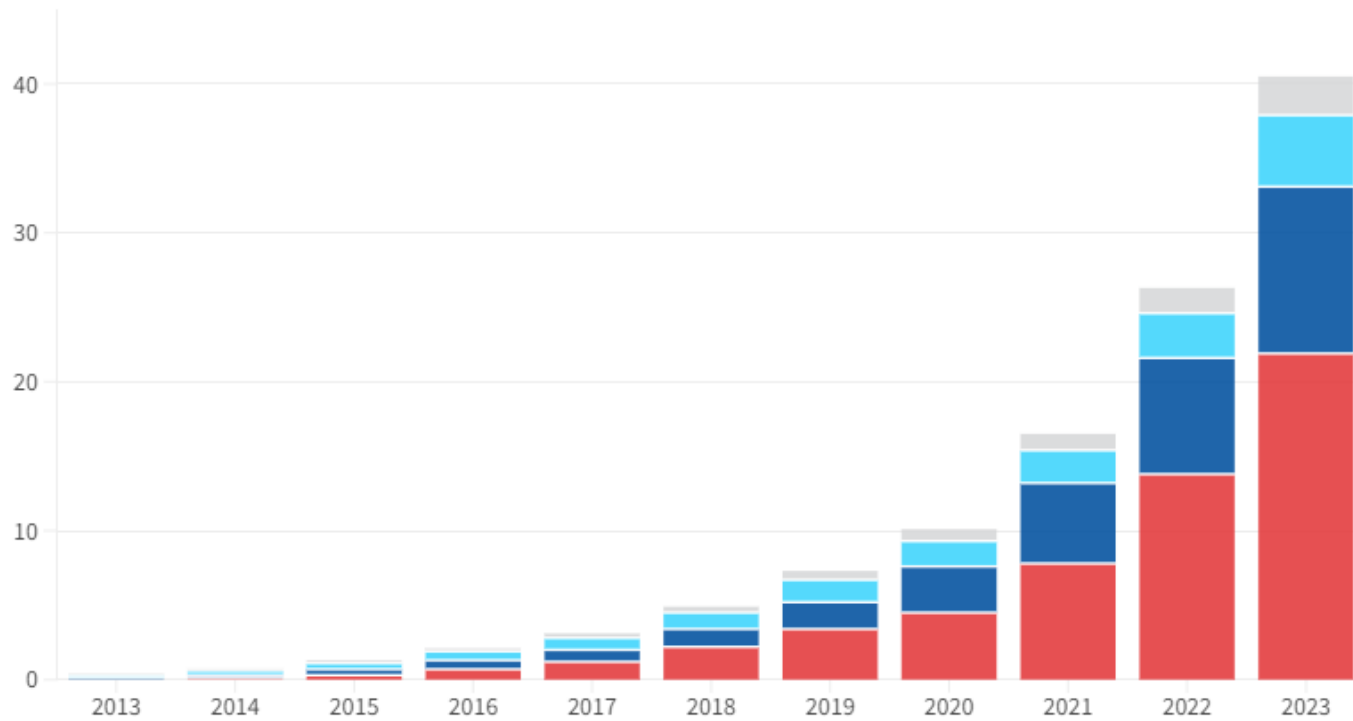


China is the world's largest EV market

Global Electric Car Stock

Vehicles, Millions

China Europe United States Rest of the World



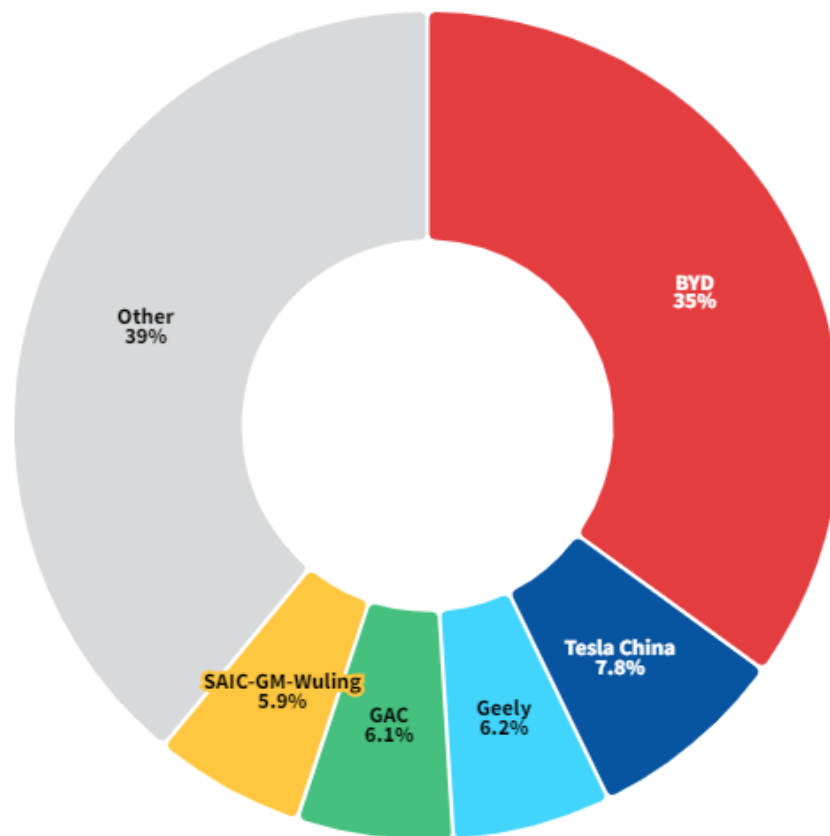
Source: [International Energy Agency](https://www.iea.org/).

Note: Includes BEV and PHEVs



Chinese brands dominate its domestic market

China EV Sales Share by Brand, 2023



Source: [China Passenger Car Association](#)

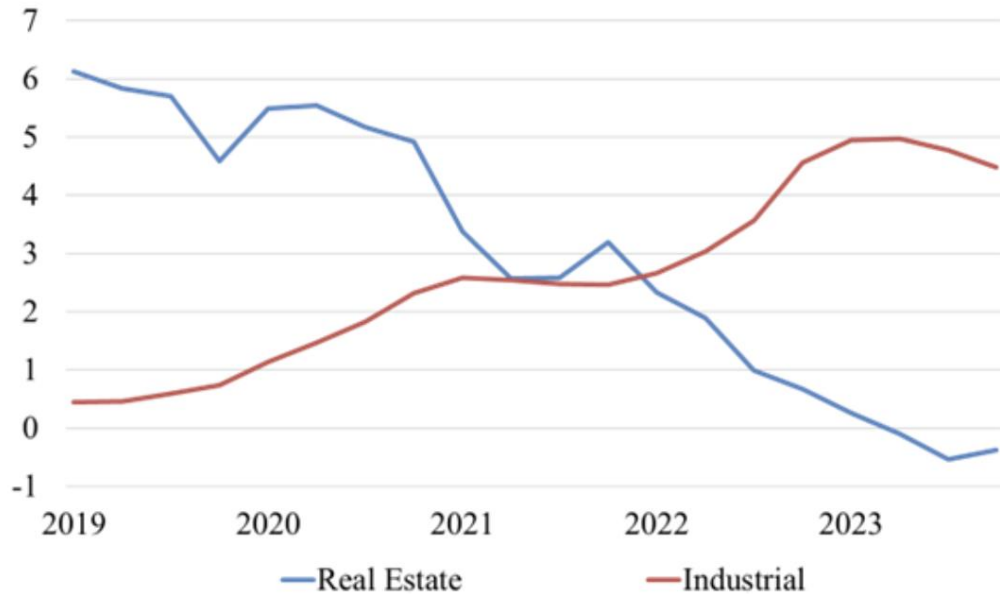


U.S. DEPARTMENT OF THE TREASURY

Remarks by Under Secretary for International Affairs Jay Shambaugh on Chinese Overcapacity and the Global Economy

Figure 3.

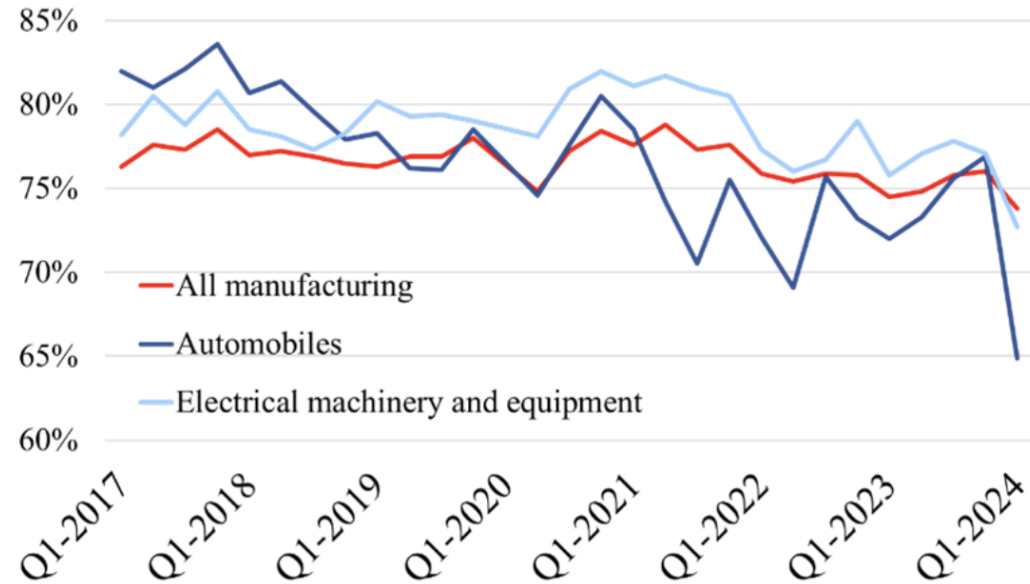
Year-over-year Change in Gross Lending (RMB Trillion)



Source: CEIC, PBOC

Figure 7

China's Capacity Utilization Rate



Source: Haver, Treasury staff calculations

Growth in Chinese EV Exports \$USD, Billions (3MMA)



Source: China General Administration of Customs

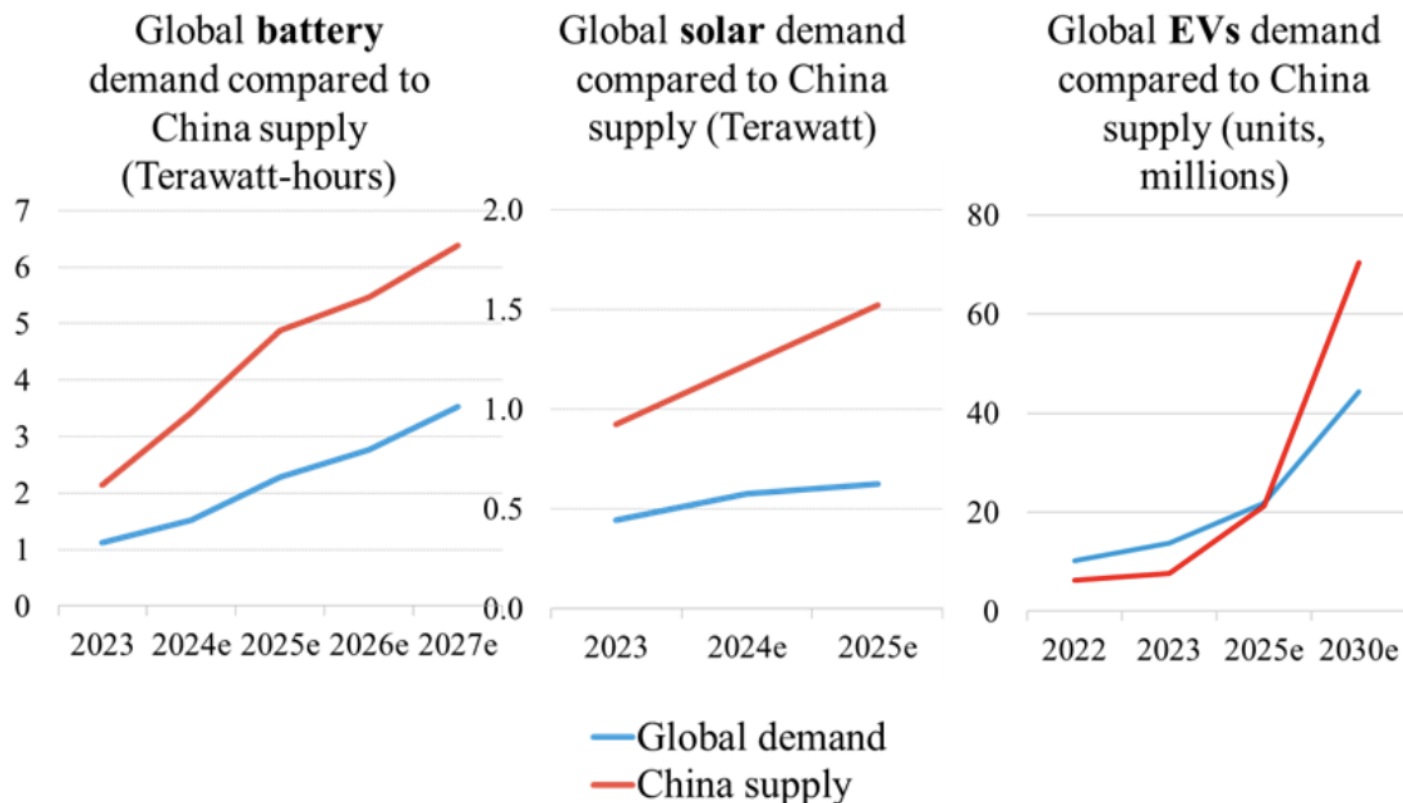


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Figure 4.

Global Demand Compared to China Supply



Policy Responses

Thank you!	Compete on level playing field	No thank you!
No restrictions	CVD tariffs, but permit investment	Tariffs, investment discouragement, data security standards
Auto consumers	Auto producers	Auto producers
SE Asia, Africa	European Union	US, Japan

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