

The Mobility Paper



Market Landscape

May 2025

Mainland China's Automotive Outlook

Local brands advancing
globally amidst disruption
and transformation

S&P Global
Mobility

Executive Summary

As the automotive industry undergoes a deep structural shift, the transition from traditional mechanical vehicles to intelligent mobility platforms is accelerating. Amid this transformation, Chinese local manufacturers are advancing on two fronts: doubling down on the domestic market by rapidly launching innovative models and software features tailored to local consumer needs, and, at the same time, looking outward and advancing on their global expansion strategies.

In a complex landscape filled with both disruption and opportunity, what is the short-term outlook for these local car manufacturers? How should they position themselves to fully grasp the global expansion opportunity in the face of increasing geopolitical uncertainties and mounting deglobalization, and protectionism?

This paper offers a focused analysis of key macroeconomic trends including market dynamics, production forecasts, and overseas strategies including:

- Economic outlook: Navigating opportunities and challenges
- 2025 light vehicle output expected to grow by 2%
- Continued polarization across the market landscape in the short-term
- Three key characteristics shaping the New Energy Vehicle (NEV) segment in 2025
- Price competition shifting from aggressive discounting to greater stability
- Strategic outlook as to the global expansion of Chinese automakers
- Key takeaways

Note: All forecasts and viewpoints from S&P Global Mobility referenced in this report are based on market conditions prior to the escalation of US-China tariff tensions. As of May 2025, the US and Mainland China had agreed to significantly reduce tariffs for a 90-day period, marking a potential thaw in trade tensions between the two nations. Please note that the viewpoints and data referenced in this Paper are based on market conditions prior to the escalation and de-escalation of tariff tensions between the two nations.

Mainland China's Automotive Outlook

Local brands advancing globally
amidst disruption and transformation



Economic outlook: navigating opportunities and challenges

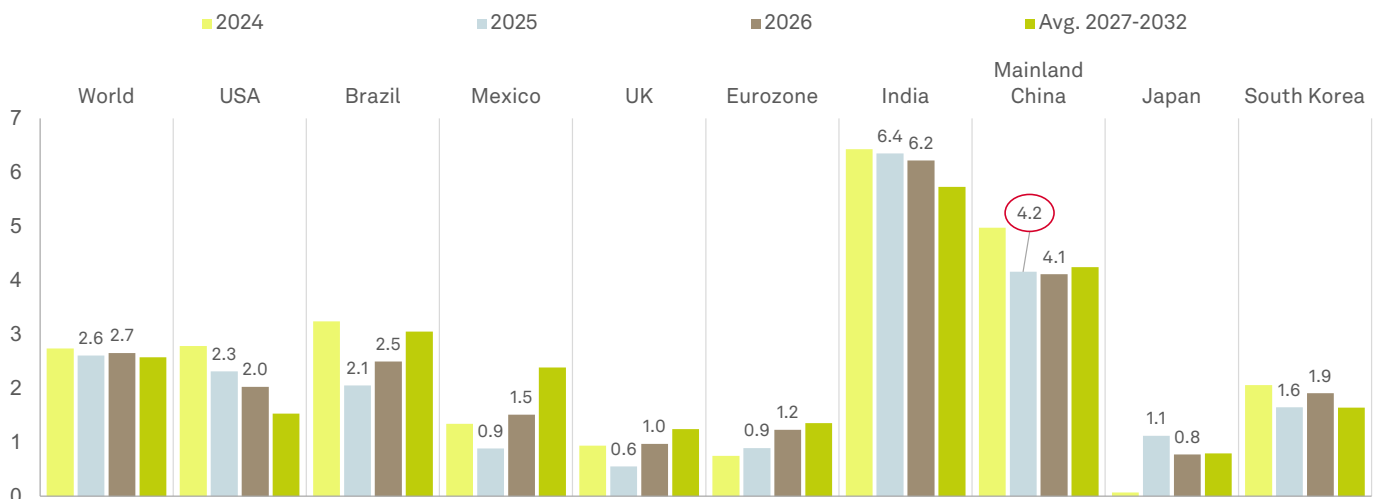
The onset of Donald Trump’s second term has cast a significant shadow of uncertainty over the global economy. Considering this, S&P Global Mobility’s macroeconomic team has revised down its global economic growth forecast for this year, lowering China’s GDP growth expectation from last year’s 4.6% to 4.2%. However, the Chinese government work report presents a more optimistic outlook, projecting that China’s GDP growth will remain around 5% in 2025. The government aims to utilize flexible fiscal tools and monetary policies to mitigate the impact of external uncertainties on the economy.

This complex economic environment presents both challenges and opportunities for the Chinese automotive market. Insufficient momentum in the global economic recovery and increasing uncertainties in international economic and trade cooperation will undoubtedly pose certain obstacles to the development of the automotive market. However, strong domestic policy support has provided a significant boost for stable development in the automotive sector, creating potential avenues for automotive companies to seek breakthroughs amid adversity.

World economic growth rates

Post-election US policy shifts expected to slow global growth; underlying momentum softening

World economic growth rates (% YoY)



As of Mar. 17, 2025.
Source: S&P Global Market Intelligence.

2025 light vehicle output expected to grow by 2%

In retrospect, the overall production in the automotive market in 2024 exhibited a trajectory of initially low and subsequently high performance, driven by two rounds of national vehicle replacement subsidies and robust export performance, resulting in a significant tailwind effect. As we enter 2025, the continuation of the replacement subsidy policy is expected to provide some support for stability in the automotive market. However, increasing uncertainties in international trade risk and the diminishing effects of incentive policies could lead the seasonal output back to normal levels.

S&P Global Mobility anticipates that the Chinese automotive market will still have potential momentum impacting annual sales in the second half of 2025, although the tailwind effect will be relatively moderate compared to 2024. From the perspective of production growth, the output of light vehicles is expected to remain stable, with an anticipated overall increase of 2%. However, from a long-term perspective, the downward pressure on population growth is greater than analysts previously expected, leading to further adjustments in medium- to long-term forecasts. The long-term growth rate is expected to remain at a relatively stable level.

“Driven by two rounds of replacement subsidies and stronger exports, production in 2024 followed a low to high pattern with a pronounced year-end surge. With subsidy policies extended this year and rising external trade uncertainty, we expect seasonal production shifts to normalize. However, OEMs may still push aggressively in the second half to hit annual sales targets.”

Alison He
 Light Vehicle Sales Forecast Analyst
 Greater China, S&P Global Mobility

Mainland China light vehicle production long-term forecast

After near-future payback the industry output can remain stabilization driven by NEV and export; Population will remain declining by acceleration in long term future

Light Vehicle Production Revolution



As of March, 2025
 Source: S&P Global Mobility.



Continued polarization across the market landscape in the short-term

In recent years, the mainland China's automotive market has grown steadily with a sharp rise in the penetration of NEVs, which approached 50% in 2024. It is now taking a lead in global EV adoption, surpassing that of US and EU.

This phenomenal figure reflects the government's commitment to driving sustainable mobility by supporting the pull factor in incentive policies, also the local consumers' accelerating appetite for electrified mobility and intelligent driving technologies in pushing forward the electrification wheel.

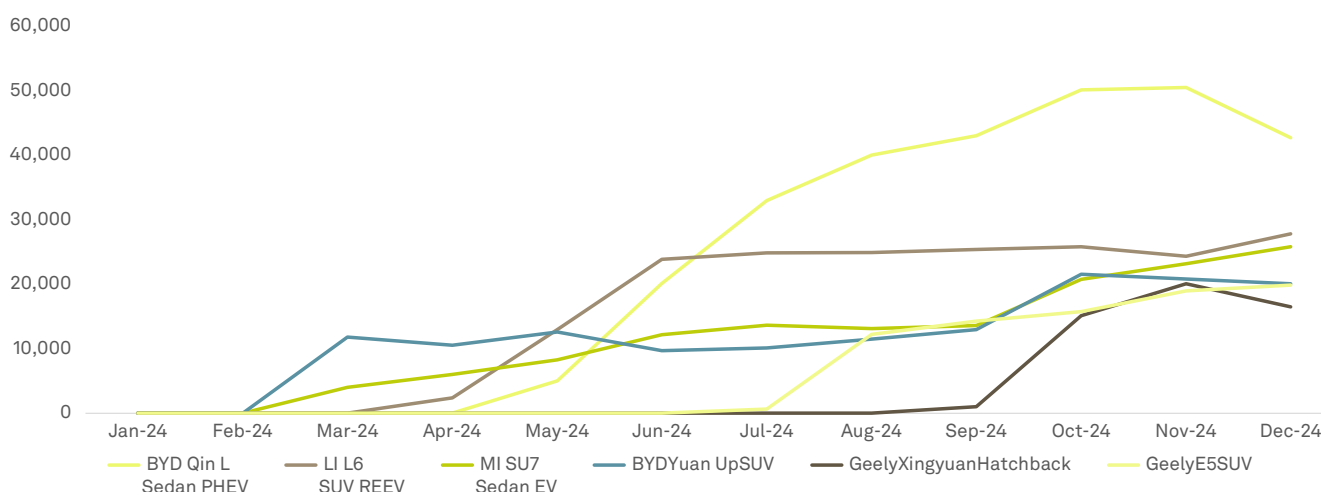
Two major inflection points drove this surge in NEV penetration in 2024. The first occurred after August, when policy incentives clearly favored NEVs over internal combustion engine (ICE) vehicles. NEV buyers received subsidies of up to RMB 20,000, compared with approximately

RMB 15,000 for ICE buyers, along with continued exemptions from vehicle purchase tax. These policy differences helped unleash a strong wave of demand on NEVs.

The second inflection point appeared after March, when domestic automakers began launching a series of remarkably successful models. Since April 2023, they had introduced five to ten new models each month, more than 90% of which are NEVs. These NEVs' launches completely revamped the typical market delivery timeline by compressing product launches and ramp-up cycles. Unlike ICE vehicles, which typically require 12 to 24 months to reach peak monthly sales, most NEV models now achieve that benchmark within just 5 to 10 months. For example, BYD's Qin L DM-I reached monthly sales of 50,000 units within six months of launch in 2024. In contrast, the 2015 Volkswagen Lavida took nearly 21 months to reach monthly sales of 20,000 units.

Popular NEV models have rapidly entered the market

Sales Development Trends for Trending New Models



Data compiled Mar 2025.
Source: S&P Global Mobility.

“With the continued launch of new models this year, and support from the RMB 300 billion government fund mainly for vehicle replacement programs, new energy vehicles will remain one of the key drivers of total market growth. Their penetration is also expected to rise further.”

Serena Shen

Light Vehicle Sales Forecast Analyst
S&P Global Mobility

Meanwhile, 2024 saw escalating market saturation, with entry-level economy models becoming a highly competitive “red ocean” market. Intense price wars swept through the segment, and automakers were under significant margin pressure throughout the year. In addition to the price war pressure, the steady rise in NEV penetration becomes a key, structural factor driving the overall decline in market share among joint-venture automotive brands.

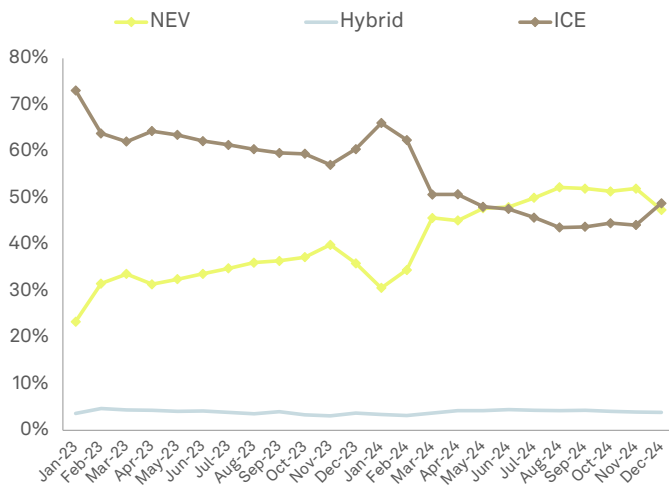
In 2025, the steady rollout of new NEV models, together with the continued vehicle replacement program and targeted fiscal support via special treasury bonds, has reinforced the role of NEVs as a primary driver of market growth. NEV penetration in mainland China is set to rise further, supported by strong policy momentum and rising consumer acceptance.

The competitive landscape between domestic and joint-venture automotive brands continues to shift. In the non-NEV segment, brands such as Volkswagen and Toyota still contributed over 60% of total sales in 2024, yet their market share was clearly on a downward trend. In contrast, within the NEV space in mainland China, the market shares of companies such as Tesla, FAW-Volkswagen, SAIC Volkswagen and Toyota are relatively meager.

Passenger vehicle dynamics in mainland China

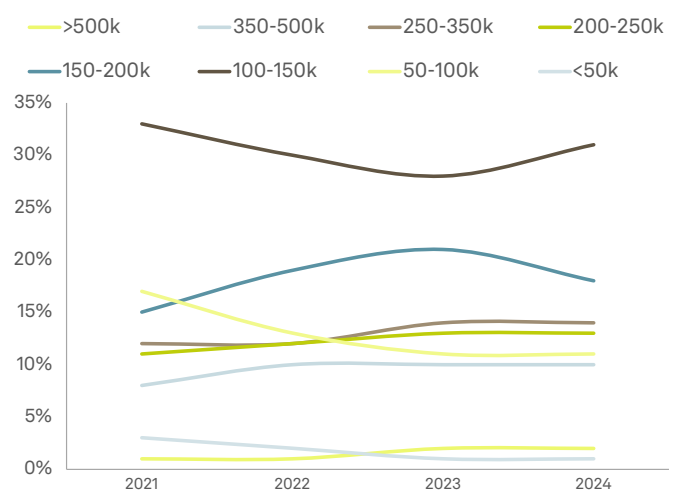
The proportion of NEVs continues to rise, further encroaching upon the market share of ICEs; Entry-level economy vehicles have become the most fiercely competitive price segment.

NEW Share of 2023-2024



As of December, 2024
Source: S&P Global Mobility.

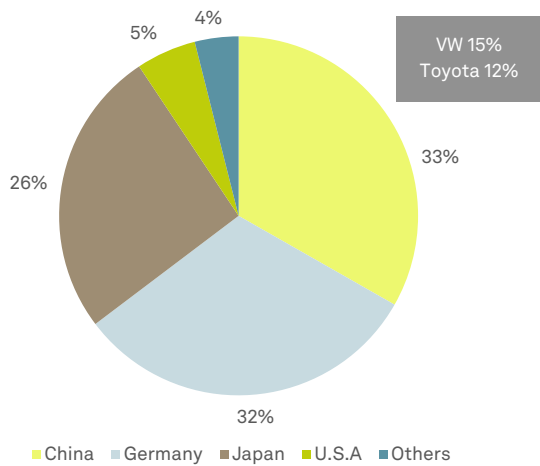
Share by Price



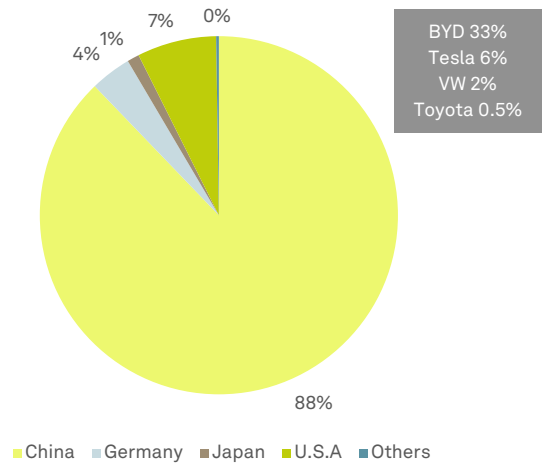
As of December, 2024
Source: S&P Global Mobility.

Domestic brands dominating Mainland China's NEV market

Brand Origin Distribution in the Non-NEV Sector



Brand Origin Distribution in the NEV Sector



Data compiled Mar 2025, based on mainland China insurance data from January to December 2024. Source: S&P Global Mobility.

S&P Global Mobility expects the automotive market to continue to be stratified in the near term. Leading companies are expected to consolidate their market positions by leveraging technological prowess and value-added service offerings, while joint-venture brands and smaller players may struggle to keep pace with accelerating competition.

Recently, the joint-venture brands started to partner with local suppliers to produce fully electric vehicle models for local consumers and experimented with simplified pricing strategies such as fixed rates. However, these efforts had little effect on reversing their overall sales decline so far.

First-tier Chinese brands are expected to continue growing despite a complex environment, powered by their operational scale, rapid product iteration, and deep integration with high-performing local suppliers. Emerging players such as Harmony Intelligent Mobility, XPeng, and Xiaomi are also expected to maintain strong momentum in 2025. Joint-venture brands, particularly Japanese manufacturers, may face steeper headwinds as the competitive gap widens. Further loss of market share is increasingly likely.



Three key characteristics shaping the NEV segment in 2025

The rapid expansion of mainland China’s NEV market has given rise to several market-defining characteristics.

Firstly, domestic automotive brands are redefining the competitive landscape in the NEV segment. They have established a clear advantage over joint-venture ICE vehicles in key dimensions such as size, pricing and product competitiveness. In addition, since domestic brands’ new energy vehicle sales account for a higher proportion, they will receive more industry subsidies. Arena now extends beyond foreign combustion models to include their own ICE portfolios and leading NEVs from other manufacturers. Many brands have reduced production costs by sourcing battery cells from second-tier suppliers and streamlining component configurations. As a result, some battery electric vehicles are now priced below ICEs and plug-in hybrids, accelerating NEV penetration across multiple brand portfolios.

Geely’s path to EV/ICE price parity: using Tier 2 battery suppliers in mass models



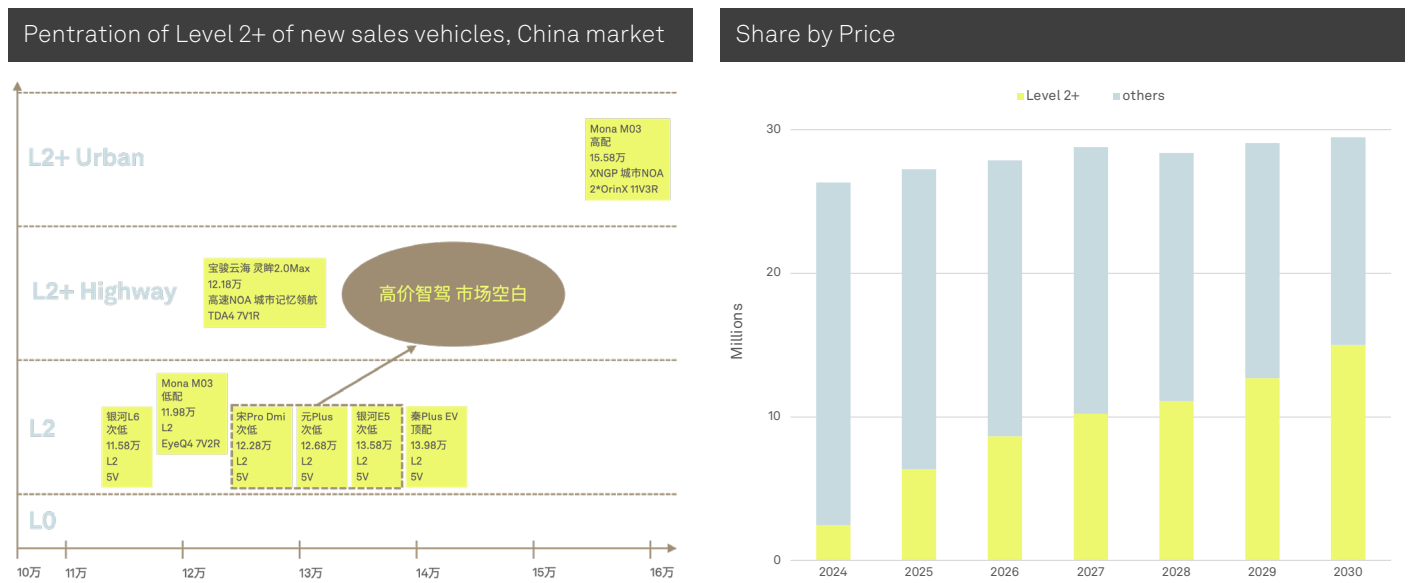
Model Name	Geely Boyue L	Geely E5	Geely Starship 7
PSD	ICE	BEV	PHEV
Bodytype	SUV	SUV	SUV
Length	4,670 mm	4,615 mm	4,740 mm
MSRP (RMB)	115,700 – 149,700	109,800 – 145,800	99,800 – 132,800
Battery cell supplier	-	Yaoning(Geely incubated enterprise) / SVOLT	CALB / SVOLT
Sales Mo.	12,700	14,128	17,098

Note: based on mainland China insurance data in December 2024.
 Data compiled Mar 2025
 Source: S&P Global Mobility.

Secondly, making intelligent driving features broadly accessible has become a defining narrative in China’s automotive market in 2025. BYD set the tone by deploying its DiPilot system across a wide range of volume models, triggering a spike in focus. In response, established automakers such as Changan, Geely, and Chery, along with rising players including Li Auto and Leapmotor, either launched or reprioritized their intelligent driving strategies. The year 2025 is widely seen within the industry as a milestone in the mainstream adoption of L2+ driver assistance capabilities on highways.

Thirdly, domestic premium brands are reshaping the landscape of China’s luxury vehicle segment by capitalizing on strengths in pricing and technology. High-end new energy brands have entered price bands and vehicle categories long dominated by foreign luxury automakers. In the entry-level midsize sedan and SUV segments, several popular domestic models now fall within the RMB 200,000 to 300,000 range while offering industry-leading driver assistance features. Smart cockpit functions and related configurations are increasingly seen as baseline expectations, often included as standard or available through promotional offers and ownership reward programs. As these offerings expand, competition in the luxury market is beginning to shift. The primary battleground is no longer between Chinese and foreign brands but increasingly within the domestic premium segment itself.

BYD brings L2+ autonomous driving features across model lineup



Data compiled Mar 2025
Source: S&P Global Mobility.



Price competition shifting from aggressive discounting to greater stability

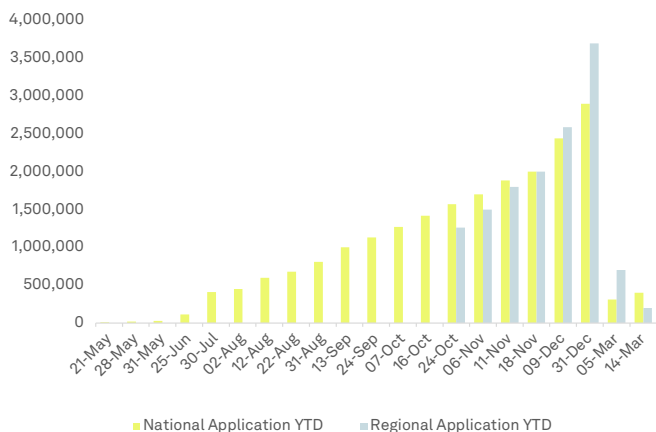
Price has long been one of the most visible levers in the mainland China’s automotive competition. In 2025, however, the market shows signs of moderation. S&P Global Mobility predicts a cooling period of aggressive discounting, with brands shifting toward more balanced pricing strategies.

In previous cycles, price wars were shaped by two key pressures: the capital intensity of incentives and the strategic influence of market leaders. To remain competitive, automakers committed large sums to vehicle subsidies, interest-free financing, insurance promotions, and bundled offers, placing a considerable strain on their cash flow positions.

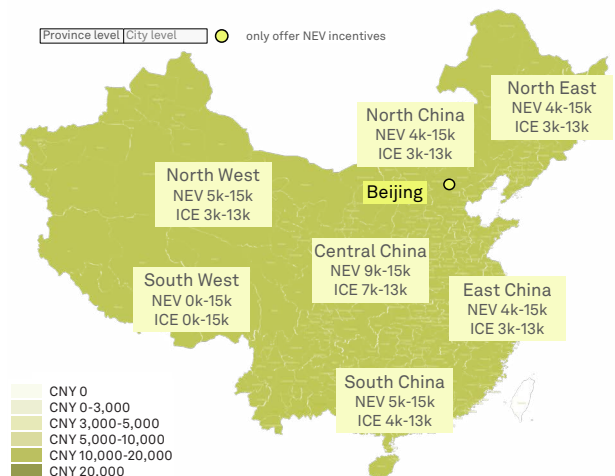
Recent government-led programs, including national scrappage incentives and local trade-in subsidies, have helped relieve this pressure. These policy tools have lowered the funding burden for OEMs, allowing them to offer meaningful incentives with more manageable costs. At the same time, the structure of price benefits has evolved, with consumers now gaining access to offers such as multi-year zero-interest loans, vehicle insurance packages, and other targeted benefits that enhance the delivery value without distorting the base pricing.

Strong stimulus continues

Scrappage and trade-in incentive application volume by data release date



Regional replacement incentives in 2025Q1



Data compiled Mar.2025
Source: S&P Global Mobility



In 2024, price competition in the new energy vehicle market was most intense in the first half of the year. With the rollout of national subsidies in the second half, discounting began to moderate significantly. Automakers increasingly shifted from direct price cuts to leveraging government incentives to support sales. In contrast, internal combustion and premiums, as lower subsidy levels widened the gap and heightened the financial strain.

Leading brands began to pivot away from discount-led strategies in favor of improving profitability. One approach has been to scale exports of domestic models to boost gross margins. Another is to increase transaction value through product innovation. BYD, for example, now includes intelligent driving features as standard, while Geely and Changan are integrating digital cockpit systems and LiDAR into their mid-range models. These upgrades allow the brands to raise perceived value and sustain pricing without relying on discounts.

Although price competition has eased, NEV brands stay flexible in their pricing strategies. With expectations for declining costs in smart components and battery materials, the segment retains room for further adjustment, particularly in models targeting mass-market adoption.

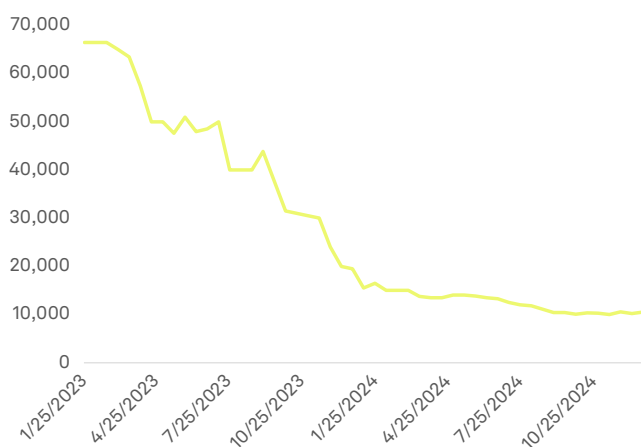
“Monthly sales tracking of popular models reveals two notable features of domestic new energy brands: rapid delivery and fast ramp-up. These vehicles often begin volume delivery from the very first month of launch, shortening customers’ waiting times and improving order conversion rates.”

Serena Shen

Light Vehicle Sales Forecast Analyst
S&P Global Mobility

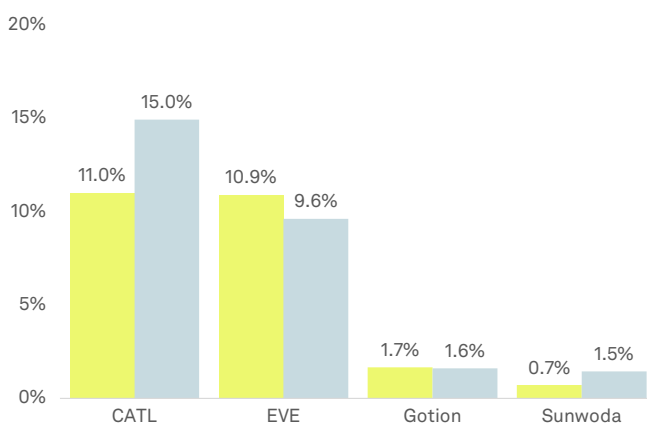
EVs still have the potential to become more affordable

Lithium Carbonate - CIF Asia (\$/tonne)



Data compiled Mar. 2025.
Source: S&P Global Mobility, CATL/EVE Battery/Gotion/Sunwoda Quarterly Report.

Sales Net Profit Margin of Battery Suppliers (Jan-Sep 2024)





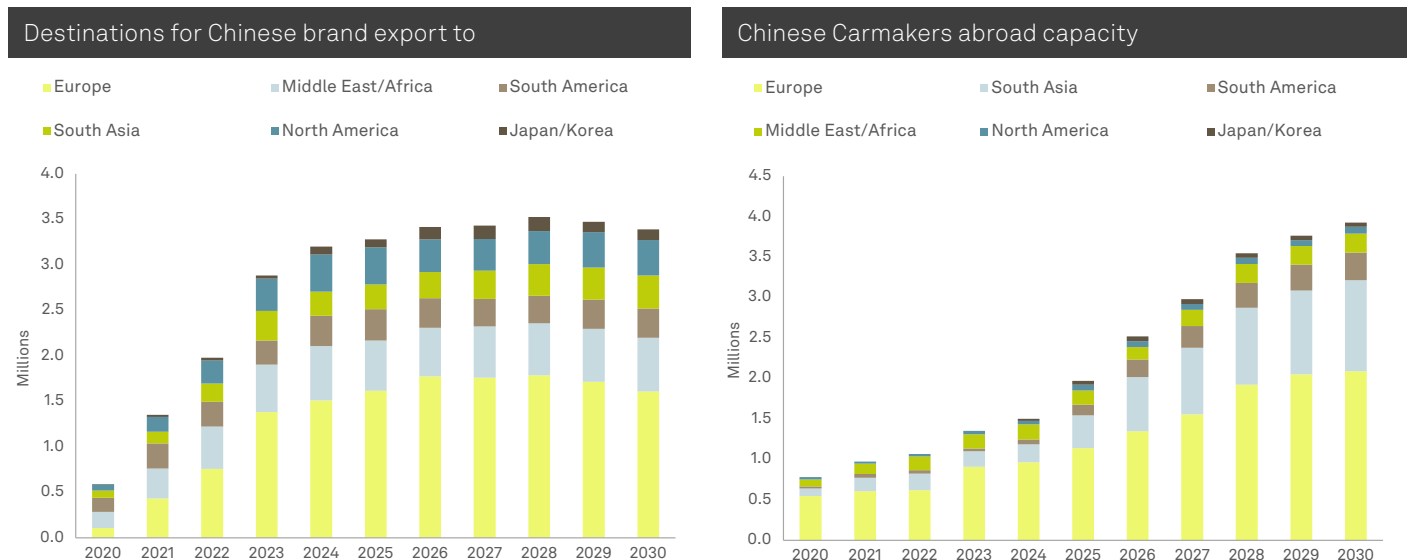
Strategic outlook as to the global expansion of mainland Chinese automakers

In recent years, Chinese automotive companies have actively engaged in overseas markets, achieving remarkable results in automobile exports. Southeast Asia, Europe, and other regions have become key areas for Chinese automotive companies to compete and establish their presence. In the short term, Chinese automobile exports are expected to maintain a growth trend; however, due to the complexity and increasing uncertainty of the external environment, the growth rate may experience some slowdown. Trade barriers, geopolitical risks, and other factors have emerged as significant challenges that automotive companies and suppliers must confront during the export process.

Export data from 2024 showed that mainland Chinese automotive brands shipped 50% of their exports to Europe. Most of these found their way to Russia, with Western Europe accounting for 18%. The Middle East and Africa contributed 17%, South America 12%, and Mexico served as the primary export destination in North America. Shipments to ASEAN and Oceania each accounted for 6% of the total.

Despite the strong export growth, there are concerns over future trade stability due to mounting geopolitical tensions and policy adjustments.

Mainland Chinese manufacturers' overseas business outlook



As of March, 2025
Source: S&P Global Mobility

Following the European Union's decision to impose anti-subsidy tariffs on Chinese electric vehicles, automakers responded quickly by adjusting product strategies. Different tariff rates were applied across manufacturers. MG, for example, restructured its portfolio and introduced HEV models to the European market, seeing early positive results. At the same time, the European light vehicle market is undergoing a shift in powertrain preference. Growth in battery electric vehicles has begun to slow, while demand for hybrid models is steadily increasing.

“While exports are expected to continue growing in the near term, the pace may slow due to external pressures. Faced with increasing uncertainty such as trade barriers and geopolitical risks, automakers like BYD and Great Wall are enhancing competitiveness through localized manufacturing and brand building. Chinese OEMs are expanding overseas capacity and even entering mature markets.”

Hui Song

Senior Consultant, China Automotive Advisory
Greater China, S&P Global Mobility

The long-term outlook on the global expansion of Chinese automotive brands is expected to continue. According to S&P Global Mobility, the share of overseas sales may exceed 20% of total volume by 2030.

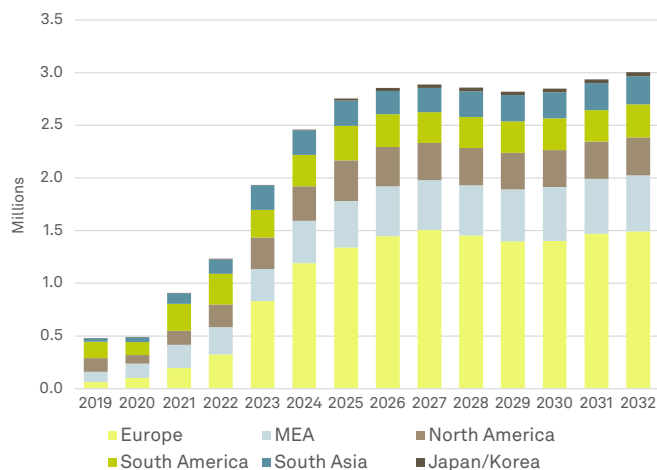
An increasing number of Chinese automakers are building localized manufacturing facilities abroad in response to global demand and rising trade uncertainty. The offshore expansion of production capacity has become an irreversible trend which will lead to export volume growth eroding over time.

Mainland China’s automotive sector is defined by both opportunity and complexity. Whether navigating a volatile economic environment, capitalizing on the long-term shift toward new energy, or unlocking new growth opportunities through overseas expansion, success will depend on a company’s ability to innovate continuously and adapt with agility. Those that can respond decisively will be best positioned to stand out in a highly competitive market and achieve sustainable growth.

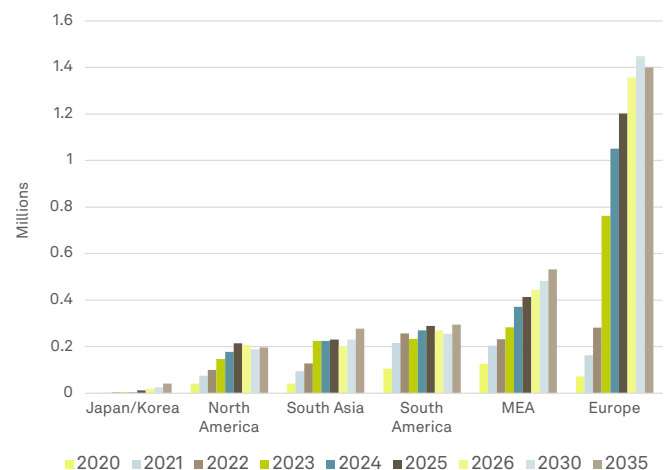
Chinese Made LV global export outlook: Peak exports could be close

Mix of tariffs and expansion of localized production capabilities to slow export dynamics

Imports of China built vehicles by sales destination



Chinese brands light vehicles export sales by region

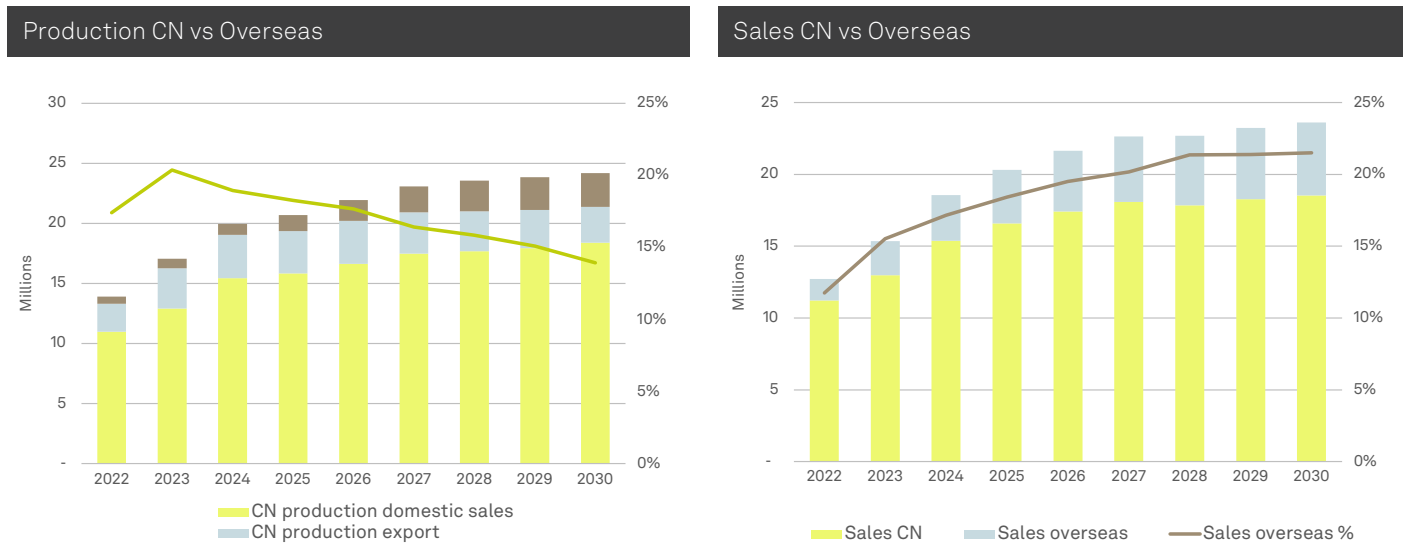


Europe region here refers to Western, Central and Eastern Europe.
January 2025 Light Vehicle Sales Forecast.
Source: S&P Global Mobility.

* Chinese brands do not include Volvo

C-OEM Global Production vs Global Vehicle Sales

The oversea production of C-OEM has been adjusted upwards as the export volume slightly downwards, while overseas sales is adjusted upwards in the long-term.



Data compiled February 2025.
Source: S&P Global Mobility Light Vehicle Sales Forecast January 2025.

Key Takeaways

China's Government Work Report forecasts GDP growth to remain around 5% in 2025. To counter external impediments, the government will continue to implement flexible fiscal and monetary policies.

S&P Global Mobility projects that light vehicle production in China will increase by 2% in 2025.

With the continued rollout of new NEV models, the extension of the vehicle trade-in program, and financial support from special government bonds, new energy vehicles are expected to remain one of the primary drivers of overall market growth in 2025.

In the short term, market stratification is likely to continue. Leading players are expected to further consolidate their positions through technological leadership and service differentiation, while joint-venture and smaller brands may face increased competitive pressures.

The standardization of intelligent driving has become a central theme in mainland China's automotive market in 2025, although its real-world effectiveness in lower-tiered cities has yet to be validated.

Domestic premium brands are aggressively reshaping the premium segment through competitive pricing and advanced technologies. The competitive focus is gradually shifting from foreign premium marques to internal rivalries among local brands.

As price wars begin to stabilize, leading players such as BYD and Tesla are shifting their strategies from aggressive discounting toward revenue and profit optimization.

According to S&P Global Mobility, mainland China's light vehicle exports are predicted to account for more than 20% of total vehicle sales by 2030.

To address rising overseas demand and increasing trade uncertainty, more Chinese automakers are setting up localized production facilities abroad. The globalization of manufacturing ability has become an irreversible trend.

Editor



Alison He

Analyst, Light Vehicle Production Forecast, Greater China

Alison He serves as an analyst at S&P Global Mobility, covering light vehicle production forecasting across Greater China. Her responsibilities include policy tracking, market trend analysis, OEM strategies, platform development, product lifecycle assessment, and mid-to-long-term production planning. Her focus lies in Chinese brands and emerging automakers. Prior to joining S&P Global, Alison held roles in sales operations and business analysis at major dealership groups and automotive parts suppliers. She holds a bachelor's degree in engineering from Dalian Maritime University.



Serena Shen

Analyst, Light Vehicle Sales Forecast, China

Serena Shen leads light vehicle sales forecasting for the mainland China market at S&P Global Mobility. She brings six years of industry research experience. Her earlier work involved market strategy and internal consulting for joint venture OEMs, followed by market framework development at a premium new energy brand. Serena now delivers insights on short- and long-term sales trends and competitive dynamics for both OEMs and suppliers. She holds dual bachelor's degrees in business economics and German language and literature from Shanghai International Studies University, and a master's degree in business economics from the University of Bayreuth, Germany. Fanni holds a Master of Engineering in Mechatronic System from University of Technology of Compiègne in France, along with an MBA from University of Canberra.



Hui Song

Senior Consultant, China Automotive Advisory

Hui Song joined S&P Global Mobility's China automotive advisory practice in 2023 as a senior consultant. Before that, he worked at Gates as a senior systems engineer, specializing in powertrain simulation, vehicle testing, NVH analysis, and competitive benchmarking. He also held prior roles in project management and process engineering at multiple automotive component suppliers.

Hui holds a master's degree in vehicle engineering from the University of Siegen in Germany and a bachelor's degree in vehicle engineering from Tongji University. He is currently pursuing an MBA at Fudan University.

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At S&P Global Mobility, we provide invaluable insights derived from unmatched automotive data, enabling our customers to anticipate change and make decisions with conviction. Our expertise helps them to optimize their businesses, reach the right consumers, and shape the future of mobility. We open the door to automotive innovation, revealing the buying patterns of today and helping customers plan for the emerging technologies of tomorrow.

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