MOTORING

NEVs help domestic brands seize market

Trade-in policies and new models result in year-on-year growth

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BYD's pavilion at the Guangdong-Hong Kong-Macao Greater Bay Area International Auto Show in Shenzhen on June 6.
HE GUOWEI / FOR CHINA DAILY

Chinese automotive brands captured over 70 percent of the domestic passenger car market in July, fueled by surging new energy vehicle sales. It signals a fundamental shift in the industry's competitive dynamics.

According to the China Association of Automobile Manufacturers, vehicle sales reached 2.59 million units in July, down 10.7 percent month-on-month but up 14.7 percent year-on-year.

It brought this year's cumulative vehicle sales to 18.27 million units, a year-on-year growth of 12 percent.

Chen Shihua, deputy secretary-general of the CAAM, said that the auto market entered its traditional off-season in July, with some manufacturers undertaking annual maintenance. This led to a slowdown in production and sales, resulting in the month-on-month decline.

Nonetheless, trade-in policies continued to show positive effects, and automakers have been introducing new models, helping the market maintain stable operations and achieve year-on-year growth, Chen added.

Notably, sales of Chinese brands' passenger cars reached 1.6 million units in July, a year-on-year increase of 21.3 percent. The market share of domestic brands in the passenger car market exceeded 70 percent, an increase of 3.8 percentage points compared to the same period of 2024.

In 2014, this figure stood at just 38.44 percent, highlighting the growth trajectory of Chinese brands over the past decade.

The CAAM stated that improved technological capabilities and consumers recognition are helping domestic brands solidify advantages amid market transformation.

In contrast, joint venture brands, which are still wavering in their transition to electrification, continue to lose market share.

Compared to the same period of 2024, all international brands except German ones, which hold a 12.8 percent market share, have experienced sales declines. South Korean brands, in particular, now account for only 1.6 percent of the market in China.

Chen said that the rise in market share for Chinese auto brands is linked to NEVs, with sales in the first seven months of 2025 reaching 6.91 million units, a year-on-year increase of 32.3 percent.

In July alone, NEV sales reached 1.26 million units, up 27.4 percent year-on-year. The sector accounted for 48.7 percent of total new car sales.

In addition to driving growth in the domestic market, Chinese automotive brands are accelerating their expansion into overseas markets. Data show that in July, car exports reached 575,000 units, a year-on-year increase of 22.6 percent.

Among top exporters, Chery led with 119,000 units exported in July, a year-on-year increase of 31.9 percent, accounting for 20.7 percent of the total exports.

BYD exported 81,000 units, jumping 160 percent year-on-year, which made it the most significant export growth.

According to Chen, NEVs have become the main engine in automobile exports. However, due to the underdeveloped infrastructure in overseas markets, such consumers have been slow to embrace electric vehicles. Instead, plug-in hybrid vehicles have experienced accelerated growth.

The export of PHEVs soared 220 percent year-on-year to 85,000 units in July. Meanwhile, 141,000 pure EVs were exported, up 83.6 percent compared with same period of 2024.

Chinese brands, including Great Wall, Chery, Changan, and BYD, are establishing overseas research and production bases to strengthen their global presence and better cater to local market demands.

The China Passenger Car Association revised 2025 forecasts upward earlier this month based on "better-than-expected" performance.

The CPCA now projects a 6 percent growth in China's car sales this year, with car export growth likely to reach 14 percent. This compares with the CPCA's June estimates of a 5 percent increase in car sales and a 10 percent rise in exports.

The association noted that in the first half, China's car market showed positive results due to policy incentives and a shift toward rational industry development. Expanded subsidies for trading in old cars and timely local subsidies boosted consumption, while efforts to reduce price competition cooled chaotic price-cutting.

According to CPCA data, the number of discounted vehicle models during January-July fell to 106 in 2025, down from 147 in 2024 and 113 in 2023. This follows a 2020-22 average of just 50 discounted models annually.

Price reductions eased in July, with only 17 discounted models versus 23 in July 2024. Average discounts reached 21,000 yuan ($2,920) during the first seven months of 2025, while July alone saw average cuts of 16,000 yuan, signaling reduced price competition.

Consumer priorities shifted from price to vehicle reliability and brand reputation, with only 15 percent prioritizing price, down 28 percentage points from 2022. This change led automakers to focus more on quality and R&D, easing industry pressure and raising profit margins to 6.9 percent in June.

Cui Dongshu, secretary-general of the CPCA, noted that automakers are focusing more on quality control and R&D instead of price competition. This shift has eased the price war and industry pressures.

Major jump in China petrol vehicle satisfaction

By LI FUSHENG
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Land Rover showcases the Defender 110 at the China International Import Expo in November in Shanghai. PROVIDED TO CHINA DAILY

Satisfaction among owners of new gasoline-powered cars in China has posted its largest annual improvement since 2020, even as the market shifts toward electric models, according to a J.D. Power study.

The China Automotive Performance, Execution and Layout Study for 2025, released on Thursday, shows an industry-wide 14-point increase to 751 on a 1,000-point scale. It has been driven by gains in fuel economy, ease of entry and exit, and vehicle design.

The rise marks the sharpest year-on-year jump since the survey was redesigned five years ago.

Domestic brands in the internal combustion engine segment scored 745 on average, up 32 points from 2024 — narrowing the gap with mass-market and premium marques. Premium brand satisfaction fell by 5 points to 766, the first drop in five years.

The difference between mass-market and domestic brands has shrunk to just 2 points from 23 last year, underscoring the growing competitiveness of local automakers, according to the study.

"The leap in product appeal for domestic brands stands out," said Elvis Yang, general manager of auto product practice at J.D. Power China. "With better fuel economy, more attractive designs and competitive pricing, internal combustion engine vehicles continue to offer compelling value to consumers."

Fuel economy satisfaction rose 17 points, while perceptions of overall power performance also improved, reflecting advances in engine efficiency and drivability.

ICE SUVs maintained an edge over their electric counterparts in high-intensity and multi-scenario use: 35 percent of owners reported monthly off-road use, compared with 28 percent for new energy SUVs, and the average mileage was 13 percent higher.

These attributes — long range, fast refueling and strong load capacity — remain decisive for buyers in regions with limited charging infrastructure.

Still, ICE automakers lag in delivering a smooth user experience for smart features such as voice assistants and infotainment systems. While hardware adoption is growing, owners cited slow response times, clunky interfaces and complex startup processes — a "specs-rich but experience-poor" gap that Yang said manufacturers must address to sustain competitiveness.

In brand rankings, British brand Land Rover led the premium segment with a score of 817, followed by Germany's Porsche at 794.

Sino-German joint venture FAW-Volkswagen topped the mass-market list at 773, with Chery leading among domestic brands at 760.

Chery ranks highest among Chinese domestic brands, followed by Geely (758) and Haval (756).

The results also suggest that domestic players are no longer competing solely on price but are winning consumers through design and usability.

The study, conducted between January and May in 81 cities, surveyed 20,226 owners of 148 gas-powered models purchased from July 2024 to March 2025.

The findings highlight a market where the rise of EVs has not yet erased demand for ICE vehicles — and where a more level playing field is forcing all automakers to refine their products.

Credibility test as customers challenge Xiaomi

By LI FUSHENG

Xiaomi Corp's breakneck entry into China's competitive and fast-growing electric vehicle market is hitting a reputational speed bump.

The smartphone maker-turned-EV upstart is drawing a backlash from buyers over aggressive payment demands and misleading product claims, threatening to dent momentum after a record-setting launch year.

Since late July, Xiaomi has been demanding full payment for its SU7 Ultra sedan and YU7 SUV weeks or even months ahead of delivery, breaking sharply with industry norms, which typically require the balance only upon handover.

Customers are complaining on social platforms such as Xiaohongshu (RedNote) that they have been warned their "orders will be suspended or canceled from production" unless payment is made within a week of the notice, even when delivery is five to six months away, and their deposits of 20,000 yuan ($2,785) will not be refunded.

Many accuse Xiaomi of lacking contractual integrity, noting that in 2024 public Q&As for its first model, the SU7, the company explicitly stated buyers could settle the balance after inspecting the vehicle at delivery centers.

The payment row comes on the heels of a backlash over false promotional claims about the SU7 Ultra's dual-duct hood.

In May, an owner of the SU7 Ultra's 42,000-yuan carbon-fiber "dual-duct" hood discovered by accident that it lacked functional ventilation, which Xiaomi claimed it did. This soon resulted in widespread complaints.

Xiaomi offered partial compensation — 20,000 loyalty points or an aluminum replacement — but declined full refunds, stoking anger.

One buyer, surnamed Gao, posted a snapshot last week on the Sina Weibo micro-blogging platform of a WeChat exchange with Xiaomi Auto Vice-President Li Xiaoshuang. It showed Li's May promise of a "satisfactory solution" had gone unanswered.

"When you said you wanted to solve the issue," Gao wrote, "did you mean solving our problem, or solving your company's problem?"

Criticism has also focused on founder Lei Jun, whose warm, user-focused stage persona contrasts with what some see as silence on contentious issues.

While Lei remains active on Weibo, his car-related updates have centered on soliciting advice about renaming the YU7 Standard trim to "Pro" or "Max" to sound more appealing, rather than addressing consumer complaints.

"Our Standard trim is not an entry trim. It is more powerful than rivals' Pro or Max. Should we call it Pro or Max as well?" he wrote in one post.

Analysts note that Xiaomi's automotive milestones remain formidable; over 300,000 EVs delivered within 15 months, and the YU7 racking up more than 200,000 orders within three minutes of launch.

But they warn that sustaining momentum will hinge on restoring trust. Without that, they say, the flood of buyers could just as quickly turn into an exodus.

Short Torque

Volkswagen and XPeng expand partnership

Volkswagen Group China and XPeng announced on Friday that their jointly developed zonal electrical/electronic architecture, the China Electronic Architecture, will see broader adoption. Starting in 2027, the CEA will be deployed not only in locally developed Volkswagen-brand pure electric vehicles but also extended to combustion engine and hybrid models produced in China. Equipped with central computing units, the CEA supports advanced driving assistance systems to enhance safety, features a cutting-edge smart cockpit with an AI-powered in-car assistant, and enables online updates. Additionally, the architecture helps reduce costs by minimizing the number of electronic control units and simplifying overall system complexity, according to the automaker.

Feedback sought on advertising rules

China's top market regulator is seeking public feedback on draft rules that would tighten oversight of how automakers market assisted-driving systems, aiming to curb claims that could encourage unsafe driving. The State Administration for Market Regulation said in a notice on Tuesday that companies must not imply assisted-driving features are equivalent to autonomous driving or claim capabilities that vehicles do not have. Automakers should also avoid exaggerating performance in ways that could prompt drivers to travel at unsafe speeds. The regulator said it will step up inspections of advertising and marketing activities, target exaggerated claims about assisted-driving functions, and coordinate with the Ministry of Industry and Information Technology to conduct joint investigations.

Omoda and Jaecoo set for distribution in Iraq

Jameel Motors has signed a deal to distribute automaker Chery's Omoda and Jaecoo brands in Iraq, the two companies said last week, joining other Chinese companies that have entered the country's small but growing car market. Jameel will initially distribute the Omoda C5 and C7 and the Jaecoo J5, J7 and J8 in Iraq. All of those SUVs will be petrol cars with the exception of the J7, which is a plug-in hybrid. Owned by the Saudi Jameel family, Jameel has in recent months agreed a number of distribution contracts with Chinese automakers, including Changan in South Africa and GAC in the UK and Poland. Chinese brands including Changan, SAIC's MG, Geely, Great Wall Motor and Jetour, another Chery brand, have launched sales in Iraq.

Cheaper electric cars planned by Ford

Ford plans to start rolling out its new family of affordable EVs in 2027, including a midsize pickup truck with a target starting price of $30,000, as it aims to match the cost efficiency of its Chinese rivals. Ford is investing nearly $2 billion in the production plant, which produces the Escape and Lincoln Corsair SUVs, retaining at least 2,200 jobs, it said. Chinese carmakers have streamlined their supply chain and production system to produce EVs at a fraction of the cost of Western automakers. While these vehicles have yet to enter the US market, Ford CEO Jim Farley said they set a new standard that companies like Ford must match. "We have all lived through far too many 'good college tries' by Detroit automakers to make affordable vehicles that ends up with idled plants, layoffs and uncertainty. So, this had to be a strong, sustainable and profitable business," Farley said last week.

Indonesian EV sales led by Chinese carmakers

Chinese brands dominated Indonesia's EV market during the January to July period, according to data released on Wednesday by the Association of Indonesia Automotive Industries. BYD topped the market in the first seven months, selling 16,427 units. Its performance was supported by models such as the M6, Sealion 7, Atto 3, Seal, and Dolphin. In late July, BYD launched its latest city car, the Atto 1, at the GAIKINDO Indonesia International Auto Show. In second place was BYD's sub-brand, Denza, with 6,256 units sold, followed by Chinese automaker Wuling with 6,210 units. Chery ranked fourth with 5,196 units, while Aion reached fifth with 3,126 units. Overall, Indonesia's electric car sales reached 42,178 units in the January to July period, almost matching total annual sales in 2024 of 43,188 units.

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