# MOTORING

## Used car market bucks nationwide slowdown

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China's used vehicle market has resisted a broader slowdown in the country's auto industry, with resale transaction volumes equaling new car retail sales for the first time in the first five months of 2026, and secondhand new energy vehicles emerged as the key growth driver.

From January to May, China's used car sales reached 8.1 million units, up 2.3 percent year-on-year, with a total transaction value of 531.37 billion yuan ($73.2 billion), according to data from the China Automobile Dealers Association.

In the same period, retail sales of new passenger cars stood at 8.15 million units, dropping more than 20 percent from 2025.

Sales of secondhand NEVs jumped 25.7 percent to 685,400 units during the same period, becoming the engine of growth in the sector.

Cui Dongshu, secretary-general of the China Passenger Car Association, said that since January 2026, the halved purchase tax on NEVs has raised the cost of buying a new NEV, while used NEVs remain exempt, giving them a clear price advantage and boosting secondhand demand.

In June, China streamlined used car transfers by rolling out a nationwide "one-certificate" policy for passenger vehicles. Under the new rule, buyers from other cities can complete ownership transfers with only their ID cards, eliminating the need for residency permits, while vehicle records are transferred online, allowing interprovincial deals to be finalized in a single visit.

With an improved trading environment, used cars have substantial growth potential and transactions should pick up notably in the second half of 2026, Cui added.

In the first half of 2026, trade-in policies continued to unlock consumer demand and a larger number of NEVs entered the secondhand market. The industry is shifting from sheer scale expansion toward a phase focused on quality, efficiency and value discovery, a report of the CADA noted.

Despite volume gains, the used car market faces persistent headwinds. Continued price cuts on new vehicles have spilled over into the secondhand segment, depressing resale values and squeezing dealer margins.

According to Luo Lei, vice-president of the CADA, a total of 177 models saw price cuts in 2025, with NEV prices dropping 10.8 percent and fuel-powered vehicle prices falling 8.9 percent. The price war escalated in the first five months of 2026: 82 models slashed prices, NEV depreciation expanded to 12.5 percent, and fuel-powered vehicle price cuts rose to 14.6 percent.

A CADA report also shows that the three-year resale value of electric models fell to 45.2 percent in the first half of 2026 from 54.7 percent in 2023, while that of petrol-powered cars dropped to 52.7 percent from 67.6 percent in 2022.

Among top-selling compact sedans, the Volkswagen Lavida, Sagitar and Toyota Corolla ranked as the top three in three-year resale value, yet none exceeded 50 percent. Among electric compact cars, the Volkswagen ID.3 led the list, but its rate of less than 45 percent was nearly 5 percentage points lower than that of the Lavida, the best-performing fuel counterpart.

The pressure has disrupted profit structures at new car dealerships. In the composition of gross profit, new car sales accounted for 19.7 percent in 2022. However, by 2025, this figure had turned negative at -25.5 percent. In contrast, after-sales services and financial insurance contributed 80.8 percent and 24.3 percent, respectively.

For used NEVs, consumer concerns persist regarding battery degradation, the testing standards of the "three-electric" system — which contains batteries, motors and electronic controls — and long-term residual value.

To address these issues, the industry has introduced specialized "three-electric" inspections in certified programs. Automaker-backed warranties now cover batteries and dealerships employ professional testing equipment.

As the NEV fleet continues to expand, industry executives see room for used NEV growth, particularly among younger consumers.

Luo said that despite short-term challenges, the long-term positive trends in the used car industry remain unchanged. China's vehicle population of 360 million serves as a steady supply pool and the current 6 percent share of used cars suggests substantial growth potential.

Lang Xuehong, deputy secretary-general of the CADA, said that vehicle exports also help digest inventory, narrow regional price gaps and improve domestic supply. The export drive pushes the industry to standardize inspection processes, which in turn raises domestic standards and improves the consumer environment at home, she added.




Customers browse secondhand SUVs in a Beijing market in April. HU QINGMING / FOR CHINA DAILY

## EV industry shifts focus from vehicles to energy ecosystems

### Integration of automobile and power sectors the future, say experts

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Customers inspect BYD models at an ultrafast charging station in Guangzhou, Guangdong province, on May 1. QIN ZIHANG / FOR CHINA DAILY

China's electric vehicle industry is entering a new stage of development, moving beyond vehicle manufacturing to build integrated ecosystems linking cars, charging networks and power systems.

The shift reflects a broader convergence between the automobile and energy sectors, as the rapid growth of electric vehicles creates new opportunities for renewable energy utilization, grid management and digital technologies.

"Energy revolution and automobile revolution are no longer two parallel lines. They are now moving toward deep integration and moving in the same direction," Wu Yin, former deputy head of the National Energy Administration, said at a forum on vehicle-energy integration in Xi'an, capital of Shaanxi province.

Wu said electrification, low-carbon development and digitalization had become common trends for both the automobile and energy industries.

China's new energy vehicle sector has expanded rapidly. In the first half of 2026, the country's NEV production and sales both exceeded 7.4 million units, with pure electric vehicles accounting for about two-thirds of sales, Wu said.

Meanwhile, China's renewable energy sector has also grown significantly. Wu said wind and solar power capacity in China now accounts for nearly half of the global total, providing a foundation for deeper integration between clean energy and electric transportation.

One of the biggest opportunities lies in using electric vehicles as distributed energy storage resources.

By the end of 2025, China had more than 30 million pure electric vehicles. Based on an estimated battery capacity of 50 kilowatt-hours per vehicle, the total theoretical energy storage capacity could exceed 1.5 billion kWh, Wu said.

"Through V2G (Vehicle to Grid) technology, electric vehicles will become one of the most flexible resources for adjusting the new power system," he said.

And the vehicle-energy integration may offer new windows of opportunities as Chinese carmakers are expanding globally, said Zhang Yongwei, president of China EV100, a Beijing-based auto industry think tank.

Zhang explained that the next opportunity may come from exporting not only vehicles but the infrastructure and energy systems supporting them. "Automobiles and energy are essentially one," Zhang said.

He said charging and battery-swapping facilities had evolved from supporting infrastructure into an independent industry with commercial potential.

By integrating electric vehicles, charging networks, energy storage, solar power and electricity grids, China could build a broader energy ecosystem and create new advantages overseas, he said.

"China's auto industry is moving from product export to ecosystem export," Zhang said.

Zhang said overseas markets including Europe, Southeast Asia, the Middle East, Africa and Latin America offer significant opportunities for Chinese companies in charging infrastructure and integrated energy solutions.

Compared with vehicle exports, energy infrastructure exports face fewer trade barriers and can create stronger long-term ties with local markets, he said.

The transformation of the EV industry also forces charging companies to rethink their business models.

Yuan Qingmin, chairman of Linchr, a Xi'an-based EV charging and energy solutions provider, said charging operators could no longer depend mainly on charging fees.

"If charging operators only collect charging service fees, or rely on charging service fees as their main source of revenue, there is no future," Yuan said.

Linchr, which provides solutions covering EV charging, energy storage, power electronics and energy management platforms, is seeking to transform from an equipment supplier into a technology service provider.

"Charging infrastructure is not simply a product. It is a systematic solution connecting the power grid, vehicles, charging stations and digital platforms," Yuan said.

He said competition would focus not only on hardware, but on technology, services and ecosystems in the future.

Automakers are also taking a more active role in building charging ecosystems.

Tang Huayin, head of intelligent electric products at Li Auto, said the company had integrated vehicle development with charging network planning from the beginning.

Li Auto has built 4,100 supercharging stations and 22,605 charging piles across the country, including more than 1,300 highway stations, Tang said.

The company's focus is not simply increasing charging power, but making charging fit naturally into users' travel routines.

"We believe the ideal charging experience is to complete charging within the time users naturally spend resting during long-distance travel," Tang said.

Li Auto has adopted 5C supercharging technology, aiming to reduce charging times to around 10 minutes when boosting battery capacity from 10 percent to 80 percent.

The company is also using artificial intelligence to improve charging operations, including dynamic route planning, station management and maintenance.

Tang said future development of autonomous driving could change the charging experience, as vehicles may eventually be able to locate charging stations and manage energy replenishment automatically.

## Hyundai Motor Group to buy out Boston Dynamics

Hyundai Motor Group has said that it would make US robotics company Boston Dynamics a wholly owned subsidiary by acquiring SoftBank Group's stake of around 10 percent, a move it said would help it deploy advanced robotics across its operations.

Terms of the deal were not disclosed. South Korean media reported in June that the transaction would likely be worth about 500 billion won ($335 million).

The deal is expected to give Hyundai Motor Group greater strategic flexibility to manage Boston Dynamics, allowing the automaker to make long-term decisions on investments, business strategy and a potential initial public offering.

Hyundai plans to begin deploying Atlas, Boston Dynamics' humanoid robot, at a manufacturing plant in Georgia in the US from 2028.

The robot will initially handle parts-sequencing tasks, with its role likely to be expanded to a broader range of manufacturing processes, including component assembly by 2030.

The acquisition comes as Hyundai Motor's South Korean labor union has intensified industrial action over annual wage negotiations, after staging two-hour partial strikes from July 13 to 15 and revealing plans for four-hour strikes from last Monday through Wednesday, according to Yonhap News Agency.

The union has demanded that the company set aside 30 percent of its net income for bonuses and to guarantee job security, raising concerns over the growing adoption of robotics and artificial intelligence on assembly lines.

The world's third-largest carmaker — together with affiliate Kia Corp, which is also developing humanoid robots — appears to be planning to replace human workers with new technologies, a union leader said.

Around 2,000 of Hyundai's 24,676 unionized workers are expected to retire every year on average by 2032, according to the union. If the company does not hire new workers, the union membership would fall by nearly 10,000, or about 40 percent of the current workforce by 2032, the union said.

Hyundai acquired an 80 percent stake in Boston Dynamics in 2021.

The announcement, released on Thursday, appeared to have little immediate effect on Hyundai Motor shares, with investors instead focusing on what the transaction implied about Boston Dynamics' valuation.

Analysts said investors had expected the purchase of SoftBank's remaining stake to provide greater clarity on Boston Dynamics' valuation and potentially act as a catalyst for the automaker's shares.

Shin Yoon-chul, an analyst at Kiwoom Securities, said the transaction price implied a valuation of about 5 trillion won for Boston Dynamics. The financial terms of the deal were not disclosed.

Shin said the muted market reaction suggested investors were questioning whether the valuation assigned to the robotics company was justified, rather than viewing the deal as Hyundai Motor Group buying SoftBank's stake at a discount.

He said Hyundai's shares might have responded more positively had the company exercised its call option, which becomes exercisable on July 21, at a higher strike price, as that would have implied a higher valuation for Boston Dynamics. Instead, the deal removed what investors had viewed as a near-term catalyst for a re-rating of the robotics company's valuation.

Hyundai Motor shares have fallen more than 30 percent since local media first reported in June that the automaker planned to buy SoftBank's remaining stake in Boston Dynamics.

REUTERS

## Short Torque

### New models planned by Alfa Romeo in 2027

Stellantis' premium brand, Alfa Romeo, will launch the first of its planned new models by the end of 2027, the automaker's head for Europe, Emanuele Cappellano, said last week. The new model, a mid-sized SUV, will be produced at Stellantis' Melfi plant in southern Italy. As part of the new Stellantis business plan, Alfa Romeo will also launch a C-segment hatchback by 2030, based on the automaker's STLA One new modular platform. Alfa Romeo's lineup includes the Junior compact SUV, for which it plans a revamped version, and the Tonale mid-sized SUV, due to be replaced by the new model expected in 2027.

### Steep decline for Volkswagen in China

Volkswagen reported an 8.6 percent fall in global vehicle deliveries in the second quarter to 2.07 million units. The steepest quarterly decline in four years comes as a sharp downturn in China outweighed increases in North America and Europe. Deliveries in China, Volkswagen's largest market, tumbled 36.6 percent in the quarter. By contrast, they rose 7.7 percent in North America, 1.8 percent in Western Europe and 6.7 percent in Central and Eastern Europe, the automaker said in a statement. The decline in China was Volkswagen's steepest quarterly drop there since the fourth quarter of 2021, a spokesperson said. "Deliveries in China are disappointing as VW underperforms an already weak market," Metzler analyst Daniel Schwarz said.

### US state rebates for first-time buyers

The state of California in the United States has signed legislation creating state rebates of $3,500 on new electric vehicles for first-time buyers later this summer. The $270 million rebate program for California residents is funded by the state budget and automakers. It applies to new vehicles with a suggested retail price of up to $50,000. It includes a separate $1,750 rebate for used EVs costing up to $25,000. US President Donald Trump signed legislation in 2025 that killed the federal $7,500 EV tax credit and a $4,000 used EV credit. The International Energy Agency said one in four new cars purchased worldwide in 2025 was an EV, compared to 7.8 percent of vehicles in the US in 2025, which was down from 8.1 percent in 2024.

### Tesla plea over recall and headlight repairs rejected

The US National Highway Traffic Safety Administration on Thursday said it was denying a 2024 petition by Tesla to avoid a recall fix for nearly 20,000 vehicles with headlights that may exceed maximum lighting levels. Tesla argued the issue was inconsequential to motor vehicle safety and did not require a recall or notification to consumers. NHTSA said it disagreed with Tesla's conclusion that there is no increased risk of glare for surrounding traffic or the driver of the vehicle. Tesla did not immediately respond to a request for comment. The agency noted in 2022 it rejected a similar petition from GM to avoid fixing 820,000 vehicles over a lighting issue.

### Bosch starts testing out Californian chip factory

German auto component and chipmaker Bosch is beginning sample production at its first US semiconductor factory, finalizing a $225 million agreement with the US Department of Commerce to strengthen manufacturing of silicon carbide chips. Chip shortages sparked industrywide turmoil during COVID-19, exposing the sector's heavy dependence on a small group of suppliers in Europe and Asia. Bosch bought the chip plant in California in 2023 from TSI Semiconductors and reconfigured it, at a total cost of $2 billion, and will begin commercial production later this year. Paul Thomas, president and CEO of Bosch in North America, said the US-Mexico-Canada Agreement on trade was part of the reason Bosch had increased its investment in the US chip sector.

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