

What's Behind China's 38% Car Export Increase in April 2024?



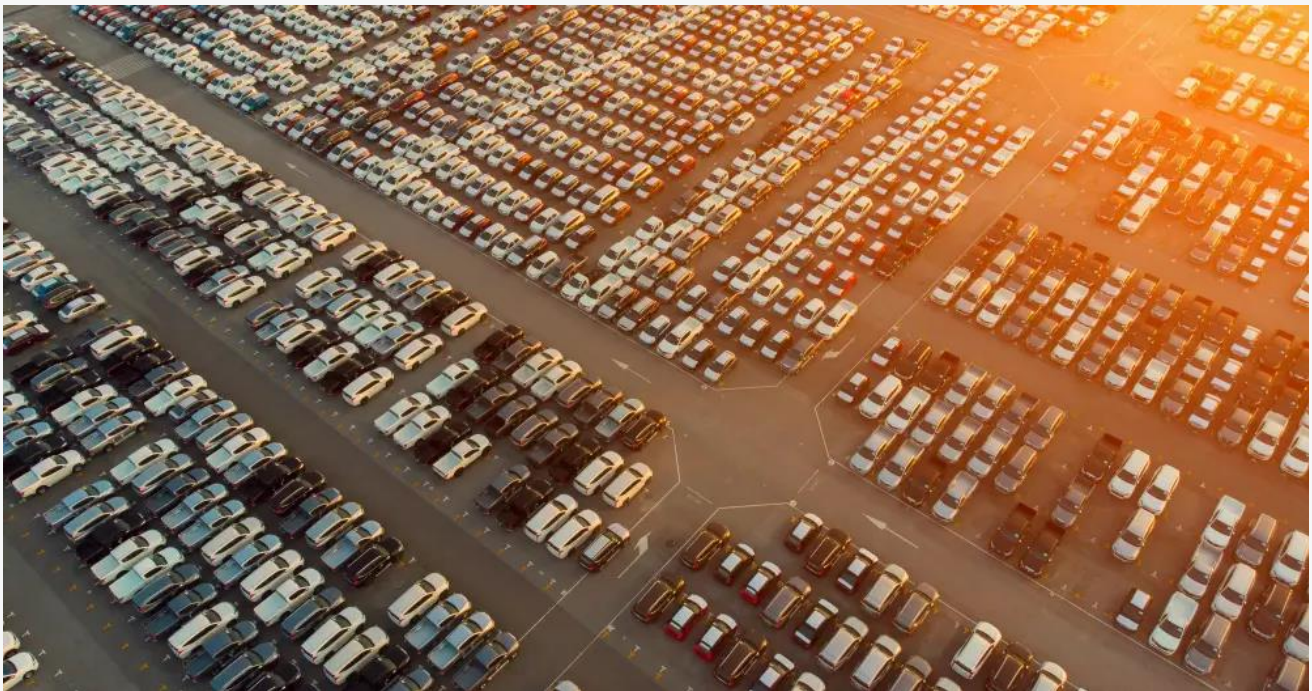
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China's car exports surged to a record high in April, marking a 38% year-on-year increase to 417,000 units. This significant rise comes amid a backdrop of declining domestic sales, which slipped 5.8% compared to the same period last year. As price competition heats up and consumer caution persists, the domestic market faces a tough road ahead.

Despite these challenges, Chinese automakers are finding new opportunities abroad. The EU's ongoing anti-subsidy investigation has added pressure on vehicle exports to Europe, prompting China to explore other markets like South America, Australia, and the ASEAN region. According to Cui Dongshu, secretary general of the China Passenger Car Association (CPCA), local automakers must decide whether to expand overseas or risk losing out in an increasingly competitive domestic market.



The Domestic Market Slowdown

Passenger vehicle sales in China, the globe's largest auto market, dropped to 1.55 million units in April, marking a 5.8% decrease from the previous year and a 9.6% decline from March. This downturn contrasts sharply with March's 5.7% year-on-year increase and the substantial 53% leap from February to March. The unforeseen market sluggishness has resulted in swelling inventories at dealerships, as automakers persist in production despite the waning demand.

New Energy Vehicles and the Shift in Sales

New energy vehicles (NEVs) reached a new high, accounting for 43.5% of total car sales in April. This milestone supports China's ambitious green goals, with a target of 45% NEV sales by 2027. However, the growth in NEV sales is not uniform. While electric vehicle (EV) sales increased to 12.1% in April from 10.5% in March, plug-in hybrid vehicle (PHEV) sales surged by 64.2%, though they had also seen a 75.4% rise in March.

The PHEV segment's rapid growth has been particularly beneficial for domestic giant BYD, which saw PHEVs make up 57% of its car sales in April. China now holds nearly 70% of the global PHEV market, while Japanese automakers, once leaders in hybrid technology, captured only 1.9% of the global market in the first quarter of 2024.

Strategies to Boost Sales

To counteract slowing demand, China has introduced subsidies of up to 10,000 yuan (\$1,380) for auto trade-ins. Major automakers, including Tesla and BYD, are also offering popular models with no down payments to attract buyers. These measures aim to stimulate the market and reduce consumer hesitation in making significant purchases.

Conclusion

China's remarkable 38% rise in car exports in April showcases the nation's resilience and knack for tapping into new markets despite facing domestic hurdles.

As the internal market grapples with challenges, the international success of Chinese automakers becomes increasingly vital. Will these strategies foster sustained long-term growth and solidify China's leadership in the global automotive industry?