



Factsheets Series on China Energy Transition Updates

NEW ENERGY VEHICLES GROW STEADILY, CHARGING FACILITIES STILL LAG BEHIND

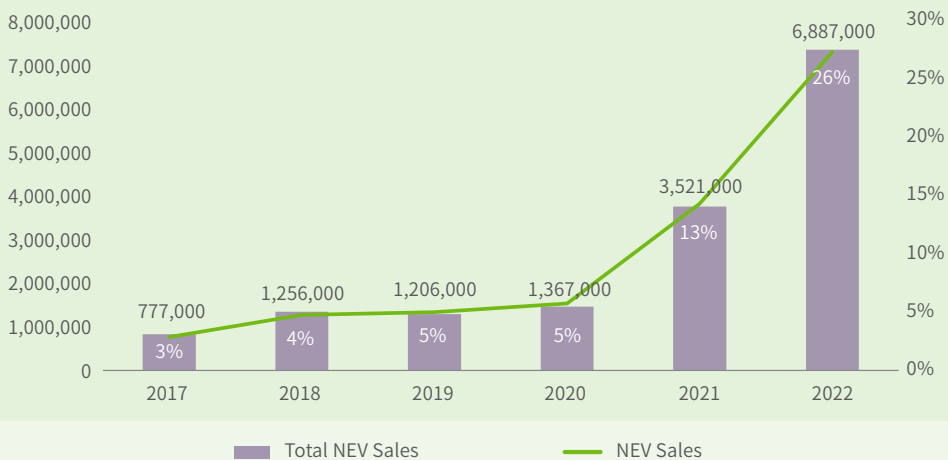
NEV sales grew steadily contributing more to GHG mitigation

The Chinese government has been actively promoting the adoption of NEVs to combat air pollution, reduce greenhouse gas emissions, and contributing to energy transition. In previous years, China implemented various policies and incentives to support NEV

adoption, including subsidies, tax breaks, and restrictions on traditional internal combustion engine vehicles in major cities. With these policy benefits, China became the largest market for NEVs, including electric vehicles (EVs) and plug-in hybrid vehicles.



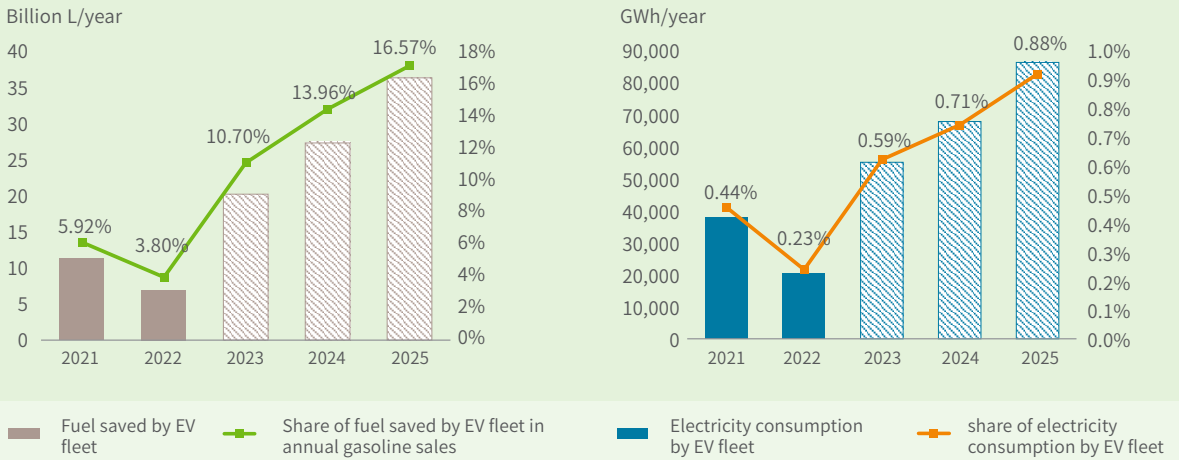
In 2022, the sales of NEV increased by 96%, which already accounted for over one-quarter of country's total vehicle sales



Source: China Association of Automobile Manufactures 2023



The adoption of NEVs helped to save 7 million litres of fuel in 2022



Source: EV100, and GIZ calculation, May 2023

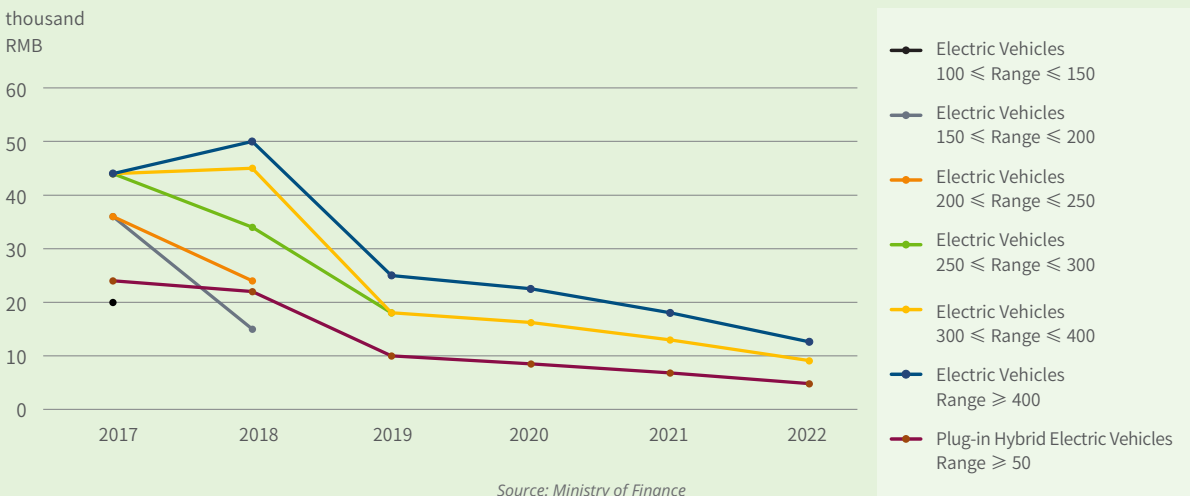
Government seeks to shift from subsidy to other-monetary incentives

Given the sharp rise in NEV sales and consequent increase in subsidy outlays, the government seeks to shift from a subsidy-driven market to one driven by a combination of consumer demand as well as administratively set targets and other non-monetary incentives. The subsidy for NEVs has been reduced by around 50% on average since 2019 and the national subsidy completed phased out from 2023. However, a few provinces and municipals issued local subsidy for NEVs. There was no major decline in NEV sales

during the 1H of 2023. Although the sales of NEVs declined in January compared to 2022, the share of NEVs in total vehicle sales actually grew. The Chinese government has been shifting its focus to other policy measures to promote NEVs. These measures include stricter emission standards, quota systems mandating automakers to produce a certain percentage of NEVs, and regulations that prioritize NEV sales in certain areas and industries.



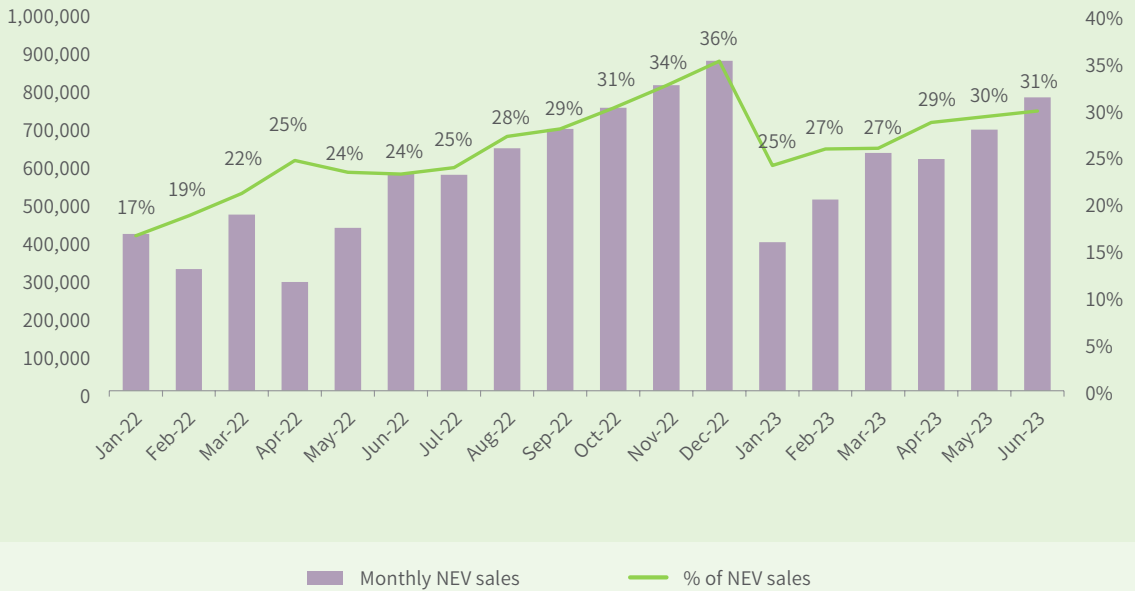
The subsidy for NEVs has been reduced by around 50% on average since 2019



Source: Ministry of Finance



The share of NEVs in total vehicle sales grew in 1H 2023, despite subsidy phase out



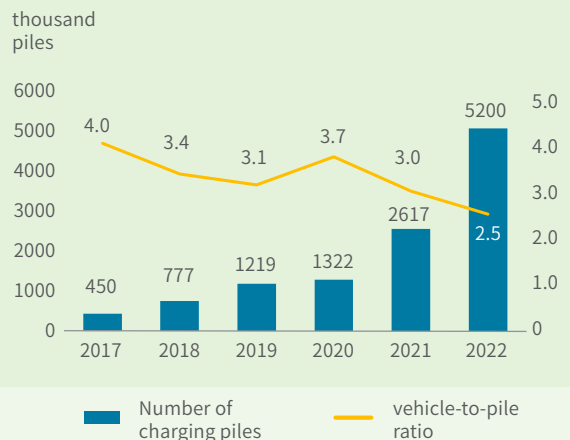
Source: China Association of Automobile Manufacturers 2023

The growing of charging facilities lagged behind the growth of NEVs

With the growing number of NEVs, we project that there will be higher electricity demand as well as growing demand for charging facilities. By the end of 2022, China has constructed 5,200,000 charging piles, among which 35% were public charging piles. However, this still cannot meet the growing demand for charging. The ownership of NEVs by the end of 2022 was 13, 100,000, and the ratio of EVs per charger was around 2.5:1 which still has a big gap with the target set by Ministry of Industry and Information Technology (MIIT). The target proposed by MIIT was “achieving vehicle-to-pile ratio of 2:1 by 2025, and 1:1 by 2030”.



In 2022, the ratio of EVs per charger was around 2.5:1 which still has a big gap with the MIIT target of a 1:1 vehicle-to-pile ratio by 2030



Source: China Electric Vehicle Charging Infrastructure Promotion Alliance and Ministry of Public Security

About us

The Sino-German Energy Transition Project, as a component of the Sino-German Energy Partnership, commissioned by the German Federal Ministry of Economy and Climate Protection (BMWK) and supported by the National Energy Administration of China (NEA), focuses on sharing German experiences with the energy transition and providing advice to the Chinese government and associated energy policy think tanks. In addition, valuable input from the Chinese partners will refine German practices and offer a different perspective on current and future approaches. To carry out the project, The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, the German Energy Agency (dena) and Agora Energiewende collaborate with the China Electric Power Planning and Engineering Institute (EPPEI), China Southern Power Grid (CSG), and the Institute for Applied Ecology at the Chinese Academy of Sciences (IAE).

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