



Global Automotive Market in 2020 Promising Yet Chaotic

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The world's headlines were all about the U.S./China trade war back in 2019 when the automotive industry became the scapegoat for the retaliation between both countries. Most of the primary carmakers at the time faced a decline in sales. The lockdowns and factory closures in the first half of 2020 took a punch at carmakers and more than half of their vitality. It was no surprise when the top 10 chart of global carmakers in 2020 came out with each one of them failing to keep sale numbers and continuing to drop. Their drop margins mostly varied by around 10%. General Motors went as far as to minus 20%. Continuing from 2019, Volkswagen took the championship in the 2020 automotive market sales chart, but even this champion was not spared from a sales drop close to 10%.

2020 Saw a Tug-of-War in Sales of Global Fossil Fuel Vehicles & Electric Vehicles

The factors leading to the slump in the global automotive market last year are actually more complicated than we could imagine. Electric vehicles as a competitor with growing sales went popular with the pandemic last year and grappled for market share with the top 10 carmakers who were not ready for complete EV transition. The mile range of current EV batteries is almost as long as that by the engines of fossil fuel vehicles. Batteries are the most expensive component on electric vehicles. An annual survey by BNEF found

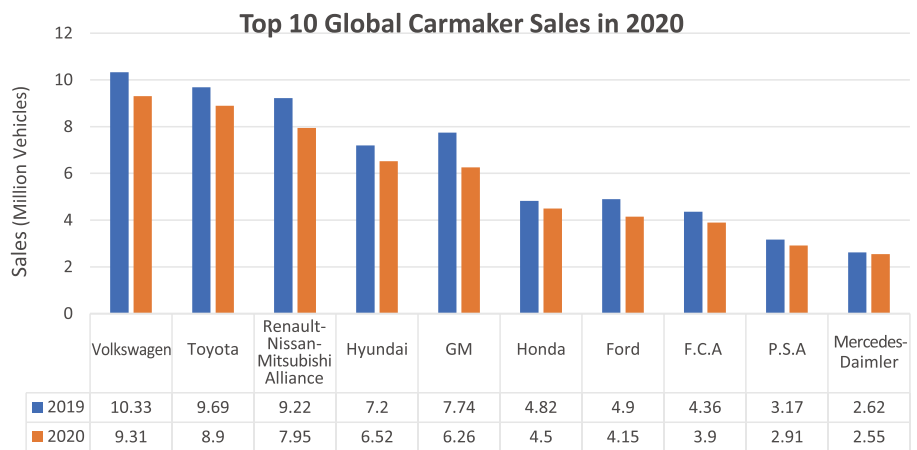


Table 1. Top 10 Global Carmaker Sales in 2020

Ranking	Carmaker		Sales (Unit: Million Vehicles)		
	2019	2020	2019	2020	Growth (%)
1	1	Volkswagen	10.33	9.31	-9.9
2	2	Toyota	9.69	8.90	-8.2
3	3	Renault-Nissan-Mitsubishi Alliance	9.22	7.95	-13.8
5	4	Hyundai	7.20	6.52	-9.4
4	5	GM	7.74	6.26	-19.1
7	6	Honda	4.82	4.50	-6.6
6	7	Ford	4.90	4.15	-15.3
8	8	F.C.A	4.36	3.90	-10.6
9	9	P.S.A	3.17	2.91	-8.2
10	10	Mercedes- Daimler	2.62	2.55	-2.7



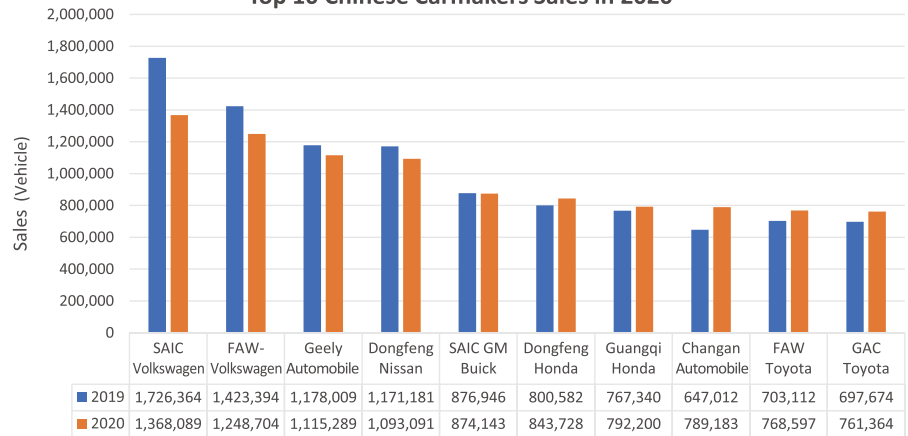
that the battery price in 2020 was already 89% down from a decade ago! BNEF forecast electric vehicles would be priced the same as fossil fuel vehicles within 3 years at the earliest. Morgan Stanley predicted electric vehicle prices would come down to a range of USD 3,000 to USD 5,000 within the next decade. This affordability will be spine-chilling for the fossil fuel vehicle leader Toyota and other carmakers, and no wonder they're now going full throttle in EV development. Like this isn't complicated enough, even companies that had done nothing related to EVs before have stepped up to the plate of the EV industry. As a vivid example, word has it that the first EV prototype by Foxtron Vehicle Technologies, a joint venture between Yulon Motor and and Foxconn, would be announced this June.

Car Sales in China: Resilient but Could be in for an Electric Vehicle Bubble?

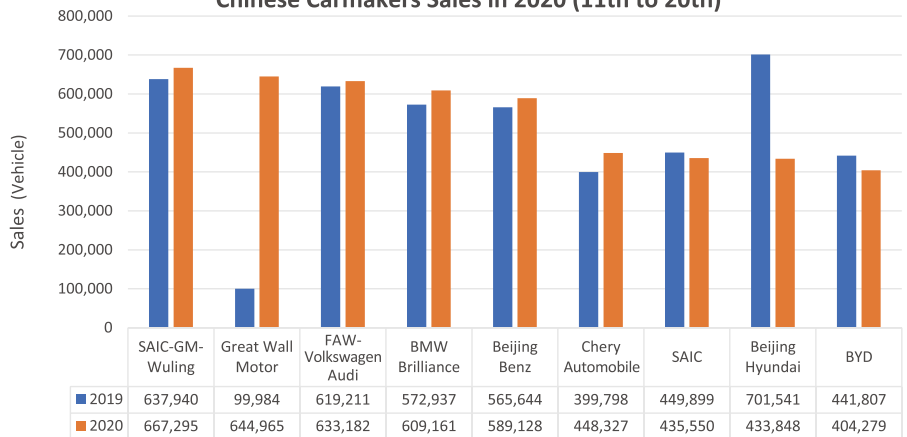
The Covid dealt a heavy blow on the global automotive market, but didn't take down China's domestic car sales. China quickly put domestic car sales back on its feet by March last year, after which the sales were on a steady recovery track. Of the top 50 Chinese carmakers in the 2020 sales chart, we found that nearly half of them still had a mild and positive growth of up to 10%, which tells that the Chinese automotive market was able to maintain resilience of slow growth. The eye-catcher was Great Wall Motor with a 500% sales growth. Other carmakers with declining sales exhibited a drop margin ranging up to 20%, which indicated the pandemic still posed a certain threat to the Chinese automotive market.

Chinese new energy electric vehicle manufacturers are drawing the public's curiosity. If we extend the spectrum of the chart to top 150, we'd be surprised by the utter abundance of Chinese EV carmakers. These EV carmakers are ranked on and after the 75th place in the chart given their sales numbers. Obviously EVs remain an emerging industry in China, and they are believed to have the potential to rise to top 10. According to Ministry of Industry and Information Technology (China), the country has at least 76 government-approved new energy car manufacturers. The EV car sales should have risen against the tide during the pandemic as far as the logic goes, but the numbers in the chart tell that sales plummeted across over half of the Chinese EV carmakers. The worst drop was down to minus 90%. Only Nio (up

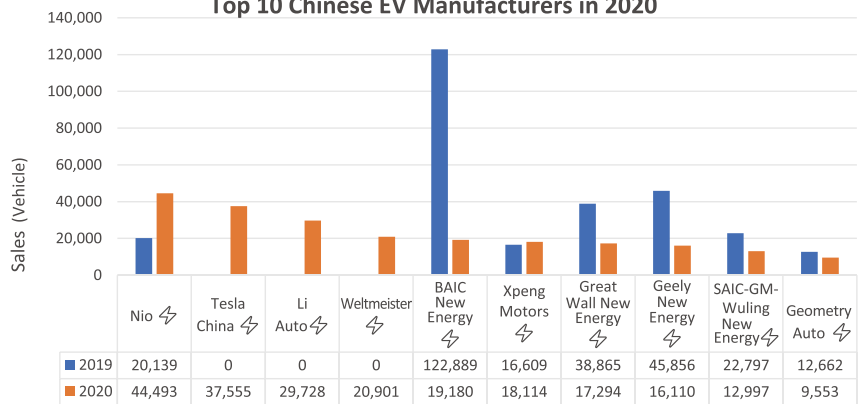
Top 10 Chinese Carmakers Sales in 2020



Chinese Carmakers Sales in 2020 (11th to 20th)



Top 10 Chinese EV Manufacturers in 2020



Chinese Carmakers Sales in 2020 (11th to 20th)

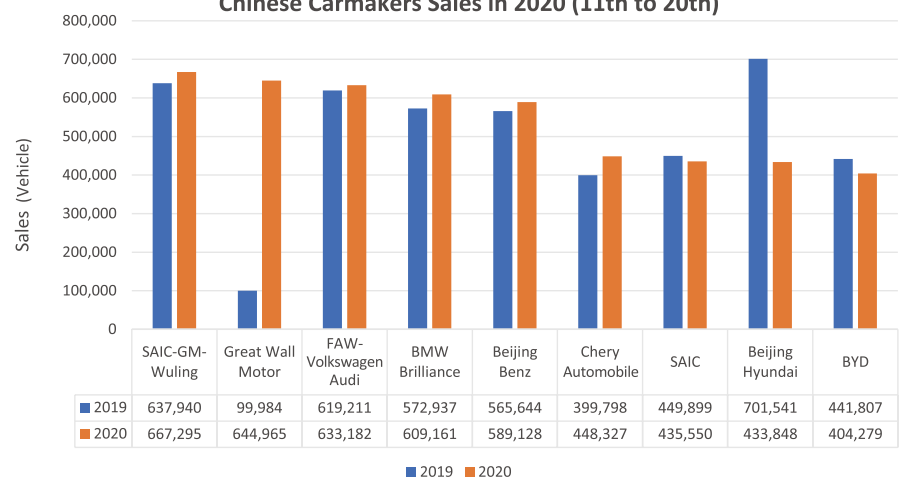


Table 2. Car Sales in China in 2020 (⚡ indicates EV markers)

Ranking		Carmaker	Sales (Unit: Vehicle)			Market Share (%)	
2019	2020		2019	2020	Growth (%)	2019	2020
1	1	SAIC Volkswagen	1,726,364	1,368,089	-20.8	+8.02	7.01
2	2	FAW-Volkswagen	1,423,394	1,248,704	-12.3	+6.61	6.39
3	3	Geely Automobile	1,178,009	1,115,289	-5.3	+5.47	5.71
4	4	Dongfeng Nissan	1,171,181	1,093,091	-6.7	+5.44	5.6
5	5	SAIC GM Buick	876,946	874,143	-0.3	+4.07	4.48
6	6	Dongfeng Honda	800,582	843,728	5.4	+3.72	4.32
8	7	Guangqi Honda	767,340	792,200	3.2	+3.56	4.06
12	8	Changan Automobile	647,012	789,183	22.0	+3.00	4.04
9	9	FAW Toyota	703,112	768,597	9.3	+3.27	3.94
11	10	GAC Toyota	697,674	761,364	9.1	+3.24	3.9
13	11	SAIC-GM-Wuling	637,940	667,295	4.6	+2.96	3.42
7	12	Great Wall Motor	99,984	644,965	545.1	+0.46	3.3
14	13	FAW-Volkswagen Audi	619,211	633,182	2.3	+2.88	3.24
15	14	BMW Brilliance	572,937	609,161	6.3	+2.66	3.12
16	15	Beijing Benz	565,644	589,128	4.2	+2.63	3.02
21	17	Chery Automobile	399,798	448,327	12.1	+1.86	2.3
19	18	SAIC	449,899	435,550	-3.2	+2.09	2.23
10	19	Beijing Hyundai	701,541	433,848	-38.2	+3.26	2.22
20	20	BYD	441,807	404,279	-8.5	+2.05	2.07
22	22	GAC Passenger Car	369,759	300,681	-18.7	+1.72	1.54
23	23	Dongfeng Yueda Kia	291,176	252,516	-13.3	+1.35	1.29
25	24	SAIC MG	236,149	241,664	2.3	+1.1	1.24
27	25	Changan Ford	186,361	210,963	13.2	+0.87	1.08
41	34	JAC	106,046	95,756	-9.7	+0.49	0.49
76	47	Nio ⚡	20,139	44,493	120.9	+0.09	0.23
---	55	Tesla China ⚡	---	37,555	---	---	0.19
---	60	Li Auto ⚡	---	29,728	---	---	0.15
---	65	Weltmeister ⚡	---	20,901	---	---	0.11
35	67	BAIC New Energy ⚡	122,889	19,180	-84.4	+0.57	0.1
82	69	Xpeng Motors ⚡	16,609	18,114	9.1	+0.08	0.09
61	70	Great Wall New Energy ⚡	38,865	17,294	-55.5	+0.18	0.09
56	72	Geely New Energy ⚡	45,856	16,110	-64.9	+0.21	0.08
74	76	SAIC-GM-Wuling New Energy ⚡	22,797	12,997	-43.0	+0.11	0.07
88	80	Geometry Auto ⚡	12,662	9,553	-24.6	+0.06	0.05
116	86	GAC Toyota New Energy ⚡	2,043	6,828	234.2	+0.01	0.03
94	91	Haima ⚡	8,456	5,894	-30.3	+0.04	0.03
106	92	Linktour Motors ⚡	3,338	5,148	54.2	+0.02	0.03
110	94	Yundu New Energy ⚡	2,566	4,470	74.2	+0.01	0.02
70	97	Changan Automobile New Energy ⚡	26,261	3,653	-86.1	+0.12	0.02
105	98	Jiangling Group New Energy ⚡	3,445	3,483	1.1	+0.02	0.02
---	101	Leap Motor ⚡	---	3,024	---	---	0.02
66	102	JAC New Energy ⚡	31,557	2,474	-92.2	+0.15	0.01
113	103	Denza ⚡	2,089	2,437	16.7	+0.01	0.01
60	113	Chery New Energy ⚡	39,125	1,166	-97.0	+0.18	0.01
---	116	AIWAYS ⚡	---	881	---	---	---
---	117	Jimai New Energy ⚡	---	829	---	---	---
107	119	Zotye New Energy ⚡	3,117	730	-76.6	+0.01	---
---	120	GAC Nio ⚡	---	659	---	---	---
130	127	GAC Mitsubishi New Energy ⚡	103	195	89.3	---	---
112	128	SITECH ⚡	2,192	138	-93.7	+0.01	---
132	131	Zhengzhou Nissan New Energy ⚡	20	37	85.0	---	---
---	133	Letin ⚡	---	29	---	---	---
128	134	BAIC Changhe New Energy ⚡	181	21	-88.4	---	---
---	136	GAC Honda New Energy ⚡	---	1	---	---	---

120%) and Guangzhou Toyota Motor (up 234%) had multi-fold growths. This is because many of these new energy car manufacturers were new entrants with little history. Some of them, like Byton, Bordin, Qiantu Motor, and Saleen went bankrupt. Carmakers like Changjiang Automobile, Henan Suda, and YUDO New-Energy are either in financial distress or in frequent loss of funds. Chinese electric vehicles are indeed sprouting but on the flip side, churning with worries about a bubble burst.

Automotive Chip Crunch & U.S./China Clash 2.0; Everyone on Their Own in a Chaotic World

Although market demand could register a significant rebound as the world embark on vaccination in 2021, the world remains turbulent as far as the automotive industry is concerned. The most hurtful problem to the carmakers is the global chip crunch. They won't even be able to manufacture cars without this core component, much less selling cars. Every carmaker will have to do all they can to grapple for market share while simultaneously keeping an eye sharp for the U.S./China clash 2.0 under Biden's regime. This could mean the automotive tariff retaliation between the U.S. and China could go on. In a market expected to recover in 2021, global carmakers will have to walk on thin ice in a world of chaos. □