

China overtakes Japan as world's biggest vehicle exporter

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Just 1.7 percent of cars sold in Japan were electric in 2022.

China's global dominance in electric cars helped it overtake Japan as the world's biggest vehicle exporter last year, official data confirmed Wednesday.

Japanese giants such as Toyota and Nissan have been much more cautious than their Chinese counterparts like BYD on electric vehicles (EVs), banking instead on hybrid models.

Figures released Wednesday by the Japan Automobile Manufacturers Association showed shipments of cars, trucks and buses rising 16 percent to 4.42 million last year.

But China exported almost 500,000 more—4.91 million vehicles in total, as reported by the China Association of Automobile Manufacturers this month.

China's customs bureau put the number even higher at 5.22 million, a huge year-on-year rise of 57 percent, with one in three fully electric vehicles.

The country had already been shipping more vehicles than Japan on a monthly basis, but Wednesday's data confirmed that it was also number one for a whole year.

Unlike Chinese firms, Japanese automakers including Toyota—re-confirmed on Tuesday as the world's largest company by unit sales—also make huge volumes of vehicles in other countries.

In 2022, vehicle production in Japan excluding motorcycles totaled 7.84 million units, but overseas production was almost 17 million.

Japanese manufacturers have long bet on hybrids that combine battery power and [internal combustion engines](#), an area they pioneered with the likes of the Toyota Prius.

But they have vowed to up their game, with Toyota aiming to sell 1.5 million EVs annually by 2026 and 3.5 million by 2030.

The company is also hoping to mass-produce [solid-state batteries](#) that charge faster than conventional ones and give EVs more range.

Helped by strong government support, Chinese EV firms have stolen a march on more established rivals such as General Motors, Volkswagen and Toyota.

BYD in the fourth quarter of 2023 even snatched Tesla's crown for most sales of all-electric vehicles, data this month showed.

On Tuesday BYD—it stands for "Build Your Dreams"—which also sells batteries to the likes of Tesla, BMW and Mercedes, said it expects net profit for last year to reach 29-31 billion yuan (\$4.1-4.4 billion).

But China's success in EVs has also landed its firms in hot water with regulators in Western markets worried about unfair competition for local automakers.

The European Commission is investigating Chinese state subsidies in a probe that could lead to the European Union imposing import duties.

To soothe concerns, BYD is planning to build more factories abroad including a \$600 million plant in Brazil and another in Hungary.

"It's kind of reminiscent of what happened to Japan in the 1980s, when they started exporting a lot of automotives," said Christopher Richter, an auto analyst at CLSA.

"So the Japanese solved it by starting (to build) a lot of factories overseas... They build overseas four times more than what they export," he said in October.

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