MOTORING

Automotive industry in China holds No 1 spot

National equipment renewals and consumer goods trade-ins help unlock potential demand

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Consumers check out an XPeng new energy sedan at a shopping mall in Wuhan, Hubei province, on Jan 14. ZHAO JUN / XINHUA

China's automobile industry set records in both production and sales in 2025, maintaining its top position globally for the 17th consecutive year, according to the China Association of Automobile Manufacturers.

New energy vehicles and exports were the standout drivers, while analysts expect growth to moderate in 2026 as policy support is fine-tuned and external uncertainties persist.

Automobile production reached 34.53 million units in 2025 and sales totaled 34.4 million units, up 10.4 percent and 9.4 percent year-on-year respectively, data released by the CAAM on Wednesday showed. Additionally, annual output has remained above 30 million units for three years.

The stronger-than-expected performance was attributed to policy support and faster product upgrades. Chen Shihua, deputy secretary-general of the CAAM, said the national program promoting large-scale equipment renewals and consumer good trade-ins helped unlock replacement demand, while automakers accelerated new model launches.

NEVs remained the main growth engine. Their production rose to 16.63 million units in 2025 and sales reached 16.49 million units, up 29 percent and 28 percent year-on-year respectively, CAAM data showed. NEVs accounted for 47.9 percent of total vehicle sales for the year, up 7 percentage points from a year earlier.

In the domestic market, NEVs strengthened their position, making up 50.8 percent of vehicle sales in 2025. The share was 54 percent for passenger cars and 26.5 percent for commercial vehicles, reflecting faster electrification in logistics, buses and other fleet uses.

Monthly figures showed a softer year-end after a strong annual run. In December, total vehicle production was 3.3 million units and sales were 3.27 million units, down 2.1 percent and 6.2 percent year-on-year respectively.

In December, NEV production reached 1.72 million units and sales totaled 1.71 million units, up 12.3 percent and 7.2 percent year-on-year. Battery electric vehicles remained the largest segment, with 1.11 million units sold in December, while plug-in hybrids recorded 599,000 sales. In the domestic market, NEVs accounted for 56 percent of December sales.

Exports provided another key source of growth. China exported 7.09 million vehicles in 2025, up 21.1 percent year-on-year, and exports in December rose to 753,000 units. NEV exports doubled to 2.62 million units in 2025, while exports of conventional fuel vehicles stood at 4.48 million units, down 2 percent.

Moreover, exports saw faster growth in plug-in hybrids, alongside solid gains in battery EVs. Battery EV exports reached 1.65 million units in 2025, up 66.7 percent year-on-year. Plug-in hybrid exports surged to 969,000 units, up 2.3 times. In December, NEV exports were 300,000 units, including 173,000 battery EVs and 127,000 plug-in hybrids, both posting triple-digit growth.

Leading automakers expanded their overseas presence. CAAM data show Chery Automobile exported 1.34 million vehicles in 2025, the highest among Chinese automakers, followed by BYD with 1.05 million. Analysts said more companies are investing in overseas sales networks, after-sales service and localized operations as competition and compliance requirements rise in key markets.

Passenger vehicle production reached 30.27 million units in 2025 and sales totaled 30.1 million units, up 10.2 percent and 9.2 percent year-on-year. Commercial vehicle sales rose 10.9 percent to 4.3 million units, while production reached 4.26 million units.

In addition, Chinese brands continued to gain market share in the passenger car segment. Sales of Chinese-brand passenger vehicles reached 20.94 million units in 2025, up 16.5 percent year-on-year, and their market share climbed to 69.5 percent, CAAM data showed. Conventional fuel vehicles remained under pressure in the domestic market, with their sales falling 4 percent year-on-year to 13.43 million units.

Foreign brands saw weaker deliveries in 2025 as competition intensified and the market shifted faster toward electrified models.

Honda China said its 2025 sales totaled 645,345 vehicles, down 24.28 percent year-on-year; its December sales fell to 66,765 units, down more than 40 percent. FAW-Volkswagen reported 1,587,065 vehicle deliveries in 2025, including imported vehicles, down 4.34 percent from 2024.

Looking ahead, the CAAM expects the market to remain broadly stable in 2026, but to grow at a slower pace. Total vehicle sales are forecast at 34.75 million units, up 1 percent year-on-year. NEV sales are projected to rise to 19 million units, up 15.2 percent, while exports are expected to reach 7.4 million units, up 4.3 percent.

The CAAM said continued policy support and efforts to improve industry governance are expected to help keep the sector on an even keel, but it cautioned that growth may cool as the boost from stimulus measures fades and underlying demand remains subdued.

Other factors include external uncertainties that could weigh on exports and adjustments to preferential purchase-tax treatment for NEVs through a half-rate levy and tighter technical requirements.

It added that stricter oversight of near new used-vehicle exports could add to short-term inventory pressure.

Cui Dongshu, secretary-general of the China Passenger Car Association, said the 2026 trade-in program started earlier than before. It is anticipated to help stabilize consumption expectations, even as subsidies are scaled back in tiers, and support a solid start for January sales.

Analysts also said the direction is clear; electrification is now the core driver of China's auto market and exports are playing a bigger role in sustaining scale and supporting longer-term growth.



Milestone 10m customers

FAW Audi announced on Thursday that its customer base in China has surpassed 10 million, making it the first premium joint venture to reach this milestone. Built on 38 years of commitment to long-term development, the company has set a new goal: to become the top brand in China's luxury car market. Last year, FAW Audi sold around 570,000 vehicles, enabling the Audi marque to outperform BMW and Mercedes-Benz in the country. It expects to scale up the figure to 700,000 units in 2030. The same day also saw the launch of the all-new Q5L with a starting price of 309,800 yuan ($44,470). The fuel-powered SUV features Huawei's Qiankun driving-assisted system. PROVIDED TO CHINA DAILY

Porsche mapping out long-term, value-driven strategy

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Porsche is reaffirming its long-term strategy in the Chinese market, emphasizing brand value over short-term sales growth amid a complex and evolving luxury auto landscape.

Like most global car brands, the German sports carmaker saw its sales fall in China in 2025, faced with pressure from an increasingly competitive market and shifting consumer demand in the country's premium vehicle segment.

Porsche China CEO Alexander Pollich said the two-digit fall, which brought its retail sales to around 42,000 units in 2025, was in line with expectations.

He stressed that the company prioritizes a "value over volume" strategy to ensure that customers receive high-quality experiences and the brand's identity remains uncompromised. "For us, it's clearly more important to protect the core values of the brand than chasing the last units," Pollich said.

Looking ahead, Porsche is maintaining a cautious but confident outlook for China in 2026, due to lower consumer confidence and the newly adjusted luxury car tax threshold, which will affect Porsche buyers.

"It's really important this year, as it was last year, to balance demand and supply, to make sure we have a great product lineup and a fantastic customer experience, and we also maintain a profitable business model for Porsche," Pollich said.

In terms of products, Porsche has a three-pronged approach of offering iconic combustion engine cars, efficient plug-in hybrids and all-electric vehicles.

With the four-door Taycan, Porsche is the pioneer of e-mobility in the upper market segment. Porsche is rolling out its new all-electric Cayenne SUV at the Beijing auto show later this year, and it is going to launch the electric 718 sports car.

Meanwhile, the carmaker has hailed its "great decision" to continue research and development of new combustion engine models,


Alexander Pollich, Porsche China CEO

with SUVs in the B and D segment in the pipeline.

The carmaker is also stepping up to tailor its offerings to Chinese tastes. China-specific infotainment and other technologies are being developed in collaboration with domestic partners like Pateo.

"Our R&D center has worked very hard on this new China-only infotainment system, and this will come (in the) middle of this year, which will be in the electric cars, but also in the Cayenne, Panamera and 911."

Optimizing the dealer network is another pillar of Porsche's China strategy. From 150 points of sale at the end of 2024, the network was reduced to 114 by December 2025, with a target of around 80 by 2026.

"If the cake is smaller, you cannot invite as many guests to the table, so some strategic alignment has to be made," Pollich explained, emphasizing the balance between market coverage and service quality.

Porsche aims to maintain coverage in major cities, ensuring that premium service standards remain consistent across the market. "We are making good progress," he said.

When asked about the carmaker's mid-to-long-term development plan in China, Pollich said: "This is not a sprint, this is a marathon."

"This is really an endurance race, and you need to have a long breath and a very good team to really prevail.

"You know you have ups and downs, but you need to make sure that you have the finish line in you, and that you are patient and really make the right decisions to achieve your goals," Pollich said.

Short Torque

XPeng sales target hiked up to 40% for 2026

Chinese new energy vehicle maker XPeng is targeting sales of 550,000 to 600,000 vehicles this year, Chinese tech portal 36Kr reported on Wednesday, citing a recent internal strategy meeting. That would translate into around a 28-40 percent increase from its 2025 sales, when the automaker delivered 429,445 cars, up 126 percent from 2024. The Volkswagen-backed NEV maker earlier in January touted a pivot toward "physical AI" from being purely a carmaker, as it gears up to start street trials of robotaxis and volume production of humanoid robots later this year.

Pay fees for Tesla software, says Musk

Tesla's full self-driving software, usually known as FSD for short, will only be available as a monthly subscription after Feb 14, said CEO Elon Musk. Currently, Tesla allows its electric vehicle owners to purchase the software for a one-time payment of $8,000 or a subscription of $99 per month in the United States. FSD is an assistance system that requires drivers to pay attention and intervene if needed. In 2025 the US National Highway Traffic Safety Administration opened an investigation into 2.88 million Tesla vehicles equipped with its FSD system, based on more than 50 reports of traffic-safety violations and a series of crashes.

Luxury segment volatility hits Mercedes-Benz hard

Mercedes-Benz's sales saw a slump of 19.5 percent in China, its largest market in 2025, to 575,000 vehicles, including passenger cars and light commercial vehicles, down sharply from 714,000 units in 2024. The slump dragged the automaker's global sales down 9 percent year-on-year to 1.8 million vehicles, marking one of its weakest performances in recent years. Mercedes-Benz said it is facing challenges in China stemming from structural volatility in the luxury car market as well as adjustments in its own product cycles. Audi reclaimed the top spot of the German trio, which also includes BMW, in China's premium car segment. Its sales fell 5 percent to 617,000 units. BMW saw a sales fall of 12.5 percent from 2024.

European markets targeted by Zeekr

Premium Chinese NEV maker Zeekr will expand into more European markets in 2026, including France, the United Kingdom, Italy and Spain. It is also considering launching extended-range plug-in hybrids in the region, an executive said. "When we look at European consumer demand, the plug-in hybrid segment still ... has a high share," Lothar Schupet, Zeekr's acting head of European operations said at the Brussels car show. Zeekr currently sells in 12 European markets. It was launched in Germany in December and in some markets sells directly to consumers. As well as adding new major markets, Zeekr will also more than triple its European dealer network to around 100 dealers this year from 30 now, Schupet said.

EV registrations forecast to slow down

Global EV registrations grew 20 percent in 2025 but are likely to lose pace in 2026, data showed on Wednesday. In December, a slowdown in China and the easing of electrification targets worldwide produced the smallest sales increase since February 2024. Monthly registrations of electric vehicles, including battery electric and plug-in hybrids, dropped in North America after the end of an EV tax credit scheme in the United States in October, consultancy Benchmark Mineral Intelligence said. BMI expects 23.9 million EVs will be sold globally this year, a 15.7 percent increase. Growth is expected to accelerate in China to 21 percent and slow in Europe and the rest of the world to 15 percent and 26 percent, respectively. It forecasts a sharper decrease of 23 percent in North America due to a 29 percent slump there.

Global SUV built by Renault in South Korea

Renault will sell its new Filante in South Korea from March before launching sales in Latin American and Gulf countries by early 2027. The hybrid SUV crossover is based on the Compact Modular Architecture of Chinese partner Geely and will be produced at Renault's plant in the South Korean city of Busan, the automaker said on its WeChat account. Renault also developed its Grand Koleos SUV, which it has produced and sold in South Korea since 2024, on Geely's platform. The French automaker has been increasingly partnering with carmakers from China and elsewhere to improve efficiency at its factories and enhance competitiveness. Renault signed definitive agreements in November to sell Geely 26.4 percent of its Brazilian subsidiary to jointly produce and sell cars in the Latin American market.

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