MOTORING

Canada breaks the ice with EV trade move

But it may take years for Chinese brands to make a real presence, according to analysts

By LI FUSHENG
lifusheng@chinadaily.com.cn



China-made cars are unloaded from a train in Yantai port for export from Shandong province on Jan 18. TANG KE / FOR CHINA DAILY

Canada has taken a step toward opening its electric vehicle market to China-made EVs, but the country will remain more of a testing ground than a mainstream destination for Chinese brands — at least for the next few years to come.

In a deal announced in mid-January, the North American country will allow up to 49,000 China-made EVs a year to enter the country under a 6.1 percent most-favored nation tariff.

That figure is basically China's exports to the country before it suddenly slapped a 100 percent surtax on China-made EVs in late 2024, mirroring the United States.

The quota is expected to rise gradually to 70,000 units a year within five years, which analysts say is part of Canada's effort to reset economic ties with China and diversify trade away from heavy reliance on the US.

Despite the policy shift, it may take some time for Chinese automakers to establish a meaningful foothold in Canada.

China-made EVs sold in the country before its abrupt imposition of a 100 percent surtax were primarily Tesla exports from its Shanghai plant, rather than Chinese brands.

Reuters reported that the US automaker started exporting vehicles from Shanghai to Canada in 2023. It boosted Canadian imports of vehicles in the year from China to its largest port, Vancouver, by 460 percent year-on-year to 44,356 units.

After the surtax, Tesla has been shipping vehicles to Canada from its German and US plants. A Tesla China representative told China Daily that she has no idea whether the Shanghai plant will export cars to Canada.

"Currently, the direct beneficiary would be Tesla," said Yale Zhang, managing director of Shanghai-based consulting firm Automotive Foresight.

He said Canada is a market worth a try for Chinese carmakers. "That is a solid 50,000 units," said Zhang.

But it will take a year or so for Chinese brands to finish vehicle certification and start building their points of sale.

"It could take two to three years of observing consumer response and the business environment before they consider the next move, say building a plant or buying a plant," he said.

Canada's auto market ranks eighth globally, with roughly 1.9 million new vehicles sold annually, with best-selling brands including Toyota, Honda, General Motors and Ford.

Zero-emission vehicles are gaining share, according to Statistics Canada data. In 2024 there were about 202,103 battery electric registrations and 68,882 plug-in hybrid registrations, meaning EVs accounted for 14.6 percent of new vehicle sales, or around 271,000 units in total.

Yet Chinese automakers have remained cautious about jumping in. The numbers reflect rising demand but underscore the relatively small scale compared with markets such as Southeast Asia or Europe.

In 2025, China exported 2.65 million NEVs, doubling the 2024 figure. The top five destinations were Belgium, Mexico, the United Kingdom, the Philippines and Brazil, according to the China Association of Automobile Manufacturers.

BYD said its passenger vehicles have not yet entered the Canadian market, although it runs an electric bus plant there.

A Geely representative said its brands have different global footprints and effects, describing the policy shift as "a positive step in the right direction" but saying it is "too early to comment on specifics".

Geely's international brands, including Volvo, Lotus and Polestar, are available in the North American country, but its indigenous marques are not present.

An analyst who wanted to stay anonymous said the former Canadian administration's close alignment with the US contributed to the cautious approach.

"Canada needs to show a real, long-term commitment to its relations with China before they will really grow their business and make investments in Canada. Building a plant is time-consuming and costly," said the analyst.

Political hurdles persist. Ontario Premier Doug Ford has been critical of Ottawa's electric vehicle deal with China. He called on Canadians to boycott Chinese-made EVs, reported CityNews Toronto.

Meanwhile, Canada is preparing a new automotive plan that is expected to outline strategic support for domestic production, according to Bloomberg.

A Canadian government official told Bloomberg that Chinese manufacturers building vehicles in Canada could receive preferential market access, but conditions may include the use of Canadian software and joint ventures with domestic firms — a model similar to other foreign entrants in western markets.

The timing is notable as western automakers reduce their Canadian footprint. In October, Stellantis abandoned an Ontario plant, leaving around 3,000 workers' jobs uncertain, while GM cut 1,200 jobs in Ontario and paused a billion-dollar investment in Quebec, according to the Financial Times.

Giants losing share as battery market grows

By CAO YINGYING
caoyingying@chinadaily.com.cn

Power battery giants CATL and BYD have seen their market shares decline even as the market maintained robust growth momentum driven by the booming new energy vehicle industry.

In 2025, the cumulative installed capacity of power batteries across the country hit 769.7 gigawatt-hours, up 40.4 percent year-on-year, according to the China Automotive Battery Innovation Alliance.

The contraction of the two leaders' market shares came amid expansion moves by second and third-tier battery providers. Data show that CATL installed 333.57 GWh for a 43.42 percent share, down 1.67 percentage points from 2024, while BYD reached 165.77 GWh, capturing a 21.58 percent share, a dip of 3.17 percentage points year-on-year.

Meanwhile, the performance of second-tier players varied, but showed an overall upward trend. CALB's installed capacity reached 53.61 GWh, a slight increase of 0.3 percent, maintaining its position as the third-largest in the industry.

Gotion High-Tech, benefiting from Volkswagen Group's cooperation, achieved an installed capacity of 43.44 GWh, with its market share increasing by 1.07 percentage points year-on-year to reach 5.65 percent.

Behind this shift lies the gradual erosion of technological barriers in the industry, said Yale Zhang, managing director of consultancy Automotive Foresight.

Lithium iron phosphate batteries have become a common choice, accounting for 81.2 percent of total installed capacity in 2025. As second-tier battery providers continue to invest in research and development in such batteries, their performance in key indicators such as energy density, cycle life and safety is approaching that of the industry leaders.

Building on this, companies like CALB and Gotion have entered the supply chains of mainstream automakers such as GAC and Leapmotor by leveraging more flexible pricing and responsive service capabilities.

To avoid over-reliance and control battery procurement costs, automakers including Nio, Li Auto and XPeng have adopted two or even three suppliers, eroding the market share of the top two battery manufacturers in favor of smaller competitors.

Notably, battery companies incubated by traditional automakers are on the rise. Geely-backed Jiyao Tongxing, leveraging its in-group supply advantages, achieved an annual installed capacity of approximately 22 GWh, with year-on-year growth of over 300 percent, becoming a top 10 player in terms of battery installed capacity.

GAC-affiliated Yinpai made its debut in the top 12 list, reflecting the strategic intent of automakers to strengthen supply chain autonomy and retain more profits within the industrial chain.

Zhang pointed out that it is difficult for latecomers to surpass the leaders by following similar technological paths, as leading companies have established dual moats in scale and technology.

He said that differentiated innovation is the key breakthrough — for example, semi-solid-state batteries jointly developed by SAIC and Qingtao Energy have been installed in MG4 hatchbacks, and such cutting-edge layouts are expected to open up new competitive avenues.

Despite facing market share dilution, leading companies remain firmly positioned. Since the second half of 2025, some 10 automakers, including Changan and Voyah, have signed long-term agreements with CATL.

Zhang said that automakers choose long-term partnerships with CATL not only for its high-quality products and technological stability but also for the competitive boost provided by its brand endorsement; this allows automakers to emphasize CATL battery adoption in their marketing initiatives.

Yang Hongxin, CEO of Svolt Energy, noted that competition in China's power and energy storage markets will remain intense through 2026, making overseas markets crucial for companies seeking growth.

Xu Yanhua, secretary-general of the China Automotive Battery Innovation Alliance, said the accelerating electrification and energy transition are fueling strong market demand.

She predicts that energy storage batteries will grow from about one-fourth to one-third or even one-half of the market, with commercial vehicle electrification expected to double in scale.

Major autonomous driving players surpass 1,000-unit robotaxi fleet

By WANG YUCHEN
wangyuchen@chinadaily.com.cn

China's robotaxi sector is accelerating its shift toward scaled commercial operations, with leading companies expanding fleets in major cities, as technology advances and regulators refine rules for road use.

Chinese autonomous driving companies Pony.ai and WeRide said their robotaxi fleets have each surpassed 1,000 vehicles, reaching 1,159 and 1,023, respectively.

The 1,000-vehicle mark is widely seen as a key threshold, signaling a shift from technology validation to routine service, analysts said.

Pony.ai has deployed its robotaxi service in Beijing and Shanghai, as well as Guangzhou and Shenzhen in Guangdong province, all of China's four top-tier cities. In late 2025, the company announced that its robotaxi fleet in Guangzhou had achieved per-vehicle profitability. The development is seen as a step toward commercially sustainable driverless ride-hailing services.

In addition, Pony.ai has set a 2026 target to expand its overall robotaxi fleet to more than 3,000 vehicles. Wang Haojun, CFO of Pony.ai, said the next stage is about increasing volume and stepping up deployments.

He added that robotaxi operations ultimately depend on scale effects.

WeRide said it has expanded its robotaxi business globally, with a presence in more than 30 cities. It began fully driverless robotaxi commercial operations in Abu Dhabi, the United Arab Emirates, in late November. In Abu Dhabi, each vehicle averages about 15 to 20 ride requests a day, and profitability is expected once the fleet reaches around 200 vehicles.

Apollo Go, Baidu's autonomous ride-hailing service, said its robotaxi operations in China now cover about 20 cities. On Jan 17, the company said it had moved forward with AutoGo, a UAE autonomous mobility company. The two sides have started fully driverless commercial robotaxi operations in Abu Dhabi.

These developments have been underpinned by faster technology iteration and policy measures. Specifically, advances in software and lower hardware costs are supporting robotaxi fleet expansion. Techniques such as bird's-eye view perception, occupancy networks and end-to-end large models are being used to improve performance in urban traffic.

Pony.ai said the materials cost of its seventh-generation autonomous driving kit has fallen by nearly 70 percent.

WeRide also said breakthroughs in technology have reduced its autonomous driving kit cost by 50 percent and lowered total cost over its full life cycle by 84 percent, making larger fleet rollouts more viable.

Policy and standards work is helping speed up large-scale deployment by providing a clearer regulatory framework.

The Ministry of Industry and Information Technology has urged faster progress on standards for autonomous driving, including rules on the conditions and scenarios in which autonomous systems can operate and on simulation testing. It also called for mandatory national safety standards for autonomous driving systems.

Local governments are refining compliance rules for autonomous driving deployment. Shenzhen, for example, has introduced regulations on intelligent and connected vehicles, outlining a preliminary legal framework for issues such as accident liability and data security.

Meanwhile, Shanghai revealed a plan to advance autonomous driving on Jan 14. It set a 2027 target to scale Level 4 applications in services including robotaxis and robobuses. It aims for more than 6 million passenger trips, open testing areas of about 2,000 square kilometers and road coverage over 5,000 kilometers in the year.

At the national level, China has opened more than 35,000 km of test roads and selected about 20 cities for vehicle-road-cloud integration pilots to support the large-scale deployment of high-level automated driving.

VW's ID. UNYX gears up for pivotal 2026

By LI FUSHENG

Volkswagen's ID. UNYX brand is preparing for a decisive year in 2026, with four model launches that executives said manifest the best of German engineering and Chinese local innovation and a significant expansion in its dealership network.

Born in 2024, the brand is seen as an effort by the German carmaker to make a mark in the fast-evolving Chinese market, besides its joint ventures with FAW and SAIC.

For quite a while, the 06 has been the brand's only model available, resulting in its low sales number and awareness in a market that sees hundreds of new models popping up each year.

But that will soon change. The first highlight of the four forthcoming models is a B-segment SUV, called the ID. UNYX 08, which is set to be unveiled in March and launched in April.

Stefan Timmermann, CEO of Volkswagen (Anhui) Digital Sales and Services Co, said the model has already impressed him during early test drives, calling the SUV a perfect example of German engineering precision with locally driven innovation.

Also, collaboration with domestic EV maker XPeng has influenced certain technology areas, including the model's intelligent cockpit systems, but Volkswagen maintains control over core driving and safety systems.

"Our cooperation has evolved from learning to deep co-creation," Timmermann said, stressing that Volkswagen's products retain their unique engineering DNA.

"Safety, quality and reliability are non-negotiable," said Timmermann, noting that these attributes distinguish Volkswagen's offerings as local competitors push rapid releases.

Timmermann said engineers have implemented solutions such as airbags within hidden door handles to ensure doors can open during power failures, alongside rigorous battery, chassis and collision testing.

In terms of design, the 08 features a wolf emblem, which is inspired by Wolfsburg, Germany, where Volkswagen AG is headquartered.

"It is really progressive in Volkswagen's design language and serves as a key design differentiator," said Chen Jing, CMO of Volkswagen (Anhui) Digital Sales and Services Co.

Chen said the emblem, which features a wolf face and a fortress, is the result of long-term discussions between German and Chinese teams to resonate with the model's target segment, dubbed "life explorers and enjoyers".

He said marketing efforts will leverage the wolf motif across media, showrooms and experiential events to deepen emotional engagement with customers.

Emotional connection is one of the three pillars of the brand's marketing campaigns this year, with the others being clear brand positioning and amplified brand presence.

The 08 will be followed by the ID. UNYX 06's 2026 version, which will feature upgraded batteries and a new China-specific electronic architecture. Its sibling, the ID. UNYX 07, is expected to launch around May.

Like the 06, the 07 is built on the same MEB platform, and it will debut with the China Electronic Architecture. The brand will also unveil a sedan later this year.

With the arrival of new models, the ID. UNYX brand plans to expand its sales network from around 120 outlets to 200 by the end of 2026, including a new experience center.



On track to debut

BMW's long-awaited long-wheelbase Neue Klasse iX3 is to be launched in the second half of 2026 in China. It is undergoing testing in the country and other markets. The SUV is seen as the German carmaker's real effort to compete with Chinese NEV rivals. It will use an 800-volt architecture and have a CLTC driving range of over 900 kilometers. Besides a "Heart of Joy" central control unit and panoramic iDrive system, features include navigation integrated with Alibaba-backed AutoNavi, connectivity developed with Huawei and a driver-assistance system co-developed with Momenta. PROVIDED TO CHINA DAILY