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Will We Lose the Global EV Market?

Sean Randolph – February 14, 2025

In the overhaul of government policies, underway in Washington the United States' electrical vehicle industry could be a casualty. If that happens, the competitiveness of our automotive sector will suffer, and global competitors will reap the benefits.

Looking to erase the Biden administration's policies, the President wants to claw back funding for climate and renewable energy investment, including support for electric vehicles. Funding is frozen for EV charging infrastructure and the goal that half of new cars sold in 2030 be EVs has been abandoned. Also at risk are the $7,500 tax credit for EV purchases and California's authority to set more ambitious climate goals – including its target to have all new vehicles sold in the state be electric by 2035.

With no goals or incentives, the market for EVs will stall. And while large companies have a buffer, smaller companies that only produce EVs, such as Rivian and Lucid, face a wall.

Think what you will about climate policy, from a long-term perspective this is backwards. We can debate the practicality of ending the sale of gas cars by 2035. We can debate the cost of mandates on manufacturers and of emission goals on consumers. Regulatory overreach isn't new and can be corrected. But few today can doubt that climate change is a threat. We need fossil fuels to run the economy and stabilize the transition to renewables, but only pushing oil while walking away from EVs and renewables overshoots the mark.

Which brings us to China. The country produced almost 27 million vehicles of all kinds last year, accounting for 21% of global production — a share likely to reach 30% by 2030. Forty-four percent of those cars were EVs. Close to 11 million EVs were sold in China, compared to 3.3 million in Europe and 2.7 million in the rest of the world. Sales of gasoline cars in China are plunging. On the streets of Guangzhou license plates indicate whether a car is electric or gas powered, with a large and growing percentage being electric. What the Chinese can't sell domestically, they sell overseas, mostly to developing and middle-income countries. China currently accounts for 60% of global

EV sales. That market grew 24% in 2024, with China capturing 80% of the increase. And don't forget batteries: China accounts for 75% of global battery production. Its top two companies have half of the global market.

Electrified transportation is a longterm trend. It's the future. If we fail to invest in charging infrastructure and fail to support EV production at any level we risk over time becoming a nation that moves on antiquated, emission-producing technology. In the end, we will cede much of the automotive sector – a strategic global enterprise employing millions – to China.

We can't blame China for that. If we don't compete we won't compete, it's that simple. Terminating all support for electrical vehicles and charging infrastructure would constitute an unforced error, handing our Chinese competitors the market on a platter. China thinks strategically and it thinks long-term. We need to do the same.

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