The top electric car maker that is not Tesla

In April 22nd, 2023 we published a chart/graph on the pole position of BYD in China’s EV universe. Four (4) days later they announced a rise in net profit of 400%. Considering the size of that market it was only a natural consequence that BYD eventually would catch up with Tesla. Hereafter a recent report on BBC online. (edited for content)

Electric car maker Tesla has a Chinese rival in its rear-view mirror

Shares in BYD, or Build Your Dreams, jumped this week after it said it expected third-quarter profits to more than double compared with last year. BYD is now ahead of Tesla in quarterly production - and second to the US car maker in global sales.

Its success is also a sign of just how much China's auto industry is growing - China overtook Japan this year to become the world's biggest exporter. It's a bright spot in a sluggish Chinese economy that is reeling from a severe property crisis and record unemployment.

But, on the less bright side, Beijing's tensions are also growing with many of the countries - not least the US and European Union nations - that are export markets for its electric vehicles or EVs. As the world shifts to new, cleaner technologies, this is yet another example of how tough it will be for Western countries to move away from their reliance on Chinese goods.

BYD had an advantage from the start: unlike car makers who expanded to build electric models, BYD was originally a battery company that later started making cars. It became a publicly traded company in 2002. And it soon diversified by purchasing a struggling state-owned car manufacturer, Qinchuan Automobile Company.

EVs were still in their infancy then but Beijing officials were looking for a gap in the market that China could fill. In the early 2000s, they introduced subsidies and tax breaks as the government prioritised renewable energy production. For BYD, it was the perfect timing. The batteries it had been making were effectively the engines that would power EVs.

In 2008, US billionaire investor Warren Buffett bought a 10% stake in BYD Auto, saying that it would one day become "the largest player in a global automobile market that was inevitably going electric". And he was right. Today, China dominates global EV production largely because of BYD. And Beijing is keen to retain that lead - last June, it offered EVs $72.3bn worth of tax breaks over four years - the biggest incentive at a time when sales have slowed.

Analysts say BYD owes its growth to its original business - batteries. They are among the most expensive parts of an EV and making them in-house saves BYD a lot of money. Competitors, including Tesla, rely on third-party manufacturers for batteries.

Will Chinese EVs win the race?

The lane is quickly narrowing for legacy car makers, whose business is still powered by fuel engines. Analysts predict a seismic shift by 2030 as green incentives to combat climate change expand.

Car manufacturers from Europe and the UK are struggling to compete. But wariness of China might prompt regulation that will make Europe's market less accessible to competitive Chinese car makers.

The European Commission has launched an investigation into whether to set tariffs to protect EU manufacturers from a "flood" of imported, cheaper Chinese EVs, which it says benefit from Beijing's subsidies. Its president Ursula von der Leyen said the EU had not forgotten how its solar industry was hit by China's "unfair trade practices". But for now, BYD's affordable, green cars are a hit in Germany, which is grappling with high inflation and energy costs.

The home of Mercedes-Benz, BMW and Volkswagen is struggling to keep up its production of EVs to the global market and the evidence was on display at Europe's biggest car show in Munich in September - Chinese EVs were the hot topic.

Source:BBC online

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