How China Makes EVs at a Fraction of US Prices, Part 2

By John Benson

July 2025

1. Introduction

As you can see from the Title of this paper, it is the second that deals with Chinese-produced electric vehicles (EVs). This is even though China (Mainland China not Tiawan) does not import any EVs to the US. The first post on this subject was posted about a year ago.

How China Makes EVs at a Fraction of US. Prices: *The answer to the above question is not a simple one, and there is not a single answer, but many. But as a starting point, this has happened before over a hundred years ago, in the automobile industry, and it had nothing to do with the country of origin.*

A tiny, low-priced electric car called the Seagull has American automakers and politicians trembling.

The car, launched last year by automaker BYD, sells for around $12,000 in China, but drives well and is put together with craftsmanship that rivals US-made electric vehicles that cost three times as much. A shorter-range version costs under $10,000.

https://energycentral.com/c/ec/how-china-makes-evs-fraction-us-prices

I just found a great article on China's latest progress in the EV Market. In my latest Time Magazine (referenced below). They seem to moving into a position of worldwide dominance in EV Technology.

Since its founding in 2014, NIO has notched 9,800 global patents, most impressively popularizing battery-swapping technology that allows customers to change their drained battery for a fully charged one in just three minutes at over 3,000 swap stations across China and Europe.[1]

NIO also produces the world's longest-range electric-vehicle (EV) battery, capable of over 950 miles (1,000 km) on a single charge (Tesla's record is 402 miles). It has the world's only dual-display windshield projecting data at two separate perspectives directly in the driver's line of sight-and the first homologated drive-by-wire system, which guides the wheels without a physical steering shaft: NIO's EP9 sports car was, upon launch in 2016, the world's fastest EV, breaching 194 m.p.h. and breaking records at Germany's famous Niirburgring Nordschleife racing circuit. "Innovation creates value," NIO CEO William Li tells TIME. "And innovation helps us survive amid fierce competition, be it in China or worldwide!'

NIO is just one of an alphabet soup of Chinese brands-from AION, -BYD, and Clever, to Maxus, Neta, and Onvo, to Xpeng, Yangwang, and Zeekr-dominating the global EV market today.

[1] Charlie E. Campbell, Time Magazine, "The Shift East" June 9 Edition. To order a copy of a Time issue, call 800-843-8463.

It's been a meteoric rise. In 2001, China had fewer than 10 million passenger vehicles for its 1.2 billion population. That's just one vehicle for every 128 people, or a market penetration equivalent to America's in 1911, three years after Henry Ford produced his first Model T. But by 2009, China was the largest car market in the world. From being a net car importer as recently as 2020, China today sends more vehicles overseas than any other nation; its passenger-car exports jumped nearly 20% in 2024 to 4.9 million. Meanwhile, imports of cars to China dropped from a peak of 1.24 million in 2017 to just 705,000 last year.

Chinese automakers are expected to account for a third of the global market by 2030, according to AlixPartners. When it comes to EVs, China already accounts for nearly two-thirds of global sales (62%). NIOs are currently sold in six European nations as well as Israel and the UAE. BYD, meanwhile, is now undisputedly the world's top EV firm, present in over 70 countries and outselling Tesla globally for a second straight quarter. While Tesla delivered 336,681 vehicles worldwide for the January-March period, down 13% year-on-year, BYD delivered 416,388, up 38%.

Americans remain largely unaware of all this. Under President Biden, a tariff of 100% was slapped on Chinese EVs, and President Trump has added an additional 25% on all foreign cars. This has. negative consequences for EV adoption in the self-styled spiritual home of the automobile where half of Americans are interested in going electric, according to recent polls. It also impacts the global fight against climate change.

"Consumers in the U.S. could drive better cars, consume less gasoline, spend less on maintenance, and that would also be good for climate change;' says Paul Gong, head of China autos research at UBS Investment Bank. "There is a certain pity that because of tariff protectionism, and geopolitics, the world is not as green and not as prosperous."

Still, some very real concerns lie behind import barriers. The US and allies accuse China's industrial policies of massive subsidies that cause overcapacity and crowd out competitors. Chinese government support to its EV industry cumulatively totaled $230.9 billion from 2009· to 2023, according to the Center for Strategic and International Studies (CSIS), a bipartisan D.C. think tank. Last July, the E.U. also imposed a provisional anti-subsidy tariff of up to 37.6% on Chinese EVs, prompting Beijing to hike tariffs on European pork and brandy in retaliation. In August, Canada hiked its import tariff on Chinese EVs to 100%.

However, to simply blame state subsidies for China's mastery of EVs is an over-simplification. Time and again, whether it's smartphones, solar panels, or 5G, China is combining state support with economies of scale and a fiercely competitive domestic market to command transformative technology. Strong supply chains leverage high-quality, low-cost components to commercialize technology for market. And China's ascendency in EVs provides a window into future tussles between the world's top two economies over innovations set to power the Fourth Industrial Revolution.

The risk for the US is that these advantages will soon also allow China to dominate industries such as generative AI, quantum computing, and humanoid robotics. And EVs are front and center to those goals.

"These are much more than just battery-powered vehicles," says Ilaria Mazzocco, a senior fellow focused on China business and economics at the Center for Strategic & International Studies (in Washington DC) (CSIS). "The technological shift involves a lot of data processing, more AI integrated into the system, and synergies that provide pathways to advance in other technologies!'

China's rise didn't initially make the West uncomfortable. Far from it. China's peerless manufacturing efficiency reaped billions of dollars for U.S. firms. The fact that an ostensibly communist nation was trying its hand at capitalism was thought endearing, even quaint-not to mention proof that liberal economic theory had won the day. The country, after all, represented a giant and growing market for American industry.

Until China began to pull ahead. Though it welcomed McDonald's and Starbucks and encouraged its brightest to hone their minds at Western universities, Beijing maintained a strict hold over the economy, while cannily acquiring foreign expertise. Today China accounts for 27.5% of all global auto sales, more than the next three countries-the U.S., India, and Japan-combined.

2. The Future

You author strongly supports the Free Enterprise System used by the US, the EU and most other major nations in the world. The big difference between our system and China's is that we are not led by a central government, but rather a free economy, which has many centers of power, each in competition with of other centers of power. Even though our system is chaotic and inefficient, it is also very robust. This is because a single center of power can easily make a wrong turn and take a whole economy off the rails, no matter how competent it is. History is full of examples: most recently the Axis Powers and Japan during WWII and the USSR in the 1950s and 1960s.

The good news is that we have a global economy and society now. Nations like the US, Canada and others are melting pots, built on multiple cultures from all over the world, including Chinese. Since I have lived in the SF Bay Area most of my adult-life, where we have a large Chinese-ethnic population, I have had many Chinese-American friends, colleagues and associates.

There is a reason why people love soup – no flavor dominates, and all flavors meld together to create a complex, satisfying experience. With cultural melting pots, all of the cultures blend together to make a robust economy.