

BYD Challenges Tesla for Global Electric Vehicle Sales Supremacy



A (Jan 13): In the last edition of Bloomberg's Hyperdrive newsletter, BloombergNEF offered up three predictions for the electric vehicle market in 2023: that sales will keep growing, albeit at a slower pace; that this will be a big year for plug-in trucks and vans; and that the global public charging station network will continue to steadily expand. BYD SD Motors Malaysia as part of Sime Darby Motors (SDM), with the distributorship agreement between both parties having been signed in September 2022. A (Jan 12): Chinese carmaker BYD Co is planning a bold push into India's electric car market, joining a rush of foreign carmakers jockeying for a bigger share of the world's fourth-biggest auto market. HANOI (Jan 13): Chinese electric vehicle (EV) maker BYD Auto Co plans to build a plant in Vietnam to produce car parts, three people

with knowledge of the plan told Reuters , in a move that would reduce the company's reliance on China and deepen its supply chain in Southeast Asia as part of a global expansion.

Today, let's look at four more prognoses for the year, having to do with Tesla's budding rivalry with BYD, the outlook for EV startups and battery prices, and the impact of the US Inflation Reduction Act. Might BYD overtake Tesla in battery-electric vehicle sales? Betting against Tesla historically has been a bad wager more often than not, but BNEF's team of analysts reckon 2023 could end with a new EV volume leader. Both feature Blade EV batteries which the manufacturer has developed in-house, and both power a front-mounted electric motor rated to produce 204 PS and 310 Nm of torque. BYD has been expanding its model lineup, geographic footprint and manufacturing capacity very rapidly in the last two years. India is a good bet because "people are realizing the need for EVs and the charging infrastructure is picking up. If you include the company's plug-in hybrid electric vehicles, it already overtook Tesla in 2022, and its sales of fully electric vehicles soared to around 911,000 last year from 321,000 in 2021.3 seconds. BNEF still expects Tesla's sales to grow by 30% to 40% in 2023 as its new plants near Berlin and in Austin, Texas, continue to ramp up. Backed by Warren Buffett's Berkshire Hathaway, BYD makes both plug-in hybrids and pure electric vehicles.

But the macroeconomic environment is shifting rapidly, with higher interest rates, falling home prices and battered stock markets all starting to weigh heavily on consumers' purchase decisions. Standard kit for the Atto 3 Standard Range includes a panoramic sunroof, heated electric wing mirrors, 5.MG Motor India, a unit of China's SAIC Motor Corp on Wednesday said it plans to launch three electric models by the end of next year, while South Korea's Kia Corp said it plans to invest 20 billion rupees (US\$245 million) in India over the next four to five years to develop electric vehicles and launch its first

domestically made EV in 2025. Elon Musk's Twitter antics also are turning off some potential buyers just as the competition heats up. Tesla's Model Y will still be the best-selling EV in the world in 2023 and likely will make it into the top-three models of any type after cracking the top five in 2022. BYD Atto 3 – click to enlarge Next up, the Extended Range adds an electronic tailgate, multi-colour gradient rhythmic ambient lighting on the door handles (single colour on the SR) and eight speakers with "Dirac HD" sound, PM2. Tesla's Supercharger network is also still a major differentiator, particularly in North America, where public charging is less developed. It's planning to sell 15,000 electric vehicles this year. This race will go down to the wire and depend heavily on pricing strategies. Rolling stock distinguishes the two; the SR rolls on 215/60 R17 tyres, while the ER wears 215/55R18 rubber. One said construction was planned to start by mid-year.

With major price cuts just made in the US and Europe, and already in play in China, Tesla is showing willingness to wage a price war to keep its volume growing. Tesla has room to manoeuvre here and probably can stay ahead for much of the year, but BYD may be able to edge out its competitor in the final months. Meanwhile, the drive unit in the Atto 3 gets its own warranty as well, with eight-year, 150,000 km coverage for the motor, motor controller, DC assembly and electric control assembly. The company's expansion comes at a time when India is increasing scrutiny of Chinese firms. BYD's sales are still mostly concentrated in China, so its success will depend in large part on how the country unwinds its Covid Zero policy. Both will remain miles ahead of legacy automakers, with Volkswagen finishing a distant third place. Driving heaven to him is exercising a playful chassis on twisty paths; prizes ergonomics and involvement over gadgetry. Battery prices stay elevated, averaging US\$152 per kilowatt-hour. In 2022, the volume-weighted average prices of lithium-ion battery packs across all sectors averaged US\$151 per kWh, a 7% increase and the first time BNEF recorded a rise. BYD will position itself

as a “global” technology powerhouse to overcome the barriers of operating as a Chinese company in India and bring “confidence to customers,” Gopalakrishnan said. BYD is looking to lease 80 hectares of industrial land, more than doubling its footprint in Vietnam, where its electronic unit rents 60 hectares, a second source said.

BNEF expects the average battery pack price to rise slightly this year to US\$152 per kWh. Lithium prices will remain elevated, but should stay below earlier highs and pave the way for battery prices to decline again in 2024. The US Inflation Reduction Act puts the US in the EV and battery-making game. One of the big surprises of 2022 was the Inflation Reduction Act and its provisions to help boost EV adoption and on-shore EV manufacturing and the battery supply chain. Gopalakrishnan said consumers are no longer so price-sensitive, with 41% of the 3. While some details are still forthcoming, automakers and battery manufacturers are already responding. BNEF tracked almost US\$28 billion in new investment announcements in North America related to e-mobility and batteries after the law passed in August. If finalised in May, that finding would mean those companies would be subject to duties on products made in Vietnam and some other Southeast Asian countries.

China’s lead here is formidable, but it’s still early days for this transition. It will explore adding manufacturing facilities when demand increases in the next two to three years, Gopalakrishnan said. Only 2% of cars on the road globally are electric today, and there’s a lot to play for as nations and regions look to build the next clusters of technology and manufacturing. Importantly, with much of the investment in the US flowing into red states, EVs should be a less-partisan issue this year and beyond. We expect that more than US\$80 billion will be committed to the North American battery supply chain in 2023. Despite Prime Minister Narendra Modi’s ‘Make in India’ push, BYD doesn’t have immediate plans to localize battery production and will continue importing

them. These decisions are complex and often evaluated over many years, so pinning causality purely on IRA isn't appropriate.

Still, incentives are tipping the scales, and we'll gradually get more clarity on how other regions will respond. Industrial policy is back in vogue, with EVs and batteries at center stage. A wave of bankruptcies and consolidation There are too many automakers, and 2023 will make this painfully clear. The number of auto producers has been rising steadily for the last decade as the combination of cheap money and a window of opportunity with respect to electrification enticed new entrants. Slowing EV sales growth will cause a reckoning, as many realize they either don't have the capital to reach scale, the segments they're targeting are already crowded (for example, the premium end of the market) or consumers are simply not interested in taking a leap on a relatively unknown brand during a time of economic uncertainty.

The window of opportunity for new entrants has closed, and the number of automakers will decline this year. Other areas of the e-mobility value chain should fare better but also could see a thinning of the ranks. [Subscribe to Mid-day email alert](#) We deliver news to your inbox daily.