VDA German Association of the Automotive Industry

Report

from China; January -2022

Content

Facts and Figures

International Passenger Car Markets December 2021

New Passenger Car Registrations / Sales

	Dec. 2021	+/- in %	Jan.-Dec. 2021	+/- in %
Europe (EU27, EFTA & UK)* [1]	950,200	-21.7	11,774,900	-1.5
European Union (EU27)* [1]	795,300	-11.4	9,700,200	-2.4
W. Europe (EU14, EFTA & UK) [1]	860,700	-21.3	10,600,400	-1.9
New EU Countries (EU13)* [1]	89,600	-26.0	1,174,500	1.5
USA** [2]	1,194,300	-25.6	14,913,700	3.1
China [3]	2,380,300	2.2	21,090,200	6.6
Japan [4]	280,100	-11.1	3,675,700	-3.5
Russia** [5]	-	-	1,666,800	4.3
India [6]	219,400	-13.3	3,082,400	26.7
Brazil** [7]	194,000	-16.7	1,977,100	1.1

Source: 1) ACEA 2) Wards Intelligence 3) CAAM 4) JAMA 5) AEB 6) SIAM 7) ANFAVEA

* without Malta

** Light Vehicles

The international automotive markets had a turbulent year in 2021: While the first half of the year in particular saw significant growth in some cases due to the low sales volumes in the previous year and catch-up effects, the second half of the year presented a clearly negative picture. In particular, the shortage of semiconductors put strain on global supply chains. In addition, shortages of other starting products and raw materials as well as rising prices for energy and logistics caused problems for the industry. Of the three largest sales regions, only Europe (EU27, EFTA & UK) recorded a decline in 2021. In the USA and China, however, sales increased slightly.

Almost 11.8 million new vehicles were registered in the European passenger car market in 2021, around 2 percent fewer than in the previous year. A recovery from the pandemic-related declines is therefore pending in Europe.

In the U.S., light vehicle sales (cars and light trucks) grew by 3 percent to 14.9 million vehicles in 2021 but remained well below the pre-crisis level of around 17.0 million vehicles in 2019. December sales of new vehicles stood at 1.2 million, a decline of just over a quarter (-26 percent).

The Chinese passenger car market ended 2021 with a market volume of 21.1 million newly registered vehicles, representing growth of 7 percent. The annual result was thus also better than in the pre-Corona year of 2019, but sales volumes continued to lag significantly behind the record year of 2017. At the end of the year, China sold around 2.4 million new vehicles in December, 2 percent more than the previous year.

In Japan, sales of brand-new passenger cars fell by almost 4 percent last year to 3.7 million vehicles. In December, 280,100 passenger cars were sold (-11 percent). The second half of the year thus saw declines across the board.

Elektro International December 2021

New Electric Car Registrations in the Most Important Markets Jan. - Dec. 2021

	Electric registrations / sales (YTD)	Change YTD vs. Previous year (2021 vs. 2020)	Change Dec. 2021 vs. Dec. 2020	Cumulative new registrations / sales since January 2010	Electric proportion of 2021 YTD	Electric proportion of 2020 YTD	Electric market share of German Brand 2021 YTD	Electric market share of German Brand 2020 YTD	German Brand market share in the total car market 2021 YTD*
Germany	681.874	73%	-2%	1.384.850	26,0%	13,5%	65%	67%	68%
France	303.423	63%	8%	716.591	18,3%	11,3%	29%	29%	26%
UK	309.412	75%	16%	756.697	18,8%	10,8%	43%	41%	47%
Italy	135.661	127%	-14%	236.218	9,3%	4,3%	40%	44%	34%
Netherlands	95.255	8%	-25%	397.404	29,5%	24,8%	45%	42%	45%
Norway	151.921	44%	3%	585.530	86,2%	74,8%	38%	46%	41%
Sweden	135.100	44%	-2%	347.637	44,9%	32,2%	38%	40%	42%
EU+UK+EFTA	2.266.009	66%	-1%	5.468.058	19,2%	11,4%	49%	49%	46%
USA (LV)	611.997	98%	45%	2.318.420	4,1%	2,1%	12%	10%	9%
Canada (LV)	81.511	45%	-3%	284.660	4,9%	3,6%	8%	9%	10%
China	3.334.170	168%	121%	7.929.289	15,8%	6,3%	6%	9%	20%
South Korea	81.471	123%	41%	219.881	5,5%	2,2%	27%	27%	14%
Japan	46.380	54%	10%	372.407	1,3%	0,8%	23%	9%	5%

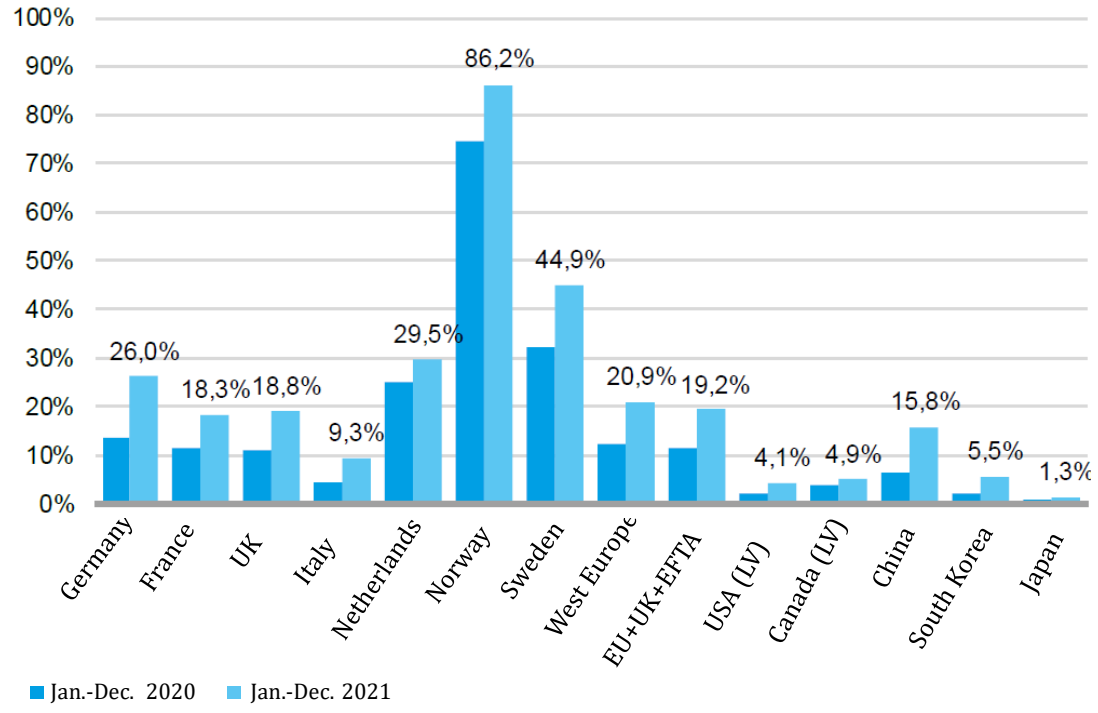
* South Korea Jan-Nov.

Quelle: KBA, Ward's, Fourin, IHS

With 3.334 million newly registered e-cars (+168 percent), China is clearly ahead of Europe (EU + EFTA + UK) with 2.266 million units (+66 percent) in 2021. The second largest e-car market in the world is Germany with 682 thousand units' registration (+73 percent). The USA ranks behind with 612 thousand newly registered e-cars (+98 percent). Italy with 136 thousand newly registered e-cars (+127 percent) is the shooting star in 2021.

The German brands maintain the market shares in most countries in 2021. In UK, the market share increased by 2 percent to 43 percent, while in Netherlands there were increases of 3 percent to 45 percent. In Europe (EU + UK + EFTA) the market share of 49 percent was keeping. In the USA, the market share increased by 2 percent to 12 percent thanks to new models. In Japan, it also rose from 9 percent to 23 percent due to the high PHEV share. China saw a decline from 9 percent to 6 percent.

Electric Share in the Overall Passenger Car Market Jan.- Dec. 2020 vs Jan.- Dec. 2021



When it comes to the electric share in the overall market, Norway remains still clearly No. 1 with 86.2 percent. Sweden follows (44.9 percent) ahead of Germany (26.0 percent), the Netherlands (29.5 percent), the UK (18.8 percent) and France (18.3 percent). Now China reaches 15.8 percent while the USA is still lagging with 4.1 percent. Japan is at the bottom with 1.3 percent E-share.

BEV and PHEV new registrations of cars in the most important markets Jan.-Dec. 2021

	BEV* New registrations / sales (YTD)	Change YTD vs. Previous year (2021 vs. 2020)	Change Dec. 2021 vs. Dec. 2020	Share of BEV to electric YTD	PHEV* New registrations / sales (YTD)	Change YTD vs. Previous year (2021 vs. 2020)	Change Dec. 2021 vs. Dec. 2020
Germany	355.961	83%	11%	52%	325.449	62%	-16%
France	162.105	46%	12%	53%	141.257	89%	5%
UK	190.715	76%	26%	62%	118.685	73%	-7%
Italy	67.302	107%	-15%	50%	68.349	151%	-12%
Netherlands	64.027	-12%	-28%	67%	31.106	105%	63%
Norway	113.715	48%	1%	75%	38.170	32%	12%
Sweden	57.470	105%	51%	43%	77.614	18%	-36%
EU+UK+EFTA	1.218.175	63%	7%	54%	1.046.834	68%	-12%
USA (LV)	434.511	83%	42%	71%	174.145	148%	52%
Canada (LV)	59.462	44%	-13%	73%	21.923	48%	49%
China	2.734.013	174%	120%	82%	600.148	143%	122%
South Korea	53.342	167%	510%	65%	19.627	83%	-69%
Japan	21.139	45%	28%	46%	22.777	55%	4%

* BEV = Battery Electric Vehicle, PHEV = Plug-in Hybrid EV

Quelle: KBA, Ward's, Fourin, HIS

For the BEV, the picture is positive for the whole year. The Chinese market dominates the global BEV market with 2.734 million new registrations and the strongest growth (+174 percent). Europe comes to 1.218 million new registrations (+63 percent). USA is in the third place with 435,000 electric light vehicles. Another high growth market is South Korea with 53,000 new registrations (+167 percent).

BEVs play a dominant role, especially in the non-European markets. The highest market share is in China (82 percent), following Norway (75 percent), Canada (73 percent), and the USA (71 percent), the Netherlands (67 percent) and South Korea (65 percent).

For Plug-in Hybrids, the momentum has also been high in many markets. China is in first place with 600 thousand units (+143 percent) ahead of Germany to 325 thousand units (+62 percent) and the USA with 174 thousand units (+148 percent). The large number of attractive new models has contributed to this. In Europe, there is a total increase of 68 percent to 1.047 million PHEV, the total share of e-cars at 46 percent is now lower than the BEV share.

With this market volume, Europe is by far the most important plug-in market in the world. Plug-in Hybrids are particularly popular in Sweden, with a 57 percent share of the electric car market, and in Japan with 54 percent, in Italy 50 percent, in Germany 48 percent and in France 47 percent.

Elektro Germany January 2022

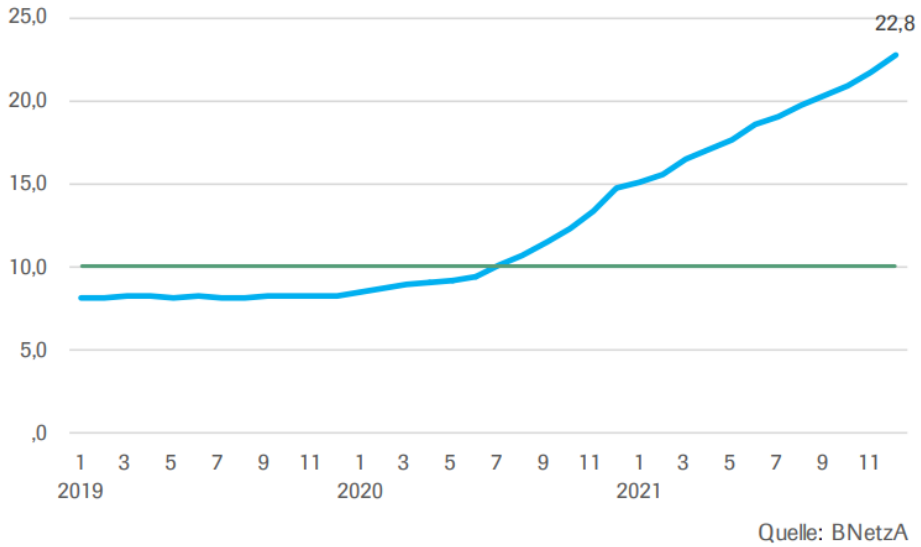
Overview of New Electric Car Registrations Germany

	Jan. 2022	Jan. 2021	21/20 in %	Jan.-Jan. 2022	Jan.-Jan. 2021	21/20 in %	Anteil Jan. 2022	Anteil Jan. 2021	Anteil Jan.-Jan. 2022	Anteil Jan.-Jan. 2021
Elektro gesamt	**39.823**	**36.911**	**8%**	**39.823**	**36.911**	**8%**	**21,6%**	**21,7%**	**21,6%**	**21,7%**
darunter										
BEV	20.892	16.315	28%	20.892	16.315	28%	11,3%	9,6%	11,3%	9,6%
Plug-In Hybrid (PHEV)	18.900	20.588	-8%	18.900	20.588	-8%	10,3%	12,1%	10,3%	12,1%
Zum Vergleich:										
Hybrid (ohne Plug-In)	*35.226*	*24.861*	*42%*	*35.226*	*24.861*	*42%*	*19,1%*	*14,6%*	*19,1%*	*14,6%*
dar. Mild-Hybrid	*30.855*	*22.375*	*38%*	*30.855*	*22.375*	*38%*	*16,8%*	*13,2%*	*16,8%*	*13,2%*
Erdgas	*186*	*259*	*-28%*	*186*	*259*	*-28%*	*0,1%*	*0,2%*	*0,1%*	*0,2%*
LPG	*1.586*	*340*	*366%*	*1.586*	*340*	*366%*	*0,9%*	*0,2%*	*0,9%*	*0,2%*
Alternative Antriebe ges.	76.821	62.371	23%	76.821	62.371	23%	41,7%	36,7%	41,7%	36,7%

Quelle: KBA

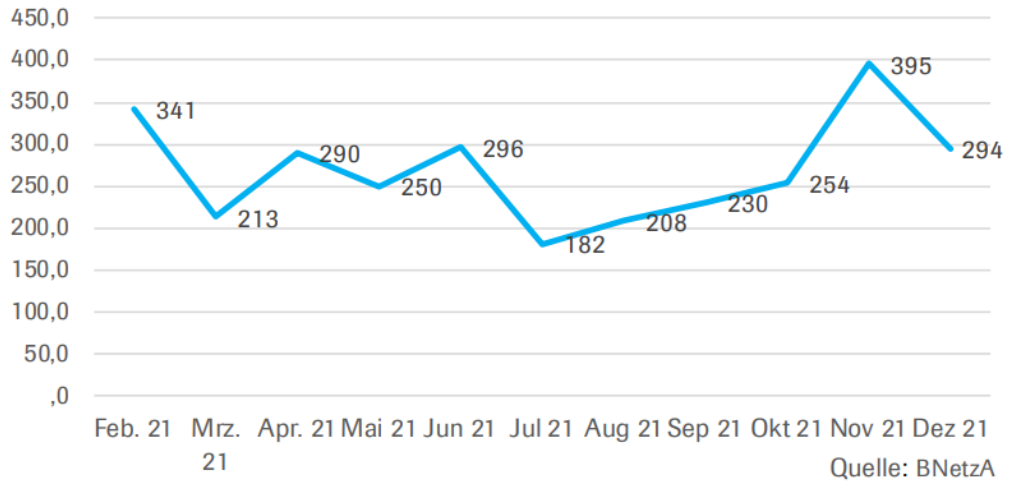
This year started with a modest increase of 8 percent to 39,823 e-cars in Germany. The PHEV decreased by 8 percent to 18,900 units, while the BEV increased by 28 percent to 20,892 units. In January, the proportion of electric vehicles leveled off at 21.6 percent.

E-cars per publicly accessible charging point (T-Value)



Quelle: BNetzA

New publicly accessible charging points per week (including late-reported registrations)



Till January 1, 2022, 52,203 charging points (of which 7717 were rapid charging points) were registered with the Federal Network Agency (BNetzA) in Germany. For detailed info, please refer to Link.

With an estimated total of 1.19 million e-cars till January 1, 2022, there are now 22.8 e-cars per charging point. Compared to the previous month, the BNetzA reported an additional 1,302 charging points in December, which corresponded to 294 charging points per week, including late-reported registrations. Without late-reported registrations, it should be around 300 charging points per week. To achieve 1 million charging points in 2030, i.e., around 2,000 charging points would have to be built up per week to achieve this goal, the expansion speed would have to be almost sevenfold.

Policy and Regulation

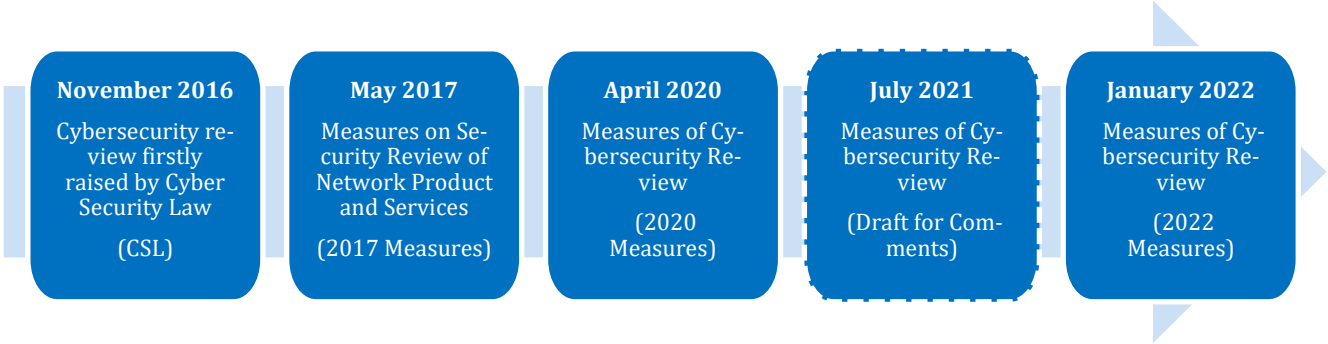
CAC: Measures of Cybersecurity Review

On January 4, 2022, the Cyberspace Administration of China (CAC), jointly with 12 other ministries, issued the revised Measures of Cybersecurity Review (hereafter "2022 Measures"), which extend the cybersecurity review to data processing activities by internet platform operators and certain foreign listings of Chinese companies and will take effect on February 15, 2022.

Background

It's by the Cyber Security Law (CSL) for the first time raised the requirement of cybersecurity review for critical information infrastructure operators (CIIO) activities of purchasing network products and services, which may influence national security.

Following the CSL, the CAC published the Measures on Security Review of Network Product and Services in May 2017 (2017 Measures) as the very first edition, and then the revising keeps coming out as the administrative needs and technology development, as follows:



From the level of implementation, on July 2, 2021, the CAC announced the very first cybersecurity review on Didi, a giant Chinese car-hailing service provider, citing the Cybersecurity Law, the 2020 Measures, and the National Security Law.

Highlights

Here is a summary of key messages of the 2022 Measures and new updates compared with 2020 Measures:

- **Extended scope**

  The 2022 Measures extend the scope of cybersecurity review from procurement of CIIO by including data processing activities of network platform operators (NPOs) that impact or may impact national security, while fail to give a clear definition of NPOs.

- **Foreign listings of NPOs**

  It's quite clear that the NPO must also apply for a cybersecurity review over its proposed listing outside China, if the NPO controls over one million users' personal information. However, the ambiguity in the wording of the provisions has given rise to some uncertainty.

  Another issue is whether listings in Hong Kong will be considered as outside of China or not and therefore subject to the obligations of applying for the cybersecurity review.

- **Procedures and enforcement**

  The 2022 Measures have not made any significant changes to the cybersecurity review procedures. The review process may be initiated by the CIIO or NPOs voluntarily or by the CAC itself.

  Notably, for those cases which the relevant ministries cannot reach a consensus, will follow a special review procedure, and the statutory time limit has been extended from 30 working days to 90 or longer.

  Besides, the CIIO and NPOs may be required to take preventative and risk-mitigating measures during the review process.

NDRC: Implementation Guideline to Further Enhance the Capacity of Electric Vehicle Charging Infrastructure Services

On January 21, 2022, the National Development and Reform Commission (NDRC) released an implementation guideline to further enhance the capacity of electric vehicle charging infrastructure services (hereafter "Guideline"), jointly developed by other 9 ministries and departments, including the National Energy Administration, the Ministry of Industry and Information Technology, etc.

The Guideline shows that China aims to further improve EV charging service capacity by the end of its 14th Five-Year Plan (2021-2025), forming a **smart, efficient, well-balanced, and moderately advanced** network of battery charging facilities. By then, the system will be able to meet the charging needs of more than 20 million EVs.

The Guideline includes the practical measures, as follows:

- Accelerate the construction of charging facilities in residential communities
- Improve battery charging and swapping capabilities in urban and rural areas
- Step up the development and application of new technologies, e.g., IoV
- Strengthen maintenance and internet services for charging facilities
- Complete the construction of supporting power grid to guarantee the power supply
- Promote the administration and supervision of safety and quality
- Optimize financial policies to support the construction of public charging facilities

Pilot Program based on the CAC Provisions on Management of Automotive Data Security (for Trial Implementation)

On January 21, 2022, VDA organized a workshop with CAAM, who is leading a pilot program based on the CAC Provisions on Management of Automotive Data Security (hereafter "Provisions").

The program focus onto **3 technical aspects**:

- **Desensitization of human face & vehicle license plate data collected externally at vehicle end before sending out**
  According to the Provisions Article VIII:
  The processors, collecting, out of the need for driving safety, from and making personal information available outside the vehicle without obtaining prior consent of the individuals, shall conduct anonymization, including deleting the image from which natural persons can be identified, partially contouring the faces in an image, etc.

- **Cabin data authorization, collection, storage, processing only within the vehicle**
  According to the Provisions Article VI:
  (I) The principle of in-vehicle processing: do not make data available outside the vehicle unless deemed necessary; (II) The principle of no collection by default: unless the driver sets it on his or her own, it should be set by default to no-collection status whenever he or she drives; (III) The principle of application of precision range: determine the coverage and resolution of camera, radar, etc. according to demands on data precision of the functional services provided; (IV) The principle of desensitized processing: conduct anonymization, de-identification, etc. as much as possible.

- **Obvious notification before processing any personal information**
  According to the Provisions Article VII:
  To process personal information, the automobile data processors shall inform individuals of the following content through user manual, on-board display panel, voice, related applications for automobile use, and other attention-grabbing means.

The **implementation timing** of the above requirements, for the time being, is forecasted as:

- For the OEMs in the pilot program: by the end of June in 2022.
- To scale up to the whole industry: by the end of 2022.

VDA China will keep the continuous bilateral communication. When the detailed technical requirements are finalized, the 2nd round of communication would be organized.

Standardization

Standard Drafts for Public Comments

In January 2022, CATARC released following drafts of standard for comments:

NO.	Name	Release date	Deadline for comments	Note
1	GB/T XXXX-xxxx Vehicle cybersecurity incident response management guideline	2022-1-11	2022-3-12	
2	QC/T 513-xxxx Front axle assemble for commercial vehicles	2022-1-19	2022-2-28	Supersede QC/T 513-1999, QC/T 483-1999, QC/T 494-1999
	QC/T 1020-xxxx Automobile universal joint and drive shaft			Supersede QC/T 1020-2015
3	GB/T 28957.1-xxxx Road vehicles-test dust for filter evaluation Part 1: Silicon dioxide test dust	2022-1-22	2022-3-23	Reference ISO 12103-1:2016

In January 2022, WTO official website released following drafts of standard for WTO/TBT comments:

NO.	Name	Release date	Deadline for comments	Note
1	GB XXXX-20xx Retro-reflective devices and markings for motor vehicles	2022-1-20	2022-3-21	Supersede GB 11564-2008, GB 19151-2003, GB 23254-2009, GB 25990-2010
2	GB XXXX-20xx Road illumination devices and systems for vehicles	2022-1-20	2022-3-21	Supersede GB 4599-2007, GB 21259-2007, GB 25991-2010, GB 4660-2016, GB/T 30036-2013
3	GB XXXX-20xx Light-signaling devices and systems for vehicles and their trailers	2022-1-20	2022-3-21	Supersede GB 5920-2019, GB 15235-2007, GB 11554-2008, GB 17509-2008, GB 18408-2015
4	GB 29743.1-20xx Motor vehicle coolant- Part 1: Fuel vehicle engine coolant	2022-1-20	2022-3-21	Supersede GB 29743-2013
5	GB 17353-20xx Protective devices against unauthorized use for motorcycles and mopes	2022-1-20	2022-3-21	Supersede GB 17353-2014
6	GB 24550-20xx The protection of vehicle for pedestrians in the event of collision	2022-1-20	2022-3-21	Supersede GB/T 24550-2009
7	GB 22757.1-20xx Energy consumption label for light-duty vehicles-Part 1: For gasoline and diesel vehicles	2022-1-20	2022-3-21	Supersede GB 22757.1-2017
8	GB 22757.2-20xx Energy consumption label for light-duty vehicles-Part 2: For off-vehicle-chargeable hybrid electric vehicles and battery electric vehicles	2022-1-20	2022-3-21	Supersede GB 22757.2-2017

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