

NEWS RELEASE

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China will continue to dominate the electric vehicle market by 2030 despite Biden's new US EV tax credit, says GlobalData

- China will account for 60% of the world's electric vehicle (EV) fleet by 2030
- China's dominance over the battery supply chain will continue to hinder investment into US battery manufacturing for leading EV manufacturers
- Since the EV Tax Credit announcement, one-third of all EV-related deals in the US have been associated with batteries

Biden's new US EV tax credit is too little too late when it comes to dominating the EV market, according to GlobalData. The leading data and analytics company notes that China has a ten-year advantage in the electrification race, with the country set to constitute 60% of the global EV fleet by 2030 due to its dominant control over 70% of the global battery production supply chain.

Lithium-ion batteries a chokepoint for US EV production

GlobalData's recent report, "[Thematic Intelligence: China Tech \(2022\)](#)", reveals that China's early investment into lithium-ion batteries has paid off, resulting in a dominant market position.

Amalia Maiden, Associate Analyst in the Thematic Intelligence team at GlobalData, comments: "China has bet big and bet early in its investments here and will now reap the rewards. Chinese companies now make up six of the top ten global battery makers, with a combined 56% of the global battery market share, and the country is on track for 25% of all car sales to be EVs by 2025. In the meanwhile, the Biden administration's recent Inflation Reduction Act (IRA) introduced \$7,500 worth of tax credit for EV purchases in the US. While this is a significant step forward for the US, it will not incentivise enough consumer market growth to compete with China's 10-year advantage. Furthermore, with the current costs of lithium cells on the rise, and a lag time of up to 10 years to bring new mines online, the US's bill could prove to be too little too late for the big players in the market."

Electric vehicle charge point investment sees 12-year delay in the US vs China

Battery manufacturing is not the only area where China's early investment has helped it to drive wider market growth. The US's staggering 12-year delay in the investment into EV charging infrastructure nationally and a heavy reliance on Tesla to drive the country's acceptance of an electric automotive future, has led to the US falling behind the times.

Maiden continues: "The lack of early investment into EV charging infrastructure is a critical setback for the US. The nation's preference for longer drive times. Consumer concerns over battery length and reliability hinder EV sales and market growth."

US tax credit incentivises Tesla's competition

The IRA bill offers an opportunity for manufacturers to expand the EV market and reach customers seeking more affordable EV vehicles. However, it also includes requirements for EVs to have been assembled in the US, and only vehicles with at least 50% of the battery components coming from the US* will be eligible for the full \$7,500 tax credit. GlobalData's research shows that 32% of EV-related deals since the US EV Tax Credit was announced have been associated with batteries, indicating just how important the batteries theme will continue to be in the future. Many of these deals involve Tesla's key competition in the US market.

Maiden continues: "The motivation of the EV tax credit is clear: to drive investment into US raw material mining and battery production and capitalize on this lucrative and geopolitically critical market. EVs will account for 67% of light vehicles globally by 2035, and this market growth will be essential in aiding countries to meet their climate goals and reduce their net emissions."

* Or countries with a free trade agreement with the US

Information based on GlobalData's latest report: ['Thematic Intelligence: China Tech \(2022\)'](#).

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Notes to Editors

- **Quotes provided by:** Amalia Maiden, Associate Analyst in Thematic Intelligence team at GlobalData

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