

Incentives aim to promote NEVs

More charging facilities may encourage buyers, analysts say

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A recently unveiled package of incentives promoting the development and consumption of new energy vehicles reflects China's strong willingness to boost consumption recovery and will inject fresh confidence and momentum into the NEV sector's new innovations, market analysts said.

In mid-June, the General Office of the State Council issued a guideline on building a high-quality system of charging facilities, mainly to help boost the development of NEVs. It was proposed in the guideline that by 2030, a wide-ranging, high-quality charging facility system will have been built. Such a system is expected to effectively underpin the growth of the NEV industry and better serve NEV owners' demands.

Specific policy incentives meant to encourage consumers are included in the guideline. For example, in major cities, the proportion of NEV parking spaces with standardized charging capabilities in commercial parking lots will be expanded. Coverage of charging services in rural areas will also see steady expansion.

Competent charging facilities will be safe, affordable, convenient for use and compliant with key standards, the guideline said.

It also stated that the regulatory framework for these charging facilities will have been basically completed by 2030, with a modern regulating capacity and cutting-edge technological innovation capacity in the field.

The guideline is seen as part of China's recent, intensified efforts to drive the country's NEV development in the second quarter, putting the sector at the forefront of a broad-based push to ignite China's growth recovery and consumption.

An executive meeting held in May by the State Council, China's Cabinet, urged efforts to speed up the construction of charging infrastructure in rural regions to better promote NEVs in these areas and facilitate rural vitalization. Steps were called for to focus on the prominent bottlenecks hampering NEV expansion in such areas, moderately advance the construction of charging facilities and upgrade methods of construction, operations and maintenance of the infrastructure.

A month later, the State Council announced an extension of tax breaks over four years on NEVs and other eco-friendly cars.

NEVs that are purchased in 2024 and 2025 will be exempt from sales taxes amounting to as much as 30,000 yuan (\$4,170) per vehicle. The exemption will be halved and capped at 15,000 yuan for purchases made in 2026 and 2027, the Ministry of Finance said in a statement. This means current NEV purchasing incentives, which were set to expire this year, will now run until the end of 2027.

Such a move will lead to additional consumer savings of 520 billion yuan.

Bridging the gap

At a recent news conference, Xin Guobin, an official from the Ministry of Industry and Information Technology, said that although China has made progress in the NEV industry, "the sector still has problems, including an insufficient supply of critical technology and uneven development in the wider market. These need to be addressed".

The fast and sustainable development of NEVs will surely require a charging system to facilitate such growth, said Ouyang Minggao, a professor at the School of Vehicle and Mobility at Tsinghua University in Beijing.

"By the end of last year, the cumulative ratio of NEV charging stations to domestic NEVs in China stood at 1 to 2.5. Last year, the number of charging stations increased by 2.593 million, while sales of NEVs increased to 6.887 million, leaving a notable gap in NEV charging demand in the market," he said in a note.

Businesses say they're already benefiting from new policies

By ZHANG YUE in Beijing
and ZHU LIXIN in Hefei

In the weeks after a new guideline announced policies aimed at boosting the expansion and growth of charging facilities, particularly for new energy vehicles, related businesses have noted changes in the market as new demands are now emerging more quickly than ever.

Wang Ya, founder and president of Kuai EDian, a manufacturer of NEV charging facilities in Hefei, Anhui province, said that over the past two months, the company has seen the number of government orders of such facilities increase.

"We, and most of our industry peers, have already scheduled production until the third quarter or even the end of the year, and our

business has grown fast," he said. "At the same time, new incentives and market stimulus provided by the policies have encouraged more companies to enter the NEV industries."

Government purchasing of NEV charging facilities comes with strict requirements, Wang said.

"Such high requirements promote healthy competition within the industry, and this will lead to increased investment in technological research and development and accelerated iterations and upgrades in charging technology," he said. "And for our company, the early accumulation of technology has played an important role in our competition with other businesses by winning us more market opportunities."

Wang said that currently, charging facilities in rural markets are lacking, generating notable business opportunities.

"As policy incentives such as tax breaks continue to be offered, the number of NEVs will continue to grow rapidly, thus urging accelerated development for charging infrastructure."

Last year, China sold some 5.67 million passenger NEVs, a nearly 90 percent increase from a year earlier.

Tian Lihui, a professor of finance at Nankai University in Tianjin, said the extension of tax breaks for NEV purchases would effectively help alleviate concerns about the policy expiring this year, and makes the government's support of the industry more certain.

"The continued reduction and exemption of the sales tax on NEVs is a strong signal of national support for the development of new energy vehicles," he said. "It will encourage manufacturers to increase investment and expand production, as well as benefit consumers."

Serving rural areas

The new guideline was followed by a specific policy incentive issued by the National Development and Reform Commission in May about boosting the development and upgrading of NEV charging facilities in rural areas.

Where conditions permit, local governments in such regions are urged to support consumption, such as by offering coupons to rural residents to encourage them to buy new NEVs. Special incentives are also encouraged for the construction and operation of public charging facilities in these areas.

The value of NEVs sales in rural areas makes

up a crucial part of China's overall NEV sales volume. Last year, NEV sales volume in rural areas went up by 87 percent year-on-year.

"The rapid growth of NEV sales in rural areas has actually reflected the great potential of NEVs in those markets," said Tong Zongqi, deputy secretary of the China Charging Infrastructure Promotion Alliance.

The layout of China's residential areas means there aren't many private parking spaces, and there's a limit to how many chargers communities can install, he pointed out.

"New measures meant to boost the number of charging facilities and NEV sales will better meet consumer demands in rural areas," he said.

Boosting consumption

Since earlier this year, consumption has been seen as key in China's post-pandemic recovery. Some industrial analysts see the fresh guideline targeting NEV sales as part of the country's larger efforts to boost consumption.

Zhang Yueyou, a researcher at the Yangtze River Industrial Economics Research Institute of Nanjing University, said that although the NEV market in large countryside areas has seen quick growth in the past three years,

enormous potential remains untapped.

"The first batch of NEVs in the countryside emerged in 2009. A decade later, they are now entering a replacement window, and large new NEVs are in demand," he said. "This not only signals the onset of new vehicles but also means facilities such as charging stations will be upgraded. With a rural population of nearly 500 million, it is an important area for exploring domestic demand potential."

NEV sales in China rose 10.5 percent in May from a month earlier, according to data from the China Passenger Car Association.

Tian, the Nankai University professor, sees the current package of policy incentives as a broader move in energizing consumption and boosting economic recovery this year.

"Considering the challenging outlook for real estate recovery and the consumption recovery that is now in the doldrums, consumption of large ticket items such as NEVs is urgently needed, and the new policies have the potential to do that, lifting consumption growth for the whole year," he said. "However, whether consumers will purchase these NEVs ultimately depends not only on supply-side factors such as product offerings and policy incentives, but also on their confidence in their future incomes."

emerging business models, will encounter significant opportunities in the rural market," he said.

Pang Ming, chief economist with global real estate consultant JLL China, noted that current policies are part of greater efforts to effectively boost demand.

"New policies promoting NEV charging facilities will have positive implications for consumption, production, investment, employment, technological innovation, low-carbon and energy-saving initiatives," he said. "We expect such policies to align with other policy spurs — such as affordable housing policy incentives — to drive steady consumption recovery throughout this year."

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Policy Digest

White paper shows progress in IP protection

A white paper published on Friday by the country's top intellectual property regulator showed that China made progress in IP protection varying from patent registration to international cooperation last year.

In 2022, the number of IP examinations, approvals and registrations continued to grow, while the quality and efficiency of such examinations steadily improved, the National Intellectual Property Administration said at a news conference in Beijing.

By the end of last year, the number of valid invention patents in China had reached 4.21 million, a year-on-year increase of 17.1 percent, according to the white paper.

Continuous efforts have been made to ensure fair competition and strengthen IP protection in key areas such as patents, trademarks, copyrights, Olympics symbols and new plant species.

The Chinese government has intensified efforts to crack down on irregular patent applications and malicious trademark registrations, and has established mechanisms for dealing with overseas IP disputes.

According to the white paper, China also deepened exchanges and cooperation last year with international organizations such as the World Intellectual Property Organization and IP institutions in various countries and regions.

The country has participated in global intellectual property governance and joined the call for strengthening IP protection, it said.

The Hague Agreement Concerning the International Registration of Industrial Designs and the Marrakesh Treaty, the first and only human rights treaty in the field of copyright around the world, have both taken effect in China.

Businesses target of behavior crackdown

The State Administration for Market Regulation is carrying out a special campaign to strengthen the regulation of seriously illegal and dishonest behavior by businesses.

The campaign started in June and will end in December, the administration said in a notice on Friday.

It will focus on improper food safety, counterfeit goods, false advertising, the production and sales of special equipment without licenses and other acts that concern the public.

The list of businesses that repeatedly violated regulations despite punishments should be published, according to the notice.

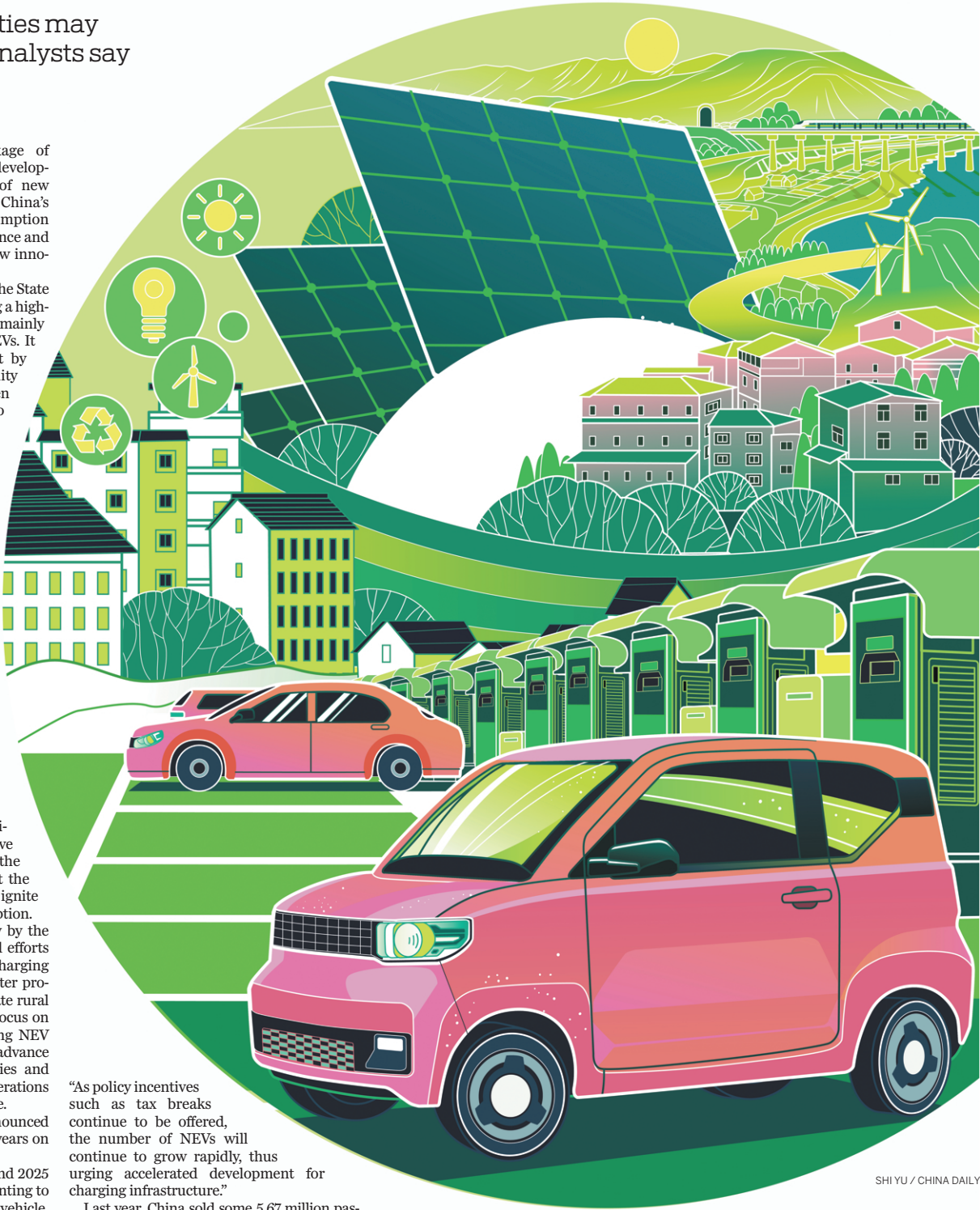
Emissions reduction market to be launched

China will work to launch a national voluntary greenhouse gas emissions reduction trading market this year, according to the Ministry of Ecology and Environment on June 29.

Liu Youbin, spokesman for the ministry, told a news conference in Beijing that promoting the establishment of the market will help support the development of forestry carbon sequestration, renewable energy, methane emissions reduction, energy conservation and efficiency improvement projects.

He also noted that the launch of the market will encourage a wider range of industries and enterprises to participate in greenhouse gas emissions reductions to meet China's goals of peaking carbon dioxide emissions by 2030 and achieving carbon neutrality by 2060.

The ministry has drafted a regulation on voluntary greenhouse gas emissions reductions and support for management systems with relevant departments, and has basically established related infrastructure as well as nationwide registration and trading systems ahead of the launch, Liu said.



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