

China Sets Its Sights on Global Electric Vehicle (EV) Dominance

By [Tsvetana Paraskova](#)

Global Research, October 28, 2020

[OilPrice.com](#) 26 October 2020

Region: [Asia](#)

Theme: [Global Economy](#), [Oil and Energy](#)

The world's largest automotive market, China, is looking to become a dominant player in the rising global electric vehicle market. Chinese EV manufacturers are expected to start expanding overseas, while Beijing already controls a large part of the global EV supply chain, beginning with critical minerals processing.

The United States has started to realize that China could dominate the future of transportation—electric transportation—if it does not counter the current Chinese influence over critical parts of the EV supply chain, from battery metals sourcing and processing to battery manufacturing.

China is the world's top EV market, and the government is looking to have new energy vehicle (NEV) sales at up to 25 percent of all sales by 2025, although it is [not looking to ban sales](#) of new gasoline-powered vehicles anytime soon.

Having supported EV manufacturers and sales over the past few years, Beijing now looks to expand its presence outside China.

“Over the next five years we anticipate Chinese players across the EV supply chain to aggressively enter the overseas market,” UBS said in a note last week, as carried by [CNBC](#). “We believe China materials costs are lower than the overseas market. If this advantage can sustain, China could realize a cost advantage over ex-China players,” according to UBS analysts.

Chinese EV brands are set to challenge Tesla and the western automakers outside China, while Beijing's dominance in the supply chain is of great concern for U.S. energy security policy experts, as well as to the White House.

U.S. President Donald Trump [declared](#) last month a national emergency to deal with the threat that America's dependence on critical minerals, especially on China, poses to national security and the U.S. economy.

“Our dependence on one country, the People's Republic of China (China), for multiple critical minerals is particularly concerning. The United States now imports 80 percent of its rare earth elements directly from China, with portions of the remainder indirectly sourced from China through other countries,” President Trump's executive order said.

China controls a large part of the EV supply chain, analysts say. It is a common

misconception that China holds most of the natural resources—in fact, 23 percent of global supply of all battery raw materials comes from China, according to [Benchmark Mineral Intelligence](#). However, China dominates chemical production of battery-grade raw materials with a whopping 80 percent of total global production. China will host a total of 101 lithium-ion battery plants currently planned or under construction to 2029 out of all 136 plants planned globally by that date, Benchmark Mineral Intelligence said.

China controls 80 percent of the world’s raw material refining in the lithium-ion battery supply chain, 77 percent of the world’s cell capacity, and 60 percent of the world’s component manufacturing, BNEF [said](#) in a report last month.

“The next decade will be particularly interesting as Europe and the U.S. try to create their own battery champions to challenge Asian incumbents who are already building capacity in both places. While Europe is launching initiatives to capture more of the raw material value chain, the U.S. is slower to react on this,” said James Frith, BNEF’s head of energy storage.

China’s push to adopt EVs and support its electric car manufacturing and supply chain industries is not only the result of clean air policies.

“By committing to adopt EVs that reduce its dependence on oil, Beijing would make itself less vulnerable if tensions between the United States and China were to increase. In addition, EVs create opportunities for Chinese companies to benefit from a growing EV industry, and gain global recognition and credibility by developing sophisticated technology at a low cost,” U.S. advocacy group Securing America’s Future Energy (SAFE) said in a [report](#) in September.

The U.S. and its partners need to develop a supply chain of critical minerals less dependent on China to counter Beijing’s dominance, General James Conway and Peter Ackerman, members of SAFE’s Energy Security Leadership Council, wrote in an [op-ed](#) in the Financial Times last week.

“We risk a scenario in which we swap our dependence on a chaotic oil market dominated by Opec countries that do not share our strategic goals, for a reliance on China for our future transportation needs,” the authors wrote.

*

Note to readers: please click the share buttons above or below. Forward this article to your email lists. Crosspost on your blog site, internet forums. etc.

Tsvetana is a writer for Oilprice.com with over a decade of experience writing for news outlets such as iNVEZZ and SeeNews.

Featured image is from OilPrice.com

The original source of this article is [OilPrice.com](#)
Copyright © [Tsvetana Paraskova](#), [OilPrice.com](#), 2020

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Tsvetana Paraskova](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca