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## **Fu Bingfeng: China' s auto market is expected to grow slowly next year, with sales expected to reach 30 million vehicles in 2025**

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On December 11, 2020, organized by CAAM, the "2021 China Auto Market Development Forecast Summit" was held at the Beijing Auto Museum. At the summit, Fu Bingfeng, the Executive Vice Chairman and Secretary General of China Association of Automobile Manufacturers (CAAM), delivered a welcome speech. The following is a record of on-site speeches:

Fu Bingfeng: Dear guests, friends from the media, good morning!

Welcome to the 2021 China Auto Market Development Forecast Summit. First of all, on behalf of the China Association of Automobile Manufacturers (CAAM), I would like to express my sincere thanks to all the leaders, guests and media friends who attended this conference!

Looking back on 2020, from the beginning of the year due to the impact of the COVID-19, the market pressed the "pause button" and gradually recovered in the second quarter. In the third quarter, it climbed against the trend and fully recovered in the fourth quarter, basically achieving the same level as last year. The year 2020 is coming to an end. This year will be an extraordinary year for China' s auto market.

In the face of severe challenges, our country has taken a series of effective measures in a timely manner to control the epidemic in the shortest time, so that today's normal order can be achieved. At the same time, it vigorously promoted the resumption of work, production and the

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market of enterprises, which greatly hedged against the epidemic negative effects. In terms of passenger cars, thanks to the active efforts of the industry and more benefit from a series of policies proactively promulgated by the national and local governments to promote automobile consumption, including such as increasing the quota for passenger cars, subsidies for purchasing new energy vehicles, subsidies for trade-in old cars for new ones, and new energy vehicles going to the countryside, etc., coupled with various forms of promotional activities successively launched by various regions, have better released the demand of the automotive market and played a positive role in promoting the recovery of the automotive market. It is expected to achieve good results in sales of 20 million vehicles throughout the year. In terms of commercial vehicles, thanks to the demand dividend brought by the "new infrastructure" and obsolete vehicle elimination policy, and timely "limitation of excess" and other powerful measures, the annual sales volume is expected to break the 5 million and create a record high, providing strong support for the total volume. Overall, in 2020, China automobile sales are expected to reach 25 million vehicles, and the year-on-year decline may narrow to less than 2%, which is much better than expected at the beginning of the year. This fully reflects the strong resilience of China's auto industry as well as the national economy.

During the "14<sup>th</sup> Five-Year Plan" period, China's auto industry will experience a round of transformation and upgrading. Electrification, intelligence, and connectivity have become new opportunities for the development of the automotive industry. After this round of upgrading, China's auto industry will be more capable of international competition, and the Chinese auto market will also usher in a better period of development.

First, electrification, intelligence, and connectivity are accelerating the high-quality  
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development of the automotive industry. First of all, the state has successively promulgated the "Strategy on Developing Smart Vehicles" and the "New Energy Vehicle (NEV) Industry Development Plan (2021-2035)" in the top-level design. At the same time, the cross-border integration of new technologies and the "Software-driven cars" with "big data" as the main carrier are rapidly increasing the iterative speed of products. The cars are gradually transforming from vehicles to large mobile intelligent terminals. This change will highlight the huge appeal to car consumers, especially our main consumer forces (post-80s and post-90s groups), and it will also create more and greater market demand.

Second, the overall potential of China's auto market is still huge. On the one hand, due to the net population growth in the first, second and third tier cities, the rigid demand for automobiles is still very large. This year, the state and various local governments have successively introduced relevant policies to ease the restrictions on purchases to a large extent. For example, Beijing has adopted to ease the problem of family car use, further stimulating rigid demand in the automobile market. On the other hand, the consumption potential in low-tier cities and rural areas has not been fully released, and consumer demand in these areas has yet to be tapped. At present, a "dual cycle" development pattern, with the domestic cycles as the main body and mutual promotion of domestic and international cycles, is gradually taking shape. The automobile industry is an important carrier for expanding domestic circulation and realizing domestic and international dual circulation. The domestic and international "dual cycle" will surely promote further growth in the automotive market.

Third, the improvement of people's living standards will drive consumption upgrades in the auto market. The upgrading of automobile consumption is mainly reflected in the replacement  
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and additional purchases. The sales volume of mid-to-high-end cars with a value of more than 150,000 yuan has increased year by year. Cruel market competition eliminated a number of weaker companies with less competitiveness, but consumption upgrades have also brought us new opportunities. Self-owned brand auto companies such as FAW, Geely, Changan, and Great Wall have risen rapidly in the past two years. New car-making forces such as NIO, Xpeng Motors and Li Auto are also gradually developing in the new energy vehicle market. Intensified market competition is accelerating the transformation of auto companies and providing consumers with better products and services. The huge market space and strong product strength will help the China auto market maintain a steady and positive development.

We expect that the auto market will show a slow growth next year, and the auto market will remain stable in the next five years, and it is expected to reach 30 million vehicles in 2025. At the same time, changes in the external environment, such as anti-globalization, the rise of emerging economies having encountered resistance, the impact of the epidemic, the reshaping of the global industrial chain, the shift of economic gears, and the emergence of hidden contradictions during periods of high growth have also brought pressure on the auto industry. We need to actively respond and gradually adapt. We are struggling to fix the chain, supplement the chain, and strengthen the chain. Pressure is turning into a driving force. Over time, shortcomings will eventually become opportunities and longboards. Generally speaking, we are optimistic about the future of China's auto industry, and at the same time, we must be alert to the impact of changes in the external environment.

Today we are honored to invite leaders from government ministries and commissions such as the Ministry of Commerce, the Ministry of Industry and Information Technology, the National  
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Development and Reform Commission, and the Development Research Center of the State Council to discuss and interpret policies on the development of new energy vehicles, changes in business policies under the new auto consumption model, macroeconomic trends, and automobile market development trends, etc. At the same time, representatives of key auto companies, industrial experts and well-known institutions were invited to analyze the development of the domestic auto market, study and judge the development trend of the auto industry, to help the whole industry have an objective and accurate judgment on the auto market in 2021. It can also provide an important reference for auto companies to formulate business plans for next year.

Finally, I wish this conference a complete success, thank you!