

AUTOMOTIVE

## China set to become latest market to ban fossil fuel-powered vehicles

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*Mercedes' Electric Intelligence Concept Car. Image credit: Mercedes-Benz*

By BRIELLE JAEKEL

As electricity continues to grow as an important part of the auto industry, China has announced plans to join India in the fight to ban fossil fuel-powered vehicles by a yet-to-be-determined date.

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China will become the largest auto market to cease the selling of fossil fuel powered vehicles as it looks to set a deadline, according to Bloomberg. China's move comes after a few other important markets have made similar decisions in the effort to combat climate change and environmental impact.

"Banning fossil fuels will equate to a more forced adoption of EVs. The auto industry continues to adopt new modes and means of mobility," said Chris Rockwell, founder and CEO of Lextant. "They are and will continue to evolve for the new future of mobility.

"EV and HEVs are part of that equation," he said. "The biggest challenge is demand and that requires us to do three things: understand consumer desires for mobility experiences, design new EV offerings to meet those desires and help debunk myths related to EVs in the mind of consumers.

"EVs show great promise but there is ambiguity and unpredictability surrounding consumer's likely experience with EVs. The economics - price and incentives - don't add up in the mind of consumers."

### Impact and effects

Vice Minister of Industry Xin Guobin explains that the Chinese government is looking to create a timeline in which it would end production and sales of gas powered vehicles.

The impact of this decision will drastically change the auto industry in China, and is already seeing direct effects in the stock market. Leading Chinese companies electric vehicle manufacturers BYD and BAIC are seeing an increase in stock prices, with even EV battery manufacturer Guoxuan High-Tech Co. seeing a 5.3 percent rise.

While in the United States electric automakers will be battling consumer adoption, misguided fears and misinformation for an extended period of time, these brands will likely flock to China, where they will see significant potential growth.

For instance, Honda and Nissan are both looking to bring electric vehicles to the Chinese market in 2018.

"The perception is that, even with fuel savings, it will take longer to recoup the additional cost for an EV than the number of years they will actually own it," Mr. Rockwell said. "That's a net negative.

"There is also continuing confusion about what it is like to live' with and EV range, parking, recharging for example," he said. "Right or wrong, this kind of ambiguity gives consumers pause.

"They can't make a confidence choice in EVs as an effective experiential substitute for current vehicles."

#### EV growth

With so many markets looking to eliminate gas-powered vehicles and the adoption rate steadily growing as consumers worry about the effects of greenhouse emissions, EV is more important than ever.

For instance, BMW Group has sold more than 50,000 electric vehicles in 2017, exhibiting the importance of electric-powered automobiles in today's auto industry.

Electric vehicles have slowly become a significant portion of the automobile industry, forcing automakers to embrace the eco-friendly strategy. By 2030, India's serious pollution problem will be supported by an initiative from the country's energy department that will attempt to cease the selling of gas-powered vehicles, similar to China's plan but with a concrete date ([see more](#)).

Auto brands are also embracing the trend to help appeal to growing consumer interests. However, not many are completely throwing out their gas-powered roots.

But instead, many are embracing both forms of power.

For instance, Jaguar's announcement that all future models will have an electric option reveals the vital importance of sustainable energy in the auto industry.

Jaguar Land Rover announced that every one of its models starting in 2020 will be available to be electric-powered, following similar news from BMW and Volvo. As Volvo is a mass production brand, BMW a luxury and Jaguar a sport, the auto industry is no doubt headed for a future heavily integrated with sustainability ([see more](#)).

"EVs' market share will continue to grow with new options and platforms," Mr. Rockwell said. "Infrastructure will eventually keep pace with this growth.

"But adoption could be much higher and much faster if auto manufacturers design for the desires, misconceptions and expectations of consumers at every touchpoint of the EV ownership journey," he said. "Helping consumers understand what it's like to own EVs removes the confusion and ambiguity and builds confidence in the consumer's choice of an EV."