

# [***Consolidation, U.S. Partnerships Lie Ahead For China s EV Makers Sino Auto s Tu Le***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:694H-DM91-DXVP-501D-00000-00&context=1516831)

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**Highlight:** "There are too many brands"

**Body**

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Sino Auto Founder Tu Le, first from right.

Ethan Covey

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China s EV makers have enjoyed growth this year despite the rocky outlook for its economy. EV sales and production through July both topped 4.5 million vehicles, growing more than 40% from a year earlier.

What s next for the country s crowded EV field? At least three trends are likely going forward consolidation, smartification and deeper U.S.-China ties, according to Tu Le, founder of Sino Auto Insights, a Detroit-based consultancy that focuses on China s auto industry.

Consolidation is being driven by a wave of new entrants and price cutting. There are too many brands, Le said in an interview on the sidelines of the 5th U.S.-China Business Forum organized by Forbes China and held in New York on Aug. 29.

Tesla and BYD that are leading the way, and (then) it's a bunch of other EV brands collectively facing pressure to team up with others or exit, Le said. I think we'll see a great deal of consolidation.

We're already starting to see some of that, at least (through) partnerships with Volkswagen and XPeng, he said. Volkswagen in July announced a plan to invest $700 million in XPeng. XPeng said last month it would buy ride-hailing company Didi s smart EV assets for more than $700 million.

It's an exciting time, Le said.

https://www.forbes.com/video/6336778196112/

Even as existing EV suppliers consolidate, new entrants in the tech field will make a big splash and intensify competition to introduce smart cars, he predicted. In Europe and the United States, we're still in the electrification stage where we're making investments in infrastructure and making investments in more products, Le said.

A new joint venture between Geely Holding, already one of China s largest automakers, and Internet search leader Baidu, is expected by early next year to launch its first model and make a big splash with smart technology, he said.

It's going to really raise the smartification level, Le said, putting a lot of EV players in China behind again. Next year, Xiaomi one of the world s largest smartphone brands is going to be launching their vehicle, he said.

In the U.S., meanwhile, partnering between U.S. and Chinese companies that s been controversial is nevertheless likely to advance. It s a little more complicated now because of the geopolitical environment and Congressional passage of the Inflation Reduction Act, which includes incentives for onshoring, Le said.

However, the economics favor working together. If the US automakers are going to build profitable (electric) vehicles below a $50,000 price point, then they're going need Chinese batteries, Le said. We don't have the capacity. We don't have the mining, we don't have the refining, and we won't have it in significant volumes through this decade, he said.

Among U.S. companies working with Chinese partners, Tesla and Ford partner with CATL; GM works with joint venture partner SAIC. Chinese EV battery maker Gotion plans to invest more than $2 billion in Michigan.

The 5thU.S.-China Business Forum gathered more than 100 guests involved in U.S.-China business. Besides Le, other speakers included Chinese Ambassador to the U.S. Xie Feng; Wei Hu, Chairman, China General Chamber of Commerce USA; Bob McCooey, Vice Chairman, Nasdaq; Li Zhenguo, President, LONGi Green Energy Technology; Craig Allen, President, U.S.-China Business Council; Abby Li, Director of Corporate Communication and Research, China General Chamber of Commerce; Lu Cao, Managing Director, Global Corporate Bank, Corporate & Investment Bank, J.P. Morgan; Amy Lei, Vice President, Fuyao America; and Zhang Zhaojie, General Manager, Agricultural Bank of China, New York Branch.

Also speaking were Ken Jarrett, Senior Advisor, Albright Stonebridge Group; Sunny Wang, President, Broad USA; and Chad Smith, Chief Marketing Officer, Moomoo Technologies Inc.; Alexandre Chenesseau, Evercore; Brendan Ahern, chief investment officer, KraneShares; and James Hsiung, retired professor of ***politics*** and international law at New York University.

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