What do Chinese EVs mean for sales and emissions?

Dave Sawyer, January 16, 2026

Draft for comment.

Chinese imports improve affordability by both expanding the EV market and redistributing market share but deliver only modest additional decarbonization gains.

With the Prime Minister's trip to China opening the Canadian market to at least 49,000 Chinese EVs per year and climbing, we can expect higher EV sales, some redistribution of market share among producers, and a modest improvement in emissions outcomes. This volume is not large enough to materially change the path to meeting the paused EV availability standard. Where it does matter is affordability, particularly in the lower cost EV segment, where price remains the primary barrier to faster adoption and where lower prices and government subsidies can help.

To reach these conclusions, a simple EV uptake and emissions model is used, building on earlier work on how EV demand responds to price changes and incorporating segment level demand responses and provincial electricity grid emissions intensity.

The question is straightforward: starting from a 2025 baseline of 180,000 EV sales (~10% of Canadian vehicles sales), what happens when a large block of lower priced Chinese EVs enters the Canadian market?

How to interpret the results. Lower priced Chinese EVs reduce the average market price, which increases total EV demand. Some of this new demand is filled by Chinese EVs, while some displaces existing EV sales. Emissions benefits are attributed only to new EV sales, not to vehicles displaced within the EV market.

Key assumptions:

- **Prices matter.** As announced by the PM, the analysis assumes a large share of Chinese EVs enter at around $35,000, well below the current Canadian average of about $48,450. Using European pricing data for Chinese EVs and assuming 50% enter Canada at $35,000, the Chinese weighted average is $41,600.
- **Demand response**. We apply Canadian econometric evidence showing 11.5 per cent higher EV sales for every $1,000 drop in price, implemented at the vehicle segment level rather than as a single market wide elasticity. This estimate is grounded in real world data based on subsidy changes ranging from $5,000 to $13,000, placing the implied price changes in this scenario within the evidence base.
- **Emissions**. Emissions benefits reflect provincial EV sales weights and provincial grid intensity. Using a sales weighted average grid intensity of 118g CO_2e per kWh, each incremental EV avoids about 3.68 tonnes of CO_2e per year on a net basis relative to a gasoline vehicle.

Findings

The market in year one settles at roughly ~211,000 EV sales per year, an increase of ~31,000 vehicles. Chinese EVs account for 49,000 sales given their price advantage, capturing about 23 per cent of the market, while displacing roughly 18,300 sales of other brands. This increases EV market share from 10% to 11.7% of total vehicle sales.

Total cost savings are $330 million, averaging $6,600 per vehicle across all Chinese EVs, implying significant affordability benefits to Canadian consumers.

Net incremental Chinese EV sales deliver about 113,000 tonnes of emissions reductions per year, or 1.7 Mt CO_2e over a 15-year vehicle lifetime.