

An aerial photograph of a parking lot filled with cars, overlaid with a semi-transparent, stylized car model. The car model is a light grey color and is positioned diagonally across the center of the image. The background shows rows of cars in various colors (white, black, silver) parked in marked spaces. The overall aesthetic is modern and technical, with a grid-like pattern of yellow lines overlaid on the right side of the image.

# PwC Autofacts<sup>®</sup> Market Update

Automotive industry outlook  
March 2025

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# 1 Executive summary

## Regional Analysis

### 유럽 EV 시장

- 유럽 내에서 BEV 시장 점유율 선도국은 노르웨이, 덴마크, 네덜란드
- 등록 차량 수 3대 국가는 독일(34k대), 영국(30k), 프랑스(20k)

### 중국 내 자국 vs 해외 브랜드

- 연도별 판매 수량 중 중국 브랜드의 비중은 2019년 39%에서 2024년 65%로 급증. 특히 COVID-19 이후 증가폭 심화

### 생산 Capa

- 2024년 가동률은 중국(71%), 미주(64%), 유럽(56%) 순으로 높음
- 중국은 2000년부터 2024년까지 Capa 약 10배 증가

## Sales & Production

### 판매

- PwC 기본 시나리오에 따르면 2024년 대비 2025년은 1.6% 증가 전망
- 2024년 1월 글로벌 승용차 판매량은 전년 동기 대비 1% 증가
  - 유럽: 전년 동기 대비 2.6% 감소
  - 미국: 전년 동기 대비 4.4% 증가
  - 중국: 전년 동기 대비 0.5% 감소

### 생산

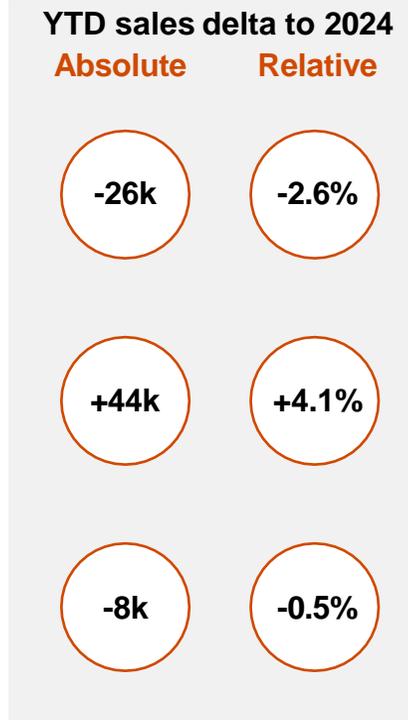
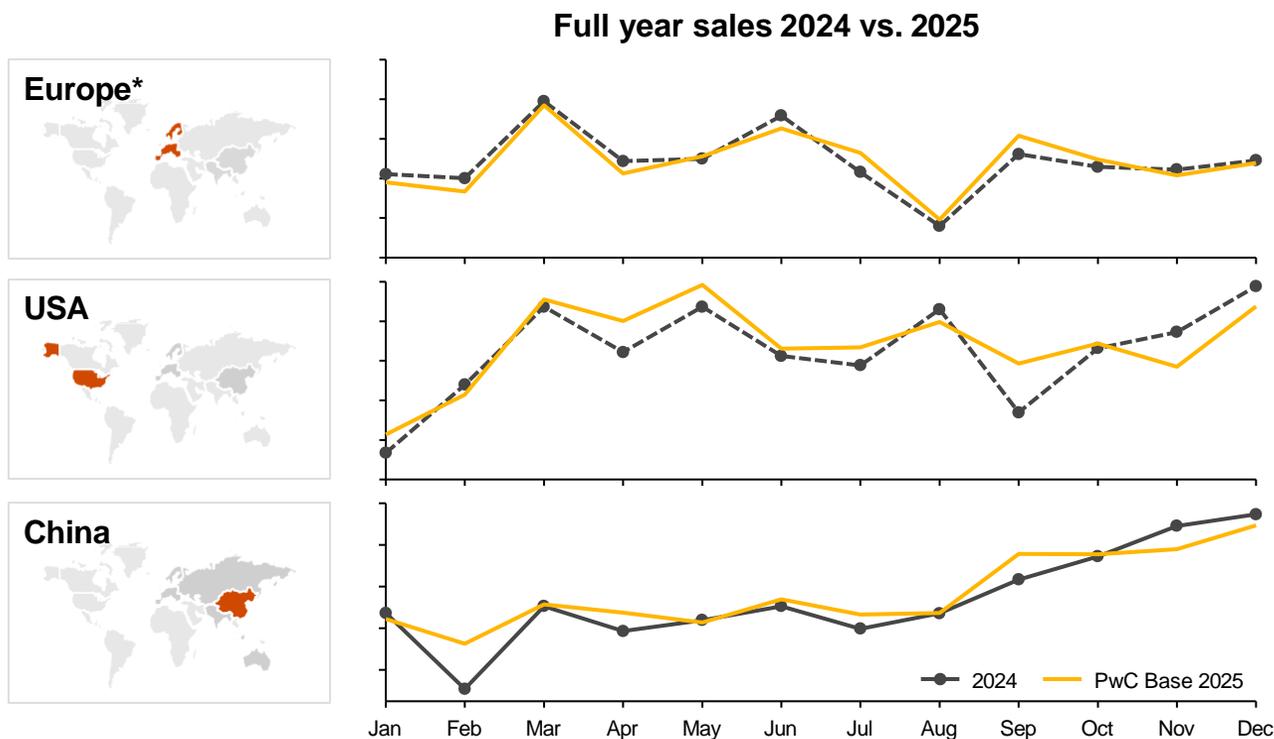
- 유럽의 승용차 생산량은 9개월 연속 전년 동기 대비 하락 중 (1월 간 비교 시 10.4% 하락)
- 2025년 EU CO<sub>2</sub> 감축 목표 규제에 대응하기 위해 2025년 BEV와 PHEV 생산 증가 예상

# 2

## Industry overview

# 2 Automotive dashboard

Europe\* and China started 2025 on the back foot while the USA jumps ahead



- Global passenger car sales started 2025 with a slight 1% YoY advantage in January and reached 5,700,000 units, the strongest January since 2019
- Europe's\* January sales fell below the 1 million mark again with a 3% decline over last year's January, EU5 saw the 6<sup>th</sup> consecutive YoY decline
- While China saw a marginal YoY decline of less than 1% in January, the US jumped by 4% to 1.11 million light vehicles in January

# 2 Hot topics

Overview of latest developing stories in the automotive industry

1



## BYD's 'God's Eye' Takes Autonomous Driving to the Masses

BYD is “democratizing” advanced driver-assistance by including its God’s Eye technology in all its models and without a subscription – BYD is betting that the future of autonomous driving isn’t about exclusivity but accessibility.

2



## Chinese automakers Changan and Dongfeng seen weighing merger

The potential merger between the parent companies of China’s state-owned Chongqing Changan Automobile and Dongfeng Motor Group could result in the country’s largest OEM. This could be the start of more consolidation.

3



## India's New BEV Policy Set to Reduce Import Duty from 110% to 15%

India is set to introduce a new BEV policy that will reduce import duties on BEVs from 110% to 15% – allowing foreign automakers to enter the market competitively and boost economic benefits domestically.

4



## France Wants the EU to Give Carmakers Emissions Flexibility

France is suggesting that the EU proposes a “banking-borrowing mechanism” before next month to help OEMs meet the 2025 emissions target and avoid fines amid a slowdown in BEV sales.

5



## China proposes new rules to tighten control over rare earth sector

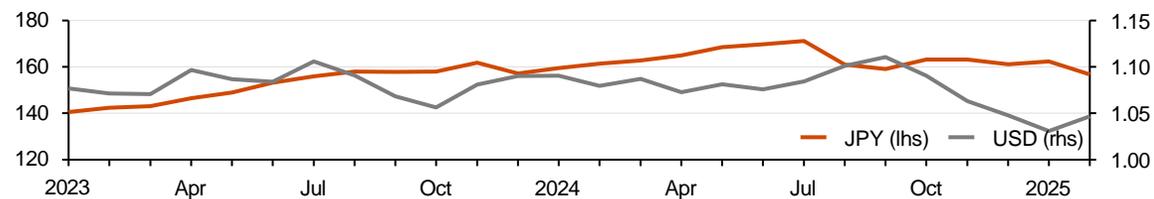
Draft regulations that touch on issues including quotas for mining, smelting and separating as well as monitoring and enforcement were released by MIIT, designed to protect China’s domestic rare earth industry.

# 2 Economic indicators

Fed in “wait and see” mode amid uncertainties surrounding Trump’s tariff plans

## Exchange rates

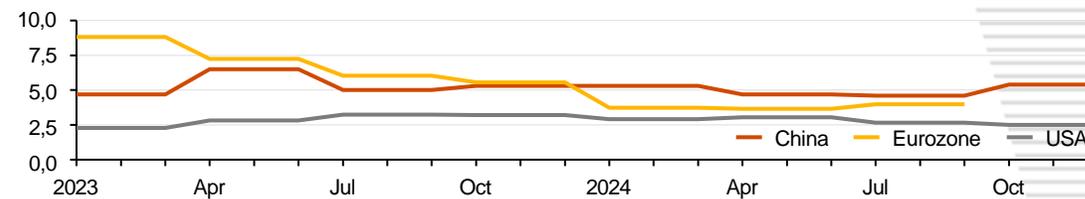
(per EUR)



€ The Japanese Yen gains strength through optimism on the Bank of Japan raising interest rate this year, while the ECB is anticipated to cut interest rates further – fuelling to a stronger Yen against the Euro.

## Real GDP change

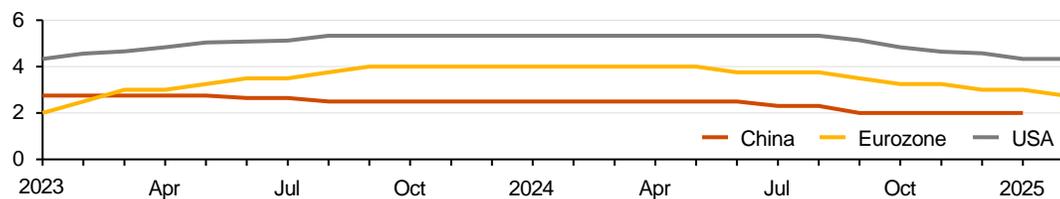
(in % over previous year)



In Q4, YoY growth of real GDP was 5.4% in China, representing a more robust growth compared to the previous quarters in 2024. Meanwhile, quarterly YoY growths in the U.S. remained steady throughout 2024.

## Central bank policy rates

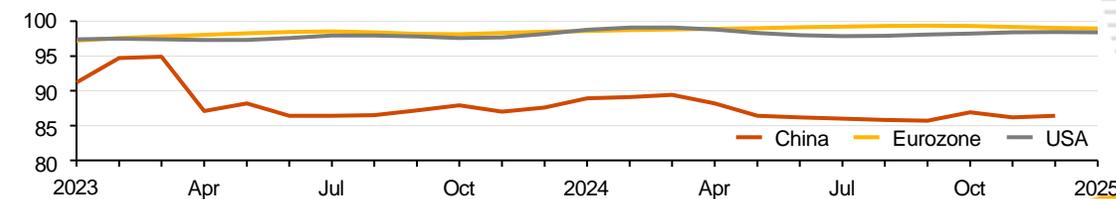
(in %)



🏛️ Interest rates were further cut in the U.S. and Eurozone since the beginning of the year compared to end of last year. The Fed is expected to keep the interest rate steady for now.

## Consumer confidence indicators

(in % of long-term average)



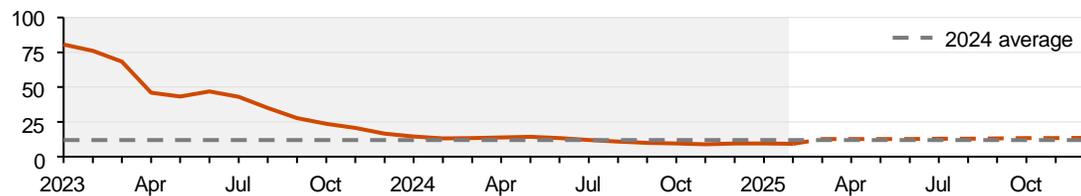
👤 In January, consumer confidence in the Eurozone and the U.S. dropped minimally compared to December 2024, falling by 0.08 and 0.05 points, respectively. Consumers in key regions remained pessimistic (below 100).

# 2 BEV commodity prices

After tanking in 2023, prices are expected to pass the 2024 average in 2025

## Lithium

(LME, in '000 USD/metric ton)

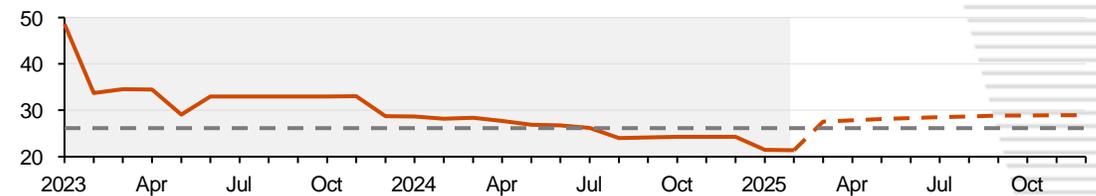


Li

Lithium prices remained unchanged during the first month of 2025 and was traded at \$9,470/ton. While prices thus were slightly below the 2024 average, an increase to \$12,689 is expected for the remainder of Q1 2025.

## Cobalt

(LME, in '000 USD/metric ton)

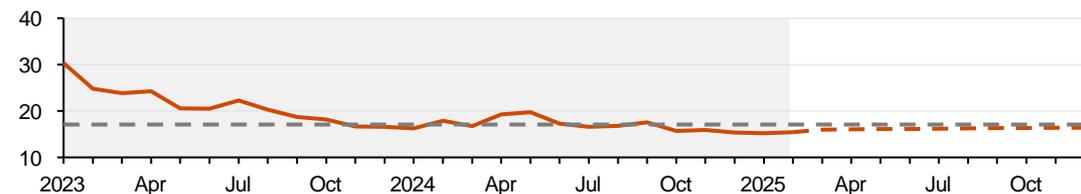


Co

Cobalt dropped by a further 12% in January over the previous month to \$21,492/ton and 18% below the 2024 average. Despite the declining path in 2024, prices are forecasted to jump to above \$26,000 for 2025.

## Nickel

(LME, in '000 USD/metric ton)

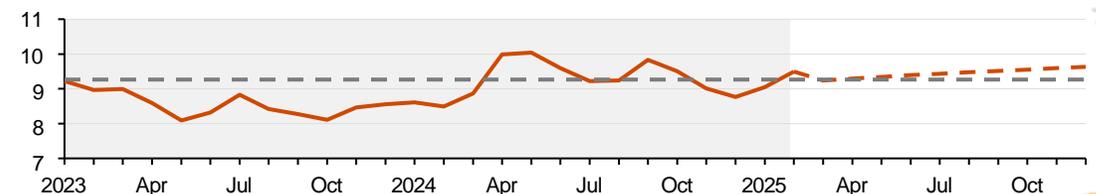


Ni

Nickel prices stabilised over the fourth quarter of 2024 and changed rather marginally by -1% in January over December to \$15,210/ton and is expected to move horizontally for the remainder of 2025.

## Copper

(LME, in '000 USD/metric ton)



Cu

After zigzagging for the most part of 2024, Copper prices rose again by 3% in January over December. It is expected that prices will slowly elevate to above 2024 average levels this year.

# 3

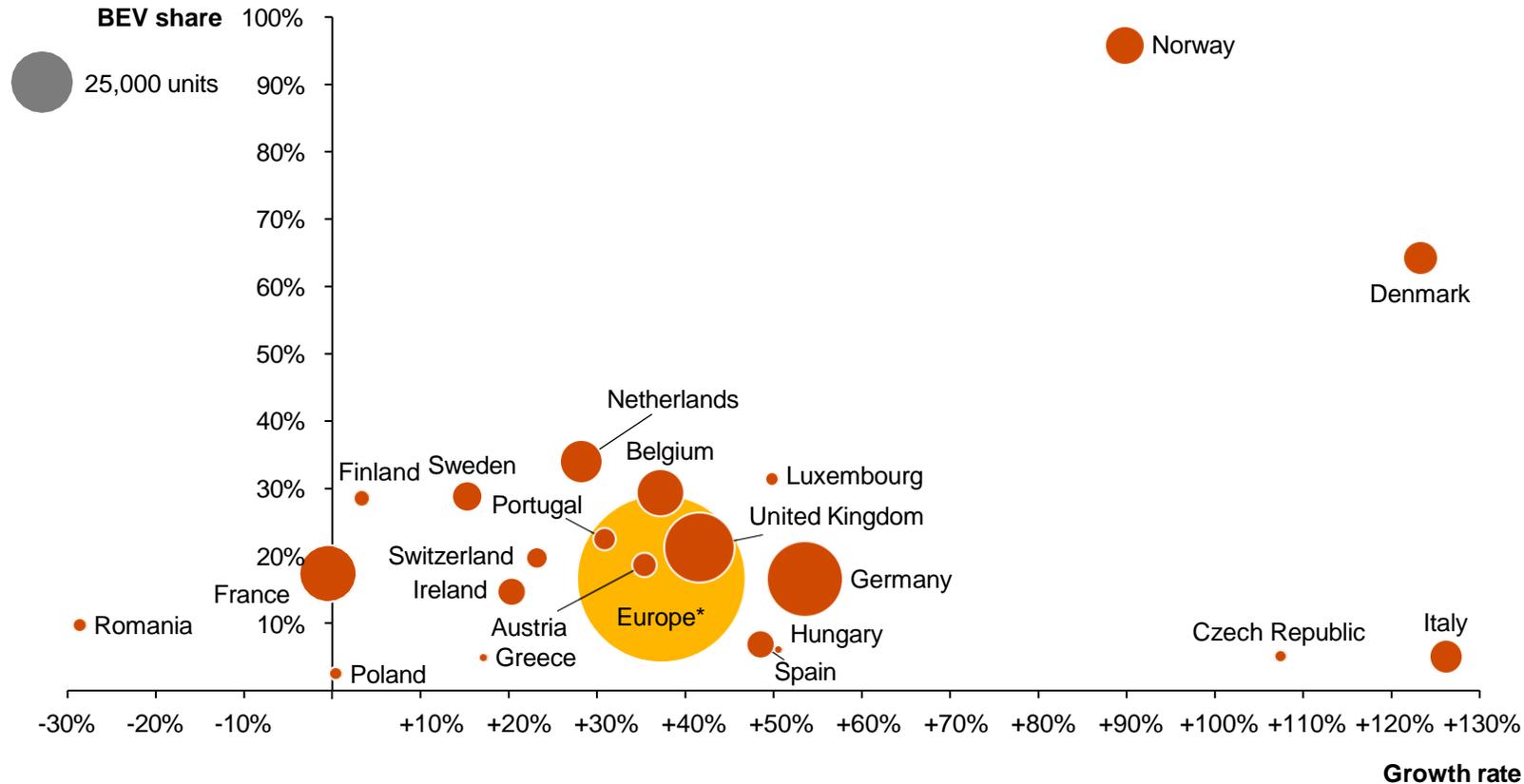
## Analyst insights

# 3 European\* BEV penetration

The share of BEVs is up by 37.3%, whereas the rest of the market is down 7.5%

## Europe\* passenger car BEV registration development\*\*

(Jan. 2025 for BEV share & total volume, growth rate Jan. 2025 over Jan. 2024)



## Key insights

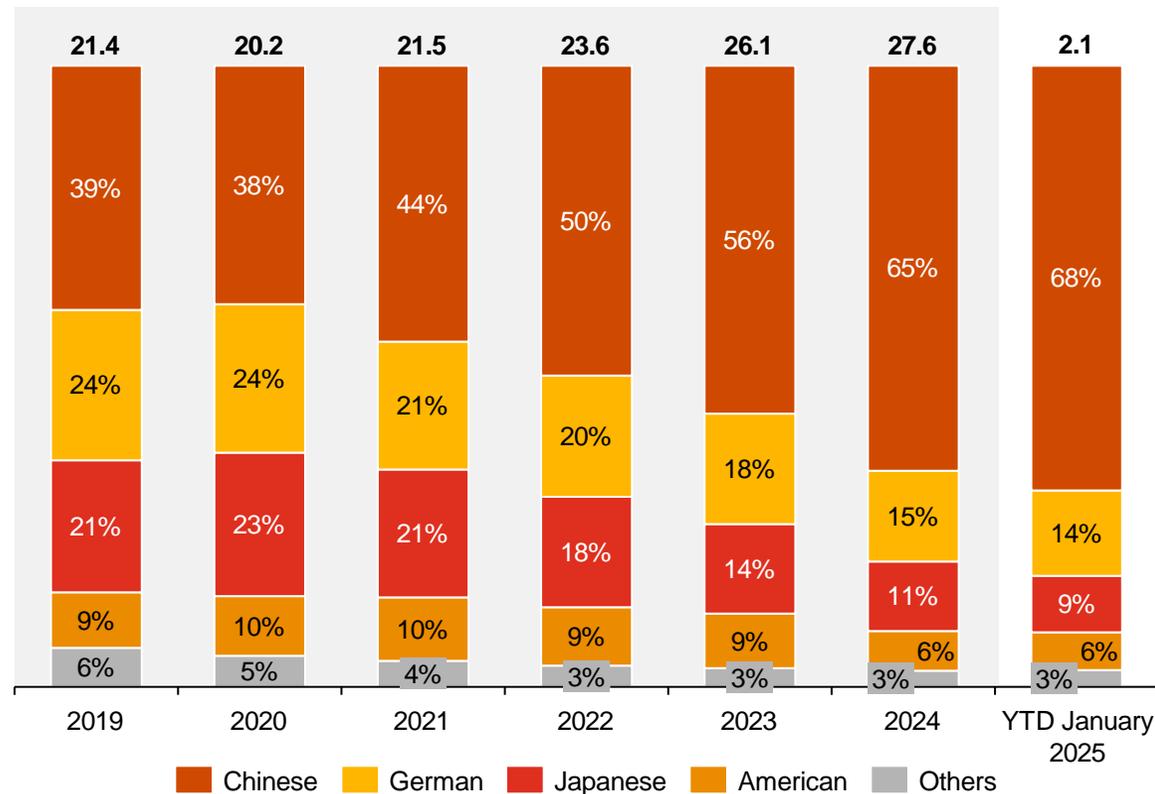
- In 24 out of 31 European countries, the growth rate of BEVs surpassed that of the overall market
- Norway, Denmark and the Netherlands led in BEV market share, achieving 96%, 64% and 34% respectively
- In terms of absolute numbers, Germany, the United Kingdom and France were the largest markets, with 34k, 30k and 20k registrations, respectively
- Cyprus, Italy and Denmark experienced the highest BEV growth rates, with increases of 129%, 126% and 123% respectively
- The market for full and mild hybrids grew by 18.4%, outperforming the overall market. In contrast, PHEVs, petrol and diesel vehicles underperformed, with declines of 9%, 19% and 27% respectively

# 3 China market overview

The market share of Chinese-owned brands has been rapidly increasing post-Covid

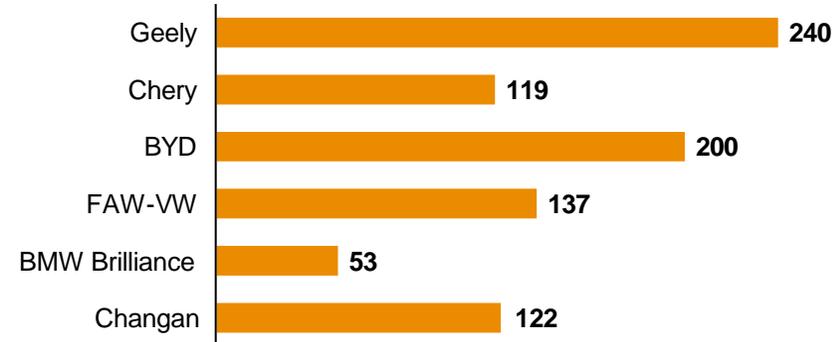
## Domestic vs. foreign brand sales

(Passenger car sales including exports in %, total sales in million)



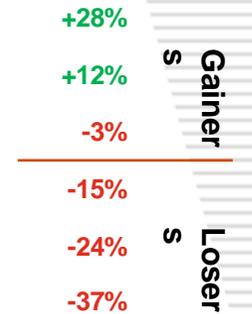
## Biggest overall\* gainers/losers

(Total passenger car sales, in thousand)



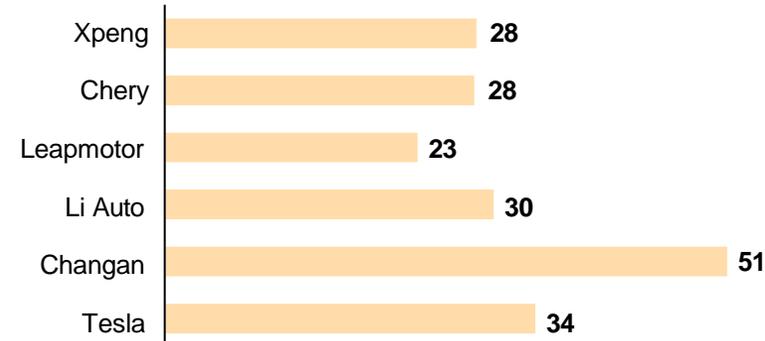
## YoY change

(YTD January 2025)



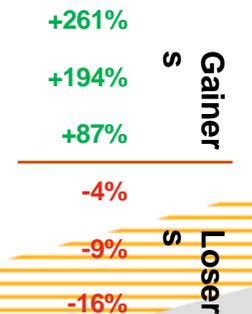
## Biggest NEV\* gainers/losers

(NEV passenger car sales, in thousand)



## YoY change

(YTD January 2025)

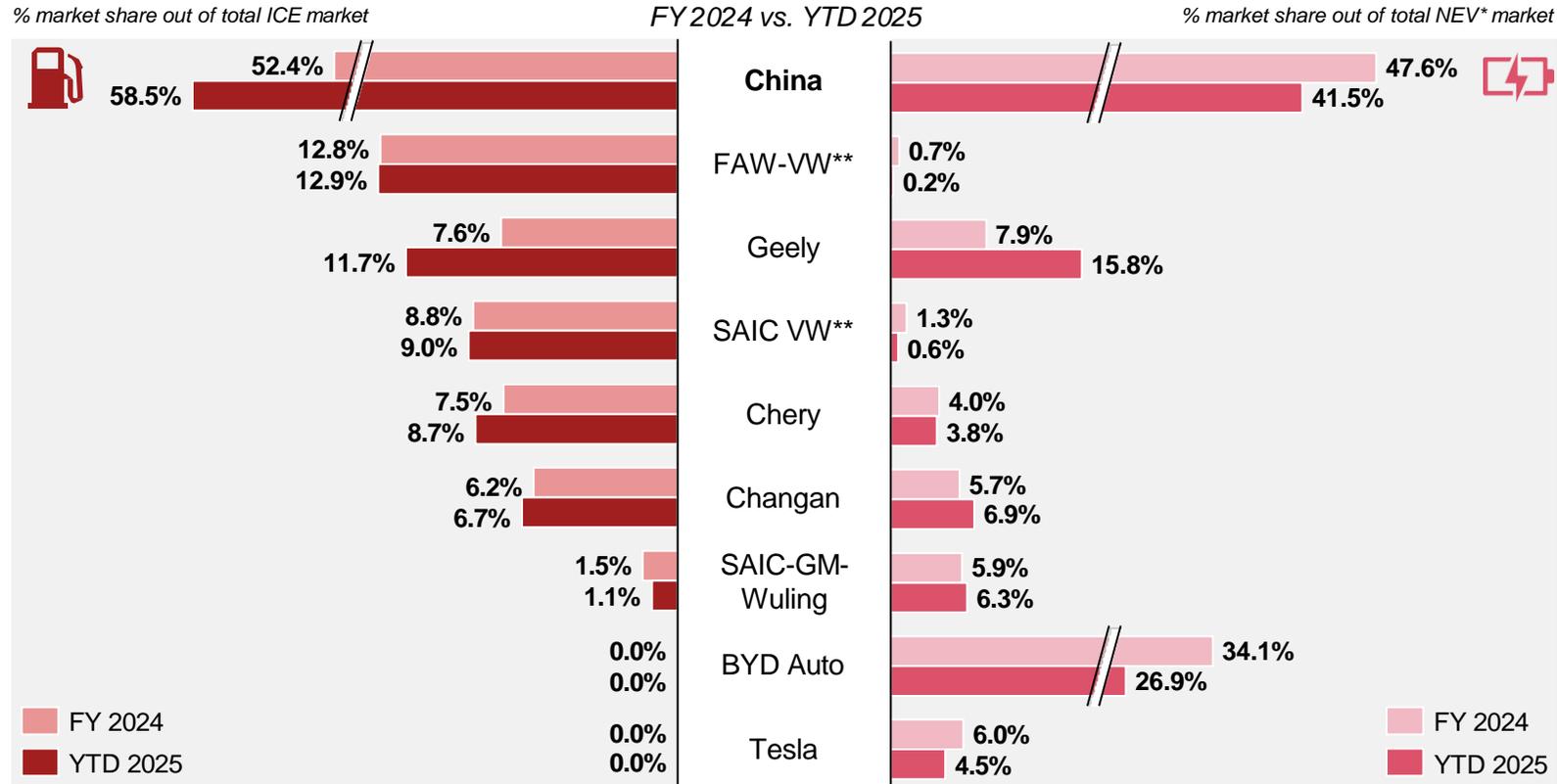


# 3 ICE vs. NEV\* market share China

Passenger car market down by 12.1% in January, OEMs are affected differently



ICE vs. NEV\* Market Share in China  
FY 2024 vs. YTD 2025



## Key insights

- Passenger car sales during the first month of 2025 were down by 12.1% over January 2024. The **sluggish performance was expected** on account of the **earlier New Year festivities this year** and the **slightly delayed announcement of the renewed trade-in incentives**
- **Geely** stood out as one of the few top brands that experienced **positive YoY growth in January, surpassing BYD as the top-selling brand overall** (13.4% vs. 11.2% market share)
- **In terms of just NEVs, BYD remained the top-selling brand**, albeit its market share in January shrunk steeply compared to FY 2024
- **Tesla** struggled to uphold a leading position, falling to **6<sup>th</sup> place amongst NEV brands**

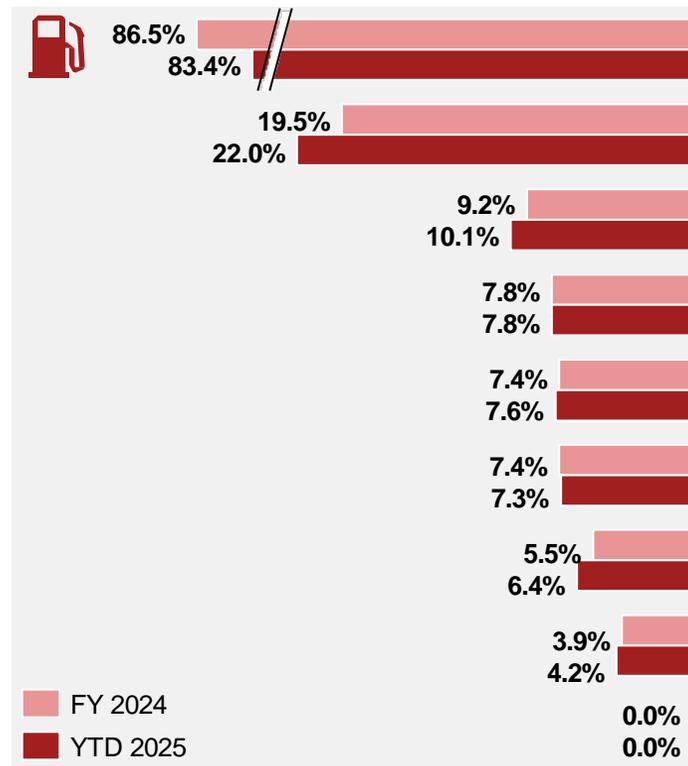
# 3 ICE\* vs. BEV market share Germany

BEV share surges amid new CO<sub>2</sub> emission targets; VW brands lead the growth

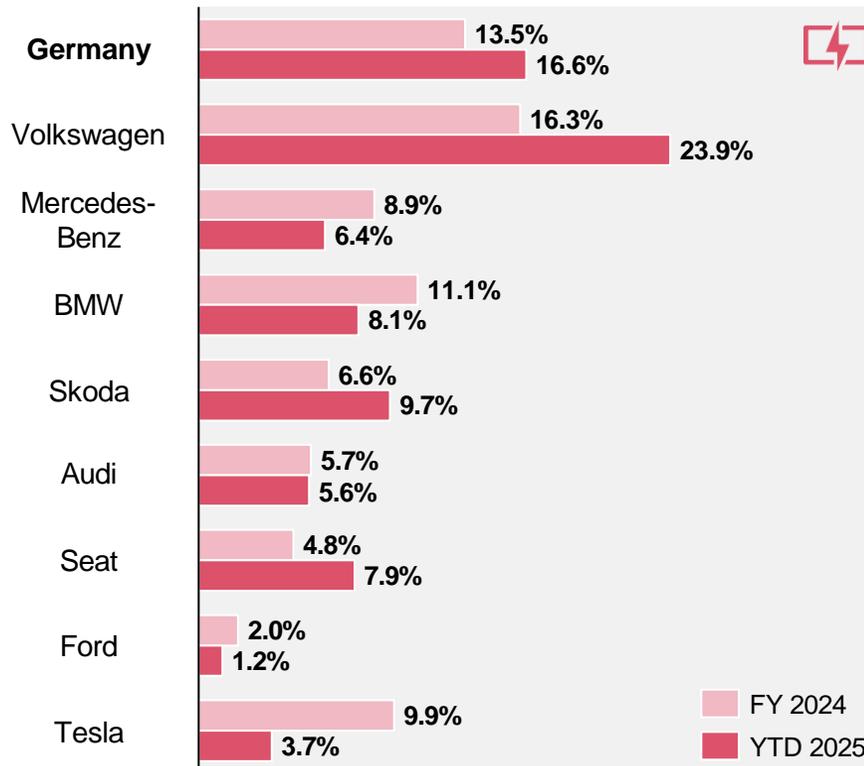


ICE\* vs. BEV Market Share in Germany  
FY 2024 vs. YTD 2025

% market share out of total ICE\* market



% market share out of total BEV market



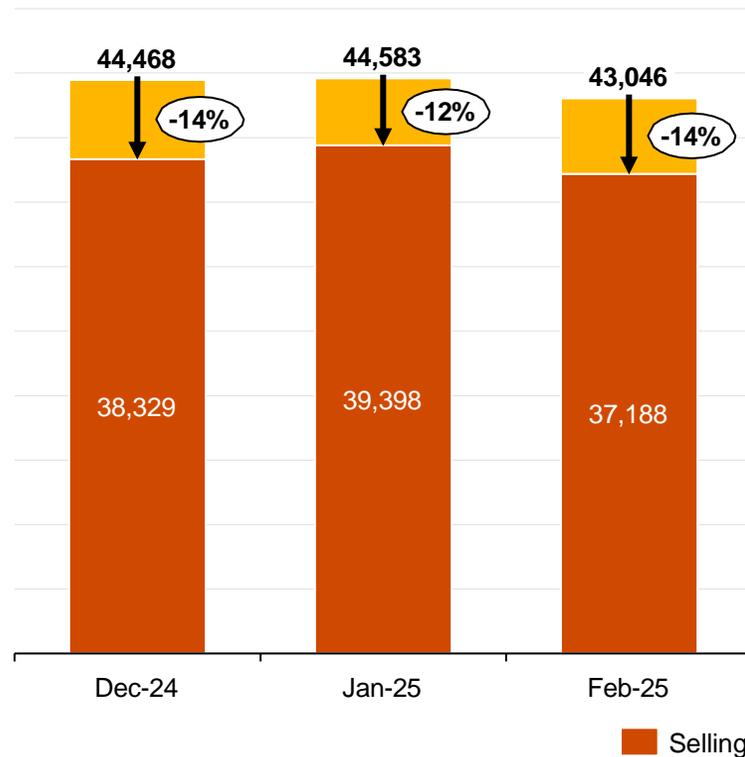
## Key insights

- The **German BEV market** jumped by 1.7%pt over December to 16.6% in January and posted the **highest market share since the end of 2023**
- Accordingly, the **ICE\* share** declined and **fell below the FY 2024 share** to 83.4%
- While **all top OEMs gained market share in the ICE\* space**, the **BEV market** showed **mixed** results
- **Ford pushed Opel from the last spot** in the ICE list, while **falling behind in BEV sales** over other OEMs
- **VW brands** such as VW, Skoda and Seat were able to record **significant improvements** in BEV sales while Mercedes-Benz, BMW and **especially Tesla saw notable losses**

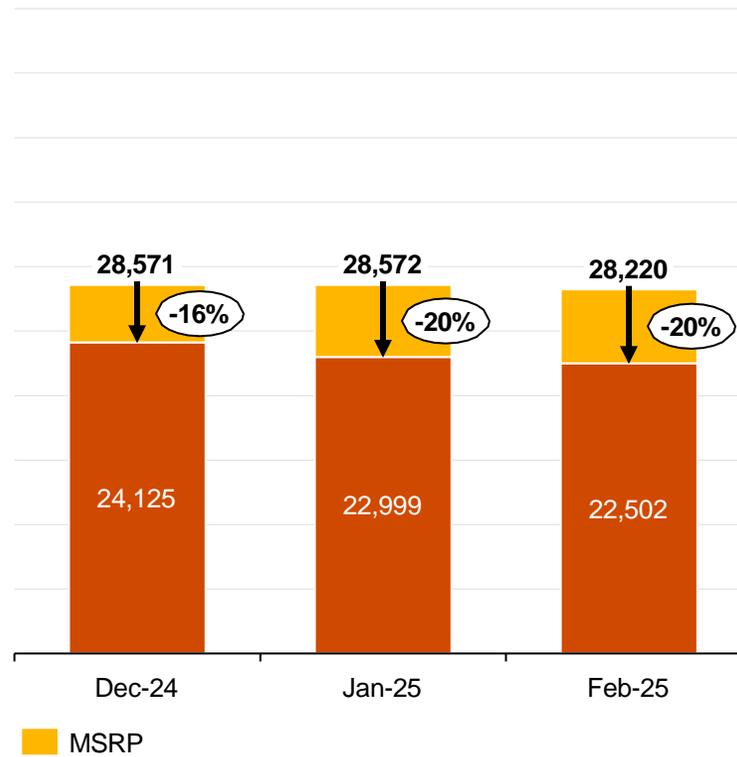
# 3 Dealership discounts in Germany

ICEs continue to see greater discounts over BEVs despite lower selling prices

**Average BEV prices\***  
(in €)



**Average ICE prices\***  
(in €)



## Key insights

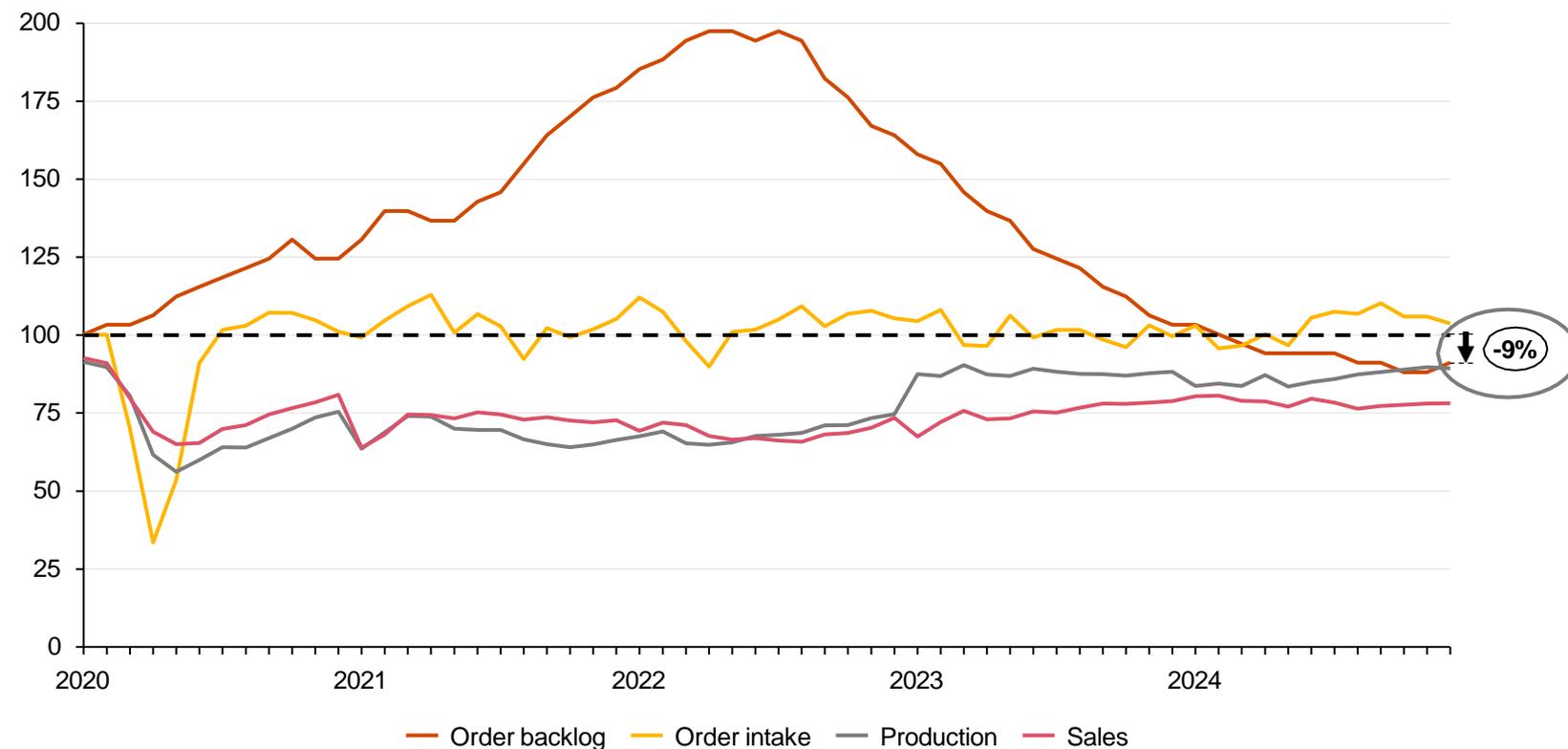
- **Three new models entered the top 10 best-selling BEV list** in the first month of 2025 with **two of them priced well below the average** at €12,735 (Dacia Spring) and €27,200 (Mini Cooper Electric)
- Thus, **the average selling price for BEVs declined** by 6% to 37,188€, 14% below the list price
- With the VW T-Cross replacing the more expensive Skoda Karoq, the **average selling price for ICEs also declined** by 2%, although the **discount over MSRP remained steady** at 20%

# 3 Order backlog in Germany

## Order backlog and intake move in opposite directions in December

### German passenger car demand and supply

(in %, indexed to 2019 average, through December 2024)



### Key insights

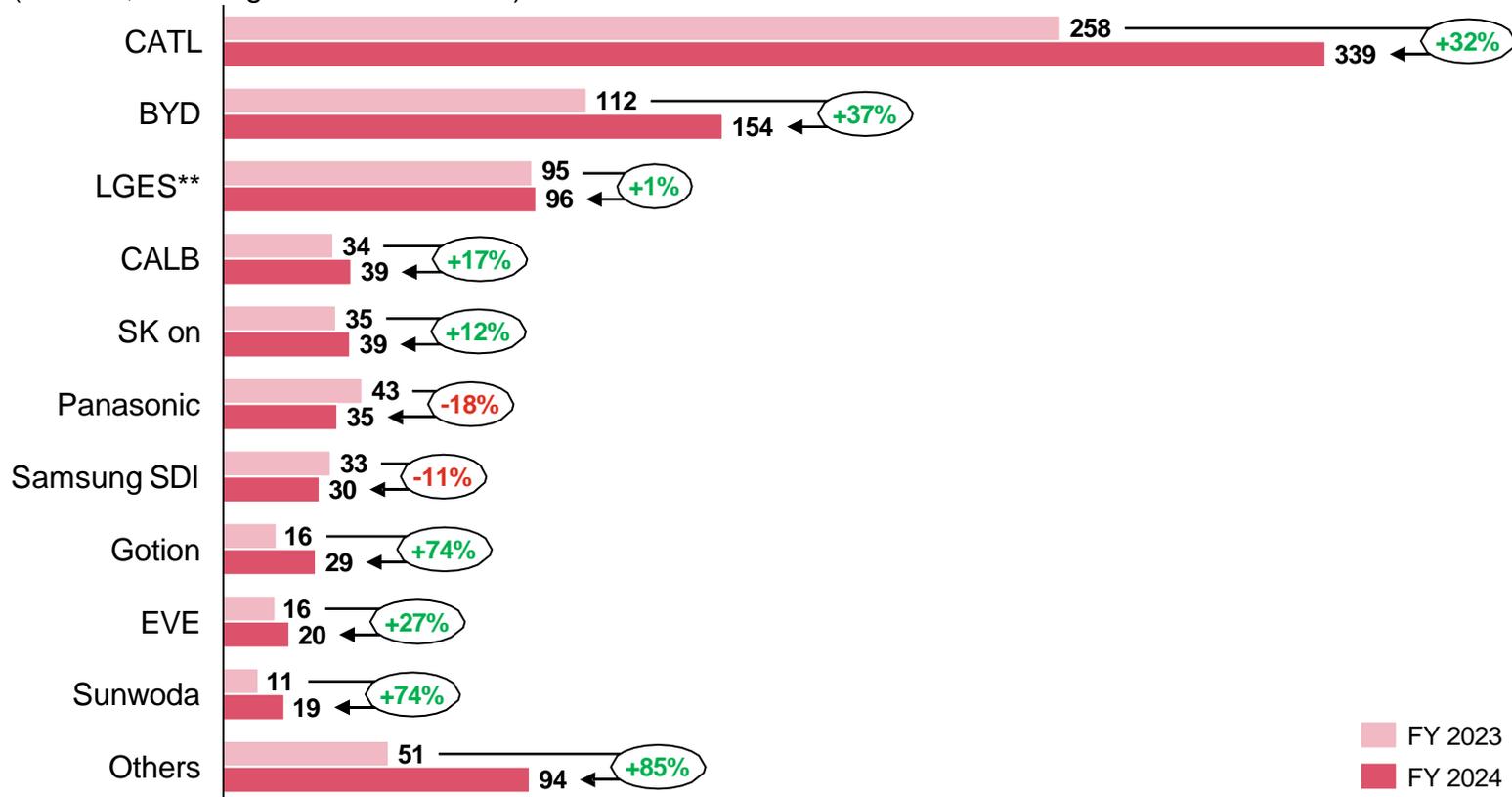
- Since the beginning of 2024, the **order backlog has fallen below 2019 levels** and sits at -9% in December, an improvement of **+3%pt over November**
- Contrarily, the **order intake improved in the second half of 2024**, although it also **declined in December** by -3%pt over November to 3% over the 2024 average
- Both domestic **sales and production have been recovering in the past few months**, although **production declined slightly in December**. Both now sit at 78% and 89%, respectively

# 3 Global top EV\* battery makers

Global battery usage for EVs grows by 27%, Chinese makers are biggest gainers

## Top battery suppliers by global EV\* battery usage

(in GWh, % change in 2024 vs. 2023)



## Key insights

- Global battery instalment for electric vehicles grew by 27% to 894 GWh in 2024
- The top spot in global ranking was seized by Chinese maker **CATL**, on account of its strong hold in the domestic market and growing global influence
- South Korean makers **LGES**, **SK on** and **Samsung SDI** made up 18% of the market

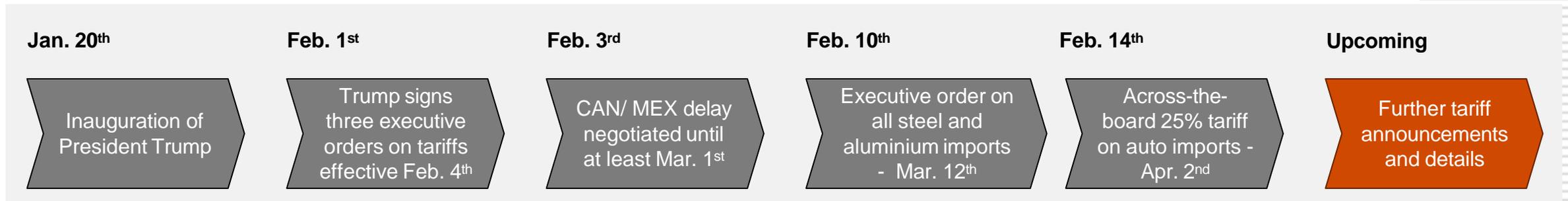
## Biggest gainers/losers

(in change in market share in 2024 vs. 2023)

Battery supplier	Absolute change of %	Category
BYD	+1.3	Gainer
CATL	+1.3	
Gotion	+0.9	
Samsung SDI	-1.4	Losers
Panasonic	-2.2	
LG Energy Solution	-2.7	

# 3 Overview of U.S. tariffs on imports

Trump tariffs look to potentially disrupt US car sales significantly



## 2024 US passenger car sales by country of production

Strategic group	US share	CAN. share	MEX. share	CN. share	Other	Volume
BMW	48%	-	10%	-	42%	399,111
Ford	69%	8%	19%	3%	-	919,868
Geely	11%	-	-	6%	83%	134,848
GM	47%	-	25%	3%	26%	1,609,016
Honda	59%	27%	13%	-	1%	1,378,445
Hyundai-Kia	33%	-	8%	-	59%	1,676,264
Mercedes-Benz	34%	-	5%	-	62%	324,688
RNM*	45%	-	30%	-	25%	951,035
Stellantis	59%	23%	13%	-	6%	827,104
Tesla	100%	-	-	-	-	592,396
Toyota	51%	20%	-	-	29%	1,980,271
Volkswagen	20%	-	44%	-	36%	656,540
<b>Total Market</b>	<b>49%</b>	<b>8%</b>	<b>14%</b>	<b>1%</b>	<b>29%</b>	<b>12,701,449</b>

## Summary

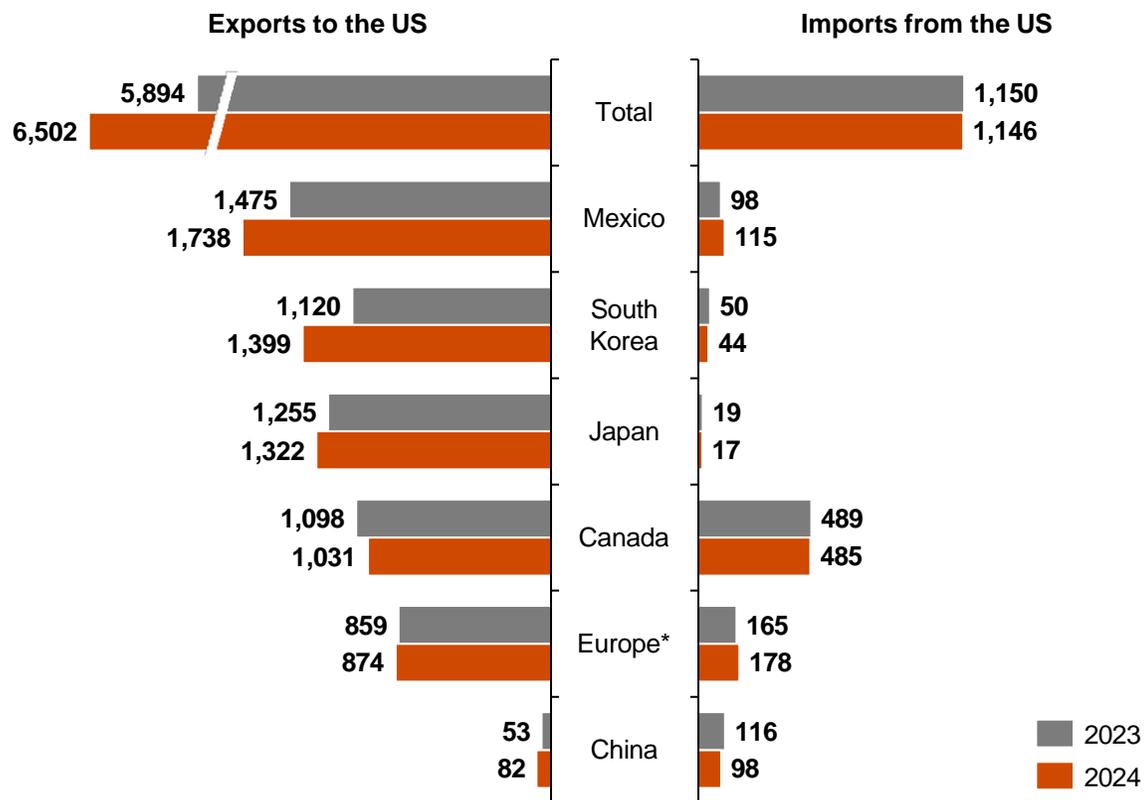
- **Tariffs of 25% for Canada and Mexico are currently expected** but still subject to court challenges
- Duty will be determined on final vehicle value
- There is currently no duty drawback integrated into the tariffs
- **Additional tariffs of 10% for China (on top of the existing 25% for ICE and 100% for BEV) are now active** but the main impact here will be on aftermarket auto part imports
- As of model year **2027, Chinese software is banned from vehicles in the US**

# 3 US import and export volumes

US is a net importer from all major markets except for tariff-bound China

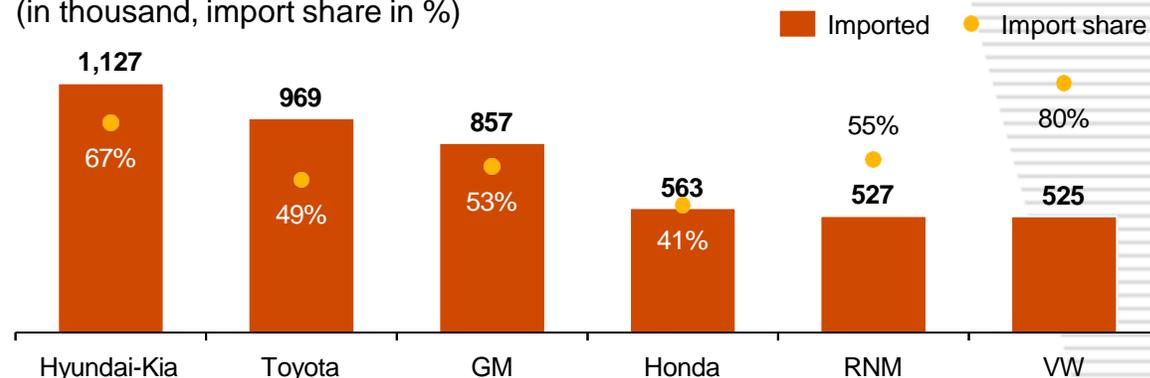
## Passenger car trade balance with the US

(in thousand)



## Biggest importers to the US

(in thousand, import share in %)



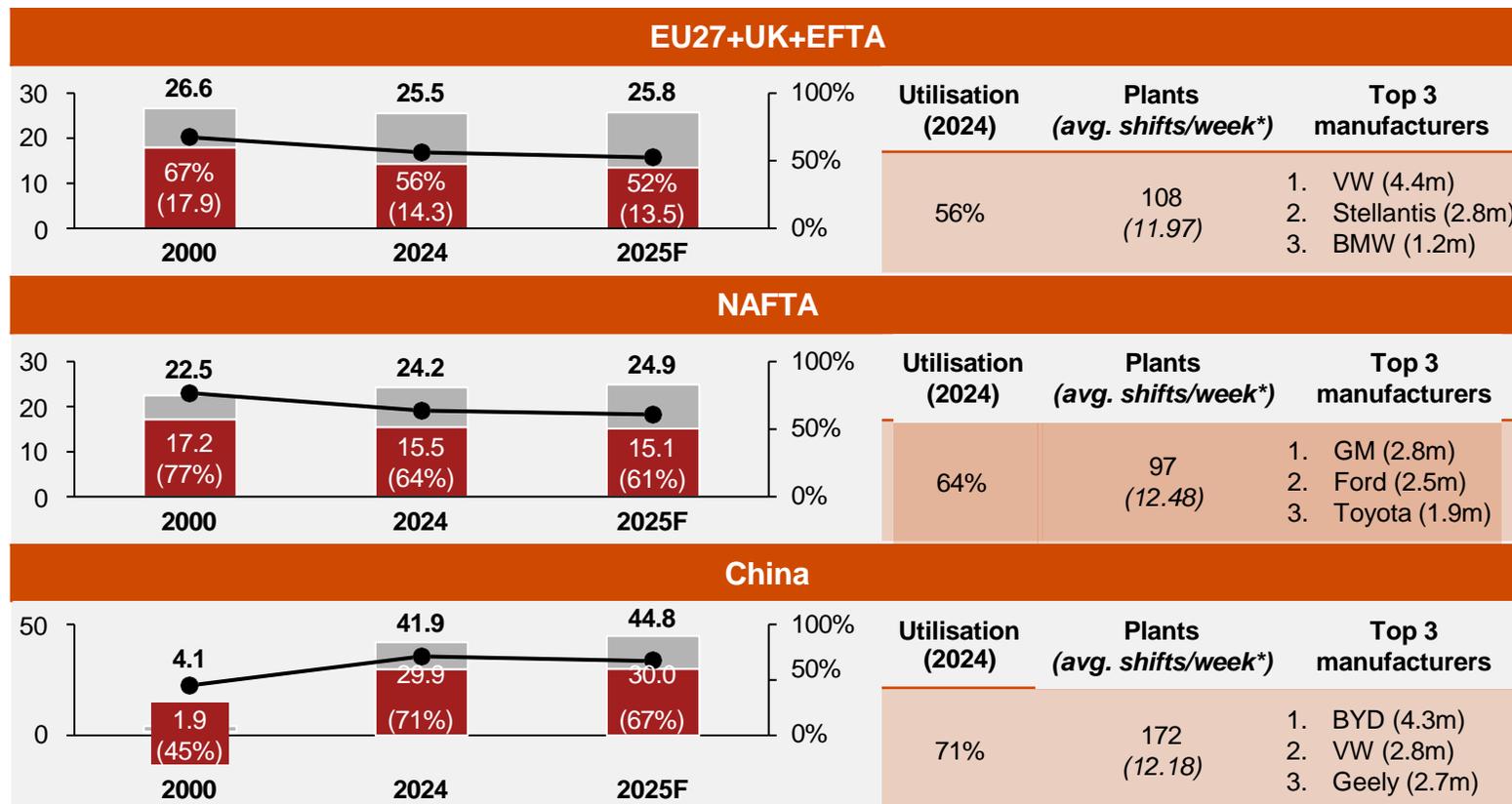
- In 2024, **51% of all sold passenger cars in the US were imported**
- The **biggest exporters** to the US were **Mexico** (27% share), **South Korea** (22% share) and **Japan** (20% share)
- **Europe\*** accounted for 13% of US imports with **Germany making up half** of Europe's exports
- Although **China's exports to the US grew by 53% YoY** in 2024, its market **share falls well below the 1% mark**
- In total, the **US imported 5.7 vehicles for each exported passenger car** in 2024, marking the US as a net importer

# 3 Capacity utilisation of key regions

China is ahead of Europe and North America in terms of capacity utilisation

## Light vehicle production capacity\* by region

(Production capacity in million units, utilisation in %) —●— Utilisation (rhs) ■ Excess capacity ■ Production



## Key insights

- Maximum production capacities remained relatively stable in Europe and North America since 2000
- In China, maximum capacity skyrocketed since 2000. By 2024, capacity expanded by 920%
- China also had the highest capacity utilisation amongst key regions in 2024, albeit a drop in utilisation rates is expected for all regions in 2025
- Top 3 manufacturing groups in 2024, ranked by production volumes in respective regions, are mostly claimed by domestic players (at least 2/3)

# 3 Incentive programs in Europe\*

As part of the support for the automotive transformation, subsidies are concentrated on BEV promotions, while PHEV subsidies continue to be phased out

Country	Tax Benefits	Purchase Incentives
 <b>Germany</b>	<b>Ownership:</b> 10-year exemption for BEVs and FCEVs registered until the end of 2025, exemption granted until the end of 2030; <b>Company cars:</b> Reduction of taxable amount for BEVs and PHEVs from 1% to 0.5%, additional reduction to 0.25% for BEVs up to €70,000 (€95,000 from 2025); <b>From 2025:</b> 40% cost write-off, applying to company BEV purchases from July 2024 to December 2028	
 <b>Spain</b>	<b>Acquisition:</b> Exemption from “special tax” for cars ≤120g CO2/km; Canary Islands: VAT exemption partially; <b>Ownership:</b> Road tax reduction of 75% for BEVs in Spanish main cities (e.g., Barcelona); <b>Company cars:</b> 30% for BEVs/PHEVs ≤€40,000	<b>MOVES III</b> is further extended until 30 June 2025: Subsidy program of <b>€1,550m</b> : Up to €7,000 for passenger BEVs/FCEVs/PHEVs, depending on electric range and whether a vehicle is being scrapped
 <b>France</b>	<b>Acquisition:</b> Exemption from the mass-based malus for BEVs, FCEVs and PHEVs (range of >50km); <b>Company cars:</b> Exemption for CO <sub>2</sub> -based tax components (“TVS”) for vehicles emitting less than 60g CO2/km	<b>2025:</b> EV purchase subsidy reductions from €4,000-€7,000 to €2,000-€4,000 and a further budget reduction from €1.5B to €1B. The eco-bonus will be income-dependent and tied to CO <sub>2</sub> emissions from vehicle and battery production
 <b>UK</b>	<b>Company cars:</b> Reduced tax rates for BEVs and ultra-low emission cars (<75g CO2/km), 2% until 2025 and progressively increasing afterwards until April 2028 <b>For 2025:</b> EVs registered after 1 April 2025 need to pay £10 VED for the first year. From the second tax payment onwards the standard rate of £195 is applied	<b>PiCG (Plug-In Car Grant) ended in March 2023;</b> funding shifted to support improving EV charging infrastructure and funding electric taxis, vans, trucks, motorcycles and wheelchair accessible vehicles
 <b>Italy</b>	<b>Ownership:</b> Five-year exemption for EVs from the date of first registration, 75% reduction afterwards	

# 3 Incentive programs in RoW\*

As part of the support for the automotive transformation, subsidies are concentrated on BEV promotions, while PHEV subsidies continue to be phased out

Country	Tax Benefits	Purchase Incentives
 USA	<p><b>Acquisition:</b> Federal tax credit up to \$7,500 for BEVs and PHEVs until end of 2032. <b>This is subject to change in the coming months with new presidential administration</b></p> <p><b>Inflation Reduction Act:</b> Effective since August 2022, final assembly of the vehicle must be in North America to qualify for tax credit. As of 1 January 2024, 60% of battery components and 50% of the value of minerals need to be sourced from the US or a free trade partner to qualify for full credit</p>	<p><b>States subsidize electric cars differently</b> (in addition to federal tax credit)</p>
 China	<p><b>Acquisition:</b> Purchase tax exemption for applicable BEVs, PHEVs and FCEVs of up to <b>¥30,000 (~€3,900)</b> per vehicle <b>between 2024 and 2025</b>. The exemption will be <b>halved</b> for purchases made in 2026 and 2027</p>	<p><b>January 2025: National trade-in subsidies, previously set to expire by end of 2024, extended for 2025.</b> Broader scope for 2025: <b>¥20,000 (~€2,600)</b> if ICE or NEV (ICEs registered before July 2012 and NEVs registered before 2019) is traded in for a new NEV, <b>¥15,000 (~€2,000)</b> if old vehicle is scrapped for a modern ICE with max. 2L displacement</p>
 Japan	<p><b>Acquisition:</b> Purchase tax is abolished for private and business cars in favour for a tax based on fuel efficiency and environmental criteria</p>	<p>State subsidy scheme for <b>BEVs: Up to ¥850k (~€5,100)</b> with additional conditions; <b>FCEVs: Up to ¥2.55m (~€15,400); PHEVs: Up to ¥550k (~€3,300)</b>. Further evaluation items apply to realize the subsidy amount, such as manufacturers' ability to respond to repair and maintenance needs or efforts to collect used batteries</p>
 South Korea	<p><b>Acquisition:</b> Up to ₩1.4m can be deducted from the acquisition tax amount. Up to ₩3m can be deducted from the <b>individual consumption tax</b> and up to ₩900k from the <b>education tax</b>. If the individual consumption tax is ₩0, then there is also no education tax (which is 30% of the consumption tax)</p>	<p><b>2025:</b> Budget for passenger EVs will tighten to ₩780b (~€520m); price criteria for full subsidy will drop from ₩55m (~€37,000) to ₩53m (~€35,000); maximum subsidy reduced by 10% to ₩5.8m (~€3,900); BEVs with ranges below 440km per charge will see subsidy reductions of up to ₩81k (~€54€) per 10km difference</p>

# 4

## Global and regional markets analysis

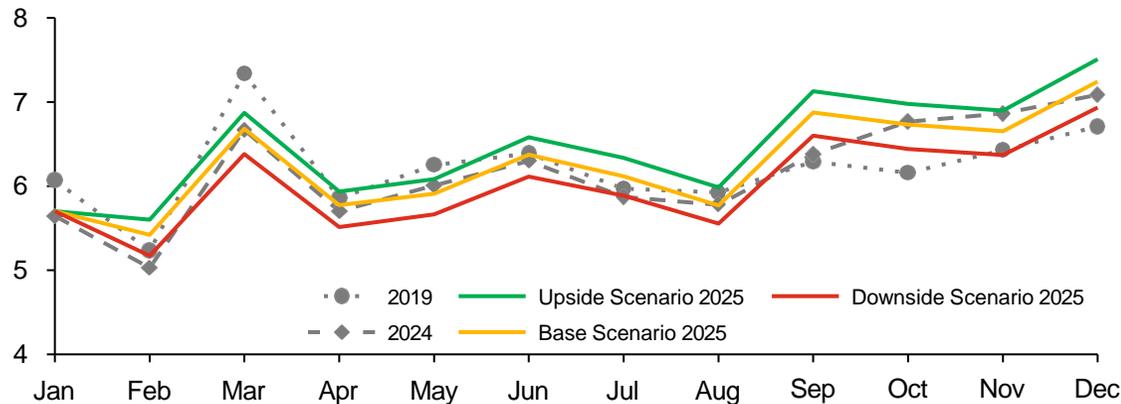


# 4 Sales: Global

January sales grew marginally by 1% due to slowdowns in key markets

## Passenger car sales

(in million)



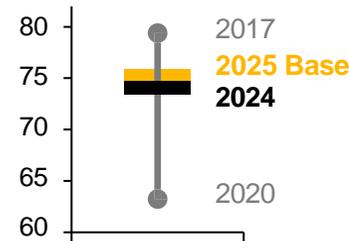
	Year	Sales (in million)	YoY growth	Q1 YoY growth
Past	2019	74.6		
	2024	74.1	+2.1%	+5.0%
PwC Scenarios	2025 – Upside	77.6	+4.7%	+4.8%
	2025 – Base	75.2	+1.6%	+2.7%
	2025 – Downside	72.3	-2.4%	-0.5%

## Key insights

In January, global sales rebounded by 1% compared to the same month last year, reaching a total of 5.7 million passenger cars sold. The somewhat stagnated growth can be attributed to a slowdown in some key markets, including **China** for which sales decreased by 0.5%, and **Europe\*** for which sales fell by 2.6% in January. Similarly, **PwC Base Scenario expects a moderate growth of 1.6% throughout 2025 over 2024**, while the Upside and Downside Scenarios present more turbulent views. The **global automotive market is facing greater uncertainties** now, including **potential policy shifts** following 2024 and 2025 elections, **regulatory pressures from CO<sub>2</sub> targets**, **global tariff retaliations**, and **market mix of ICEs and BEVs**. The aftermaths of these complex dynamics will gradually play out in 2025.

## 10-year benchmark

(in million, 2015-2025)



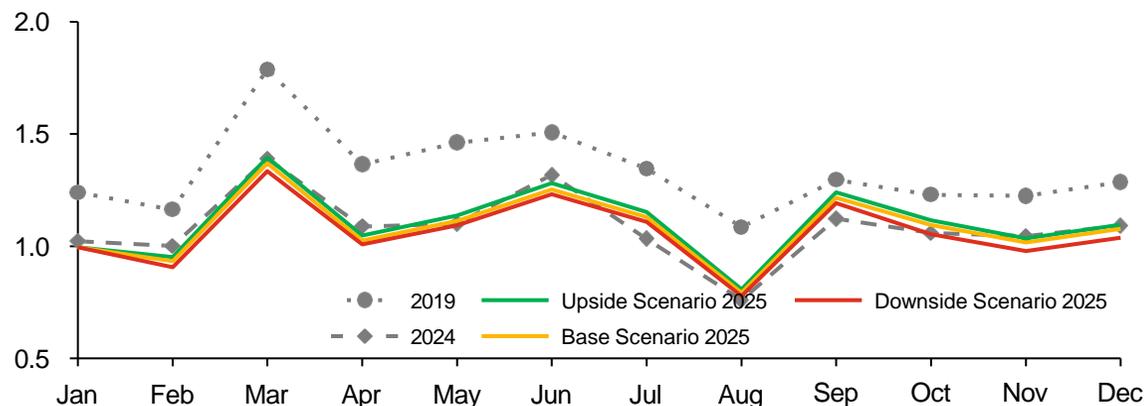
**PwC Base Scenario** expects an **increase of 1.6% in 2025** compared to 2024. Global sales have recovered significantly from the 10-year low in 2020, albeit still not expected to catch up to the peak in 2017.

# 4 Sales: Europe\*

New CO<sub>2</sub> emission targets drive BEV sales amidst broader market challenges

## Passenger car sales

(in million)



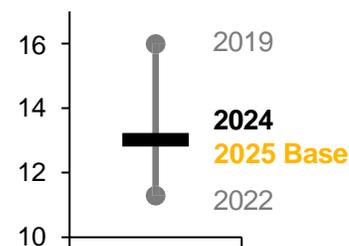
	Year	Sales (in million)	YoY growth	Q1 YoY growth
Past	2019	16.0		
	2024	13.0	+1.4%	+5.4%
PwC Scenarios	2025 – Upside	13.3	+1.8%	-2.1%
	2025 – Base	13.0	-0.1%	-3.3%
	2025 – Downside	12.7	-2.4%	-5.2%

## Key insights

The **passenger car market declined by 2.0% YoY** in January to 995,000 units. It is the **first time in 22 months** that the sales fell **below the one-million-unit mark**. This result is **heavily impacted by a weak EU5 market**, that saw a 3.1% loss over the same period (France -6.2%, Germany -2.8%, Italy -5.8%, Spain +5.3%, UK -2.5%). Despite the low performance, the **EV market saw a 18.2% YoY jump** with **BEV showing the greatest increase** of 37.3%, followed by Hybrids at 16.8% YoY. Both PHEVs and ICEs dropped in sales with -5.9% and -21.4% YoY, respectively. With **new CO<sub>2</sub> emission targets** taking place in 2025, a **further boost in EV sales is expected**. The **PwC Base Scenario** forecasts a **decline of -3.3% for Q1 2025**, while a **slight uptick for the remainder** is expected, resulting in -0.1% over 2024.

## 10-year benchmark

(in million, 2015-2025)



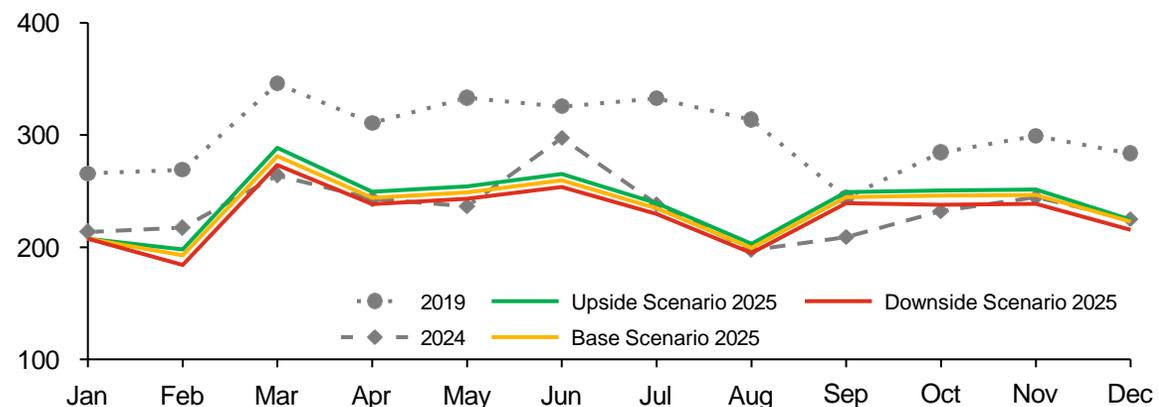
The **PwC Base Scenario** expects a **similar result to past year** for 2025, amid **weak economies and new CO<sub>2</sub> emission targets**. 2025 is forecasted to **maintain a gap** of 22.8% or 3.0 million units to the 10-year high of 2019.

# 4 Sales: Germany

EVs\* see double-digit YoY growth across the board, albeit coming from a low base

## Passenger car sales

(in thousand)



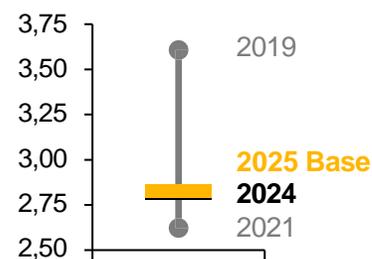
	Year	Sales (in million)	YoY growth	Q1 YoY growth
Past	2019	3.6		
	2024	2.8	-1.0%	+4.2%
PwC Scenarios	2025 – Upside	2.9	+2.2%	-0.1%
	2025 – Base	2.8	+0.4%	-1.9%
	2025 – Downside	2.8	-2.2%	-4.3%

## Key insights

Germany **started 2025 on the back foot** and registered 2.8% lower volumes than the January of 2024. **ICE sales dragged down the total market** with a 22.8% YoY decline to a share of 46.3%. While BEVs have been seeing declining popularity in the past year, **they jumped by a staggering 53.5% YoY**. Although the month of comparison was heavily affected by pulled-ahead purchases due to ended subsidies, a record 34,500 BEVs were sold, the **highest for a January ever**. PHEVs jumped by 23.1% and Hybrids by 13.7% during the same period, **resulting in a total EV\* market share of 53.7%**. With a **weak economic outlook and recent snap elections**, the **PwC Base Scenario** forecasts a **-1.9% decline for Q1 2025**, but a **mild +0.4% recovery for the full year**.

## 10-year benchmark

(in million, 2015-2025)



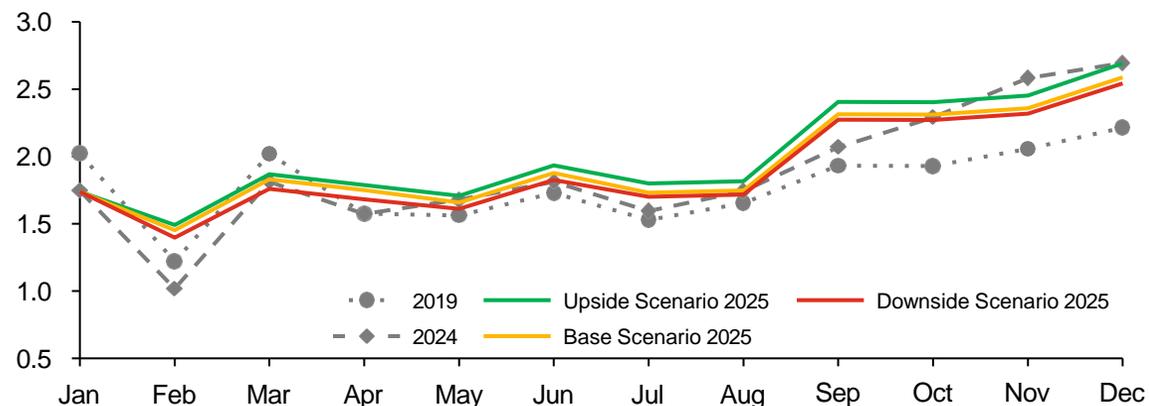
The **PwC Base Scenario** forecasts a modest **0.4% growth, or 11,000 units for 2025**. However, **sales are expected to remain 27.5% below the 10-year peak of 2019**.

# 4 Sales: China

January sales growth slowed down, but projections for 2025 remain strong

## Passenger car sales

(in million)



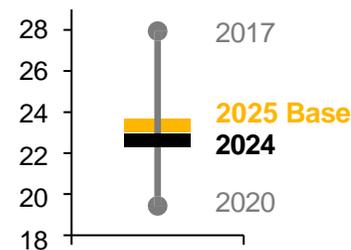
	Year	Sales (in million)	YoY growth	Q1 YoY growth
Past	2019	21.4		
	2024	22.6	+4.7%	+6.1%
PwC Scenarios	2025 – Upside	24.1	+6.6%	+11.4%
	2025 – Base	23.4	+3.3%	+9.7%
	2025 – Downside	22.8	+1.0%	+6.9%

## Key insights

In January, domestic passenger car sales in China decreased by 0.5% compared to the same month last year, while exports showed robust growth, increasing by 7% YoY. The slowdown in January is attributable to various factors, including the earlier Spring Festival 2025 that pulled forward some demand to December last year, the consequently shorter effective sales period during January, as well as the transition period between the expiring and newly announced trade-in subsidy schemes. Notably, market share of Chinese self-owned brands rose significantly in January, to 68.4%, up by eight percentage points compared to January 2024. We currently foresee a rosy outlook up to +6.6% YoY for 2025 sales across upside, base and downside scenarios.

## 10-year benchmark

(in million, 2015-2025)



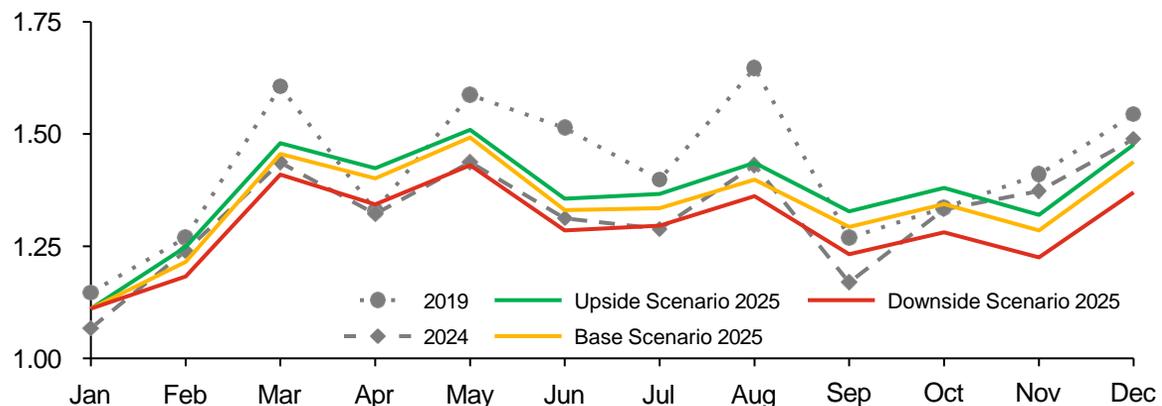
PwC Base Scenario places 2025 sales prediction approximately at the midpoint between the 10-year high in 2017 ( $\Delta$  of 4.6m) and the 10-year low in 2020 ( $\Delta$  of 3.9m).

# 4 Sales: USA

Tariffs on imported vehicles and parts are scheduled to take effect on April 2<sup>nd</sup>

## Passenger car\* sales

(in million)



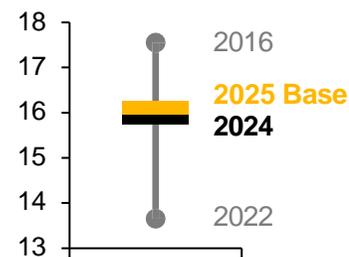
	Year	Sales (in million)	YoY growth	Q1 YoY growth
Past	2019	17.1		
	2024	15.9	+2.6%	+5.1%
PwC Scenarios	2025 – Upside	16.4	+3.4%	+2.5%
	2025 – Base	16.1	+1.3%	+1.0%
	2025 – Downside	15.5	-2.3%	-1.1%

## Key insights

The year began with total **sales rising 4.4% year-over-year, marking the fourth consecutive month of sales growth**. According to KBB, the average transaction price for a new vehicle reached \$48,641, representing an increase of 1.3% YoY. However, **early-year sales are expected to be volatile due to the looming threat of tariffs** set to take effect on April 2<sup>nd</sup>. If these tariffs are implemented, average transaction prices could climb by several thousand dollars, potentially dampening demand. Although the new **administration has discussed cutting incentives for BEVs**, no changes have been made so far. The **PwC Base Scenario projects 1.3% annual growth** compared to 2024, with a **1.0% YoY increase expected for Q1**. The PwC Downside Scenario assumes only temporary impacts from tariffs on foreign vehicles and parts.

## 10-year benchmark

(in million, 2015-2025)



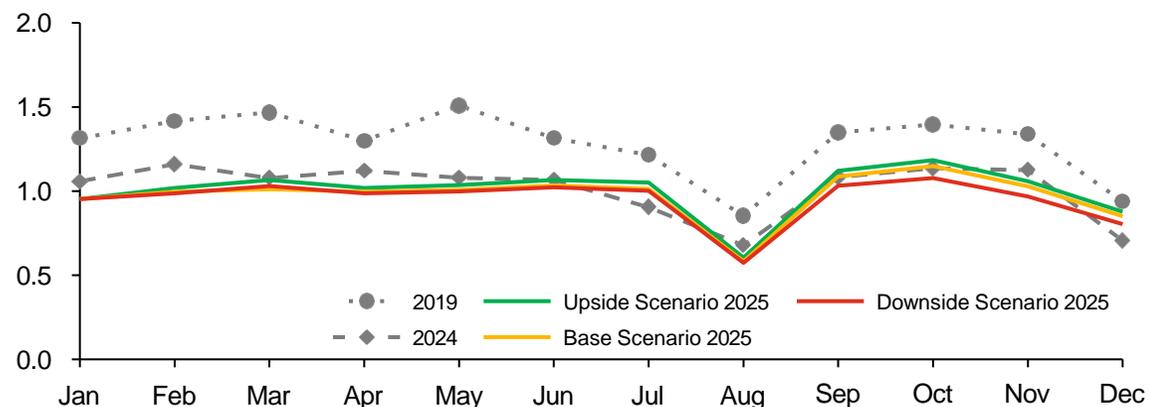
The **PwC Base Scenario** projects **2025** volumes to **exceed last year's by 200,000 units, or 1.3%**, but still fall **nearly 1.5 million units, or 9.0%, short of the 10-year peak** in 2016.

# 4 Production: Europe\*

2025 is set to be a challenging year, with the outlook dependent on EV sales

## Passenger car production

(in million)



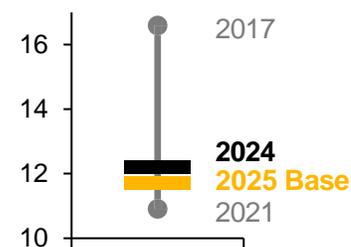
	Year	Prod. (in million)	YoY growth	Q1 YoY growth
Past	2019	15.4		
	2024	12.2	-6.7%	-6.3%
PwC Scenarios	2025 – Upside	12.0	-1.1%	-7.8%
	2025 – Base	11.7	-4.0%	-10.2%
	2025 – Downside	11.4	-6.2%	-9.9%

## Key insights

In January, **European passenger car production dropped by 10.4%**, marking the **ninth consecutive month of YoY declines**. However production of BEV and PHEVs in Europe is expected to increase in 2025. This anticipated **growth is driven by stricter 2025 CO<sub>2</sub> targets**, the introduction of **new models** and **higher tariffs on BEVs manufactured in China**. Depending on the success of BEV and PHEV sales, ICE production may see further cuts as OEMs strive to meet CO2 targets. **January Production** volumes across the **EU5 countries**, aside from Germany, **declined** significantly YoY: **UK -21.9%**, **Spain -31.1%**, **Italy -65.9%**, **France -9.9%**, and **Germany 13.6%**. The **PwC Base Scenario** forecasts a **10.2% YoY decline for Q1**, which is expected to result in an overall **decrease of 4.0% for the full year of 2025**.

## 10-year benchmark

(in million, 2015-2025)



**All three PwC scenarios predict a further decline from 2024, with a 4.0% drop or 480,000 fewer units expected for 2025.** Additionally, the **gap to the 10-year peak from 2017 widens to 4.9 million units**.

# 4 The year 2025 up to January

January sales moderately outperformed last January, production still falls short

Region	January 2025 Sales			January 2025 Production		
	Year-to-date	YTD vs. 2024	YTD vs. 2019	Year-to-date	YTD vs. 2024	YTD vs. 2019
<b>Europe*</b>	<b>995,271</b>	<b>-2.6%</b>	<b>-19.7%</b>	<b>952,619</b>	<b>-9.9%</b>	<b>-27.4%</b>
France	114,673	-6.2%	-26.1%	71,340	-9.9%	-54.9%
Germany	207,640	-2.8%	-21.9%	329,309	+13.6%	-8.3%
Italy	133,692	-5.8%	-19.4%	11,772	-65.9%	-76.0%
Spain	72,322	+5.3%	-29.0%	120,074	-31.1%	-32.4%
UK	139,345	-2.5%	-13.5%	64,877	-21.9%	-46.3%
Rest of Europe*	327,599	-1.4%	-16.0%	355,247	-10.4%	-20.8%
<b>North America</b>	<b>1,348,532</b>	<b>+4.4%</b>	<b>-1.4%</b>	<b>914,476</b>	<b>-3.2%</b>	<b>-13.4%</b>
USA	1,110,721	+4.1%	-3.2%	586,066	-4.7%	-7.9%
Canada	118,000	+4.6%	+8.5%	95,580	-13.5%	-38.0%
Mexico	119,811	+6.9%	+7.5%	232,830	+6.1%	-12.3%
<b>Asia</b>	<b>2,172,133</b>	<b>+1.2%</b>	<b>-13.1%</b>	<b>2,547,611</b>	<b>-11.4%</b>	<b>-12.3%</b>
China	1,738,000	-0.5%	-14.0%	1,686,852	-17.6%	-11.8%
Japan	328,205	+15.0%	-4.2%	584,506	+16.8%	-12.4%
South Korea	105,928	-8.5%	-21.9%	276,253	-15.7%	-14.7%
<b>RoW</b>	<b>1,456,690</b>	<b>+0.3%</b>	<b>+8.6%</b>	<b>1,366,419</b>	<b>-8.3%</b>	<b>-9.1%</b>
Turkey	55,944	-12.6%	+409.6%	64,508	-7.0%	-6.1%
<b>Global</b>	<b>5,700,971</b>	<b>+1.0%</b>	<b>-6.1%</b>	<b>5,490,386</b>	<b>-9.1%</b>	<b>-14.2%</b>

# 5

## Appendix



# 5 Scenarios and assumptions

## Key drivers of three PwC Autofacts® global scenarios

Analysis	Assumptions for Demand	Assumptions for Production	Total Effects
<b>Upside Scenario</b>	A significant rise in BEV demand is anticipated in Europe due to the implementation of stricter CO <sub>2</sub> emission targets. In China, the continuation of the scrappage scheme is expected to boost demand for NEVs. Additionally, potential interest rate cuts could reduce the cost of new vehicles for consumers, further stimulating market demand.	An increasing number of new, affordably priced BEV models are being introduced across all major markets. While discussions on localization and production efficiency measures are ongoing, their implementation remains limited, helping to keep production costs down.	Strong Economic growth and stability with global economies experiencing robust growth supporting an increase in vehicle production and sales. Supportive policies towards ICE and BEV production further enhance consumer confidence, stimulating higher demand in the market.
<b>Base Scenario</b>	The economic outlook is generally stable, although concerns about potential recessions persist. In Europe, the demand for BEVs is projected to rise due to stricter CO <sub>2</sub> emission targets. Moreover, additional discounts on BEVs are expected to further boost consumer interest. In China, the extension and expansion of the scrappage scheme will generate increased demand for new vehicles.	An increasing number of new, affordably priced BEVs are being launched across all major markets. Discussions about tariffs and new government measures are intensifying due to localization and protective strategies. Meanwhile, OEMs are reducing production as order backlogs diminish and inventory levels rise.	Moderate economic growth with global economies continuing to grow at a steady pace, supporting a gradual increase in vehicle production and sales. Governments maintain a balanced approach with policies that encourage vehicle production and sales without major new incentives or restrictions.
<b>Downside Scenario</b>	Although inflation is less of a concern in 2025, it remains above target levels in some regions and is expected to persist for the foreseeable future, leading to increased borrowing costs. While a major trade war is not anticipated in the downside scenario, temporary impacts are expected, resulting in higher vehicle prices and reduced demand. Additionally, the 2025 EU CO <sub>2</sub> targets may lead to increased prices for vehicles.	If new tariffs are introduced, OEMs may decrease the production of models that are not economically viable and reduce the output of models intended for export to the U.S. Additionally, the 2025 EU CO <sub>2</sub> targets might lead some OEMs to limit the production of ICEs. The ongoing shortage of affordable new models could drive some consumers to opt for used cars instead.	Global economic conditions deteriorate, largely due to geopolitical tensions, which are undermining consumer confidence and reducing both spending and sales. This challenging environment is compounded by persistent inflation, elevated interest rates, and the looming threat of potential U.S. tariffs.

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PwC Global

# Thank you.

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