

Global Electric Vehicles Market to Grapple with Economic Uncertainty in Near Term, Resurgence Anticipated Post-COVID-19

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INTRODUCTION

The scope and market attractiveness for electric vehicles (EVs) has been surging for the past several years. This is in response to growing calls for environmental sustainability and reduction in carbon footprint. Presently, there are five million electric vehicles on the world's roads. China dominates the global electric vehicles market, followed by Europe and the United States. Technological advancements have paved the way for substantial price cuts in battery prices, key stimulators being research and development in battery chemistry, and burgeoning battery production for electric vehicles. The fall in battery prices is attributed to increased economies of scale generated by the EV market.

Unfortunately, the novel coronavirus outbreak, commonly known as COVID-19, has crippled the entire world. With the number of cases rising exponentially every day, the international community is finding it exceedingly difficult to seek treatment for the infected patients. The rate of infections is asymmetrically distributed. While countries such as Singapore are witnessing a resurgence, Western Europe has reached a plateau, thus debating whether they should reopen their economies or not.

Also, businesses have stalled, international travel is severely restricted and manufacturing industries have experienced widespread supply chain disruptions. Due to these trends, leading markets for electric vehicles are anticipated to register significant production crunches during 2020.

GLOBAL ELECTRIC VEHICLES MARKET PROSPECTS SET TO DIM ACROSS 2020 AMID COVID-19 PANDEMIC

With the global economy stagnating due to the coronavirus pandemic, the electric vehicles market is poised to register negative growth for the remainder of 2020. The majority of the production facilities are shut, causing supply chain disruptions. As a consequence, the availability of components such as lithium-ion batteries, electric motors, and chargers are poised to take a significant dip in the short-term [1].

China, a battery manufacturing powerhouse, is now looking at a drastic slowdown in its output due to the pandemic. Prominent

market players like Contemporary Amperex Technology (CATL) and BYD Auto Co., Ltd., report high probabilities of production delays. Similarly, Tesla reported that its Shanghai facility would experience a significant shortage of essential supplies to overseas markets. A shortfall of 26 GWh is anticipated to occur in the output by Chinese battery manufacturers.

Likewise, in the United States, Tesla temporarily suspended its car manufacturing plant located in Fremont, California in March amid the coronavirus pandemic. This came at a critical juncture as the company was attempting to scale up production of its Model Y SUV, for which there is a burgeoning demand. However, some of Tesla's basic operations are anticipated to continue, such as work concerning charging infrastructure. Meanwhile, the company intends to implement 'touchless deliveries' by making use of its app and cars' smartphone connectivity to reduce the spread of coronavirus. With this technology, customers can unlock their cars through the Tesla app at a delivery parking lot [2].

The Auto Expo 2020 held in February in India promised lucrative growth opportunities for electric vehicles. Prominent market players, ranging from Maruti Suzuki to new entrants such as MG Motors and Great Wall Motors exhibited their prime electric models and concepts. However, these episodes seem to be relegated to history with the coronavirus outbreak. The Indian economy, which is the fourth-largest in the world, came to a grinding halt with the initiation of the nationwide lockdown since March 22nd, 2020. The Society of Indian Automobile Manufacturers (SIAM) anticipates that the automobile industry is set to lose Rs. 2,300 crores per day due to the lockdown. Thus, India's electrification drive is estimated to lose significant steam throughout the year [3].

ALL IS NOT LOST: RESURGENCE IN MARKET IS ANTICIPATED IN LONG-RUN

While the current situation may lead us into believing that growth prospects for the EV market are slim, the possibilities of a resurgence should not be ruled out. Indeed, EV sales may decline by more than two-fifth. However, it does not imply a complete crash for the market. There is a consensus that the current crisis is to be used as a launching pad for strengthening future market prospects [4]. Emerging economies such as India should use this opportunity to expand their automobile manufacturing capabilities in this sector.

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Stringent lockdowns initiated across various countries have led to a significant reduction in the number of carbon emissions across the world. Consequently, the air quality has improved thus leading to an enhancement of the quality of life of the people. This new understanding is expected to alter consumer buying behavior in the automobile sector. People have been encouraged to think more about purchasing electric vehicles and spend less on fuel. Once the lockdown is withdrawn, this new awareness among individuals could register a possible surge in the sales of electric vehicles.

The post-corona virus days will make social distancing a new norm, with personal transportation more preferred over public transport. This trend is anticipated to significantly boost sales of electric scooters and e-bikes, as they are cheaper compared to electric cars, and naturally, maintain social distance [5]. Many companies, such as Polestar, have already resumed operations on its Polestar 2 production- a potential competitor to Tesla's Model 3. The company has reported zero COVID-19 cases within its Chinese teams. Diligent screening procedures, regular observance of sanitary and hygienic habits, and social distancing are the key measures that have helped prevent the outbreak of the disease within the team.

CONCLUSION: THE FUTURE ROADMAP

The COVID-19 pandemic has indeed presented economic, social, and political disruptions never witnessed in the past few years. Major industries, ranging from finance to airlines, have felt a tremendous impact. Countries such as India believe that a resurgence of the automotive industry is essential for the adoption of the electric vehicle to take off. A gradual shift towards electric vehicles would prevent industrial slumps from hitting the sector, thus preventing losses incurred. Instead, promoting readily available clean alternative fuels such as Auto LPG to address environmental concerns is the need of the hour.

In China, EV sales declined by more than half by January-end, and by more than nine-tenths by February. Indeed, the coronavirus

pandemic has impacted all facets of the industrial supply chain, with battery raw materials facing an immense challenge. However, the drive towards sustainability is poised to leverage market prospects for electric vehicles. This is because the drive towards achieving sustainability is a long-term goal. Stringent lockdowns imposed by countries across the world are helping realize this goal. Hopefully, by the end of the lockdown period, people will be endowed with a sense of responsibility and take steps to protect the environment. For this, it is expected that people will look at buying more electric cars than fuel-driven ones.

To conclude it can be said that despite production halts attributed to the coronavirus pandemic, the global electric vehicles market is poised to register a positive growth trajectory in the coming years. Important manufacturers in the electric vehicles industry are leaving no stone unturned to ensure that production lines are not disrupted too drastically. While production and manufacturing have stalled, companies are leveraging their research capacities in the form of heavy investments in technological breakthroughs. Simultaneously, the companies are putting their best feet forward to ensure that the pandemic is contained to prevent supply chain disruptions.

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