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Alternative Power Report

By Guy Youngs, Forecast & Adoption Lead

Guy Youngs

Honda, Nissan Near EV Merger

Japanese automakers are taking drastic measures to keep pace with Tesla and Chinese EV leaders like BYD. Honda and Nissan are now closing in on an EV merger to join resources and fend off the incoming competition. The tie-up could likely involve a third auto partner from Japan which reports suggest might be Mitsubishi

Honda and Nissan have been paving the way for an EV partnership for several months now. In March, the Japanese auto giants announced plans to co-develop new software and other EV tech.

Nissan CEO Makoto Uchida said the collaboration is "significant" given the two legacy automakers "face common challenges." Those challenges, Uchida referred to, are Tesla and surging EV makers from China like BYD

Source: *Electrek* **Read The Article**

PSR Analysis: The potential Honda and Nissan EV merger signals the growing pressure on legacy automakers to keep up with Tesla and other global electric vehicle leaders. As the electric vehicle market heats up, we can expect to see other companies (not just in to automotive industry) consider methods of working together ranging from collaborations to full scale mergers. A lot of OEMs are just waking up to the EV revolution.

Volkswagen May Not Close Factories in Germany

Volkswagen is considering keeping its German plants up and running while reinstating job security agreements until 2030, with the tradeoff being that workers would forgo bonus payments, according to an anonymous source.

Late last year, 100,000 workers walked out at nine Volkswagen factories across Germany, including its EV-only factory, bringing assembly lines to a grinding halt in the battle over the slashed pay, lost jobs, and the automaker's future. The strike came after weeks of collective bargaining negotiations in which Volkswagen didn't back down from its plan to potentially cut thousands of jobs and close factories in Germany – a first in the automaker's 87-year history in the country. Volkswagen is considering closing at least three factories, lay off thousands of workers, and trim pay for those remaining by 10%, all as it fights to stay alive amid stiff competition from China, especially for EVs.

Source: *Electrek* **Read The Article**

PSR Analysis: VW is radically restructuring its business to cut costs, to stay competitive, especially in the face of the new EVs coming from China. The real question surrounding this, is whether these measure will be enough, or are they just the start.

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Alternative Power Report

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European EV Car Market Declines

The number of EVs sold across Europe fell by 3% to 3m during 2024, according to the latest data. This has come after the withdrawal of government tax breaks triggered a collapse in sales across Germany. The drop in Europe compared to a 40% surge in China, where 11m EVs were purchased. Sales across North America also rose 9% to 1.8m.

The growth in the US could largely be attributed to consumer subsidies, such as those handed out to buyers under Joe Biden's Inflation Reduction Act and the greater electric car uptake in the UK is a result of the UK's zero-emission vehicle (ZEV) mandate, which required at least 22% of carmakers' sales to be electric in 2024. This has led to sales in the UK being a relative bright spot in Europe with sales rising 20% to more than 400,000 units and leading Britain to overtake Germany as Europe's biggest EV market.

Source: *MSN* **Read The Article**

PSR Analysis: This significant drop has led to calls on the German government to reinstate the subsidies urgently, but nothing is likely to change until after the German election Feb. 23 this year. However, this does suggest a possible future for the US EV market if President Trump makes too many changes to the IRA subsidies.

BYD Controversy In Brazil — What Is Going On?

Reports came out in late December that workers building a BYD factory in Brazil were working in "slavery" conditions and were potentially victims of human trafficking. Without a doubt, something horrible was going on. How much BYD knew or didn't know, we don't know, but the company has now terminated its subcontractor, Jinjiang Construction Brazil.

"Brazilian authorities have halted the construction of a factory for Chinese electric vehicle (EV) giant BYD, saying workers lived in conditions comparable to 'slavery'," BBC reported. "More than 160 workers have been rescued in Brazil's northeastern state of Bahia, according to a statement from the Public Labor Prosecutor's Office (MPT).

"They were allegedly put in a 'degrading' environment and had their passports and salaries withheld by a building company."

Source: *Clean Technica* **Read The Article**

PSR Analysis: The conditions the workers were in, met the Brazilian government's definition of "slavery like conditions." What is not clear is who reported this to the government and how much (if anything) BYD knew about this. What is clear is that there is more behind the scenes that has yet to be made public. **PSR**

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DATAPOINT: *Dumpers/Tenders*

1,200

Dumpers/Tenders are vehicles designed for carrying bulk material, often on building sites.

By Carol Turner, Senior Analyst, Global Operations

1,200 units is the estimate by Power Systems Research of the number of Dumpers/Tenders expected to be produced in North America in 2025.

Dumpers/Tenders are vehicles designed for carrying bulk material, often on building sites. Dumpers are distinguished from dump trucks by configuration: a dumper is usually an open 4-wheeled vehicle with the load skip in front of the driver, while a dump truck has its cab in front of the load.

Utility style models are versatile and are extremely popular with homeowners. Dumper/Tenders, commonly referred to as the Power Buggy, are sought after pieces of equipment, much faster than a conventional wheelbarrow and can accelerate job site related activities.

This product information comes from industry interviews and from two proprietary databases maintained by Power Systems Research: **EnginLink™**, which provides information on engines, and **OE Link™**, a database of equipment manufacturers.

Export: About 15% worldwide.

Market Share: With 58% of total units produced, Country Home Products leads in production of Dumpers/Tenders in North America. In second position is Allen Engineering with 25%; third, Power Buggy (Indy) 13%.

Trends. 2024 production of Dumpers/Tenders in NA decreased 23%. Expect production to gain 14% in 2025 over 2024. The current production decline of Dumpers/Tenders is due to saturation in the marketplace along with longevity of products in the field. To add, utility style models are versatile and are extremely popular with homeowners. Dumper/Tenders, commonly referred to as the Power Buggy, are highly sought after pieces of equipment because they are much faster than a conventional wheelbarrow and because they speed up job site related activities. Expect production to increase an additional 5% by 2030. **PSR**

Electric (Battery) Data
2023: 60 units
2024: 63 units
2025: 70 units

2023-2024 production of Electric (Battery) powered units increased 5%.
2024-2025 Projection: 11% increase

Companies that offer Battery powered units:
Allen
Cipsa
Power Buggy

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Europe Report

By Emiliano Marzoli, Manager European Operations

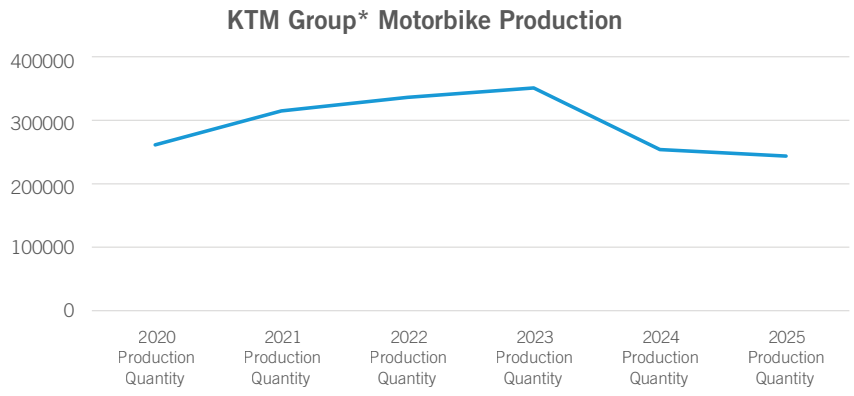
Emiliano Marzoli

Racing Against Bankruptcy: The Financial Challenges Facing KTM

BRUSSELS, Belgium. In late November 2024, KTM, one of the world's leading motorcycle manufacturers, declared bankruptcy due to mounting debts totaling nearly US$3.09 billion (€3 billion). The company has since entered self-administration under Austria's insolvency laws, granting it a 90-day protection period from creditors. This move is part of a broader effort to restructure and stabilize the company's finances.

The financial troubles have led to a temporary halt in production at KTM's Mattighofen factory until the end of February 2025. This pause aims to clear the backlog of unsold bikes, with approximately 130,000 units in stock, many of which do not meet the new Euro 5+ emissions standards. The halt in production is a significant step as KTM works to manage its inventory and reduce costs.

According to the proprietary Power Systems Research Database OE Link™, KTM group production volumes, including their JVs with Bajaj and CFMOTO, dropped from 350,000 bikes in 2023 to 250,000 or less in 2025, depending on how the restructuring will evolve in coming months. This figure could change significantly if KTM decide to sell some of the brands they have in their portfolio, such as Gas-Gas, Husqvarna and MV Augusta.



Source: Power Systems Research OE Link™ ** Includes Production volumes of JVs and partnerships Includes all KTM Brands.*

Despite these challenges, KTM has managed to attract investors willing to inject US$720.9 million (€700 million) into the company. The next court hearing on Jan. 24, 2025, will provide more details on the debt situation and potential rescue plans. This financial lifeline is crucial for KTM's survival and future operations.

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The company initially proposed cutting 500 jobs, but after negotiations, this number has been reduced to 300.

The company initially proposed cutting 500 jobs, but after negotiations, this number has been reduced to 300. Unpaid wages from November will be covered by an Insolvency Compensation Fund, providing some relief to affected employees. KTM has also assured customers that there will be no disruptions in the supply of motorcycles, spare parts, or customer service, despite the ongoing financial turmoil.

KTM's racing division continues to perform well, with notable successes at the 2025 Dakar Rally. Daniel Sanders and Edgar Canet secured multiple stage wins, showcasing the company's competitive edge in the motorsport arena. Additionally, KTM launched over 50 new models in 2025, including the popular KTM 790 DUKE, which has been praised for its agility and unique engine sound.

However, KTM's parent company, Pierer Mobility AG, reported significant losses in 2024, with motorcycle sales dropping by 27% and bicycle sales falling by 36%, leading to a net loss of €172 million. The company's debt grew by almost 90%, exacerbating its financial woes. The overproduction during a period of slowing demand has resulted in a stockpile of unsold motorcycles equivalent to a year of global sales.

In response, KTM has implemented a restructuring plan aimed at reducing costs and improving efficiency. This plan includes layoffs and temporary production halts at its Austrian facilities, affecting around 300 workers. Some production has been relocated to China to cut expenses while maintaining product quality.

The future of KTM remains uncertain, but there are potential scenarios for recovery. If the company secures the necessary investments and successfully restructures, it could stabilize its operations and continue production. However, if KTM fails to secure enough investment or if the restructuring plan is not approved, the company might face further financial difficulties, potentially leading to a complete shutdown or sale of the company.

KTM's involvement in MotoGP for the 2025 season is also under scrutiny, with plans to withdraw from the sport by 2026. The company's racing division is implementing a 100-point plan to cut spending and focus on core operations.

Despite the challenges, KTM's commitment to innovation and customer satisfaction remains strong. The company's ability to navigate this financial crisis will depend on its restructuring efforts, investor support, and continued success in racing and product development.

Possible Scenarios for the Coming Months

1. **Successful Restructuring:** If KTM secures the necessary investments and successfully restructures, it could stabilize its operations and continue production. This would involve significant cost-cutting measures and possibly selling off some assets.
2. **Continued Financial Struggles:** If KTM fails to secure enough investment or if the restructuring plan is not approved, the company might face further financial difficulties, potentially leading to a complete shutdown or sale of the company.

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3. **MotoGP Involvement:** KTM has stated that it plans to continue its involvement in MotoGP for the 2025 season, but there are plans to withdraw from the sport by 2026. The company's racing division is implementing a 100-point plan to cut spending.

4. **New Investors:** There is interest from big players like Bajaj Auto, CFMoto, and Hong Kong-based investment firm FountainVest, which could bring fresh funding and help KTM navigate its financial crisis.

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South America/Brazil Report

By Fabio Ferrares, Director Business Development South America

Fabio Ferraresi

São Paulo City Council Delays BUS Fleet Electrification Plan

The São Paulo City Council has pushed back the deadline for CO2 reduction targets for the city's bus fleet to 2054. This amendment allows operators to continue acquiring diesel-powered buses, contravening existing legislation. The bill now awaits the mayor's decision for enactment or veto.

Source: *Automotive Business* **Read The Article**

PSR Analysis. The new timeline permits diesel bus acquisitions instead of transitioning to electric vehicles and delays the BEV bus introduction timeline. São Paulo city is the major bus fleet in Brazil and the trend setter for other metropolitan areas. With this change, the penetration forecast for BEV buses in Brazil will have to be reviewed.

BMW To Produce Six New Motorcycles in Brazil

BMW Motorrad has unveiled plans for seven new motorcycle launches in 2025, including six models to be manufactured in Brazil. The R 1300 GS Adventure will lead these releases. Recently initiated at BMW's Berlin plant, its production will begin at the Manaus (AM) facility in early 2025. The model features a new two-cylinder boxer engine delivering 145 hp at 7,750 rpm and 14 kgfm of torque at 6,500 rpm. Its market debut is scheduled for Q1 2025.

In addition to the R 1300 GS Adventure, BMW will produce six other new motorcycles in 2025 at the Manaus plant, bringing its Brazilian portfolio to 13 models. To support this expansion, the facility's production capacity will increase by 10% in 2025. This follows a 2023 investment of US$ 10 million, which boosted assembly line capacity by 13%. The goal is to increase output by 33%, reaching 20,000 units / year.

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South America Report

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Tadano, a major manufacturer of cranes, has converted one of its crawler cranes, which can lift up to 1600 tons, to electric power.

Source: *Automotive Business* **Read The Article**

PSR Analysis. BMW initiatives are in line with Brazilian Motorcycle Market growth that demonstrates a positive forecast for the coming years and sustainable growth outlook for the next 10 years. Both high end and entry models have growth outlooks and BMW is taking advantage of local production incentives in Manaus to expand its portfolio and dominate the high motorcycles market in Brazil. **PSR**

Far East: Japan Report

By Akihiro Komuro, Research Analyst, Far East and Southeast Asia

Akihiro Komuro

Tadano Electrifies World's Largest Cranes

Tadano, a major manufacturer of cranes, has converted one of its crawler cranes, which can lift up to 1600 tons, to electric power. By changing the power source from a diesel engine to an electric motor, the company has been able to maintain the performance of the existing product while reducing CO2 emissions to zero. The company converted its CC 88.1600-1 lattice boom crawler crane to electric power. This is a large crane equipped with crawlers instead of tires, and is used in plant and bridge construction, as well as wind power installation.

The electrified crane is connected by cable to the main unit and power supply equipment, and two 390-kilowatt electric motors drive the hydraulic pump. There are no CO2 emissions during operation. Compared to existing products powered by diesel engines, this crane will reduce CO2 emissions by approximately 55 tons per year. The crane itself will be manufactured in Germany, while the electrification equipment will be produced in Japan. The crane is expected to go on sale in the summer of 2025 as part of the company's EVOLT line of electrified products.

The company will also make existing products already sold compatible with electrification. The necessary modifications, such as replacing the drive container, which is the heart of the crane, will be kept to a minimum. The company will respond flexibly to customers' electrification needs.

Source: The Nikkei

PSR Analysis: There is a strong demand for decarbonization of machinery used in clean energy generation, such as offshore wind power. The same applies to large cranes. They have already commercialized an electric luffing crane that can work for about 5 hours and travel about 42 km. The specifications will probably be improved in the future, but I think the market should first appreciate the fact that the product has been commercialized as an option for users. **PSR**

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極東 > 日本レポート:

小室 明大 – 極東及び東南アジア リサーチアナリスト

タダノ、世界最大級クレーンを電動化　GXで先行

建設用クレーン大手のタダノは、最大1600トンをつり上げる世界最大級のクローラクレーンを電動化した。動力源をディーゼルエンジンから電動機に替え、既存製品の性能は維持しつつCO2排出をゼロにした。ラチスブーム式クローラクレーン「CC 88.1600-1」を電動化した。タイヤではなくクローラを搭載した大型クレーンで、プラントや橋梁の建設、風力発電の設置などで用いられる。

電動化したクレーンは本体と電源設備をケーブルで接続し、390キロワットの電動機2台で油圧ポンプを駆動させる。作業中のCO2排出はゼロだ。ディーゼルエンジンで動く既存製品と比べて年間約55トンのCO2排出量を削減できる。クレーン本体はドイツ、電動化に必要な装置類は国内で生産する。同社の電動化製品シリーズ「EVOLT」の一つとして2025年夏に販売を始める予定だ。

販売済みの既存製品についても電動化に対応する。クレーンの心臓部にあたるドライブコンテナの入れ替えなど、必要な改造は最小限で済むようにした。顧客の電動化ニーズに柔軟に応える。

参考: 日経（一部筆者により元記事内容を改編しました）

PSR 分析: 洋上風力発電の設置など、クリーンエネルギーをつくる現場で作業をする機械には脱炭素化が強く求められる。大型クレーンもまた然りだ。すでに彼らは電動のラフレテーンクレーンも製品化しており、そちらは約5時間の作業と約42㎞の走行が可能だ。今後仕様は向上されるだろうが、まずはユーザーの選択肢として製品化されたことを市場は評価すべきだと考える。**PSR**

Southeast Asia: Thailand Report

By Akihiro Komuro, Research Analyst, Far East and Southeast Asia

Akihiro Komuro

Toyota, Chinese Battle for Thai Support of HVs, EVs

In Thailand, major Japanese and Chinese automakers are requesting government support for HVs and EVs. At a time when the growth of electric vehicles has slowed, Toyota Motor Corporation President Akio Toyoda visited Thailand and appealed to the prime minister for measures to promote hybrid vehicles. The Chinese are also demanding that the conditions for EV subsidies be relaxed, and they are lobbying hard for the largest automotive industry base in Southeast Asia.

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According to a Thai government statement, Toyota's chairman and the Thai prime minister discussed measures to promote Thailand's automotive industry, including finished vehicles and parts suppliers. They discussed the promotion of hybrid vehicles, and the Prime Minister reportedly expressed a positive attitude toward government support.

According to the Federation of Thai Industries (FTI), cumulative new car sales in Thailand from January to November were 518,659 units, down 27% from the same period last year. While the overall market is struggling to grow due to stricter car loan screening, sales of EVs, which grew 7.8 times year-on-year to about 76,000 units in 2023, fell 5% year-on-year to 61,443 units in the January-November period of 2024. On the other hand, sales of HV increased 32% year on year to 105,434.

In terms of support measures, the plan was to increase the 6% excise tax on EVs by 2% every two years, but in July it was decided to keep it at 6%. However, there is a big difference in the preferential treatment, as EV purchase subsidies of up to US$2,900.86 (100,000 baht) will be provided from 2024 and the excise tax will be kept at 2%.

The Thai government plans for 30% of cars produced in the country to be EVs by 2030. However, a Japanese automotive executive said, "The Thai government has also realized that EVs are starting to fall into the 'chasm' (the gap before widespread adoption) and is looking for ways to make corrections to its course."

Starting in 2022, subsidies for electric vehicles were provided, and this attracted more than 20 Chinese car brands to the market. These Chinese companies have also been increasing pressure on the Thai government since around the summer of 2024. Under the EV promotion policies, they receive subsidies, but they are also required to meet production obligations. They must increase the number of EVs they import in 2022-2023 to the same amount as the number of EVs imported in 2024, and then to 1.5 times that amount in 2025. However, due to the slowdown in the EV market, an increasing number of major Chinese automakers have been unable to meet their production quotas. Failure to do so will result in penalties, such as having to return subsidies received, so several companies have asked the government to relax the quotas.

In response, the government decided in early December 2024 to relax the EV production quotas. In addition to allowing production obligations to be carried forward to 2025 and beyond, the government is also expected to introduce a system that will allow the re-export of vehicles imported from China, reducing the number of vehicles imported in 2022-2023, which will be reflected in the production obligations.

Source: The Nikkei

PSR Analysis: As a market where the competition between EVs and HVs can be visualized, this news from Thailand is probably the easiest way to show the situation. At present, the scale of measures to promote EVs is larger than that

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While many people are predicting a challenging outlook for the Thai auto market in 2025 due to factors such as stricter credit screening, the government's policies will have a major impact on the market.

of HVs, but Japanese brands still hold a 70% market share in Thailand, and if investment in HVs increases in the future, there is a possibility that measures to promote HVs will also be reviewed. And while it may be an ironic statement, it could also be said that this simply shows that it will be difficult to popularize both EVs and HVs without subsidies or promotional measures. While many people are predicting a challenging outlook for the Thai auto market in 2025 due to factors such as stricter credit screening, the government's policies will have a major impact on the market. **PSR**

東南アジア > タイレポート:

小室 明大 – 極東及び東南アジア リサーチアナリスト

トヨタと中国車ブランドがタイでHV対EVの陳情合戦

タイで日本と中国の自動車大手が相次いで政府への要望を強めている。EVの成長が鈍化したタイミングでトヨタ自動車の豊田章男会長がタイを訪問した。首相にハイブリッド車の振興策を訴えた。中国勢もEV補助金の条件緩和を求めており、東南アジア最大の自動車産業拠点をめぐり激しいロビイングを行っている。

タイ政府の発表によると、トヨタ会長とタイ首相が議論したのは完成車から部品サプライヤーを含むタイ自動車産業の振興策だ。特にHVの振興について議論し、首相は政府の支援に前向きな姿勢を示したという。

タイ工業連盟（FTI）によると、2024年1～11月のタイの新車販売台数の累計は前年同期比27%減の51万8659台だった。自動車ローン審査の厳格化が影響し、市場全体が大きく伸び悩んでいるなか、2023年に前年比で7.8倍の約7万6000台に拡大したEVは2024年1～11月期で同5%減の6万1443台にとどまった。一方、HVは同32%増の10万5434台と台数を伸ばした。

振興策についてはHV向けの物品税6%が2年ごとに2%上がる計画だったが、7月に6%への据え置きがすでに決定していた。ただ、EVは購入補助金が24年時点で最大10万バーツ支給され、物品税も2%に据え置かれており、優遇内容には大きな差がある。

タイ政府は2030年までに自国の自動車生産台数のうち3割をEVとする計画だ。ただ、ある日系自動車幹部は「タイ政府もEVが『キャズム（普及前の溝）』に落ち始めていると気付いており、軌道修正の機会を探っている」と話す。

2022年からはEV補助金が支給され、それに呼応する形で中国自動車ブランドが20超参入する事態となった。その中国勢も2024年夏ごろからタイ政府への圧力を強めている。EV振興策では補助金を受け取る一方で生産義務を課されている。2022～2023年に輸入したEVの台数と同量を2024年に、さらに1.5倍を2025年にと拡大する必要がある。ただ、EV市場の減速により生産義務を守ることができない中国自動車大手が増加した。守れない場合は補助金の返還などペナルティーが科されるため、複数社が政府に義務の緩和を求めた。それを

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受けて2024年12月初旬、政府はEV生産義務のノルマ緩和を決定した。生産義務を2025年以降へ持ち越すことを認めた上、中国から輸入された車両の再輸出も許可し、生産義務に反映される2022～2023年の輸入台数そのものを減らせる仕組みも導入される見込みだ。

出典: 日経（一部筆者により元記事内容を改編しました）

PSR 分析: EVとHVの競争が可視化できる市場として、タイのこのニュースは最も状況をわかりやすく示しているのではないだろうか。現時点ではEVの振興策がHVの振興策よりも規模が大きいが、依然としてタイでの日本ブランドは7割のシェアを維持しており、今後HV関連の投資が増えていけば、HV向けの振興策も見直される可能性はある。そして皮肉な表現かもしれないが、EVとHV、どちらも助成金や振興策無しでは普及しづらいことを端的に現わしているともいえる。2025年のタイの自動車市場はローン審査の厳格化などを背景に厳しい予測をしている見方が多いなか、政府の方針が市場に大きな影響を与える。**PSR**

China Report

By Jack Hao, Senior Research Manager - China

Jack Hao

FAW Jiefang, CATL Plan CV Electrification Effort

FAW Jiefang and CATL have signed a strategic cooperation agreement under which they agree to work together to develop new energy commercial vehicles.

According to the agreement, the two parties plan to integrate selected resources in the field of new energy commercial vehicles. They will collaborate in product matching, product development, science and technology project applications, industrial ecosystem construction, and business model innovation.

The joint venture between FAW Jiefang and CATL—FAW Jiefang Times New Energy Technology Co., Ltd.—will work to leapfrog growth in the sales of new energy commercial vehicles. Currently, driven by the government's "dual carbon" strategic goals, the green transformation of the commercial vehicle transportation industry, is imminent and holds significant market potential. Data from the China Association of Automobile Manufacturers shows that from January to November 2024, the sales volume of new energy commercial vehicles in China reached 462,000 units, with a year-on-year increase of 31.1%.

CATL has made early moves in the commercial vehicle sector, launching its first commercial vehicle battery brand—"CATL Tianxing." This brand covers logistics

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and public transportation, meeting the performance requirements of buses, light-duty trucks, heavy-duty trucks, and engineering machinery for long-range, fast-charging, and long-life capabilities, and provides full-scenario solutions for the commercial vehicle industry.

CATL plans to leverage its advantages in new energy core technologies and work with FAW Jiefang to accelerate the development and popularization of commercial vehicle battery technologies.

Source: *Finance Sina* **Read The Article**

PSR Analysis. Commercial vehicles are major consumers of energy and emitters of carbon, and their electrification is crucial for achieving the government's "dual carbon" goals. CATL also has established strategic partnerships with major commercial vehicle companies such as Dongfeng, JAC, and SAIC.

This latest agreement with FAW Jiefang focuses on technological collaboration and also extends to business model innovation. For example, it includes services such as battery-swapping, vehicle leasing and transportation services, as well as the recycling of second-hand vehicles and batteries. These services aim to reduce the initial purchase costs for logistics companies and optimize their operating models. By enhancing customer acceptance of new energy commercial vehicles, they will drive sustainable industry development and accelerate the electrification of China's commercial vehicle sector.

CATL's leading position in battery technology, combined with FAW Jiefang's extensive experience in commercial vehicle manufacturing, could very well accelerate the development of new energy commercial vehicle technologies. **PSR**

India Report

By Aditya Kondejkar, Research Analyst – South Asia Operations

Aditya Kondejkar

Infrastructure Spending Seen Boosting CV Demand

"Looking ahead, we expect the gradual increase in infrastructure spending to boost consumption and improve demand, a revival across most CV segments, particularly in buses and vans, which are set to outperform last year's levels. Intermediate, light and medium commercial vehicles (ILMCVs) are also likely to record similar or improved growth compared to fiscal year 2024."
- Girish Wagh, executive director at Tata Motors

Source: *AutocarPro* **Read The Article**

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India Report

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Despite challenges such as geopolitical uncertainties, uneven monsoons, and policy delays, the Indian economy has shown relative stability.

Market Dynamics and Growth Segments

The CV industry is set to benefit from the government's pro-growth policies, particularly in infrastructure. The increased Capex outlay of US$115.5 billion (₹10 trillion) in the Union Budget 2023-24 is driving growth in sectors such as steel, cement, mining, and construction, which are key consumers of CVs.

Segment-wise, intermediate, light, and medium commercial vehicles (ILMCVs) are expected to maintain or improve their growth trajectory. The demand for vehicles in the 19-ton category within ILMCVs highlights a shift toward higher capacity and more efficient models. In the heavy commercial vehicle (HCV) segment, the rise of 55-ton tractor-trailers reflects changing cargo transportation needs. Simultaneously, small commercial vehicles (SCVs) are trending toward higher payload pickups, emphasizing productivity

Economic Stability and Infrastructure as Key Drivers

Despite challenges such as geopolitical uncertainties, uneven monsoons, and policy delays, the Indian economy has shown relative stability. This, coupled with healthy fleet utilization levels and replacement demand, is driving growth in the CV sector. A recovering macroeconomic environment, improved mining and construction activities, and steady e-commerce expansion are also contributing to the sector's positive outlook.

Financial Outlook for OEMs

The financial health of Original Equipment Manufacturers (OEMs) in the CV space is set to improve. Easing commodity prices and better operating leverage are expected to boost profit margins, which could rise to 6-7% in FY23 and further strengthen in the next fiscal year. This profitability aligns with a strong replacement demand cycle and continued fleet modernization.

Challenges to Monitor

While the industry's outlook appears positive, it is not without hurdles. Weather unpredictability, such as uneven monsoons, could impact agricultural and rural demand for CVs. Policy-related delays and election-linked disruptions may also affect investment momentum. Vigilance and adaptive strategies will be essential to navigating these challenges.

Conclusion

India's CV industry is positioned for a promising recovery in H2 FY25. Infrastructure spending, shifting consumer preferences, and economic stability are key growth drivers. While challenges persist, the industry's resilience and adaptability suggest a brighter future. With a projected growth rate of 7-10% in FY24, the sector is set to regain its momentum, steering the wheels of progress and contributing significantly to India's economic growth. **PSR**

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Russia Report

By Maxim Sakov, Market Consultant, Russia Operations

Editor's Note: *Power Systems Research has paused all research and business development activities in Russia. We maintained an important presence in Russia from 2013-2022 to bring important updates to our clients about the powered equipment markets within Russia. We are continuing to monitor the current situation and hope to again establish this presence when the conflict with Ukraine is resolved. Please contact us at* ***info@powersys.com*** *if you have questions regarding business conditions in Russia. Thank you.* **PSR**

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