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In This Issue

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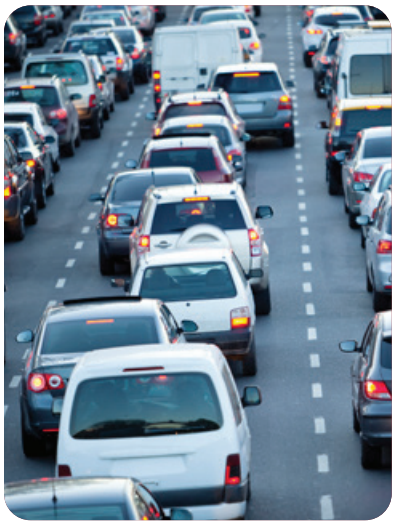

Alternative Power Report

By Guy Youngs, Forecast & Adoption Lead

Is Toyota Largest Auto Funder of Climate Deniers in US?

Guy Youngs

Toyota has been revealed to be the largest auto industry funder of climate deniers in US Congress, according to a report released today by Public Citizen.

Toyota sells more gas-powered, polluting vehicles than any other company on Earth, and thus it has a vested interest in continuing to sell those polluting vehicles. But the problem is that gas-powered, polluting vehicles are not good for the health of humans or other living beings on this planet

Toyota has repeatedly ranked as one of the strongest funders of pro-pollution, anti-EV, and climate denying propaganda in the world.

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

PSR Analysis: Previously, the auto industry has taken advantage of changes in government, trying to get money-saving clean air rules torpedoed even after implementation, but not this time, except for Toyota. The big concern behind all of this is whether Toyota will begin to struggle like Nissan and other legacy carmakers (with the impact of the EV revolution). **PSR**

Tesla Sales Drop 60% in Germany

Tesla's sales dropped nearly 60% in January in Germany compared to the same period last year, and the same thing is happening throughout Europe. The two main reasons are believed to be the introduction of the new Model Y and the disapproval of Tesla CEO Elon Musk and his meddling in politics, which is especially not appreciated in Europe

Obviously, Tesla will use the Model Y transition as an excuse, and there's some truth to it. However, Tesla was transitioning the Model 3 around the same time last year, which also negatively affected 2024 sales

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

PSR Analysis: The real question here is whether or not this is a one month blip, or is this a trend developing. The concern for Tesla is that they are suffering because of Elon Musk, and not just in Europe. There is strong evidence of this happening in USA and Canada, too. **PSR**

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Alternative Power Report

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Nissan Ditches Honda, Eyes Foxconn Alliance

After unsuccessful negotiations with Honda, Nissan has ended discussions about a merger and is now searching for a new partner, reports "Nikkei." Among the potential candidates is the Taiwanese technology giant Foxconn.

Nissan abandoned plans for a $60 billion merger with Honda, which could have made it the third-largest car manufacturer in the world. The primary issue reportedly was disagreements over the terms of the merger.

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

PSR Analysis: Nissan is struggling to deal with the EV revolution. After successfully launching and selling the Leaf, they have fallen behind in the EV race. Nissan continues to lose market share and has not introduced new models in a long time. Their future is in doubt long term with new threats like Tesla, BYD, and other Chinese automakers gaining momentum. **PSR**

Recycling Battery Metals Could Supply 25% Of Europe's EVs By 2030

Recycling could enable Europe to cut its reliance on EV battery mineral imports by up to a quarter by the end of the decade, a new study finds. Materials from end-of-life batteries and gigafactory scrap have the potential to build up to 2.4 million EVs locally in 2030, according to research by Transport & Environment (T&E).

Recycling spent cells and production scrap could provide 14% of the lithium, 16% of the nickel, 17% of the manganese, and a quarter (25%) of the cobalt that Europe will need for electric cars in 2030.

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

PSR Analysis: As concern mounts over a possible shortage of battery minerals (Cobalt and ethical mining, Lithium's potential shortfall, etc.) any move that reduces the need to mine or extract raw materials, is welcome. However, the big problem for recycling is - and will continue to be - a lack of raw materials to recycle. **PSR**

Truck Production Report

By Jim Downey, Vice President-Global Data Products and Chris Fisher, Senior Commercial Vehicle Analyst

Truck Production Climbs 3.7% in Q4 2024

The Power Systems Research Truck Production Index (PSR-TPI) increased from 109 to 113, or 3.7%, for the three-month period ending Dec. 31, 2024, from Q3 2024.

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Truck Production Report

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Globally, medium and heavy commercial vehicle production is expected to increase by 2.3% this year over 2024.

Power Systems Research TPI Truck Production Index

The year-over-year (Q4 2023 to Q4 2024) decrease for the PSR-TPI was, 117 to 113, or -3.4%.

The PSR-TPI measures truck production globally and across six regions: North America, China, Europe, South America, Japan & Korea and Emerging Markets.

Chris Fisher

Jim Downey

This data comes from OE Link™, the proprietary database maintained by Power Systems Research.

All Regions. In 2025, Medium and heavy commercial vehicle production in South America, Greater China, South Asia and Japan/Korea are expected to increase moderately European production is expected to be flat and North American production is expected to decline over 2024.

Global Index. Globally, medium and heavy commercial vehicle production is expected to increase by 2.3% this year over 2024. Overall improvement in the global economy is the primary driver for the forecasted increase. However, the possibility for additional global tariffs from the incoming United States Executive Branch may place negative pressure on this forecast. **PSR**

Download the complete report here.

DATAPOINT: *United States Snowblowers*

293,500

By Carol Turner, Senior Analyst, Global Operations

293,500 units is the estimate by Power Systems Research of the number of Snowblowers expected to be produced in the United States in 2025.

A Snow Blower or Snow Thrower is a machine for removing snow from an area such as a driveway, sidewalk, roadway, railroad track, ice rink, or runway. It can use either electric power (line power or battery), or a gasoline or diesel engine to throw snow to another location or into a truck to be hauled away.

Snow blowers range from very small units, capable of removing only a few inches (a few more cm) of light snow in an 18 to 20 in (457 to 508 mm) path, to the very large units, mounted on heavy-duty winter service vehicles and capable of moving 20-foot (6.10 m) wide swaths of heavy snow up to 6 feet (1.83 m) deep.

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.

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DataPoint Report

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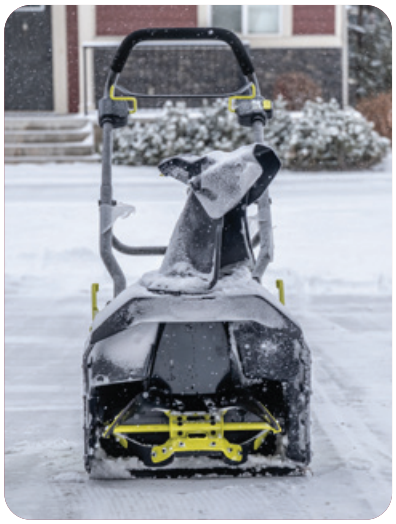

Export: Collectively, up to 30% worldwide.

Market Share: With 35% of total units produced, Ariens Company leads in the production of Snowblowers in U.S. only. In second position, with combined plant totals Stanley/MTD with 20%; third is Briggs & Stratton with 16%.

Trends. In 2024, production of snowblowers in NA decreased nearly 17%. Production is expected to remain flat with a nominal decrease of 1% in 2025. The reduction is attributed to brands being discontinued along with the termination of unpopular models.

Prior year declines are attributed to less snowfall in key areas of North America and COVID-19 related temporary plant shutdowns. Production is based upon snowfall predictions and many models sell out if demand is higher than anticipated.

Expect production to gain up to 5% over the next few years as branding issues settle. End users still like innovative and new products that feature increased efficiency. Two-stage units are extremely popular and are available in four basic grades: Economy, Residential/Homeowner, Heavy Duty/Landowner, or Professional.

Consumers are always interested in more efficient units for snow removal and eco-friendly models currently in the market. **PSR**

Electric (Battery & Corded):
2023: 7838 (6587 battery) (1251 corded)
2024: 11098 (10011 battery) (1087 corded)
2025: 10867 (10376 battery) (491 corded)

Battery/Corded combined:
2023-2024: 41.5% increase
2024-2025: 2% decrease

Battery only: (Briggs & Toro)*
2023-2024: 52% increase
2024-2025: 3.6% increase

Corded only: (Toro)**
2022-2023: 13% decrease
2023-2024: 55% decrease

*Battery increase due to new models in production
**Corded decrease model not popular

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North America Report

By Chris Fisher, Senior Commercial Vehicle Analyst

Isuzu Plans South Carolina Truck Assembly Plant

Chris Fisher

Isuzu North America Corporation has announced that it is establishing a new production base in Greenville County, SC, to expand its vehicle supply capabilities in anticipation of the **electrification of commercial vehicles** in North America.

The company has purchased a 1,000,000 square foot facility on 200 acres of land it is converting into a state-of-the-art, Isuzu-run, assembly plant.

The size of the Greenville plant will enable Isuzu to consolidate all production-related operations under one roof.

The size of the Greenville plant will enable Isuzu to consolidate all production-related operations under one roof. This will include KD storage and processing, parts storage, vehicle production and PIO operations. It will also allow for streamlining processes and improving efficiency, the OEM said.

The campus also has sufficient acreage to store all completed trucks at a single site. The plant will give Isuzu direct control over all assembly and logistics operations and will provide Isuzu with the flexibility and speed to meet the demands of a quickly evolving North American commercial vehicle market.

Isuzu's total investment in the plant (including land, building, tooling and equipment) is expected to equal approximately $280 million dollars. The plant will have a production capacity of 50,000 units by 2030 and will initially produce Isuzu **N-Series Gas**, **N-Series Electric**, and **F-Series diesel trucks**.

Initial assembly operations will begin in 2027 and will further expand in 2028, at which time, the plant is expected to employ more than 700 people.

In addition to expanding its production base in North America, the company aims to increase its procurement of components necessary for the production of battery electric vehicles (BEVs), and to further expand its **advanced automotive technology research** and development initiatives in North America.

Source: HDT TruckingInfo

PSR Analysis. Currently, Isuzu produces the gasoline powered NPR and the diesel powered F-Series trucks at the Spartan Motors plant in Michigan while the diesel powered NPRs are imported from the Isuzu plant in Japan. Isuzu also imports the class 3 NPR chassis from Japan which is then up-fitted into the Reach delivery van at the Utilimaster's facility in Wakarusa, IN. The decision to build this plant seems like a good move for Isuzu. This will enable them to better consolidate their North American operations and prepare for the addition of battery electric NPRs and F-Series trucks moving forward. **PSR**

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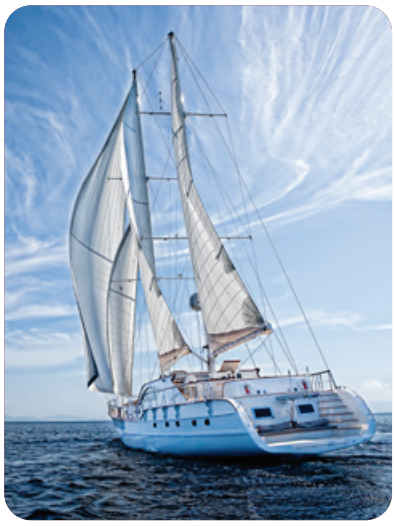

Europe Report

By Natasa Mulahalilovic, Marine Pleasure Boat Analyst-Europe

Natasa Mulahalilovic

Sanlorenzo, Volvo Penta Collaborate for Sustainable Yachting

The Italian superyachts manufacturer **Sanlorenzo** and Volvo Penta are working to enhance yachting efficiency and sustainability by integrating the **Volvo Penta's IPS Professional Platform** into the new SX120 and SX132 superyachts.

As part of its "**Road to 2030**" strategy, Sanlorenzo, a leading superyacht manufacturer, continues to drive innovation following the 2024 launch of the **50 Steel**, the first superyacht powered by a green methanol-to-hydrogen fuel cell.

The IPS Professional Platform is an integrated, modular propulsion system developed by Volvo Penta and has been successfully tested on the 37 meters passenger ferry called Penta 40 in Sweden in 2024. It is designed for commercial vessels and superyachts between 25 and 55+ meters to improve efficiency, sustainability, reliability and comfort on the sea.

The system is based on multiple energy sources, ranging from renewable-fuel combustion engines to fully electric or hybrid options. The intelligent management system optimizes energy use by automatically selecting the most efficient power source based on real-time conditions at sea. The platform's compact, rear-mounted design maximizes onboard space and comfort. Compared to traditional inboard shafts, it reduces fuel consumption and CO2 emissions by 30%, cuts noise and vibration by 50%, improves power efficiency by 30%, and enhances acceleration by 40%.

The 36-meter Sanlorenzo SX120 and 40-meter Sanlorenzo SX132, featuring this advanced power system, are set to launch in 2025 and 2027, respectively. **PSR**

South America/Brazil Report

By Fabio Ferrares, Director Business Development South America

Mercedes-Benz Sells Sprinter Factory in Argentina

The Argentine press confirms that Mercedes-Benz has sold its Sprinter factory in Virrey del Pino, near Buenos Aires, to an investment group called ST, led by financier Pablo Peralta.

According to local sources, the sale agreement will be officially late in February. Under the deal, ST will continue producing the Sprinter van under license until 2029.

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South America Report

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Fabio Ferraresi

The transaction does not include Mercedes-Benz's heavy vehicle production, which will continue at a new factory in Zárate. The sale is linked to the upcoming shift to electric Sprinter models, as the company does not plan to invest in this transition in Argentina.

Mercedes-Benz has declined to comment, calling the reports "rumors."

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

PSR Analysis. The decision by Mercedes-Benz to sell its Sprinter factory in Argentina aligns with the company's global strategy of optimizing production efficiency, focusing on electrification, and reducing exposure to less profitable markets. The decision on heavy vehicles employs a different strategy.

Record Motorcycle Production in Brazil

Motorcycle production and sales in Brazil reached record levels in January 2025,. Factories in Brazil produced 166,100 units, a 17.6% increase compared to January 2024 and 34% higher than December 2024. This was the best January performance since 2014, driven by expanded production capacity to meet growing demand. It is estimated that 1.88 million motorcycles will be produced in 2025, representing 7.5% growth compared to 2024.

Strong market demand and increased production capacity continue to drive industry growth in 2025.

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

PSR Analysis. The record motorcycle production and sales growth in Brazil reflects the economic development of low income classes since motorcycles are not just recreational vehicles but essential tools for daily life, economic activity, and mobility, driven by specific socioeconomic and infrastructure factors. **PSR**

Far East: Japan Report

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

Kanadevia To Build Plant for Hydrogen Equipment

Kanadevia (formerly Hitachi Zosen) said it plans to build the first mass-production plant for water electrolysis equipment, which produces hydrogen by electrolyzing water, in Yamanashi Prefecture.

A company announcement said, "We want to develop this as an important production base that contributes to the realization of a hydrogen society. The

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Far East Report

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Kirin Brewery is reducing its CO2 emissions by replacing 20% of the heat demand of its factories with green hydrogen.

Akihiro Komuro

company will invest approximately 8 billion yen ($52,000,000 USD) to build a mass production plant for water electrolysis equipment with an annual production capacity of 1 gigawatt (157,000 tons of hydrogen produced).

Construction is scheduled to begin about June 2026, with completion and operation by the end of fiscal 2028. The company plans to position this as a domestic mother plant, and in the future, it envisions gradually expanding its hydrogen production equipment manufacturing bases both in Japan and overseas.

The company has set a target of increasing its hydrogen-related business sales to more than 100 billion yen ($650 million USD) in the 2030s and more than 200 billion yen ($1.3 billion USD) in the 2040s, making it a business that "accounts for 10-20% of the Group's total sales.

Source: The Nikkei

PSR Analysis: Recently, there has been increased media coverage of hydrogen-related issues. Kirin Brewery is reducing its CO2 emissions by replacing 20% of the heat demand of its factories with green hydrogen. The current domestic supply of hydrogen is estimated to be about 2 million tons, but most of this is used for hydrogen stations for cars and for adjusting the components of oil refining. However, there are few examples of commercialization, as most companies that produce hydrogen themselves are still in the demonstration phase.

The hydrogen production equipment that Kanadevia is mass-producing is equipment that will be needed as demand for hydrogen increases and companies begin to produce hydrogen in-house, and the company is acting with the expectation that it will gain experience, know-how, and first-mover advantage by entering the market early to meet this future demand.

While the Trump administration has created headwinds against decarbonization, which will likely lead to some short-term stagnation and strategic rethinking by companies, the long-term trend toward decarbonization is expected to continue. The real purpose of hydrogen is not to use it for its own sake, but to use it to reduce CO2 emissions. Cost reduction is essential to expanding demand, and while there have been calls for larger plants and mass production, the market should see Kanadevia's announcement as increasing the options available. **PSR**

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

カナデビア、水素製造装置の量産工場を建設

カナデビア（旧日立造船）は、水を電気分解して水素を製造する水電解装置の初の量産工場を山梨県に建設する。「水素社会の実現に資する重要な生産拠

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Far East Report

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点として成長させたい」と、社長は山梨県庁での立地協定締結式後の記者会見で語った。同社は約80億円を投じ、年間生産能力1ギガワット（製造水素換算で15万7000トン）の水電解装置の量産工場を建設する。2026年6月ごろに着工し、28年度末までに完成・操業する計画。国内マザー工場と位置づけ、将来は国内外に水素製造装置の製造拠点を順次展開する構想を描く。同社は水素関連事業の売上高を30年代に1000億円以上、40年代に2000億円以上とグループ全体の「1～2割を占める事業」にする目標を掲げる。

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: 少しずつだが水素関連の報道が増えてきた。キリンビールは工場で使う熱需要の2割をグリーン水素に置き換えることでCO2の排出量を減らす。国内の水素供給量は現在約200万トンと推計されているが、多くは自動車向けの水素ステーションや、石油精製での成分調整などに使われている。ただ、自社工場で自ら水素を製造する事業は実証段階が多く、商用化の事例はほぼない。カナデビアが量産する水素製造装置は、今後水素の需要が高まり、各社が水素を内製化する際には必要になる装置であり、そうした将来の需要に向けて早期参入することによって得られる実績、ノウハウ、先行者利益を期待しての行動だ。トランプ政権の発足で脱炭素への逆風が吹く中、短期的な停滞や戦略の見直しは各社で行われるだろうが、長期的には脱炭素の流れは続くと見られる。水素はそれ自体の利用が目的ではなく、水素を利用することでCO2を削減できることが真の目的である。その需要拡大にはコストダウンが不可欠で、装置の大型化と量産化が求められていたなかで、カナデビアのこの発表は選択肢を増やすものとして市場は受け止めるべきである。**PSR**

Far East: South Korea Report

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

Korean Battery Makers See Revenue Decline

Akihiro Komuro

The financial results for the year ending December 2024 of the three major Korean battery manufacturers all showed a decrease in sales compared to the previous year due to the sluggish sales of EVs worldwide. Unable to recoup the amount of upfront investment they had made in anticipation of the increasing shift to EVs, the companies are reviewing their plans for increased production.

SK ON has announced that it will delay the startup of its new U.S. plant, which was planned for 2025. LG Energy Solution, the largest company in South Korea, also reported a decline in both revenue and profit. Sales fell 24% and operating profit fell 73%. This is the first time since the company became an independent battery-focused subsidiary of the LG Group in 2020 that it has seen a

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Southeast Asia Report

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decline in both sales and profits. Samsung SDI also saw a 23% drop in sales and a 76% drop in operating profit.

Source: The Nikkei

PSR Analysis: The global slowdown in EV demand is having a direct impact on the battery industry, which is one of South Korea's core industries. Probably the biggest factor is the withdrawal of EV support policies by the Trump administration in the United States. All three companies mentioned above have continued to invest to establish a system of increasing production on the premise that demand will continue to grow in the future.

If this stagnation continues, the impact on South Korean battery manufacturers will be enormous. In China, where the same EV support policies are in place as before, Chinese battery manufacturers have an advantage in terms of price competitiveness, and their technological development is also faster than that of their South Korean counterparts. As global EV demand slows, it is predicted that competition for the limited number of battery manufacturers will continue to intensify, and it is worth paying attention to the strategies South Korean manufacturers will adopt to meet this challenge. **PSR**

極東 > 韓国レポート:

小室 明大 – 極東及び東南アジア リサーチアナリスト

韓国電池3社がEV不振で減収、投資見直しへ

韓国電池大手3社の2024年12月期の決算は、EVの販売が世界中で低迷し、3社とも前の期と比べて減収だった。EV化が進むことを見越して実施した先行投資額を回収できず、各社は増産計画を見直す。SKイノベーションは2025年に予定していた米国の新工場の稼働を延期すると明かした。韓国最大手のLGエネルギーソリューションも減収減益に転じた。売上高は24%減、営業利益は73%減となった。同社がLGグループの電池専業子会社として独立した2020年以来、減収減益となったのは初めて。サムスンSDIも売上高は23%減、営業利益は76%減だった。

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: 世界的なEV需要の停滞が韓国の基幹産業のひとつである電池産業を直撃している。最大の要因はやはり米国トランプ政権のEV促進策の撤回だろう。上記3社はいずれも今後も需要が伸長する前提で増産体制を採るための投資を継続してきた。この停滞が長期化する場合、韓国電池メーカーへの影響は甚大なものになる。従来同様のEV振興策を採っている中国においては中国の電池メーカーが価格競争力で優位であり、技術開発も韓国勢より早い。世界的なEV需要が鈍化するなか、限られた供給先にどの電池メーカーが採用されるのか、競争はますます激化すると予見されており、韓国メーカーがどのような戦略で挑むのかは注目に値する**PSR**

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China Report

By Jack Hao, Senior Research Manager - China

Toyota has announced plans to build a research, development, and production company for Lexus electric vehicles and batteries in Jinshan District, Shanghai.

Lexus China Plant To Begin Production in 2027

Jack Hao

Toyota has announced plans to build a research, development, and production company for Lexus electric vehicles and batteries in Jinshan District, Shanghai, and plans to start production in 2027.

"China has a complete electrification and intelligent technology industry chain," says Ji Xuehong, Director and Professor of the Automotive Industry Innovation Research Center at North China University of Technology, "and stablishing a factory locally will allow Toyota to deeply integrate into China's industry chain, quickly access advanced electrification technologies and high-quality parts resources, and thereby enhance the overall competitiveness and price advantage of its products."

Localization will also enhance Lexus' export capabilities, he says. Production in China can meet domestic demand, also reduce costs and improve the competitiveness of products in the international market.

In recent years, the domestic luxury car market in China has been shrinking. Data released by the Passenger Car Market Information Joint Committee of the China Automobile Dealers Association shows that in December 2024, domestic luxury car retail sales reached 290,000 units, a year-on-year decrease of 8%. The retail market share of luxury brands was 10.9%, down by 2.5% compared to the previous year.

"Regarding the current market situation, it is impossible not to feel the pressure," says ," said Li Hui, Executive Deputy General Manager of Lexus China. "This pressure is not only about the decline in car sales but also stems from the constantly changing demands of Chinese customers for different car models. How to quickly adapt and adjust, from product development to service and marketing, in order to keep up with the rapid changes in China, is what we think about the most and is also our greatest challenge."

In fact, after Toyota shifted to its new management system, Lexus has taken on the mission of being the pioneer of Toyota's electrification, especially in the Chinese market. Lexus sells 12 car models in the Chinese market, but only the Lexus RZ is a pure electric vehicle; plug-in hybrid models include the RX 450h+ and NX 400h+.

Source: *NBD* **Read The Article**

PSR Analysis. The impact of the new production on the Lexus brand could be significant. The fact that the company will be wholly owned means it can fully control production and decision-making without input from a joint venture partner, which is expected to enhance efficiency and profitability.

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China Report

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The move could intensify competition in China's luxury car segment, especially for the German trio BBA (Mercedes-Benz, BMW, and Audi).

Localization typically drives a reduction in prices, which could benefit consumers. Given China's current encouragement of new energy vehicles, Lexus is likely to accelerate its electrification transformation during the localization process, introducing more new energy models. This aligns with domestic policy orientations and can also speed up Toyota's global electrification transition

After localization, Lexus electric vehicles (EVs) in China will directly compete with Chinese high-end electric car brands such as NIO, Lixiang, and BYD, especially in the price range of US$40,000 – US$70,000 (300,000 to 500,000 yuan). The brand premium and reputation for reliability that Lexus enjoys may cause some consumers to switch to Lexus. Relying on Toyota's electrification technologies, such as the e-TNGA platform and solid-state battery research, Lexus may gain advantages in certain areas, such as range and quality control. This could in turn force Chinese carmakers to accelerate their technological development. **PSR**

India Report

By Aditya Kondejkar, Research Analyst – South Asia Operations

2025 Budget Pushes Green Mobility, Manufacturing

Aditya Kondejkar

Aligned with the 'Viksit Bharat' vision, the 2025 budget proposes a forward-looking approach for the auto sector, fostering a sustainable ecosystem with financial allocations and duty exemptions. Among the highlights:

- **Support for EV Manufacturing.** The exemption of customs duties on 35 capital goods for lithium-ion battery production is a commendable step toward reducing production costs and improving EV affordability.
- **Production-Linked Incentive (PLI) Scheme.** The government allocated $325.31 million USD (Rs 2,819 crore), down from $403.90 million USD (Rs 3,500 crore) last year, which may raise concerns about the continuity of financial backing for emerging EV and hydrogen fuel cell technology.
- **Tariff Rationalization.** Reduction of tariff categories to just eight simplifies the customs structure and promotes ease of business for auto manufacturers.
- **MSME Credit Boost.** With increased access to credit for MSMEs in the auto component industry, supply chain development will strengthen, driving innovation and expansion. MSME stands for Micro, Small, and Medium Enterprises. This term refers to a significant sector of the Indian economy that plays a crucial role in the country's economic development and growth.

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India Report

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- **Dhan-Dhaanya Krishi Yojana.** Rural income growth via this scheme, along with increased Kisan Credit Card limits, is expected to boost demand for two-wheelers, tractors, and small commercial vehicles.

While there are several positive aspects to the new budget, there also are potential shortcomings and industry concerns.

- **Lack of Direct Consumer Incentives.** Unlike past policies such as the FAME scheme, this budget does not introduce direct subsidies for vehicle buyers. While an increase in disposable income via tax relief (income tax exemption raised to $13,848.00 USD (Rs 12 lakh)) might help, it does not provide targeted incentives to accelerate auto sales. FAME (Faster Adoption and Manufacturing of Electric Vehicles) is a government-backed scheme launched in 2015 to promote the adoption of electric vehicles in India.

- **PLI Allocation Reduction.** A reduced PLI allocation raises questions about long-term sustainability of incentives for electric and hydrogen-powered vehicles, which are still in their nascent stage in India. PLI (Production Linked Incentive):

  The Production Linked Incentive (PLI) scheme is a government initiative designed to boost domestic manufacturing and attract investments in India. It provides financial incentives to companies based on incremental sales of products manufactured in India. The scheme aims to reduce import dependency, increase employment opportunities, and strengthen India's position in global supply chains.

- **Limited Push for Charging Infrastructure.** While EV production receives strong support, the budget does not outline significant funding or policy interventions for expanding public charging infrastructure, a key barrier to EV adoption.

- **Semi-Conductor & Electronics Manufacturing.** While duty exemptions on semiconductor devices (CTH 8541) and laboratory chemicals (CTH 9802) aid local production, a more structured approach, including PLI incentives for semiconductor fabs, would have been beneficial.

PSR Analysis. The Union Budget 2025 presents a balanced yet cautious roadmap for the automotive sector, prioritizing green mobility and domestic manufacturing. While there is a clear intent to promote self-reliance and sustainability, certain gaps—such as the absence of direct buyer incentives, lower PLI allocation, and limited EV infrastructure support—could slow down industry momentum. The government must complement these measures with long-term policies to ensure the continued transformation of India's automotive sector into a global powerhouse. **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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