

A large number of new-energy cars for export are seen at Taicang Port in Jiangsu Province. — IC



Tesla takes lead again in escalating price war

Huang Yixuan

China's pure electric vehicle market has become the battleground for an escalating price war as automakers, including industry leader Tesla, announced further price reductions.

Tesla on August 16 announced further price reductions on its official account on the Twitter-like Weibo that the new Model S/X now come with incentives, and all models are eligible for discounts ranging from 54,000 yuan (US\$7,404) to 70,000 yuan.

The starting price of the Model S is now 754,900 yuan, down from 808,900 yuan, while the starting price of the Model X is 836,900 yuan, compared with the earlier 898,900

yuan. Tesla is also offering additional benefits, including three to six years of free supercharging, referral rewards, and limited-time FSD (full self-driving) transfer.

The move comes just two days after the company significantly lowered the prices of its Model Y series. On August 14, the American electric vehicle manufacturer slashed the prices of the Long Range and Performance versions of the Model Y in China by 14,000 yuan each. It also introduced an 8,000-yuan limited-time insurance subsidy for the Model 3.

The competitive landscape for Tesla in the Chinese market has undergone significant changes since the introduction of locally produced Model 3 vehicles. With the increasing

intensity of sales competition in the country.

Renewed price cuts

Unlike the price war at the beginning of the year, this round of reductions has been initiated by emerging EV brands and traditional automakers. About a dozen auto firms have adjusted prices since the second half of this year to gain a competitive edge.

For example, on August 1, SAIC-Volkswagen announced price reductions of up to 60,000 yuan for nine of its SUV models, including both conventional cars and NEVs. Similarly, on the same day, Leapmotor Technology released price adjustments of up to 20,000 yuan for certain models of the Leapmotor C11 and C01.

Chery New Energy said on August 2 that the subsidies for its Little Ant, QQ Ice Cream and Wujie Pro models would be increased to a maximum of 10,000 yuan. On August 4, Ora under Great Wall Motors cut the prices of some models by up to 30,000 yuan. And on August 11, Zeekr 001 model posted a significant price reduction.

Industry experts believe that with the renewed price adjustments, more automakers will lower their prices in the coming months. It seems that no major automaker has achieved half of their annual sales targets as of the first half of this year, which may be the main reason for their price reduction moves.

From the perspective of automakers, price reductions

can often have an immediate impact on boosting sales. SAIC Volkswagen, for example, lowered the price for its ID.3 model in early July, and by the end of July, the monthly orders for the ID.3 had exceeded 10,000 units, a month-on-month surge of 689 percent.

Similarly, NIO, which announced a price reduction of 30,000 yuan across its entire lineup in June, delivered in excess of 20,000 vehicles in July alone.

"Behind the price wars among automakers lies the transformation of the automotive industry from traditional fuel-powered vehicles to the rise of EVs, reflecting the shift in old and new driving forces," Zhou Wenyu, associate director of corporates at Fitch Bohua, said.