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Alternative Power

By Guy Youngs, Forecast & Adoption Lead

Fortescue Cancels Flagship Hydrogen Projects

Guy Youngs

Fortescue's recent decision to abandon two major hydrogen-for-energy projects after reaching a Final Investment Decision (FID) serves as an important signal for policymakers around the world, particularly in the UK, which is still pretending its autumn hydrogen strategy update will be evidence led.

These cancellations, one located in Gladstone, Australia, and another in Arizona, represent more than just isolated setbacks. Hydrogen as an energy source, as opposed to its use as an industrial feedstock, is increasingly failing under scrutiny across the globe

US energy policy under the Trump administration, particularly the removal of certain hydrogen-related subsidies, has led to uncertainty which has in turn quickly revealed the true economics of hydrogen production. With the incentives removed, the project's already tenuous financial viability vanished, prompting Fortescue to write off approximately $150 million in pre-tax losses.

Source: *CleanTechnica* **Read The Article**

PSR Analysis: Many companies (including BP, Shell, ArcelorMittal, Iberdrola, and Woodside) have shelved or significantly scaled back major hydrogen-for-energy projects due to escalating costs and market realities. The challenges of hydrogen infrastructure (including storage, distribution, and demand uncertainty), continue to impede growth, despite the generous subsidies previously made available. It should be noted that many hydrogen projects have collapsed once governmental subsidies have been withdrawn or ended. **PSR**

Tesla Sales in Europe Are in Free-fall

Tesla sales in Europe are continuing to decline rapidly, and it appears the pain is just beginning for the automaker. The numbers for July are coming in from Europe and Tesla registrations are down 41.6% despite EV sales surging across the continent.

The data shows that the free-fall decline in sales that we saw in the first half of 2025 is continuing into the second half, despite Tesla falsely claiming that the issue in the first quarter was the Model Y changeover limiting supply.

In fact, the decline appears to be accelerating in most European markets. Year-to-date (Jan-July), Tesla's sales are down 34.3% throughout Europe. The only exception is in Spain, which is marginally up.

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Alternative Power

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Saving a few tens of millivolts might sound small, but when you scale it up to an industrial scale it translates to serious energy savings.

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

PSR Analysis: A few years ago, Tesla was the market leader and even had a majority of EV shares in Europe. The EV market is now doing better than ever in Europe, and the biggest electric automaker is seeing a sharp decline. Something is really wrong at Tesla. With sales down approx. 135,000 units YTD vs last year, Tesla will have to start writing

Magnetic Field Restructures Water to Boost Electrolysis Efficiency

In a paper published in August 2025 in JACS Au (American Chemical Society), Chinese researchers showed that by steering the hydrogen-bond network of interfacial water via a steady magnetic field, they sliced off about 50 millivolts of overpotential for the hydrogen evolution reaction and cranked current density up by 15.4% under industrial alkaline electrolysis conditions.

Water molecules near the electrode reshuffle into more asymmetrical clusters. These lopsided water gangs hand off protons and electrons much faster, slicing the energy penalty for hydrogen evolution.

Source: *Hydrogen Fuel News* **Read The Article**

PSR Analysis: Saving a few tens of millivolts might sound small, but when you scale it up to an industrial scale it translates to serious energy savings. For green hydrogen producers, that could mean lower operating costs, ramped-up throughput, and a sharper edge in the market, all of which can encourage hydrogen production and make it cheaper and hence more readily available for those industries and vehicles that could use it. **PSR**

BP Drops 26 GW Green Hydrogen Plan in Australia

BP first bought a 40.5% operating stake in the Australian Renewable Energy Hub project in 2022, and its share in the joint venture grew to 63.57% in recent years. The project would include the installation of up to 26 GW of solar and wind generation, much of which would have been used to produce green hydrogen and ammonia.

British energy major BP has informed its partners that it intends to exit the $55 billion (USD 36.14 billion) green energy hub planned for Western Australia's Pilbara region.

Source: *PV Magazine* **Read The Article**

PSR Analysis: BP's decision (which reflects BP's recent strategy reset) comes after energy and mining giant Fortescue formally announced it has abandoned plans for a green hydrogen project in Queensland and is another blow to hydrogen in Australia. **PSR**

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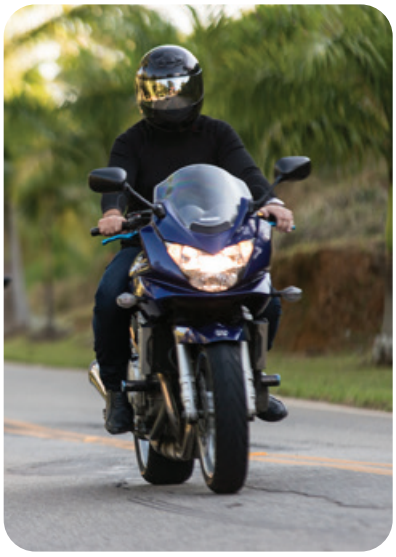

DATAPOINT:
North America Motorcycle Production
944,000

By Carol Turner, Senior Analyst, Global Operations

Download the Complete Report

944,000 units is the estimate by Power Systems Research of the number of On-Road Motorcycles expected to be produced in North America (U.S. and Mexico) in 2025.

An On-Road Motorcycle or Street Bike is a motorized two-wheeled vehicle that is street legal for sport and leisure activities. Motorcycles in this segment include features such as headlights, brake lights and turn signals.

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.

Exports: Up to 45% worldwide. (37% of Harley-Davidson motorcycles are exported.)

Market Share: Dominating production of motorcycles in NA is Mexico based Italika with 68.5% of total units produced. In second position is US based Harley-Davidson with 15.5%; third is Yamaha Motor de Mexico with 9%.

Trends. In 2024, production of On-Road Motorcycles in North America increased 9.1%. Production is expected to remain flat in 2025 with an insignificant decrease of less than 100 units. Some gain will be made mostly due to an increase in production by Italika (Mexico).

Expect production is expected to increase by 10% by 2030. New US tariffs on Chinese electric vehicles, batteries and solar cells could raise consumer prices. **PSR**

North America Report

By Chris Fisher, Senior Commercial Vehicle Analyst

EPA Plans To Drop Phase 3 Emission Regulations

IIn July, the Trump administration proposed a draft rule rolling back the **Greenhouse Gas Phase 3 rule**, among the last of – if not the biggest – looming Biden-era emissions regulations facing the trucking industry.

The proposal was announced jointly with Environmental Protection Agency Ad-

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North America Report

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ministrator (EPA) Lee Zeldin's call to revoke the Endangerment Finding that has allowed presidential administrations to regulate greenhouse gases since 2009.

Chris Fisher

The repeal of greenhouse gas regulations is a long road that includes a lengthy rulemaking process and likely numerous legal challenges.

The proposal, if finalized, would remove all Biden-era and Obama-era greenhouse gas standards for light-duty, medium-duty and heavy-duty vehicles and heavy-duty engines, starting with EPA's first greenhouse gas regulations set in 2010 for light-duty vehicles and those set in 2011 for medium-duty vehicles and heavy-duty vehicles and engines.

American Trucking Associations President and CEO Chris Spear called the GHG Phase 3 rule "disastrous" and an "electric-truck mandate [that] put the trucking industry on a path to economic ruin and would have crippled our supply chain, disrupted deliveries, and raised prices for American families and businesses."

Several truck and engine OEMs told CCJ anonymously that EPA '27-compliant engines are going to be brought to market for model year 2027 with or without federal mandates. EPA's 2027 Low-NOx Rule, which is also being scrutinized, mandated redefining the "useful life" of regulated trucks from 435,000 miles to up to 650,000 miles, and it increased emissions systems warranties from 100,000 miles to up to 450,000 miles for model year 2027 trucks.

The OEMs agreed that having those warranties remain at their current levels rather than increasing them under the new rule would help keep fleets' costs down on the new engines.

Likely the most certain outcome is that a **2027 model year truck pre-buy** that has long been on the ropes would be completely off the table if Zeldin's proposal is finalized. Lingering poor trucking economics, tariffs and President Trump's prior repeal of California's emissions waivers had already tamped down expectations for a sales rush ahead of the 2027 model year.

SOURCE: CCJ

PSR Analysis. Revoking the **2009 Endangerment Finding,** will enable the Trump Administration to effectively cancel or significantly adjust the Phase 3 GHG emission regulations for MHCV's scheduled for implementation in 2027.

Without a robust national charging infrastructure, transitioning from diesel to

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North America Report

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> *Significantly reducing the battery weight thus increasing freight payload will also be an important barrier to overcome.*

zero-emission vehicles in such a short timeframe would be impossible and more than disrupt the nation's supply chain.

A good outcome would be for the industry to remain with the current emission technology that is required under the Phase 2 Emission Regulations until the national power grid is sufficiently upgraded and an national electric charging infrastructure is established.

Significantly reducing the battery weight thus increasing freight payload will also be an important barrier to overcome. Reducing the high up-front vehicle cost will ultimately need to come from scaling up production. This would be the last phase of the zero-emission process and some form of regulation or financial incentive may be needed to drive adoption rates.

The revocation of the 2009 Endangerment Finding will certainly be challenged in the U.S. court system and will likely reach the Supreme Court for a final decision. While the outcome of any decision is unknown, the disruption in the trucking industry will certainly continue. **PSR**

South America/Brazil Report

By Fabio Ferraresi, Director Business Development South America

GWM Starts Testing Hydrogen Truck in Brazil

Fabio Ferraresi

GWM has brought its Hydrogen powered by FTXT truck prototype to Brazil for tests at its Iracemápolis (SP) plant, coinciding with the factory's inauguration Aug. 15, 2025. The vehicle combines a 105 kWh battery with 40 kg of hydrogen in onboard tanks feeding a fuel cell, producing only water vapor. Tests will begin in September, assessing safety, performance, consumption, and adaptation to Brazilian roads, first unloaded and later with simulated cargo.

The project involves two universities, UNIFEI and USP in developing hydrogen supply from green electrolysis or ethanol reforming, leveraging Brazil's biofuel network. Aligned with the MOVER Program, GWM aims to foster local expertise and infrastructure to reach carbon neutrality by 2045.

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

PSR Analysis: The initiative positions Brazil at the forefront of low-emission heavy transport, addressing the long-haul segment's limitations with battery-electric vehicles through faster refueling and longer range. Local testing ensures adaptation to diverse road and climate conditions while enabling technology transfer to Brazilian engineers. The dual strategy of sourcing hydrogen from renewables and ethanol

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reforming leverages existing biofuel infrastructure for quicker deployment. However, large-scale adoption hinges on developing a robust hydrogen production and refueling network, a far more complex challenge than EV charging. **PSR**

Brazilian Mid-Size City at Forefront of BEV Bus Transportation

Goiânia (GO) will become the first city in the world to operate a regular fleet of 100%-electric bi-articulated buses, as a result of a partnership between Volvo and GreenMob Capital. The fleet includes 21 Volvo BZRT buses—16 articulated (with a capacity of approximately 180 passengers) and 5 bi-articulated (with a capacity of about 250 passengers). These zero-emission, ultra-quiet vehicles are slated to serve the BRT Leste-Oeste corridor within the RMTC system, with initial operations scheduled to begin by late August 2025.

The Volvo BZRT buses are produced at Volvo's Curitiba plant and feature advanced technology: dual 200 kW motors (totaling 400 kW or ~540 hp), up to 720 kWh of battery capacity (with batteries placed beneath the floor for spacious interiors), and a charging time of 2–4 hours.

Safety features include driver-view cameras, blind-spot sensors, traffic-sign detection, and GPS-based "safety zones" that automatically reduce speed in sensitive areas (e.g. near schools or terminals). At 28 m in length, the bi-articulated units will be the largest electric vehicles in regular operation worldwide.

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

PSR Analysis: Goiânia's initiative is a landmark step in BEV and safe urban transit. Deploying the largest-ever electric buses highlights both environmental leadership and scalable innovation for mid-sized cities. Bi-articulated vehicles drastically boost passenger throughput—up to 250 people per bus—without the cost and infrastructure requirements of rail systems. The integration of safety-driven and comfort-enhancing technologies elevates transit quality. However, success hinges on reliable charging infrastructure, route adaptation, and fleet maintenance readiness. If well managed, this could serve as a model for global BRT systems seeking rapid decarbonization and capacity enhancement. **PSR**

Hitachi Construction Machinery Plans Regional Headquarters in Chile

Hitachi Construction Machinery Co., Ltd. plans to establish a regional headquarters in Chile to oversee and expand its operations in Latin America. The move shifts the focus from solely selling new machinery to localizing parts supply and service support, enabling faster responses to dealers and customers. Following the end of its joint venture with Deere & Company in 2022, the company has been independently growing in the Americas, initially prioritizing North America. The decision for a Chile-based HQ reflects cultural and operational differences from North America, as well as Chile's importance in the mining dump truck market.

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South America Report

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Mitsubishi Logisnext plans to increase the electrification rate of its forklifts from approximately 60% to 90% by 2035.

Source: *Hitachi Press Release* **Read The Article**

PSR Analysis: This strategic realignment reflects Hitachi Construction Machinery's recognition of Latin America's distinct market dynamics and growth potential, especially in mining-heavy economies. By locating its regional HQ in Chile, the company gains proximity to key mining customers and decision-makers, facilitating stronger relationships and faster service delivery. The focus on parts localization and after-sales support addresses a major operational need in the region, enhancing customer loyalty. Additionally, expanding into diverse markets—including Brazil, Colombia, and smaller economies—spreads risk and taps varied demand sources. If executed well, this localized approach could significantly strengthen Hitachi's competitive position and enable it to meet its 2030 revenue target. **PSR**

Far East: Japan Report

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

CEMA Sees 3% Decline in FY2025 Construction Equipment

Akihiro Komuro

CEMA (The Japan Construction Equipment Manufacturers Association) said it expects domestic shipments of construction equipment in fiscal 2025 to decline 3% YOY to US$ 19.65 billion (2.8488 trillion yen). This reflects declining capital investment sentiment due to rising interest rates and the impact of the Trump administration's tariff policies.

Exports are also expected to decline by 3%, reaching US$ 13.60 billion (1.9717 trillion yen). Sales of hydraulic and mini excavators, the mainstay products, are expected to decline. Domestic sales are expected to decrease by 4%, down US$ 365.5million (52.9 billion yen) from the previous forecast, to US$ 6.05 billion USD (877.1 billion yen). Companies are expected to reduce their capital investment due to concerns about increased borrowing costs associated with rising interest rates.

Akira Yamamoto, chairman of KOBELCO Construction Machinery, said, "The reality is that the construction industry is struggling. In Japan, projects are not moving forward due to soaring steel prices and labor shortages. Overseas, interest rate cuts have not yet translated into demand."

The North American market, which has been driving global demand, is being affected by U.S. tariffs. In a survey of member companies about North American

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Japan Report

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demand trends, 58% responded that demand would "decrease" in fiscal year 2025, 33% said it would remain "flat," and only 9% expected an increase.

Source: The Nikkei

PSR Analysis: The automotive sector will be the hardest hit by U.S. tariffs, but the construction machinery sector will also be impacted. Komatsu generates approximately 30% of its sales in the North American market, and Hitachi Construction Machinery forecasts a 15% year-on-year decline in North American demand.

Many manufacturers are planning countermeasures, such as strengthening their rental businesses (which are less affected by sales), restructuring their supply chains, and raising sales prices. However, there are concerns that these costs could dampen demand for housing construction and infrastructure development. **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

建機の2025年度出荷額予測、3%減に　米関税の影響考慮

日本建設機械工業会は2025年度に国内で生産する建設機械の出荷額が前年度比3%減の2兆8488億円になるとの予測を発表した。金利上昇を見据えた設備投資意欲の低下に加えトランプ米政権の関税政策が影響するという。

2025年度の輸出向け出荷額は3%減の1兆9717億円となる見込みだ。主力の機種である油圧ショベルやミニショベルが減少する見通し。国内向けは4%減の8771億円となる見込みで、予測からは529億円の下方修正となる。金利上昇に伴う借り入れ負担増の懸念から企業の設備投資への意欲が下がるとみる。

建機工の山本明会長（コベルコ建機社長）は「建設業が伸び悩んでいるのが実態。国内では鋼材価格の高騰や人手不足でプロジェクトが前に進んでいない。海外では金利の引き下げが需要にまだ結びついていない」と述べた。

海外では、これまで需要をけん引してきた北米市場が米関税の影響を受ける。北米の需要動向について会員企業に聞き取りしたところ、25年度は「減少」と回答した企業が58%に上り、「横ばい」は33%、「増加」は9%にとどまった。

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: 米国の関税の影響を最も強く受けるのは自動車セグメントだが、建機ももちろん影響される。コマツの売上高の約3割は北米市場で稼いでいる。日立建機は北米の需要は前年比15%減の予測をしている。多くのメーカーが販売に比べ影響を受けにくいレンタル事業の強化や、サプライチェーンの見直し、販売価格の値上げで対策を計画しているが、これらのコストが住宅建設やインフラ整備などの需要そのものを鈍化させる懸念もある。**PSR**

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Far East: South Korea Report

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

The South Korean government has reached an agreement with the United States regarding tariff negotiations.

South Korea, US Agree on 15% Tariff

Akihiro Komuro

The South Korean government has reached an agreement with the United States regarding tariff negotiations. Mutual and automobile tariffs will be reduced to 15%, which is the same rate as those of Japan and the European Union (EU).

According to the Korea Trade and Investment Promotion Agency (KOTRA), automobiles are South Korea's leading export to the United States. Exports to the United States account for over 50% of South Korea's total automobile exports. The South Korean government prioritized reducing automobile tariffs and engaged in negotiations with the United States.

In a report compiled in May, the Bank of Korea, South Korea's central bank, also pointed out that sluggish automobile exports were the biggest risk. South Korea has a free trade agreement with the United States. Before the 25% tariff on automobiles was imposed in April under the Trump administration, South Korea could export automobiles to the United States without paying tariffs. Initially, South Korea insisted on a 12.5% tariff because it had no basic tariff rate, but the US would not budge from 15%. Although the worst has been avoided, price competitiveness in the US market may still be damaged.

Source: The Nikkei

PSR Analysis: For South Korea, which relies heavily on exports, reaching an agreement with the U.S. on tariffs was crucial for maintaining its industries. The negotiations ended with tariff rates equivalent to those of Japan and the EU, which is positive for maintaining price competitiveness in North America. However, the situation regarding semiconductors, an important export alongside automobiles, has not yet been finalized. It will be necessary to closely monitor this situation. **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、米国と15%で関税合意

韓国政府は米国との関税交渉で合意にこぎ着けた。相互関税と自動車関税は日本や欧州連合（EU）と同じ15%に下げることで妥結した。

韓国貿易協会によると、韓国の対米輸出品目の1位は自動車だ。韓国の自動車輸出額全体の50%超を米国向けが占める。韓国政府は自動車関税の引き下げを最も重視し、米国との交渉に当たった。中央銀行の韓国銀行も5月にまとめた報告書で、自動車の輸出不振が最大のリスクになると指摘していた。韓国は米国と自由貿易協

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South Korea Report

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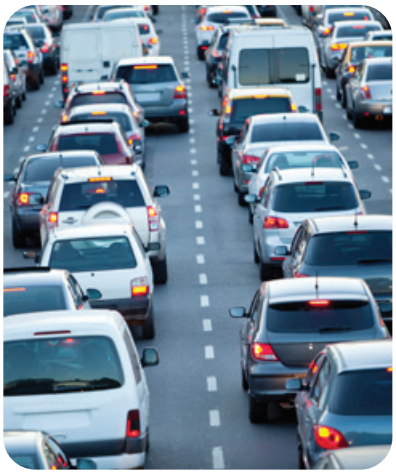

定（FTA）を結んでおり、第2次トランプ米政権下で4月に25%の自動車関税が課される前は自動車を関税ゼロで輸出できた。韓国は基本税率がもともとなかったことから、交渉過程で12.5%を主張したものの、米国は15%で譲らなかったという。最悪の事態は免れたが、米国市場での価格競争力が損なわれる可能性がある。

韓国企業は関税への対応策を進める。現代自動車は24日に開いた決算説明会で、原材料費の削減や米国での現地生産拡大で価格競争力を強化すると説明した。ただ、これまでには関税によるコスト増を理由に米国内で販売価格を引き上げる可能性に言及している。韓国メディアによると2025年3月時点で現代自動車の米国現地生産比率は約4割という。残りを韓国など海外から輸入販売している。起亜を含む現代自動車グループ全体で米国生産を増やす。28年までに総額90億ドル（約1兆3500億円）を投じ、米国内での生産能力を年間120万台に引き上げる計画だ。現代自グループの24年の米国生産台数は約70万台とみられ、4年間で約7割増やす。

韓国は関税に影響を受けやすい経済構造を抱える。世界銀行の統計によると、23年の韓国の輸出額は国内総生産（GDP）比で44%にのぼる。

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: 輸出依存度が高い韓国にとって米国との関税交渉の合意は産業の維持に決定的に重要だった。日本やEUと同等の関税率で交渉が着地したことは北米での価格競争力を維持するという意味で良かったと言えるだろう。だが、自動車と並ぶ重要な輸出品目である半導体についてはまだ確定しておらず、引き続き状況を注視する必要がある。**PSR**

Vietnam Report

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

Vietnam Shifts To EV MCs Under Government Leadership

Vietnam, a country known for its large number of motorcycles, is experiencing controversy over its electric vehicle policy. The policy bans gasoline-powered motorcycles in certain areas of Hanoi, the capital, and has caused a stir. Honda, which holds an 80% share of the local motorcycle market, must rethink its strategy because most of its models run on gasoline. This sudden policy change could also disrupt daily life for residents.

In July, the Vietnamese government outlined bold measures to regulate gasoline-powered motorcycles in "Prime Ministerial Directive No. 20." Starting in July 2026, operating gasoline-powered motorcycles within the Inner Ring Road in Hanoi will

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be banned. The Inner Ring Road spans over seven kilometers and includes the city center, home to government offices, the Japanese embassy, and the historic Old Quarter, a popular tourist destination.

The government plans to gradually expand the prohibited area by 2030. In Ho Chi Minh City, the country's largest city, measures to promote electrification are also under consideration.

The reason for moving toward electrification is environmental sustainability. Hanoi is one of the most polluted cities in the world, and the government attributes this to the large number of gas-powered motorcycles on the road.

In fact, Vietnam's motorcycle sales rank second in Southeast Asia, behind only Indonesia. In 2024, the Vietnam Motorcycle Manufacturers Association (VAMM) reported that motorcycle sales reached 2.65 million units, far exceeding car sales of 400,000–500,000 units. Electric motorcycle manufacturers are not included in these statistics, but it is estimated that electric motorcycle sales account for less than 10% of gasoline motorcycle sales.

Honda, the market leader, is the company most affected by the electrification policy. Honda had anticipated a gradual shift toward electrification, so the sudden policy change caught the company off guard. In April, the company launched the "ICON e:," a low-powered electric motorcycle that does not require a license for students. However, sales had only reached about 600 units by late July. Currently, there are no plans to launch a high-powered model that would serve as the company's flagship electric motorcycle.

The new policy will benefit domestic manufacturer VinFast, a leader in electric two-wheelers. VinFast sold approximately 70,000 electric two-wheelers in 2024. Although this is only about one-thirtieth of Honda's two-wheeler sales, VinFast is the largest player in the electric two-wheeler market and continues to grow. The company recently launched two new models and introduced purchase support measures, such as three-year installment plans, to attract customers.

VinFast has a proven track record of increasing EV sales, surpassing Toyota and Hyundai Motor to become the market leader in Vietnam's four-wheeled vehicle market. Like the four-wheeled market, the policy to promote the electrification of two-wheeled vehicles is expected to support domestic manufacturers in the two-wheeled sector. Some view this as aligning with the Communist Party's policy of fostering domestic companies.

However, many remain skeptical about the progress of electrification. In Hanoi, for example, many people use motorcycles to commute, and gasoline-powered motorcycles flood the streets during the day, reflecting the public's strong attachment to them. Charging infrastructure is limited, and many urban apartments prohibit charging electric motorcycles due to fire safety concerns. Power shortages are also severe; Hanoi experienced a blackout on August 4.

The impact on the supply chain is unavoidable as well. For example, Honda has

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Vietnam Report

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The biggest challenge is developing the corresponding charging infrastructure. Power outages occasionally occur in urban areas, raising concerns about the reliability of the power supply.

over 130 suppliers in Vietnam and a local parts procurement rate of nearly 100%. The company has a production capacity of 2.75 million units across three factories and approximately 800 certified dealerships nationwide.

In the future, gasoline-powered vehicles are expected to be banned as well. Hybrid vehicles (HVs), a specialty of Japanese manufacturers, are also subject to regulation. These electrification policies will significantly impact citizens' lives and related industries, and chaos will ensue if the issue is not addressed. Although the Vietnam Automobile Manufacturers Association (VAMM) supports electrification, it has proposed delaying the implementation of regulations, creating uncertainty about whether electrification will proceed as the government intends.

Source: The Nikkei

PSR Analysis: Sudden implementation of difficult-to-achieve government strategies is often seen in Southeast Asia. These strategies often are abandoned midway through, and the plans' content is revised or left unclear. However, this policy is expected to significantly impact people's lives, so it should be viewed as having been implemented with determination.

The biggest challenge is developing the corresponding charging infrastructure. Power outages occasionally occur in urban areas, raising concerns about the reliability of the power supply. How will the massive charging needs of vehicles be met?

Although swappable batteries are currently the mainstream solution, meeting demand during rush hour remains a significant challenge.

Japanese manufacturers, led by Honda, have been slow to act. Even if they develop and launch EVs capable of meeting future demand, I'm little skeptical they can compete effectively with established players like VinFast and Chinese manufacturers in terms of pricing. **PSR**

東南アジア > ベトナムレポート:

小室 明大 – 極東及び東南アジア リサーチアナリスト

二輪大国ベトナム、官主導で電動シフト

バイク大国のベトナムで政府が打ち出した電動化の施策が波紋を呼んでいる。首都ハノイの一部地域でガソリン二輪の走行を禁じるという厳しい内容だからだ。現地の二輪市場で8割のシェアを持つホンダは大半がガソリン二輪のため戦略見直しを迫られる。唐突な政策変更は市民生活の混乱を招く恐れもある。

ベトナム政府は7月に発出した「首相指令20号」でガソリン二輪を大胆に規制する施策を示した。2026年7月から、ハノイの環状1号線内での走行を禁止する。環状1号線は全長7キロメートル超で、政府機関の庁舎や日本大使館のほか、観光地の旧市街も含む市の中心部にあたる。

政府は30年までに禁止区域を段階的に広げる方針だ。最大都市である南部ホーチ

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ミンでも電動化の促進に向けた施策を検討するという。

電動化に踏み切る理由は環境対応としている。ハノイは世界で最も大気汚染が深刻な都市の1つで、政府はガソリン二輪の多さが原因とにらむ。

ベトナムの二輪販売は東南アジアでインドネシアに次ぐ2番目の規模を誇る。ベトナム二輪車製造者協会（VAMM）によると、24年の二輪車の販売台数は265万台で、四輪車販売（40万～50万台）を大きく上回った。電動二輪メーカーは統計に含まれないが、電動二輪の販売台数はガソリン二輪の1割に満たないとみられる。

電動化政策の影響を大きく受けるのが最大手のホンダだ。「ベトナムにおける電動二輪の戦略は見直しが必要になった」。ホンダベトナムの荒井清香社長は話す。ホンダによると、環状1号線内を走るガソリン二輪は1日当たり100万～200万台とみられ、「このうち数十万台が電動二輪に移行する」（荒井氏）とみる。

ホンダは段階的な電動化を見込んでいただけに、突然の政策転換で不意を突かれた。同国では学生が免許不要で乗れる低出力の電動二輪「ICON e:」を4月に発売したばかりで、7月下旬時点で販売数は約600台にとどまる。電動二輪の旗艦車種となる高出力モデルの販売計画はまだない。

新政策は電動二輪で先行する国産メーカーのビンファストには追い風となる。同社の24年の電動二輪の販売は約7万台だった。ホンダの二輪販売の約30分の1の規模だが、電動二輪では最大手で成長が続く。このほど新たに2車種を発売したほか、3年間の分割払いなどの購入支援策も打ち出し、顧客の囲い込みを進める。

ビンファストはEVで販売を伸ばし、ベトナムの四輪車市場でトヨタや現代自動車を抜いてシェア首位に躍り出た実績を持つ。二輪の電動化を推進する政策は、四輪市場と同じように二輪でも国産メーカーを後押しする。国内企業の育成を掲げる共産党の意向に沿うものだとの見方もある。

ただ本当に電動化が進むか懐疑的な見方も多い。ハノイでは多くの人が通勤でバイクを使い、日中は街中にガソリン二輪があふれ、市民の愛着は強い。充電設備は少ない上、都市部では発火事故への警戒から電動二輪の充電を禁止するアパートも多い。電力不足も深刻で、8月4日もハノイ市内で停電が発生した。

サプライチェーンへの影響も避けられない。ホンダの場合、ベトナムに130社余りのサプライヤーを持ち、部品の現地調達率は100%近い。3工場で計275万台の生産能力があり、認定販売店も全国で約800社を数える。

将来は四輪車でもガソリン車の走行禁止が始まる見通しだ。日本勢が得意なハイブリッド車（HV）も規制対象とされる。一連の電動化政策が市民生活や関連産業に及ぼす影響は大きく、このままでは混乱は避けられない。VAMMは電動化に賛同しつつ、規制開始の先送りを提案しており、政府の思惑通りに電動化が進むか不透明感がある。

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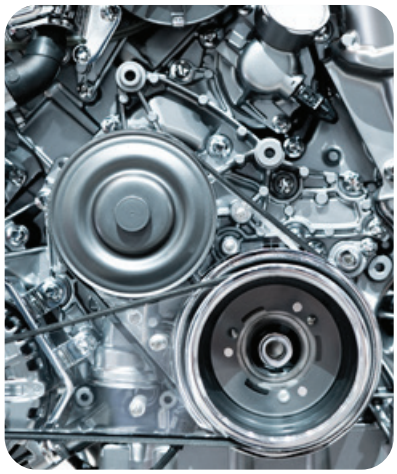

Source: The Nikkei

PSR 分析: 実現が難しい急激な政府の戦略発効は東南アジアではしばしば見られる。多くの場合は途中で頓挫して計画の内容を変更するか、あるいはうやむやなままなかったことになる。だが今回の施策は国民生活に与える影響が大きく、ある程度覚悟を決めて発効したものだと捉えるべきだろう。

最大の課題は充電環境の整備だ。都市部では時々停電が起こるなど、供給電源に不安がある。莫大な車両の充電をどのように賄うのか。交換式バッテリーが主流となっているが、朝夕の渋滞ラッシュのなか、需要を満たせるのかが課題となるだろう。

ホンダを筆頭に日系メーカーの動きは遅い。今から本格的な需要を満たすEVを開発販売したとして、そのモデルが先行するビンファストや中国勢に対する充分な価格競争力を持てるかどうか、私はいささか懐疑的に見ている。**PSR**

China Report

By Jack Hao, Senior Research Manager - China

Dongfeng Plans To Sell 50% Stake in Honda Engine

Jack Hao

Dongfeng Motor Group reportedly plans to sell its 50% stake in Dongfeng Honda Engine Co., Ltd. Joint venture with Honda Motor Co., according to an Aug. 18post on the official website of Guangdong United Property and Equity Exchange. The project is in the pre-listing phase, with no reserve price set, and the deadline is Sept. 12.

According to the audited figures in the listing documents, Dongfeng Honda Engine was valued at RMB 5.4 billion (approximately USD 752 million) in 2024. The company posted a net loss of RMB 227.8 million for the same period, carries liabilities of RMB 3.3 billion.

According to the official website of Dongfeng Honda Engine Co., Ltd., the company was established in 1998. Its shareholders are Dongfeng Motor Corporation, Honda Motor Co., Ltd., and Honda Motor (China) Investment Co., Ltd., holding 50%, 40%, and 10% of the shares respectively.

Headquartered in Guangzhou, the company is mainly responsible for the development, production, and sale of automobile engines and their components for passenger cars and provides corresponding after-sales services. Its products are primarily supplied by the passenger-vehicle model manufactured by GAC Honda. At present, the company has an annual production capacity of 480,000 complete engines and over 650,000 sets of parts and components.

Dongfeng Motor Group's plan to divest its engine business underscores how

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> *Dongfeng's sale of its stake in Dongfeng Honda Engine is a textbook case of "off-loading fossil-fuel assets and shifting capital into new-energy vehicles."*

fierce competition has become amid China's rapid shift toward electric vehicles. Japanese automakers—including Honda, Toyota, and Nissan—have lagged in electrification and are now confronting strong headwinds from domestic brands such as BYD.

Competition among China's home-grown automakers is also intensifying. Data from the China Automotive Technology & Research Center show that Dongfeng Motor, which operates joint ventures with both Honda and Nissan, saw its annual deliveries fall from a peak of 3.8 million units in 2016 to 1.5 million units last year.

Source: *GASGOO* **Read The Article**

PSR Analysis: Dongfeng's sale of its stake in Dongfeng Honda Engine is a textbook case of "off-loading fossil-fuel assets and shifting capital into new-energy vehicles." By divesting the engine plant, Dongfeng is restructuring its portfolio: it sheds a loss-making, high-debt fossil-fuel asset, pockets a lump-sum cash inflow, lowers its leverage, and channels the freed-up resources into its EV and self-owned passenger-car businesses.

Since 2024, China's new-energy passenger-vehicle penetration rate has exceeded 50% for six consecutive months, while retail sales of traditional-fuel vehicles have been falling by roughly 15% per year. DHEC's sole vehicle customer—GAC Honda—sold only 171,000 units from January to July 2025, down 29% year-on-year, and its parent, Honda Motor China, delivered 360,000 vehicles in the same period, a 23% decline. This shrinking demand has directly eroded DHEC's engine orders and compressed its capacity utilization.

The surge of domestic new-energy vehicles has pushed joint-venture fuel-car sales and profits into a simultaneous decline; some players are now bleeding cash at an accelerating pace. With China VI emission rules tightening, any further investment in conventional powertrain capacity offers dismal returns. Consequently, several major joint ventures—including Nissan, Honda, General Motors, and SAIC Volkswagen—have announced plans to cut output or shrink capacity, and the scale of these reductions is still expanding. **PSR**

India Report

By Aditya Kondejkar, Research Analyst – South Asia Operations

GST Reform Is Big Opportunity for OEM Manufacturing and Sales

India is preparing for one of its biggest tax reforms in recent years, targeting the Goods and Services Tax (GST) structure. If approved, the proposal will slash GST on small cars and two-wheelers from 28% to 18% and reduce GST on insurance premiums to between 5% and zero. The change, expected around Diwali, has

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the potential to reshape production planning and sales strategies for automobile manufacturers.

Source: *Reuters* **Read The Article**

Aditya Kondejkar

Impact on Small Cars and Two-Wheelers. Small cars and two-wheelers have traditionally been the backbone of India's automobile industry, serving middle-class buyers who are highly price sensitive. However, in recent years, growth in these categories has slowed as buyers shifted toward SUVs, which now account for nearly half of passenger vehicle sales. By lowering taxes, the government aims to make small cars and two-wheelers more affordable, correcting the imbalance in demand and giving OEMs in these categories a much-needed boost.

For instance, Maruti Suzuki—which dominates the small-car space—could see demand return for entry-level models like Alto and Wagon R. Similarly, two-wheeler makers such as Hero MotoCorp, Bajaj Auto, and TVS Motor may benefit from renewed interest in commuter motorcycles under 350 cc. Together, these categories contribute nearly $20 billion annually to GST collections, highlighting their scale in the economy.

Simplification of GST Slabs. Currently, the auto industry works under a complicated tax system: a base GST of 28% plus a compensation cess (a tax for a specific purpose) ranging from 1% to 22%, depending on engine size, length, and body type. This creates effective rates of 29% to 50%. The new proposal introduces a much cleaner system—5 percent for essentials, 18% for standard goods (including small cars and two-wheelers), and 40% for luxury and "sin goods."

For OEMs, this clarity reduces classification disputes, which have long created uncertainty in pricing and production planning. Simplified rates also ease compliance, allowing manufacturers to focus on efficiency, localization of components, and capacity expansion.

Production Outlook. With demand expected to increase, OEMs are likely to scale up production lines, especially in the mass-market segment. Plants that had been running below capacity due to sluggish small-car demand may see higher utilization. This could also trigger fresh investments in automation and component sourcing, benefitting ancillary suppliers in steel, plastics, tires, and electronics.

At the same time, the export potential of small cars could improve. India is already a hub for compact vehicle exports to Africa, Latin America, and parts of Asia. Lower domestic tax incidence means manufacturers can maintain competitive pricing while expanding overseas shipments. Hyundai, Suzuki, and Volkswagen already use India as an export base for small vehicles, and GST reforms may strengthen this position.

Broader Industry Implications. The reform goes beyond short-term sales gains. It signals the government's intent to support the automobile industry, which employs

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millions and contributes significantly to GDP. Job creation across dealerships, logistics, and ancillary industries could follow if sales volumes increase. Insurance penetration, currently below 4 percent of GDP, may also rise, improving financial security for households and boosting business for insurers.

However, challenges remain. Input costs for steel, aluminum, and batteries remain volatile, and OEMs must continue investing in cleaner technologies to meet stricter emission standards. Moreover, rising financing costs and high interest rates could limit some of the benefits of lower GST. To maximize the impact, OEMs may need to combine tax savings with attractive financing schemes and flexible ownership models.

Summary. India's planned GST reform, reducing taxes on small cars, two-wheelers, and insurance, could be a turning point for the auto industry. For OEMs, the move promises higher production volumes, renewed demand in the mass-market segment, smoother tax compliance, and stronger export competitiveness. While raw material inflation and regulatory challenges remain, the reform offers a rare chance to restore growth in entry-level vehicles, support job creation, and reinforce India's position as a global automobile hub. **PSR**

Russia Report

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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