PowerTALK™ News

Published Monthly by Power Systems Research
Data · Forecasting · Solutions™

September 23, 2025 Volume 10 No. 9

Worldwide News & Analysis

In This Issue

About Us

Power Systems Research (PSR) is a world leader in providing power equipment information, whether it's pure data, analysis, forecasting or specific business intelligence. This product information ranges from IC engines to battery-electric and hybrid powertrain technologies. PSR has been providing world class business and market intelligence to industry leaders for 45 years. How can we help you? For details, call **+1 651.905.8400** or email **info@powersys.com**.
www.powersys.com

Power Systems Research: Data...Forecasting...Solutions

Questions, Comments? Contact Joe Delmont, Editor
jdelmont@powersys.com | +1 651.905.8400 | www.powersys.com

Click Here To Go To Page 1

Alternative Power

By Guy Youngs, Forecast & Adoption Lead

Another Major Automaker Is Abandoning Big EV Plans

Guy Youngs

Yet another big name in automaker is pulling back on its EV plans, blaming slower than expected demand for electric vehicles. Volkswagen's luxury sports car brand, Porsche, announced this week that it no longer plans to build EV batteries in-house.

Cellforce, Porsche's high-performance EV battery company, will shrink and only focus on research and development, rather than production. In a statement, Porsche blamed "the slower ramp-up" of EVs and "challenging market conditions" in its biggest markets, the US and China, for the changes.

Porsche plans to continue offering internal combustion engine (ICE), hybrid, and all-electric options across every segment "well into the 2030s."

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

PSR Analysis: While this is another example of how car manufacturers are slowing their plans for the EV revolution, we need to be clear, this is just about Porsche not manufacturing batteries, and it could be argued that the scale Porche would obtain (versus costs) would not make sense economically. They, like many other manufacturers, cannot compete in the battery manufacturing zone, with Chinese battery manufacturers. **PSR**

When Will Battery Prices Fall, and By How Much?

The automotive industry is currently paying about US$ 63 (€54) per kilowatt-hour for LFP battery cells and US$ 68 (€58) per kilowatt-hour for NMC battery cells. Three years ago, when the price of battery-grade lithium was soaring into the stratosphere and supply chain interruptions were affecting industries around the globe, LFP batteries were costing manufacturers US$ 148 (€127) per kilowatt-hour, with NMC batteries costing US$ 164 (€140) per kilowatt-hour — both more than double their cost today.

At today's prices, the 81kWh battery for a Kia EV3 costs the manufacturer US$ 5,500 (€4,700).

Prices are expected to fall by a further 10% to 15% by 2030, with further price reductions coming partly from capacity expansions at factories and partly from production process improvements as well as modifications in cell chemistry.

Click Here To Go To Page 1

Alternative Power

Continued from page 2

The US continues to fall behind in more and more areas as China surges ahead with battery development.

Batteries imported from China, including all export costs are more than 20% cheaper than cells manufactured in Europe, regardless of whether the production site is operated by a Chinese or a European company.

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

PSR Analysis: Battery cell prices have already fallen significantly, a trend that is expected to continue. CATL is now claiming its sodium ion batteries — called Naxtra — will eventually cost as little as $10 per kWh moving forward. This could promise battery costs (for the manufacturer) of less than half of their current costs. **PSR**

CATL Launches World's First LFP Battery: 470+ Mile Range, Fast Charging

At the Munich Motor Show, the global leader in electric vehicle batteries made its presence known. CATL introduced its Shenxing Pro, deeming it "the world's first LFP battery to deliver a 758 km WLTP range."

The extended driving range is only a piece of it, however. CATL's new battery is safer (versus other Lithium-ion types) and features a record-breaking 12-year, 1,000,000 km lifespan, all while promising a lower cost. It's also now the fastest-charging battery in Europe, with 12C peak charging speeds. In just 10 minutes, the new battery can add nearly 300 miles (478 km) WLTP range

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

PSR Analysis: While Tesla (who not so long ago was seen as making the best batteries) can't even make one battery cell that is at least as good as Panasonic, CATL is actually pushing the industry forward by investing and moving ahead in leaps and bounds. The US continues to fall behind in more and more areas as China surges ahead with battery development. **PSR**

India's EV Pickup Revolution Could Set Country's EV Future

India's electric vehicle market is growing steadily at 24-25% annually, but from a surprisingly small base — EVs represent just 2.5% of all vehicles sold in 2024. However, one segment could change that trajectory dramatically: electric pickup trucks. These are not the big pickup trucks that US readers are familiar with, but rather this is based on India's own vehicle categorization, which we would define as light small trucks.

Light commercial pickup trucks dominate India's commercial vehicle market, commanding approximately 57% market share with over 543,000 units sold in fiscal year 2024. This makes them the largest single vehicle category in the commercial sector, and potentially the key to achieving India's ambitious electrification targets.

Click Here To Go To Page 1

Alternative Power

Continued from page 3

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

PSR Analysis: This segment represents the single largest opportunity for commercial vehicle electrification in India. This electric pickup revolution is being driven by these compact, urban-focused vehicles rather than traditional pickup trucks, which remain largely absent from the Indian electric vehicle market. **PSR**

Is New China Battery 2X as Powerful as Tesla Cell?

Chinese Scientists May Have Created Powerful Lithium Metal Battery. Researchers at Tianjin University reportedly have made a battery with an energy density of over 600 watt-hours per kilogram, twice as much energy as Tesla's most advanced electric vehicle battery. Energy density, the amount of energy stored per unit mass, determines how much power is stored in a device.

Source: *Independent*: **Read The Article**

PSR Analysis: Lithium metal batteries are known to have a higher theoretical energy density than conventional lithium-ion batteries and are considered a promising next-generation solution. **PSR**

DATAPOINT

By Carol Turner, Senior Analyst, Global Operations

North America Scooter Production

481,000 units is the estimate by Power Systems Research of the number of Scooters expected to be produced in North America during 2025.

Scooters/Minibikes/Mopeds are motorized 2-wheeled vehicles used primarily for recreational.

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.

Market Share. Mexico facilities dominate the scooter market with rounding to 100% of total units produced. Italika leads with 81.5%, followed by Honda with 18.5%. US based Go-Ped is third with 339 units.

Trends. In 2024 production of Scooters in North America increased nearly 16%. Expect production to remain flat with a nominal ½% gain in 2025. But expect

Click Here To Go To Page 1

Data Point

Continued from page 3

production of scooters to increase 15% by 2030.

Scooters are a popular mode of transportation that has seen saturation in the marketplace and weakened demand for scooters.

The demand for efficient and eco-friendly models will boost the electric scooter market along with the threat of rising gas prices. Not only are scooters convenient and offer independence, but they also make for faster commutes as opposed to using other modes of transportation; electric models are also extremely popular.

New tariffs on Chinese electric vehicles and batteries, solar cells, medical equipment and other goods are intended to protect U.S. jobs and manufacturers. Under the White House action, tariffs on EVs from China will quadruple, from 25% to 100% this year (2024). **PSR**

NORTH AMERICA REPORT

By Chris Fisher, Senior Commercial Vehicle Analyst

Class 8 Truck Demand/Production Expected To Remain Soft into 2026

Chris Fisher

How things have changed. Less than a year ago the industry was gearing up for a huge 2026 class 8 truck pre-buy ahead of the phase 3 GHG emission regulations that would add significant cost to the price of a truck. Road freight was expected to rebound after the post covid freight recession, and the heavy truck replacement cycle was expected to begin. OEMs filled dealer lots in anticipation of strong demand starting in early to mid-2025 and lasting through all of 2026.

As a result of very strong freight shipments and supply chain disruptions during the Covid era, fleets were purchasing as many trucks as possible which resulted in very high truck sales from 2022 – 2024. This resulted in truck overcapacity within the market.

The post Covid freight recession has continued through 2025 and is expected to remain through much of 2026. Primary drivers behind the freight recession include higher levels of inflation and interest rates along with truck overcapacity during the past few years.

Heavy dealer inventories in anticipation of a 2026 pre-buy and expected improvement in the freight market has resulted in high dealer inventories that are not currently shrinking. OEMs will need to further reduce production levels in

Click Here To Go To Page 1

North America Report

Continued from page 5

The trucking industry is also facing uncertainty surrounding the phase 3 GHG emissions regulations, which are being reviewed by the EPA.

order to re-balance the inventory.

Higher material costs due to increased tariffs are also reducing new truck demand and the uncertainty of how future tariffs will impact truck cost and road freight are weighing heavily on fleet decisions to replace older trucks.

The industry is also facing uncertainty surrounding the phase 3 GHG emissions regulations, which are being reviewed by the EPA. Historically, the fleets pre-bought trucks ahead of regulation implementation to avoid additional vehicle cost and possible reliability issues surrounding the new emission technology.

The outcome of this review could result in the implementation of the phase 3 GHG emission regulations or remain with the current phase 2 emission regulations or amend the phase 3 GHG regulations.

I suspect the EPA will amend the phase 3 regulations and keep the MY2027 engine rules but eliminate the costly warranty extensions and cancel all future emission regulations through 2032. However, there will certainly be legal challenges to any regulatory rollback.

Currently, the biggest barrier to new truck adoption is the uncertainty surrounding the above issues. Hopefully, the economy has bottomed out and the industry will get more clarity during the next few months. New truck demand is expected to rebound later in 2026 and continue through much of 2029 as the fleets will need to update their trucks. **PSR**

EUROPE REPORT

By Emiliano Marzoli, Manager European Operations

50% Tariff Turns European Machinery into Golden Bureaucracy

Emiliano Marzoli

In recent weeks, the US has expanded its 50% tariff on steel and aluminum to over 400 derivative products, creating a new, complex trade landscape with the EU. This goes beyond raw materials and now includes a wide array of manufactured goods. The EU has a new deal with the US, which introduces a 15% tariff ceiling on a large portion of European exports, including strategic sectors like vehicles. However, the 50% metal tariffs override this, a development that has caused alarm in Europe's industrial sectors. The deal is a "first step," with both sides still working out details, but the high metal tariffs remain a source of significant uncertainty and a point of contention.

Sources: **Read This Article** **Read This Article**

Click Here To Go To Page 1

Europe Report

Continued from page 6

PSR Analysis: The expanded tariffs have severe consequences for agricultural, construction, and vehicle manufacturing. As stated by CECE (the Committee for European Construction Equipment) last week, the inclusion of machinery and equipment under the 50% tariff is a significant setback. For these industries, this means a steep increase in production costs, as key components like chassis and engine parts are now subject to the additional tariff on top of base 15%.

This puts European manufacturers at a competitive disadvantage, forcing them to either absorb the cost or pass it on to consumers, which could dampen demand. The complexity of calculating the metal content in each product creates a bureaucratic nightmare and adds to business uncertainty, making it difficult for companies to plan and invest in the US market. If an amendment is not agreed upon, the tariffs threaten to disrupt supply chains and could lead to reduced exports. According to the CECE, the new duties cover 80% of that trade flow, putting approximately €2.8 billion of EU exports at risk. **PSR**

SOUTH AMERICA/BRAZIL REPORT

By Fabio Ferraresi, Director, Business Development, South America

Brazil Vehicle Exports Hit Highest Level in Seven Years

Fabio Ferraresi

By the month of August 2025, Brazil's automotive exports reached 57,100 vehicles, marking the highest monthly level since June 2018. This figure represents a 19.3% increase over July and a 49.3% increase compared to August 2024. Argentina played a pivotal role, accounting for 59% of the country's annual exports.

From January to August, total exports summed 313,300 units, up 12.1% compared to the same period in 2024. Production stood at 247,000 vehicles in August, nearly flat from July (+3%) but down 4.8% year-on-year. Overall production in the year reached 1.743 million units, an increase of 6% over 2024. Domestic market performance remained largely stable, with 225,400 vehicle registrations in August, though the average daily sales were slightly below 2024 levels at 10.7 thousand per day, raising caution for the final quarter

Source: *Automotive Business*

PSR Analysis: The surge in Brazilian vehicle exports to Argentina—responsible for nearly 60% of Brazil's shipments—highlights the improving demand environment in Argentina during with the new economic model adopted by the current administration. Despite initial austerity and fiscal adjustment, Argentina's

Click Here To Go To Page 1

South America/Brazil Report
Continued from page 7

The downturn in Brazil's truck production and sales underscores a fragile market environment where high interest rates limit financing and further weaken demand.

automotive import rebound suggests gradual stabilization of consumer credit, exchange conditions, and industrial demand. The new orthodox economic agenda, focused on reducing deficits and liberalizing markets, appears to have restored a measure of business confidence, enabling stronger trade flows. **PSR**

August Brazil Truck Production Falls Below 2024

Brazilian truck production declined in August 2025, with factories manufacturing 10,096 units, down 16.3% from July (12,058 units) and down 22.9% compared to August 2024 (13,101 units). Over the first eight months of 2025, accumulated production was 88,525 trucks, slightly lower by 1% compared to the same period in 2024 (89,401 vehicles).

Domestic truck sales also fell sharply: 8,900 trucks were licensed in August, 15.9% fewer than July, and 22.6% fewer than August 2024. High interest rates are being cited as a main cause, especially affecting heavy trucks, which account for nearly half the truck market and saw a production drop exceeding 19%.

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

PSR Analysis: The downturn in Brazil's truck production and sales underscores a fragile market environment where high interest rates limit financing and further weaken demand. Heavy trucks, which represent nearly half of sales, are particularly affected, with production down more than 19%. Beyond credit conditions, the financial stress and rising defaults in the agribusiness sector—core buyers of heavy-duty trucks for grain transport—are further undermining demand.

Many fleet renewals in agricultural regions have been postponed, directly impacting OEM production schedules. Although truck exports rose almost 90% year-on-year, this external boost is insufficient to counter domestic weakness. Without relief in credit costs and stabilization in agribusiness cash flow, the heavy-duty market may remain subdued through 2025. **PSR**

São Paulo Adopts Biomethane in Urban Bus Fleet

On Sept. 2, 2025, the biggest city in Americas with biggest bus fleet, started on the path to use of biomethane as fuel in the city's public transport fleet and garbage collection vehicles. The initiative sets rules for fuel acquisition and introduces the gradual adoption of biomethane-powered vehicles. City officials emphasize that biomethane offers lower operating and acquisition costs compared to electric buses and avoids the need for large-scale charging infrastructure.

The measure builds on the experience of 125 garbage trucks that already operate with biomethane produced in municipal landfills. The new target includes replacing more than 600 diesel-powered vehicles by 2027 and, under the 2025–2028 Goals Program, substituting 2,200 diesel buses with clean-energy models.

Click Here To Go To Page 1

Instead of fully prioritizing electrification, the city will combine electric buses with biomethane solutions, seeking partnerships with private suppliers to expand the available volume of the renewable fuel beyond landfill production.

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

PSR Analysis: São Paulo's adoption of biomethane is a practical path to cleaner urban mobility, balancing cost, speed of implementation, and sustainability. Unlike electric buses, which face high acquisition costs and charging infrastructure limits, biomethane leverages existing gas networks and waste-to-fuel production, delivering immediate emission reductions. The strategy also strengthens circular economy practices by turning landfill waste into energy. Challenges include ensuring scalable biomethane production, transparent pricing, and reliable private-sector supply. **PSR**

JAPAN REPORT

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

METI Supports Sharing of EV Battery Degradation Data

Akihiro Komuro

The Ministry of Economy, Trade and Industry says it will support the development of an industry-wide system for sharing information on the degradation status of EV batteries. Toyota and Honda will provide battery-related data to used car dealers, insurance companies and others. The aim is to prevent the export of used EVs overseas and enable the domestic utilization of batteries containing critical minerals.

Currently, battery degradation is difficult to assess, resulting in low trade-in prices for used EVs in the domestic market. The fact that approximately 80% were exported overseas was a cause for concern.

Funding will come from subsidies for improving battery sustainability in the FY2025 budget. The initiative will support demonstration projects by Toyota-affiliated Prime Planet Energy & Solutions and SOMPO-affiliated Revoltex, both of which are involved in vehicle batteries. Operations will commence within the fiscal year.

Toyota, Honda and other companies will provide data on the degradation of EV

Like what you see?
To ensure that you continue to receive your complimentary copy of the PowerTALK™ News report each month, Sign up now.

Click Here To Go To Page 1

Japan Report

Continued from page 9

In a world that is accelerating towards electrification, batteries have become a strategic commodity.

batteries as measured by their own companies. Sharing information such as the battery's manufacturer and production date is also under consideration.

Industry associations will establish the system infrastructure for this. Revoltex will develop services to make the information provided more useful for used car dealers and similar entities.

Source: *The Nikkei*

PSR Analysis: In a world that is accelerating towards electrification, batteries have become a strategic commodity. Other regions have imposed restrictions on the export of batteries, battery materials and battery-powered machinery. Japan, which has virtually no domestic resource production, cannot manufacture batteries domestically and relies heavily on imports. Until now, there have been almost no laws or mechanisms to restrict the export of batteries entering the country. Admittedly, this new framework is a belated action, but it is better than doing nothing at all. **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

EV蓄電池の劣化データ共有、経産省が支援

経済産業省はEVの蓄電池の劣化状況を業界が共有する仕組みづくりを後押しする。トヨタやホンダが蓄電池に関するデータを提供し、中古車販売会社や保険会社などが使えるようにする。中古EVの海外流出を防ぎ、重要鉱物を含む蓄電池を国内で活用できるようにする。

蓄電池は劣化具合がわかりにくく、国内の中古EVの下取り価格は低くなりやすい。およそ8割が海外へ流出していることが問題視されていた。

2025年度予算の蓄電池の持続可能性向上に向けた補助金を活用する。車載電池を手掛けるトヨタ系のプライムプラネットエナジー&ソリューションズとSOMPO系のリボルテックスの実証事業を支援する。年度内に事業を始める。

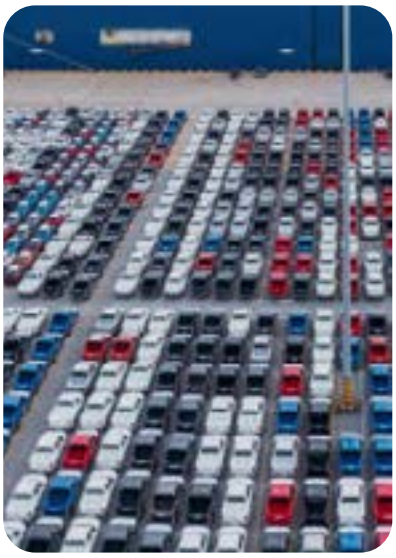
トヨタやホンダなどは自社が計測したEV蓄電池の劣化情報を提供する。蓄電池のメーカーや製造時期などの共有も検討する。

共有のためのシステム基盤は業界団体が整備する。リボルテックスは提供を受けた情報を中古車販売会社などが使いやすいようにするサービスを開発する。

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: 電動化が加速する世界でバッテリーは戦略物資化しており、他の地域ではバッテリーそのものやバッテリーの材料、バッテリーで駆動する機械の輸出が制

Click Here To Go To Page 1



限されていたりする。資源の産出がほぼ無い日本では、バッテリーを自国だけでは製造できず、その大部分を輸入に頼っており、国内に入ってきたバッテリーの輸出を制限する法や仕組みはこれまでほとんど無かった。今回の仕組みづくりの開始は正直に言って「遅きに失したアクション」と言わざるを得ないが、それでもまだ何もせずにいるよりはいい。**PSR**

MALAYSIA REPORT

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

Proton Builds First EV Plant in Malaysia. Capacity Is 20,000 Units

Akihiro Komuro

Proton, Malaysia's national car brand, opened its first EV factory in the state of Perak. The factory has an annual production capacity of 20,000 units, which can be expanded to 45,000.

Construction of the factory costs a total of 82 million ringgit (approximately $19.47M). Proton receives technical support from its major shareholder, Zhejiang Geely Holding Group of China. Previously, Proton imported EVs produced at Geely's factory in Hangzhou, Zhejiang Province, China.

Proton was established in 1983 as Malaysia's first national car manufacturer. Mitsubishi Motors was originally a shareholder, but the capital alliance was dissolved due to poor performance, and Proton came under the umbrella of the DRB-Hicom conglomerate. In 2017, Proton received investment from Geely, and DRB currently holds 50.1% of shares, while Geely holds the remaining 49.9%.

Source: The Nikkei

PSR Analysis: Malaysia has traditionally prioritized a neutral foreign policy, but its economic ties with China have grown stronger every year, as has the presence of its ethnic Chinese population, leading to a pro-China shift. Having a domestic automobile brand is a high aspiration for Southeast Asian nations, and Malaysia's Proton has enjoyed success in the mass-market segment. Proton controlled 60% of Malaysia's passenger car market in 2002 but

Click Here To Go To Page 1

Malaysia Report

Continued from page 11

began experiencing operational difficulties around 2005. Following various developments, Proton was acquired by Geely of China in 2017. Since then, Proton has expanded its operations with the support of substantial Chinese investment, including the announcement of its first EV, the 'e.MAS 7', scheduled for release in late 2024.

I forecast that this influx of Chinese capital into Southeast Asian markets will continue to accelerate rapidly. **PSR**

東南アジア > マレーシアレポート:

小室 明大 – 極東及び東南アジア リサーチアナリスト

プロトン、マレーシアで初の国産EV工場　年産2万台

マレーシアの国民車ブランドであるプロトンは4日、ペラ州で地元企業として初めてのEV工場を開業した。生産能力は年間2万台で、需要に応じて4万5000台まで拡張可能だ。

総工費は8200万リンギ（約29億円）。輸入した部品や半製品を組み立てる「ノックダウン方式」で生産する。プロトンは大株主である中国・浙江吉利控股集団から技術支援を受けており、これまでは中国浙江省杭州市の吉利の工場で生産したEVを輸入していた。

プロトンは国内初の国民車メーカーとして1983年に設立された。もともとは三菱自動車が株主だったが、業績低迷を受けて資本提携を解消し、複合企業DRBハイコムの傘下に入った。2017年に吉利の出資を受け、現在はDRBが50.1%、吉利が49.9%を保有する。

アンワル首相は4日の開所式で吉利との提携に触れ、「協力に意欲的な中国政府に感謝している」と述べた。

Source: The Nikkei

PSR 分析: マレーシアは伝統的に中立外交を重視してきたが、中国との経済的な結びつきが年々強まってきており、華人系住民の存在感も増しており、いわゆる親中化しつつある。東南アジア各国において自国に自動車ブランドを持つことは強い願望であり、マレーシアのプロトンは大衆車市場において成功を収めてきた。2002年にはマレーシアの乗用車市場の60%を押さえていたが、2005年ごろから経営不振となり、紆余曲折を経て2017年に中国のGeeryに買収された。買収後には2024年後半に同社初となるEV「e.MAS 7」を発表するなど、潤沢な中国資本を得て存在感を増している。こうした中国資本の東南アジア市場への参入は今後も急速に進むと筆者は予測している。PSR

Click Here To Go To Page 1

Scania's accelerated localization drive positions it to capture the rollout of new-energy and autonomous technologies

CHINA REPORT

By Jack Hao, Senior Research Manager - China

Scania China Wins Key Production Approval

Jack Hao

Scania Manufacturing (China) Co., Ltd., has officially obtained stand-alone manufacturing qualifications in China. This change represents a major milestone in Scania deepening its localized footprint.

The move was noted recently when the Ministry of Industry and Information Technology released the "Road Motor Vehicle Manufacturers and Products (Batch 398)" catalog in its 2025 No. 17 announcement, explicitly stating that all products already listed by Scania Manufacturing (China) Co., Ltd. are approved to shift their production address from the originally filed site to "No. 1 Zhongrui Avenue, Chengbei Sub-district, Rugao City, Jiangsu Province."

Scania Manufacturing (China) Co., Ltd. is part of the TRATON GROUP, the commercial-vehicle business unit of Volkswagen Group. Securing this production license means Scania no longer needs to rely on any previous joint-venture or licensed manufacturing arrangements; instead, it can now produce vehicles in China as a wholly independent legal entity, allowing it to integrate the supply chain further, optimize capacity structure, and strengthen its quality-management system.

Scania Manufacturing (China) Co., Ltd. will produce diesel heavy-duty trucks, battery-electric heavy-duty trucks, and core components such as engines, transmissions, and axles. As a world-leading supplier of commercial vehicles and engines, Scania has long regarded China as a key market. Locating the plant in Rugao, Jiangsu, aligns with the city's strengths as a major manufacturing hub in the Yangtze River Delta and with the supportive local industrial policies. Obtaining stand-alone production status enables Scania to respond faster to Chinese customers, cut costs, and sharpen its market competitiveness, while also underscoring its strategic commitment to sustainable, long-term growth in China.

Source: *Commercial Motor World* **Read The Article**

PSR Analysis: As China's commercial-vehicle market moves rapidly up-market, green and smart, Scania's accelerated localization drive positions it to capture the rollout of new-energy and autonomous technologies and to reinforce its brand in heavy trucks and buses.

Click Here To Go To Page 1

China Report

Continued from page 13

The approval makes Scania the first foreign CV manufacturer to obtain full vehicle-building credentials in China as a stand-alone legal entity. The new plant immediately enjoys the same incentives domestic players receive—preferential land pricing, duty-free equipment imports, etc.—while the re-engineered supply chain gives Chinese suppliers direct entry into Scania's system. This cuts procurement costs and delivers faster after-sales service, handing the company a lasting advantage over rival imported brands.

Scania's establishment of a wholly owned factory in China holds promising prospects, but it also faces multiple challenges: The Chinese heavy-duty truck market has entered an era of intense "hyper-competition." Scania now must compete with imported brands such as Mercedes-Benz and Volvo, and it also must directly confront domestic giants like FAW, Dongfeng, Sany, and XCMG, which offer rapid technological advancement, high cost-effectiveness, and have caught up in intelligent connectivity and service network coverage.

Although localization helps reduce costs, if Scania cannot keep its prices within 20% above those of high-end domestic trucks (around RMB 400,000), its "authentic European" quality advantage may fail to appeal to price-sensitive customers.

At the same time, the company must shift from merely providing products to offering "customized services," quickly gaining deep insights into complex niche markets such as express logistics, cold chain, green channel, and general freight, thereby enhancing localization agility.

In terms of electrification and intelligence, Scania's localized electric product development—especially battery-swapping trucks—lags behind competitors who have already formed deep partnerships with battery giants like CATL; its adoption of autonomous driving and connected vehicle technologies also needs acceleration to meet the growing demands of the Chinese market.

Achieving an 85% localization rate is a major test for supply chain management, particularly since the supplier for core battery packs remains unclear, potentially hindering its electrification transition.

Furthermore, Scania's long-standing image as a premium imported brand presents a branding challenge: after localization, maintaining its reputation for "premium quality, reliability, and efficiency" while convincing the market to accept "Made-in-China" Scania trucks and trusting that their quality matches that of European production will require sustained communication and market education. **PSR**

Click Here To Go To Page 1

INDIA REPORT

By Aditya Kondejkar, Research Analyst – South Asia Operations

GST Reduction Is Game Changer for Auto, Tractor Segments

Aditya Kondejkar

The September 2025 GST Council meeting introduced sweeping tax revisions that significantly lower GST rates across multiple vehicle and farm equipment categories. Tractors and their components now attract a 5% rate (from 12% for standard tractors, and from 18% for parts), while small cars, two-wheelers (up to 350cc), three-wheelers, buses, and certain commercial vehicles are enjoying reduced GST from 28% to 18%.

These changes are expected to improve affordability, stimulate demand (especially in rural and semi-urban areas), boost manufacturing and ancillary industries, and lead to job growth across the value chain.

Source: *The Times of India.* **Read The Link**

PSR Impact Analysis: The GST changes are expected to lead to significant changes in the auto and tractor segments, including:

Improved Affordability for Farmers & Rural Buyers. The tractor GST cut from 12% to 5% could reduce retail prices by US$ 450-680 (40,000– 60,000). This will make mechanization more accessible to small farmers, enhancing productivity and lowering labor dependence.

Revival of Entry-Level Auto Segments. Small cars, two-wheelers (≤ 350cc), and three-wheelers shifting from 28% to 18% GST brings relief for middle-class buyers and rural commuters. This could revive first-time buying and expand penetration in Tier-2 and Tier-3 markets.

Benefits to Ancillary & MSME Suppliers. A uniform 18% GST rate on most auto parts removes classification disputes, simplifies compliance, and reduces input costs for downstream suppliers, many of whom are MSMEs.

Boost to Domestic Manufacturing & Exports. Lower costs and simpler tax structures improve India's global competitiveness in both tractors and auto components, supporting the "Make in India" push and helping exports.

Challenges & Trade-offs. Premium vehicles (large cars, SUVs) remain taxed at 40%, creating margin pressure. Risks also remain from possible inverted duty structures and external factors like high fuel prices or credit availability, which may temper the pace of demand revival.

Summary: The GST reduction is poised to deliver three key benefits:

Click Here To Go To Page 1

India Report

Continued from page 15

On balance, the reforms are expected to be strongly positive for growth in both the automobile and tractor sectors

Demand stimulus across tractors and entry-level autos by making them more affordable.

Rural empowerment, as farmers gain easier access to mechanization.

Industry-wide gains for MSMEs, suppliers, and exporters through cost rationalization.

At the same time, impacts to watch include margin compression for premium vehicle makers, uneven benefits if cost savings aren't passed to consumers, and possible strain on supply chains if demand surges.

On balance, the reforms are expected to be strongly positive for growth in both the automobile and tractor sectors, with rural India emerging as the biggest beneficiary. **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.*

Click Here To Go To Page 1

Meeting Your Information Needs

Power Systems Research (PSR) has been providing world class business and market intelligence on power equipment to industry leaders for more than 45 years. A comprehensive range of database products and strategic analysis services is available to meet your planning needs. For more information, visit us at **www.powersys.com**.

- **EnginLink™** – Engine Production and Forecast Data
- **CV Link™** – Commercial Vehicle Production and Forecast Data
- **OE Link™** – Original Equipment Production and Forecast Data
- **OE Link Sales™** – Original Equipment Sales and Forecast Data
- **PartsLink™** – Engine and Original Equipment Population Data
- **MarineLink™** – Boat Production and Engine Installation Data
- **PowerTracker™ North America** – North American gen-set syndicated survey
- **Call Center** - In-house calling capability for custom surveys
- **Market Studies** – Conducted more than 3,100 proprietary studies
- **Component Modules** – Supplemental data sets including engine specifications, components and consumables.

PSR is the leading source of global production, forecast, and population data for equipment and vehicles powered by IC engines and electric and hybrid powertrains. PSR has been tracking the production of on-highway and off-road vehicles and equipment since 1976. We use this data to develop targeted **forecasts** by industry segment and region. Our team of experienced analysts works with OEMs, engine and component manufacturers, dealers, fleet managers and industry experts to compile detailed and focused data that has become an industry standard. PSR analysts combine our data with industry intelligence to create unique, targeted **solutions** to our clients' needs.