SPECIAL COMPETITIVE STUDIES PROJECT

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Charging Ahead: Southeast Asia

How China is Driving the World's Fastest-Growing Electric Vehicle Market

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A Letter from the CEO

Following up on our initial report in October 2025 on the state of the global competition in electric vehicles, this report is the first of a series of regional deep dives and updates on the EV competition. We start with Southeast Asia, given its proximity to China, to examine the durability of the People's Republic of China's (PRC's) state-controlled industrial policy overseas, as it expands into a new technology. And as we noted in our October report, the EV market, with measurable sales data, provides unique insight into the competition over a critical technology platform that fuses advanced manufacturing, software, critical minerals, and mobile data collection.

What we find is that Southeast Asia has become the world's fastest-growing EV sales market, driven by attractive government incentives, affordable pricing, and rising fuel costs. The PRC is the clear market leader in the region, and American and other Western EV options trail far behind. While battery electric vehicle (BEV) adoption remains limited in the United States, it is surging in the region, with rates in Q1 of 2026 exceeding 40% in Vietnam and 50% in Singapore.

Focusing on the three largest EV markets in Southeast Asia, Vietnam, Thailand, and Indonesia, this report explores how these key markets are navigating, and in some cases, incentivizing, the rapid influx of Chinese EVs through distinct national strategies and varying levels of industrial maturity:

- Vietnam's market is dominated by a powerful domestic champion supported by aggressive government incentives, though it faces increasing pressure from Chinese automakers establishing local manufacturing.
- Thailand has leveraged its established legacy automotive infrastructure and strict localization mandates to compel Chinese companies to transition from exporting vehicles to building massive, long-term production hubs.
- Indonesia is experiencing rapid, Chinese-dominated EV adoption and is attempting to replicate Thailand's manufacturing success by using import incentives to mandate local assembly and production.

The global competition for electric vehicles is increasingly one-sided, with China's manufacturing prowess and influence extending beyond its borders. The PRC's integration into neighboring Southeast Asia may be a signal of what is to come in other regions. For the United States, the minimal footprint of American firms underscores a critical need to re-evaluate our engagement in a critical region that seeks to balance PRC influence.

Ylli Bajraktari
President

Charging Ahead: Southeast Asia

How China is Driving the World's Fastest-Growing Electric Vehicle Market

Executive Summary

This report is the second Special Competitive Studies Project (SCSP) analysis of China's electric vehicle (EV) industry, specifically focused on the battery electric vehicle (BEV) competition in Southeast Asia. With attractive government incentives, affordable EV pricing, and, more recently, rising fuel costs, Southeast Asia is the world's fastest-growing EV market by percentage growth. The region offers a unique case study for understanding how the PRC is testing the durability of its industrial policy overseas.

Key Findings

1. **Chinese EV companies collectively command the majority of regional BEV market share, reaching 55% in 2025.**[1] Outside of VinFast and its outsized domestic sales in Vietnam (see next finding), BYD is the top-selling brand. In 2025, BYD sold nearly six times more BEVs than its next closest competitor, Aion. An array of other Chinese companies has also expanded their presence in Southeast Asia over the last few years. American companies trail far behind with 3.9% of the regional market in 2025.

2. **Vietnam is among Southeast Asia's largest EV markets, driven by the success of its homegrown brand VinFast.** A combination of government incentives and first-mover advantages has led to the company dominating its domestic BEV market (holding 99% market share) and selling more BEVs than any other company in the region. However, VinFast has yet to substantially expand outside Vietnam's borders; 93% of its sales in 2025 occurred domestically.

3. **Building on the history of its auto manufacturing industry, Thailand is becoming Southeast Asia's largest EV manufacturing hub**, with at least 13 operating EV factories and one under construction. Most of these factories are being built by Chinese companies seeking to meet local production requirements. Indonesia—the region's third-largest EV market—is attempting to replicate this path, but it lags behind due to a delay in launching government incentives and an automotive manufacturing base that is less established than Thailand's.

The PRC is demonstrating a significant long-term commitment to the Southeast Asia EV market through sales and manufacturing. As we have seen in other instances, this economic influence may translate into political influence in the region. While Vietnam's VinFast demonstrates that third countries can compete in their domestic markets, regional scaling remains difficult; in this

[1] The findings in this report are based on SCSP analysis of EV sales data from EV-Volumes.com and other sources as cited. For questions regarding this analysis, reach out to our team via email at info@scsp.ai.

case, aggressive localization mandates in Thailand and Indonesia create significant barriers that perhaps only a global leader like China may be able to accommodate. China's engagement in the region, given the localization mandates, also highlights its transition from a technology recipient to a source of technology transfer. For the United States, the limited sales of American EVs should raise the alarm to re-evaluate regional engagement on EVs as a key platform in the global technology competition.

Introduction

In the late 1990s, Vietnamese entrepreneur Phạm Nhật Vượng made a fortune selling instant noodles in Ukraine.[2] Two decades later, he set out to build something far more ambitious: a national electric vehicle (EV) champion. In 2017, his new company VinFast broke ground on a massive automotive complex near Hai Phong in northern Vietnam.[3] Twenty-one months later, the factory was complete; it produced 200,000 EVs in 2025.[4] VinFast's rapid rise reflects a broader trend across Southeast Asia. As innovation in EV technology transforms the global auto industry, governments and companies alike are racing to establish manufacturing hubs, attract foreign investment, and drive up EV sales.

Yet Southeast Asia's emerging EV landscape is being shaped not only by domestic ambitions, but also by the growing presence of companies from the People's Republic of China (PRC). Facing intense competition and overcapacity at home, and business-friendly climates overseas, Chinese automakers are expanding aggressively across Southeast Asia, investing in factories, supply chains, and distribution networks. As a result, Southeast Asia is now the most visible example of Chinese dominance in the world's electric vehicle market, where local industrial policy, Chinese investment, and global supply chains intersect.

In October 2025, the Special Competitive Studies Project (SCSP) published its first report spotlighting the global competition over EVs, highlighting both how the PRC now boasts the largest domestic market for EVs, and that its companies are rapidly surpassing U.S. and other global automakers in EV sales around the world.[5] State planning of critical supply chains driven by initiatives like "Made in China 2025" and technological innovation by Chinese firms have made China into an EV powerhouse.

This second SCSP analysis of China's EV industry explores how regional dynamics in Southeast Asia are shaping the global EV competition, and how governments there have responded to PRC EV ambitions, focusing on Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. Like the October report, this study solely analyzes sales data for battery electric vehicles (BEVs), fully electric vehicles with rechargeable batteries and no gasoline engine. The data focuses on passenger vehicles and therefore does not include light commercial vehicles (LCVs) nor electric bicycles and scooters, which are common in the region. Since the majority of

[2] Phạm Nhật Vượng's instant noodle empire captured 97% of Ukraine's instant food market share within 11 years. See Vietnam's richest man expanding his business empire, The Standard (2026).
[3] The 830-acre manufacturing complex is highly-automated and remains Vietnam's largest EV manufacturing facility. Alisa Priddle, VinFast Is Making Carmaking 101 Look Easy, MotorTrend (2022).
[4] VinFast Hai Phong Plant Rolls Out Its 200,000 Electric Vehicle in 2025, VinFast Auto (2025).
[5] Channing Lee, Charging Ahead: How China is Driving Innovation to Dominate the Global Electric Vehicle Market, Special Competitive Studies Project (2025).

EV sales in Southeast Asia have occurred in the last five years, this report will primarily display data from 2022 through March 2026, or Q1, occasionally extending further back to depict trend lines. Numbers are generally rounded for clarity. This paper adopts the same nomenclature and classification of EV brands under "parent company countries"—that is, the origin countries of the companies who own individual brands, like how China's SAIC Motor owns the formerly British MG—as the October report, recognizing the influence that origin country governments, specifically the PRC's, may have over companies' foreign operations. The authors also recognize that the reliability of data for highly transparent markets like Singapore may be more precise than for emerging markets like Laos and Cambodia.

The paper will first provide an overview of the state of play in electric vehicle sales in Southeast Asia, describing trends in domestic markets, successful EV brands, and competition between the world's top EV exporters, the United States and China. The paper will then dive deeper into the region's three largest EV markets—Vietnam, Thailand, and Indonesia—to better grasp the business environment, policies, and domestic factors driving EV sales in each country. The study will conclude with a discussion of strategic implications.

The State of Play in Southeast Asia

Southeast Asia is the fastest-growing EV market in the world. In recent years, consumers are increasingly choosing to purchase EVs over traditional internal combustion engine (ICE) vehicles. BEV sales in Singapore and Vietnam now reach 53% and 41% of total passenger vehicle sales, respectively, far overtaking the 5.5% adoption rate in the United States (see Figure 1). By the end of the first quarter of 2026, Thailand reached a BEV adoption rate of 33%, while Indonesia reached 16%. The influx of Chinese EVs in the region has fueled this growth.

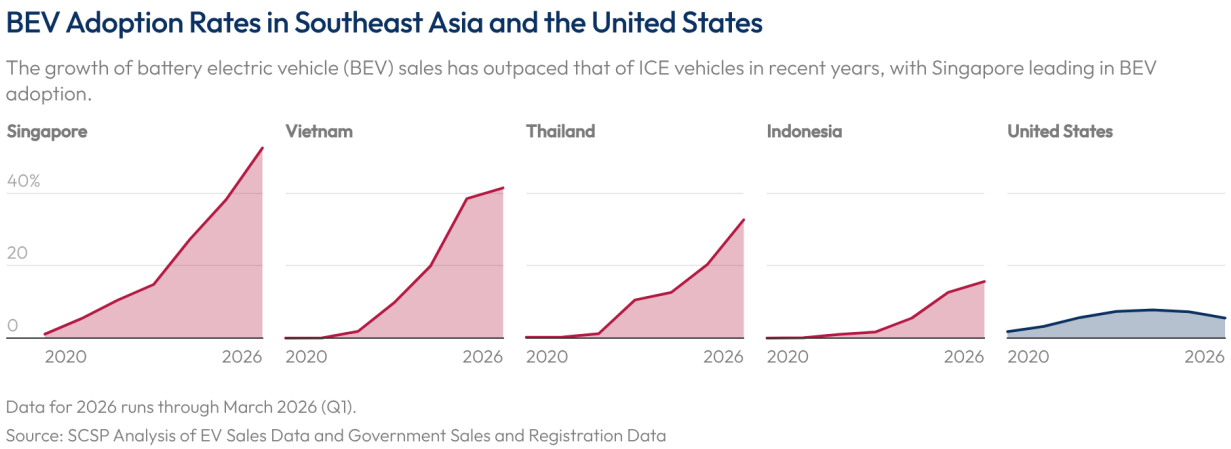


Figure 1

BEV sales data concluding in Q1 of 2026 provide a fuller picture of these statistics. Vietnam and Thailand regularly alternate as the largest domestic market for EVs in Southeast Asia, with Indonesia coming in third. While Vietnam reached a total of 177,000 BEVs sold in 2025, followed by Thailand at 121,000, Thailand outsold Vietnam in Q1 of 2026, with 57,000 sold compared to Vietnam's 52,000 (see Figure 2). Indonesia comes in third place (33,000 sold in Q1 of 2026), Malaysia takes fourth place (21,000 in the same time frame), Singapore places fifth (7,000), and the Philippines cracks sixth (5,000).[6] Laos and Cambodia trail behind these numbers at sales of 1,500 and 800, respectively, and have totaled about 11,000 and 8,000 BEVs sold, cumulatively. Like in the rest of the world,[7] the majority of BEV sales in Southeast Asia have occurred over the last three years, and sales have accelerated in 2026.[8]

[6] Notably, in Q1 of 2026, about the same number of PHEVs (plug-in hybrid electric vehicles) as BEVs were sold in the Philippines, unlike in other Southeast Asian markets, where the share of PHEVs is much smaller (less than 10%). Hence, if taking into account both BEV and PHEV sales, the Philippines would surpass Singapore.

[7] See Channing Lee, Charging Ahead, Special Competitive Studies Project (2025).

[8] News reports have highlighted increased interest in EVs in Southeast Asia since the start of the Iran War and closure of the Strait of Hormuz. See Wing Kuang, From Australia to Vietnam, The Iran War is Fuelling Demand for EVs, Al Jazeera (2026); Biman Mukherji, Asia's EV Revolution Shifts into Overdrive with Iran

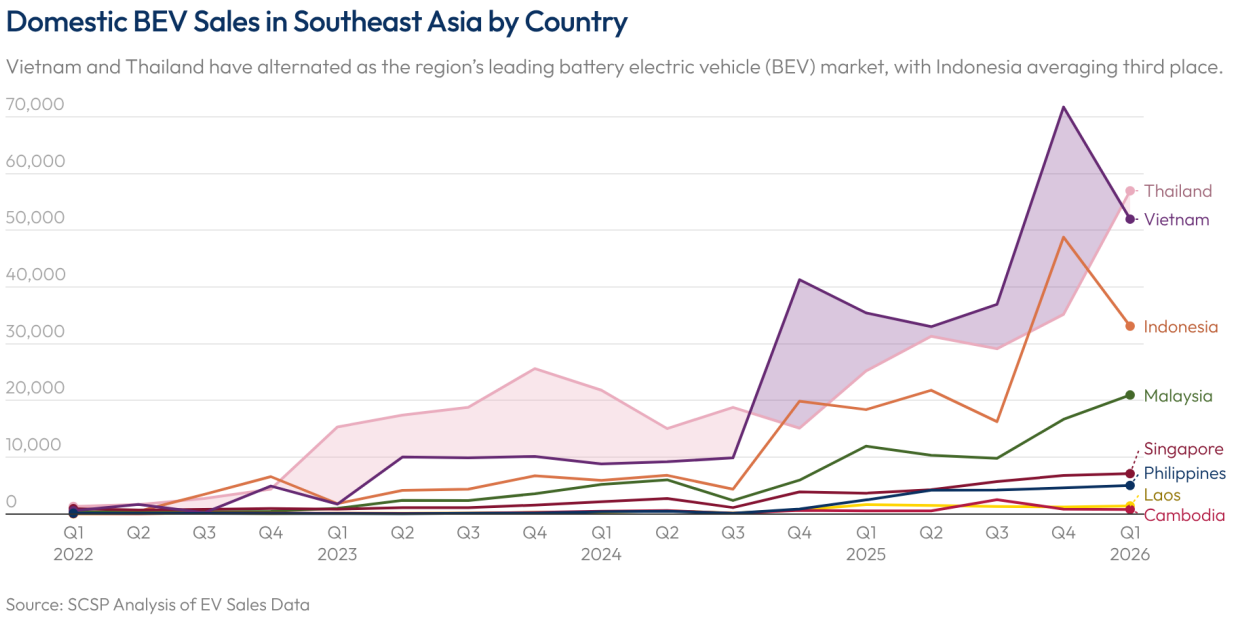


Figure 2

Per capita EV sales, based on cumulative data, show Singapore leading the region in BEV adoption by a large margin, followed by Thailand, Vietnam, and then Malaysia (see Figure 3). Indonesia, the third-largest domestic market and most populous country in Southeast Asia, drops to the bottom half for per capita BEV sales.

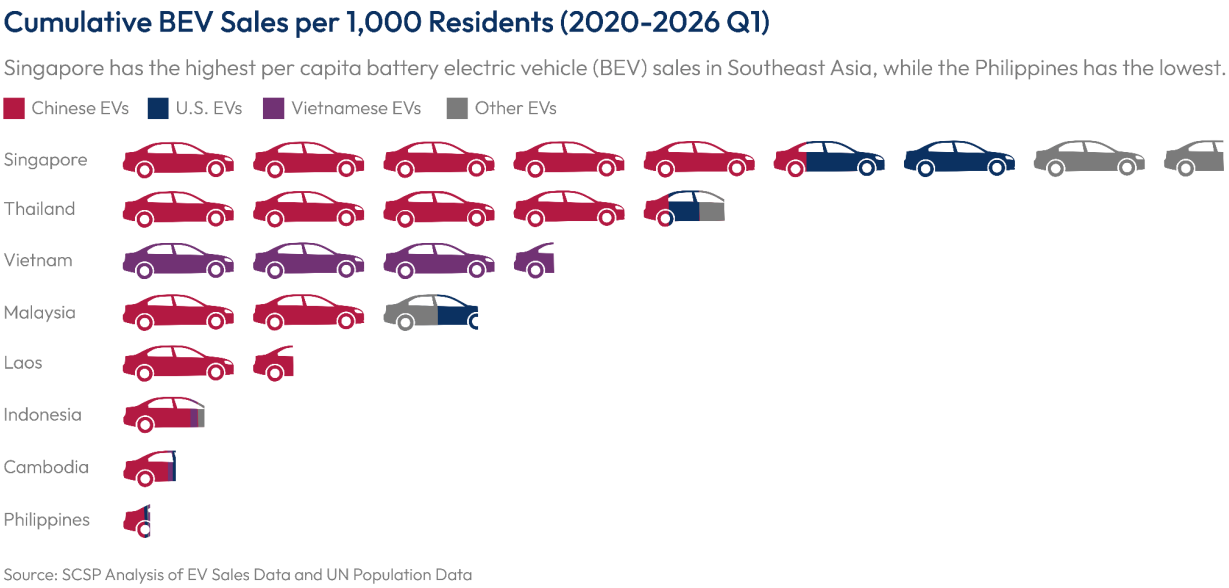


Figure 3

War Oil Shock, South China Morning Post (2026); Neil Jerome Morales, et al., Asian Consumers Turn to EVs Amid Iran Oil Shock, Bloomberg (2026).

Vietnam is among the largest EV markets in Southeast Asia and the country's homegrown company VinFast is the region's top-selling brand due to its large domestic sales volume (see Figure 4). As will be discussed in the following section, VinFast is the first Vietnamese car brand to expand into global markets, now also selling in Canada, the United States, India, Ghana, the United Arab Emirates, and across Europe and Southeast Asia.[9] In January 2022, it announced a pivot from ICE vehicles to a completely electric lineup, and the company's mission has since reflected an aim to drive EV adoption.[10] Indeed, VinFast cars are generally affordable: its smallest personal electric model, the VF 3, starts at VN₫302,000,000, or approximately US$11,500.[11] The company officially listed on the Nasdaq Global Select Market in August 2023.[12] Despite success at home, VinFast has not performed well overseas, with reports that the company has lost up to US$11 billion since 2021.[13] In May 2026, the state of North Carolina sued VinFast to re-acquire the land designated for a planned manufacturing site after construction failed to materialize by the agreed-upon deadline.[14] That same month, the company announced a corporate restructuring effort—separating manufacturing from all other business purposes—aimed at alleviating its financial challenges.[15] Nonetheless, the company is investing heavily in expanding its sales across Southeast Asia.

[9] VinFast's sales outside of Southeast Asia are not included in this report's analysis. Vingroup's taxi service Green SM also operates VinFast EVs outside of Vietnam in countries such as Laos. See Mai Nguyen & Yuji Nitta, VinFast Targets 100,000 EV Sales Outside Vietnam in 2026, Nikkei Asia (2026).
[10] VinFast Announces Its All Electric Strategy and Full Electric Vehicle Lineup at CES 2022, VinFast Auto (2022).
[11] VF 3, VinFast Auto (last accessed 2026).
[12] VinFast Debuts on NASDAQ Global Select Market Following Successful Business Combination with Black Spade Acquisition Co, VinFast (2023).
[13] Vietnam's EV Champion Is Bleeding Cash, The Economist (2025).
[14] North Carolina Sues VinFast to Acquire Shovel-Ready Manufacturing Site, North Carolina Department of Justice (2026).
[15] Vietnam EV maker VinFast says it will undergo corporate restructuring, Reuters (2026).

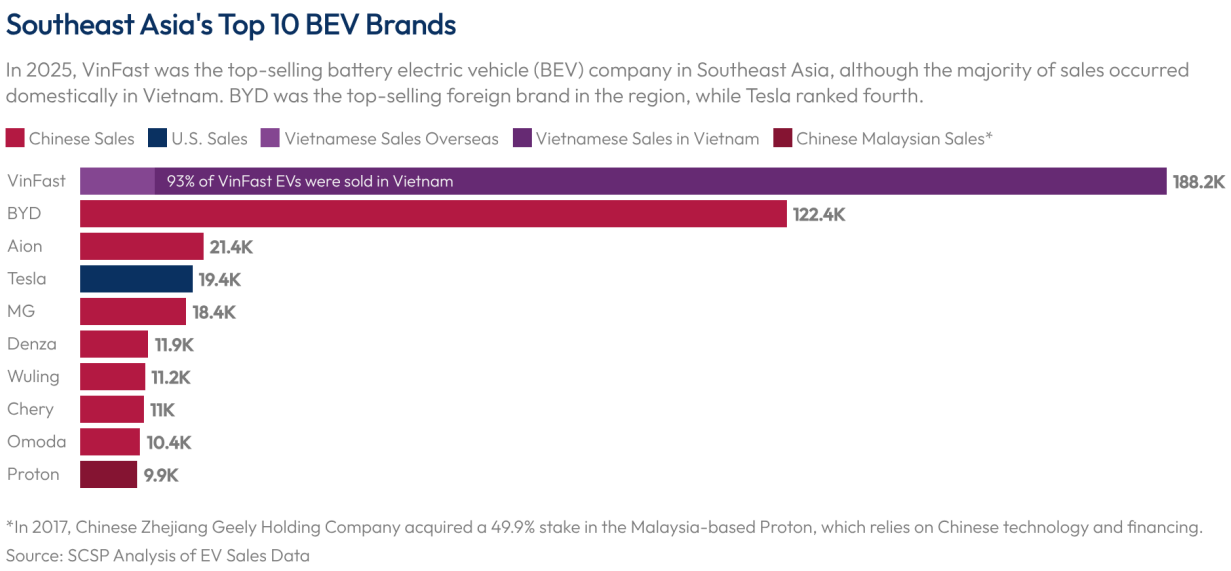


Figure 4

Chinese EV giant BYD—also the world's top-selling EV company[16]—takes second place in Southeast Asia's BEV sales. Considering that 93% of VinFast's sales in 2025 occurred in Vietnam, BYD can also be considered the top EV brand region-wide, outselling every other company in each of the seven other countries and selling nearly six times more vehicles than the next runner-up, PRC-based GAC Group's Aion. American EV company Tesla followed in fourth place, while Chinese-owned British automaker MG took fifth. (Excluding VinFast's sales within Vietnam, its nearly 13,300 BEV sales outside the country in 2025 would place it sixth among foreign companies.) Proton, a Malaysia-based automaker in which China's Zhejiang Geely Auto Group owns a 49.9% stake and that relies on Chinese financing and technology, managed to make the top-ten list, albeit at the end. Aside from VinFast and Tesla, Chinese brands dominate the Southeast Asian EV market, within and beyond the top ten brands shown above.

Chinese Companies Are Winning in Southeast Asia

The PRC has long viewed Southeast Asia as its "backyard," seeking to establish economic and military dominance in the region as part of its overall strategy for weakening U.S. power in the Indo-Pacific.[17] Due to geographic proximity and a history of doing business in the region, Chinese companies have also traditionally looked to Southeast Asian markets as opportunities to expand their operations abroad. China's artificial intelligence (AI) giants, for example, initially looked to the region as a testing ground for overseas AI investment and commercial activity, setting up company subsidiaries, regional headquarters, and research labs with Southeast Asian public and

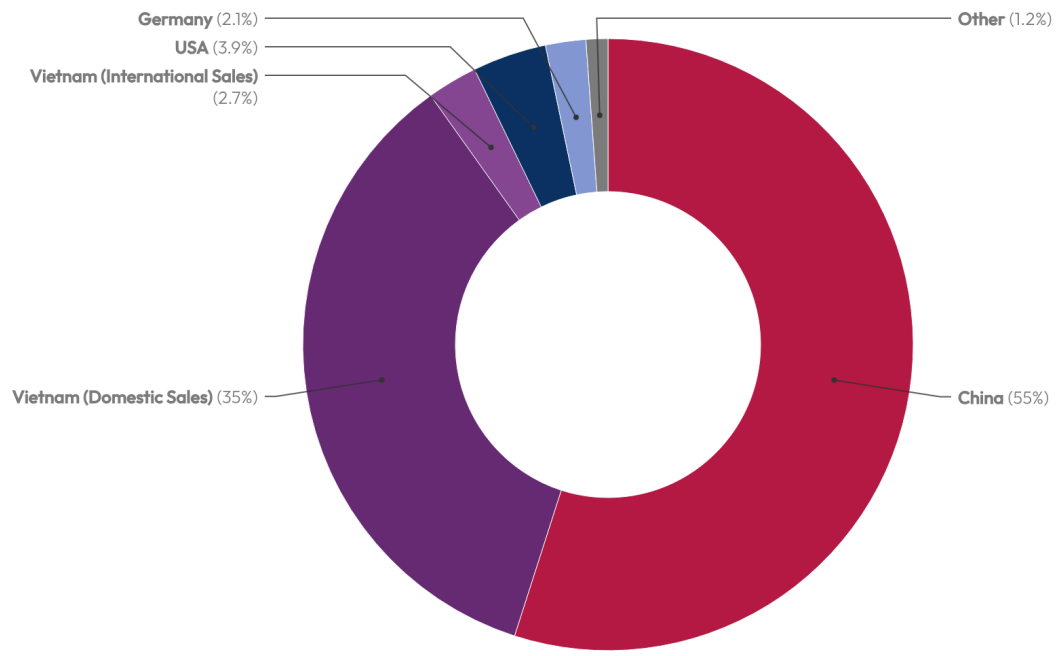
[16] See Channing Lee, Charging Ahead, Special Competitive Studies Project at 32 (2025).
[17] See Crossroads of Competition: China and Southeast Asia in 2025 Annual Report to Congress, U.S.-China Economic and Security Review Commission (2025).

commercial entities.[18] Chinese e-commerce giants like Alibaba, ByteDance's TikTok Shop, Shein, and Pinduoduo's Temu now dominate half of the Southeast Asian e-commerce market.[19] Growth in China's EV sector overseas has followed the same path.

With the collective success of Chinese companies in Southeast Asia, it should be no surprise that China is the top country of parent company origin for EV sales, with 55% of the region's BEV market share in 2025 (see Figure 5). Vietnam ranks second, primarily attributed to VinFast's success domestically in Vietnam. The United States, led by Tesla, ranks third, just ahead of Germany, with just 3.9% of the regional market. (General Motors and Ford have sold a few dozen BEVs in the region each year.)

BEV Sales in Southeast Asia by Parent Company Country

In 2025, Chinese companies led in battery electric vehicle (BEV) sales in Southeast Asia.



"Other" countries include, from most to least sales: South Korea, the Netherlands, Japan, Malaysia, the United Kingdom, France, and Turkey.
Source: SCSP Analysis of EV Sales Data

Figure 5

A head-to-head comparison of U.S. and Chinese EV sales in Southeast Asia further demonstrates how there is hardly any competition between the two countries (see Figure 6). In every country for

[18] See Ngor Luong, et al., Chinese AI Investment and Commercial Activity in Southeast Asia, Center for Security and Emerging Technology (2023).
[19] Weiwen Han, et al., China's Global Push in Retail: What Executives Need to Know, Bain & Company (2025).

which data is available, Chinese companies sell more BEVs in Southeast Asia than U.S. companies. Chinese vehicles start at very low price points—though BYD's bestselling compact hatchback Dolphin recently raised its prices by 33% to THB599,900 (approximately US$18,300)[20]—which may offer them a critical advantage in the region over pricier Western options. Even in Singapore, which will be discussed later in the report, consumers have increasingly chosen to buy Chinese EVs, and BYD is now the country's leading EV brand.

While Chinese companies have focused on expanding in Southeast Asia, U.S. attention to the region has fluctuated over the years. Following the U.S. withdrawal from the Trans-Pacific Partnership (TPP) in 2017, Beijing launched its own Regional Comprehensive Economic Partnership (RCEP) in 2022, strengthening trade with Southeast Asian nations.[21] With encouragement from their government, Chinese companies have recognized and taken advantage of Southeast Asia's friendly policy environments, growing EV adoption rates, and lack of strong competitors (except, of course, in Vietnam).

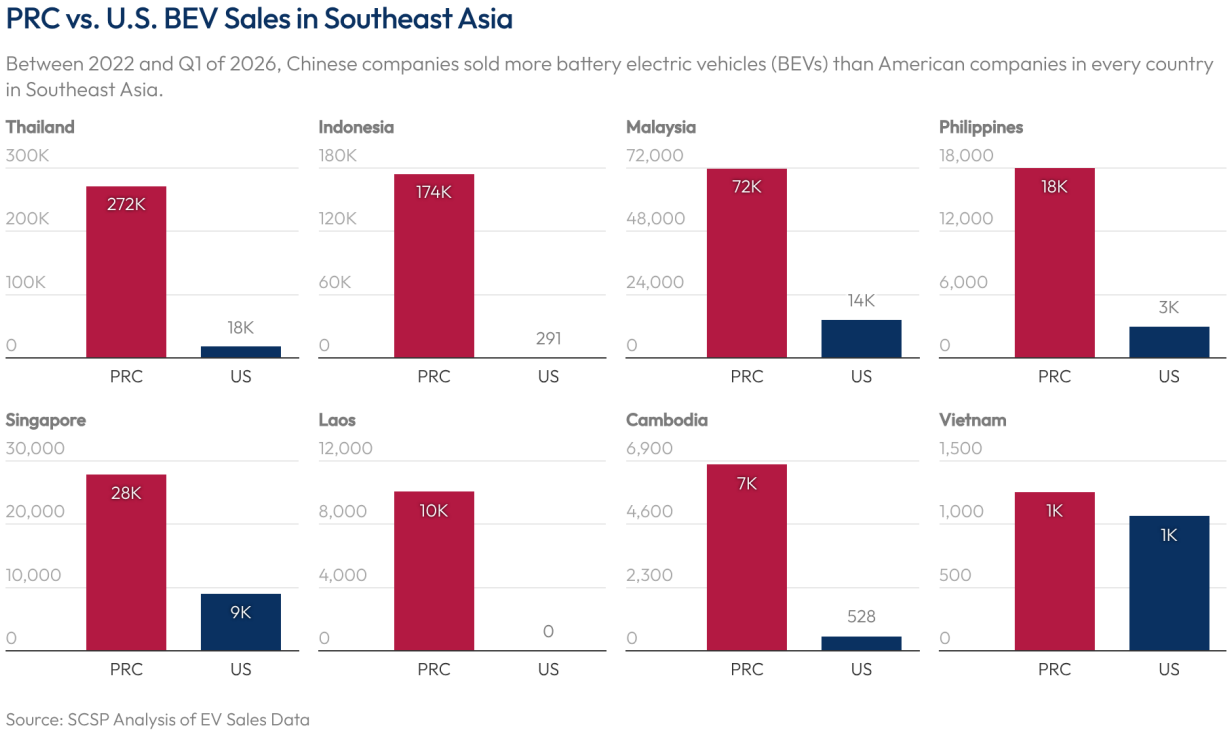


Figure 6

[20] BYD Dolphin Jumps 33% as Chinese EV Makers Lift Thailand Prices on Expired Subsidies, ChinaEVHome (2026); see also BYD Dolphin, Rêver Automotive Co., Ltd. (last accessed 2026).
[21] Washington's Indo-Pacific Economic Framework (IPEF), introduced in May 2022, failed to reinvigorate U.S. trade in the region due to a lack of market access provisions.

While Vietnam competes with Thailand as the largest overall market for EVs in Southeast Asia, Thailand is the largest destination for Chinese BEVs (see Figure 7). Indonesia is the most populous nation in the region, but it is the second largest market for Chinese BEVs. The region's burgeoning EV scene is now a story of rapid consumer transition—from Japanese, South Korean, German, and American gas-powered vehicles to largely Chinese EVs—concentrated in Vietnam, Thailand, and Indonesia.

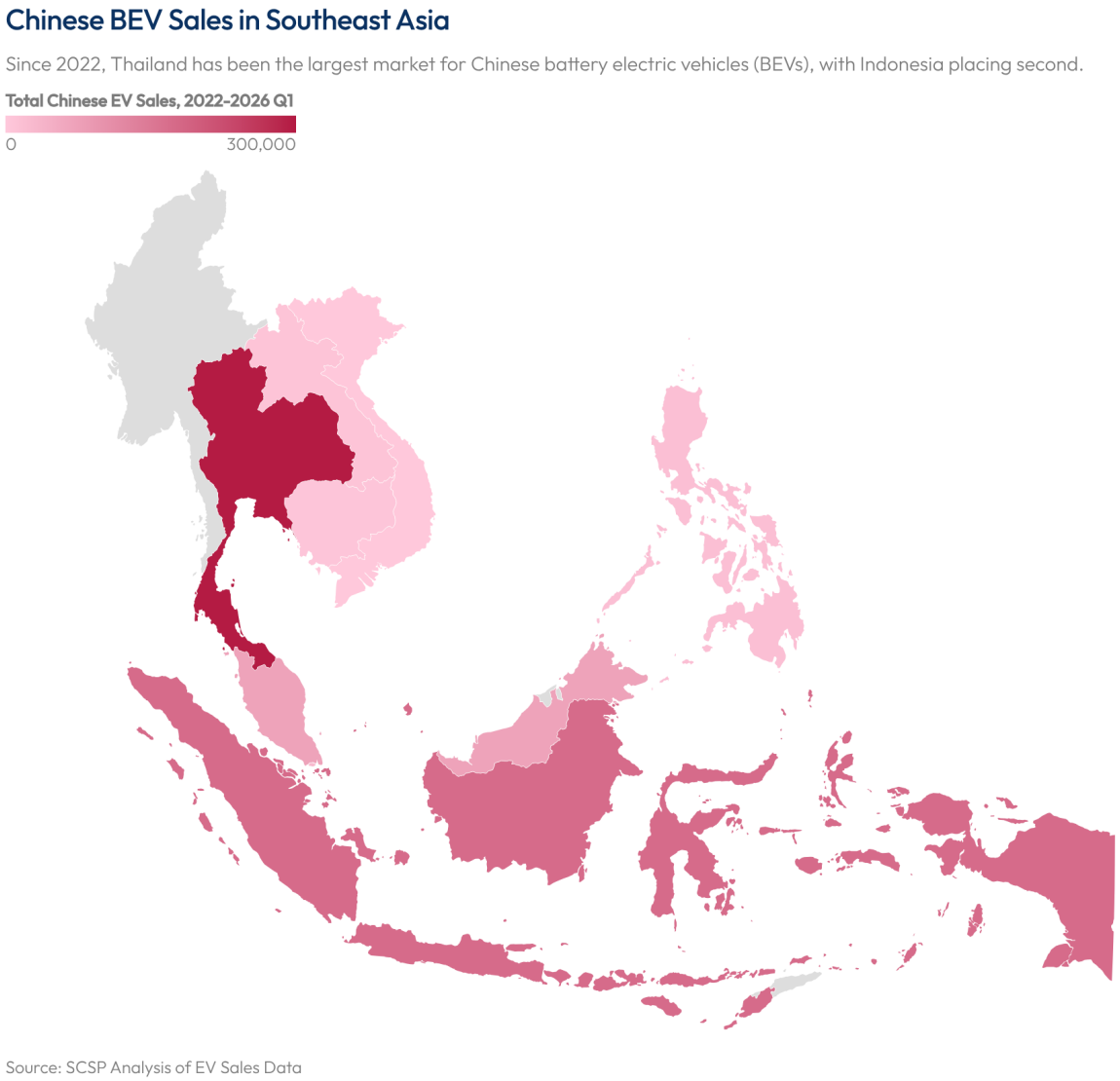


Figure 7

The Three Key Countries

While EV sales across the region are growing, such growth is not distributed evenly. The top three countries for BEV sales in Southeast Asia are Vietnam, Thailand, and Indonesia, as shown earlier in Figure 1. These three countries serve as unique case studies to understand the various dynamics involved with EV adoption. Vietnam boasts a large EV market due to its homegrown company. Thailand is dominated by Chinese vehicles yet has also become a competitive EV manufacturer. Indonesia is similarly dominated by Chinese EVs but encountering difficulty convincing automakers to commit to long-term production and investment.

1) Vietnam: Homegrown Monopolist

As previously noted, VinFast maintains a near-monopoly on EVs in the domestic sector, securing a 99% market share over the past five years (see Figure 8). In 2025, VinFast accounted for almost 175,000 of the 177,000 BEVs sold nationally; in contrast, BYD recorded nearly 900 sales (0.5%), while Tesla and BMW each sold fewer than 500 units (0.2%).

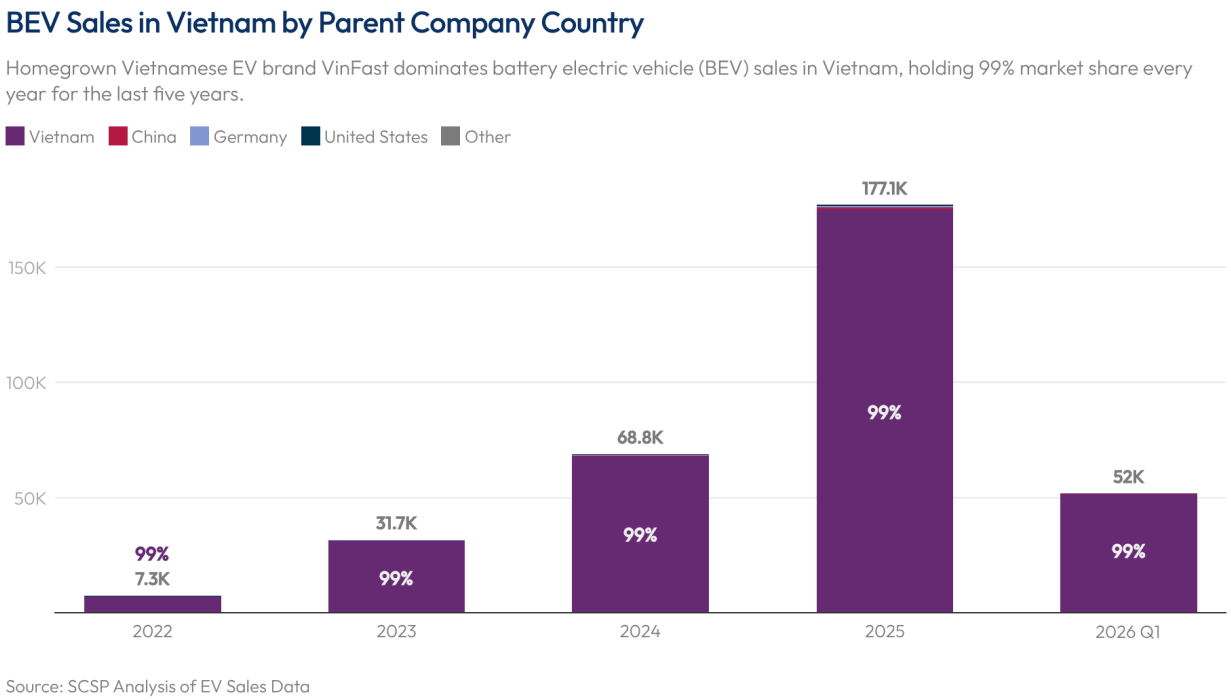


Figure 8

The Vietnamese government has played a central role in promoting EV sales through a combination of long-term planning, tax incentives, and regulatory mandates. In July 2022, Prime Minister Phạm Minh Chính approved the National Action Program for Green Transportation

through 2050, which provided an overarching roadmap for electrification.[22] In the near term (through 2030), the policy prioritizes expanding EV manufacturing, assembly, imports, and conversions from ICE vehicles, while also developing charging infrastructure and encouraging transportation hubs to adopt green standards. Over the long term (2031-2050), the Vietnamese government plans to progressively restrict—and ultimately halt by 2040—the manufacturing, assembly, and import of fossil fuel-powered cars and motorcycles for domestic use.[23] Local governments are also introducing creative measures: in Hanoi, fossil fuel-powered motorcycles and mopeds will be banned within the city's central Ring Road 1 starting in January 2028, with restrictions expanding to larger areas and eventually including private gasoline-powered cars by 2030.[24] These government policies have sent clear signals to Vietnamese industry and consumers alike that the EV market and production growth are priorities.

Fiscal incentives further support EV adoption. Electric vehicles are exempt from registration fees through February 2027, and the special consumption tax for EVs with up to nine seats is set at just 3% until that date, rising to 11% afterward—far below the 35% to 150% rates applied to comparable ICE vehicles.[25] At the regional level, Vietnam's commitments under the Association of Southeast Asian Nations (ASEAN) Trade in Goods Agreement (ATIGA) also allow cars produced within ASEAN with at least 40% regional content to enter the country tariff-free, which protects against imports from non-ASEAN countries[26] (namely, the PRC, whose vehicles currently face tariffs of 50% under the ASEAN-China Free Trade Agreement[27]). That Vietnamese vehicles use left-hand-drive rather than right-hand-drive like in Thailand, Indonesia, and Malaysia also makes it harder for vehicles produced in these other ASEAN countries to be easily imported into Vietnam. Together, these policies have created a favorable regulatory environment for EV deployment and investment in Vietnam's rapidly growing EV market.

Finally, as part of the Vingroup conglomerate, VinFast has benefited from what are essentially protectionist policies to become Vietnam's national EV champion. Due to its manufacturing location in the Dinh Vu-Cat Hai Economic Zone (Hai Phong), VinFast is receiving a 5% effective

[22] Decision No. 876/QD-TTg, Thư Viện Pháp Luật (Law Library) (2022).
[23] Decision No. 876/QD-TTg, Thư Viện Pháp Luật (Law Library) (2022).
[24] Hà Nội to ban substandard petrol-powered motorcycles in inner city from 2028, Viet Nam News (2026).
[25] Vietnam's Legal Framework on Electric Vehicles Offers New Opportunities for Investors, Tilleke & Gibbins (2025).
[26] Thuy Dung, Cars Imported from ASEAN Enjoy Zero Percent Import Duty till 2027, Vietnam Government News (2023).
[27] Selina Cheng, Breaking down the world's tariffs against China's tech industry, Rest of World (2024). The ATIGA's 40% local content threshold may be one incentive for Chinese EV companies to build manufacturing facilities in the region, allowing them to export vehicles tariff-free across the entire ASEAN bloc and bypass local protectionist tariffs. See ASEAN Trade in Goods Agreement (2021).

corporate income tax rate through 2033,[28] among other benefits.[29] Such fiscal breaks have given VinFast the financial leeway to offer attractive incentives to customers, such as free EV charging through February 2029.[30] This policy provides 10 free charging sessions per vehicle per month, corresponding to the average monthly driving range of 1,500-5,000 kilometers (930-3,100 miles). Operating the largest EV charging network in Vietnam, VinFast only permits VinFast customers to use its charging stations, which means consumers of other brands cannot access VinFast's charging network—nor free charging.[31] Deeming this program successful in Vietnam, VinFast has extended its free charging policy to sales in India, Indonesia, and the Philippines.[32] With Vingroup's strong brand recognition throughout the country, Vietnamese consumers feel a sense of pride in VinFast's success—a symbol of technological advancement—likely contributing to the companies' high sales numbers domestically.

While VinFast dominates, Chinese automakers are increasingly establishing manufacturing and assembly operations in Vietnam to capitalize on the government's pro-EV policies and increase their market share in the country. All Chinese BEVs sold in Vietnam are currently produced in China (see Figure 9). By expanding production in Vietnam, Chinese companies could take advantage of Hanoi's production incentives, bypass ASEAN tariffs as mandated by the ATIGA, and position production closer to consumers. Chery Automobile (Chery), which is partially owned by the governments of Anhui province and Wuhu city in China, is constructing a US$800 million facility in the northern Hung Yen province, targeting completion in 2026.[33] Initially planning to produce up to 60,000 vehicles per year, the company aims to scale production to 200,000 vehicles annually by 2030. Notably, this facility will be Chery's first left-hand-drive production base in Southeast Asia, intended to serve the Vietnamese market. Chery has also announced plans to expand its dealership network and deploy charging infrastructure in partnership with local conglomerate Geleximco, broadening its opportunities to expand in the Vietnamese market.

[28] VinFast also enjoyed a four-year tax holiday spanning 2021-2024. Form 20-F, U.S. Securities and Exchange Commission (2025).
[29] The Hai Phong Economic Zone/Free Trade Zone also offers 100% land rent exemptions, 0% import tariffs on machinery and other raw materials, a 50% reduction on personal income taxes for high-skilled labor, R&D tax deductions of 200%, and other import/export tax incentives, all of from which VinFast has benefited. See Tax Incentives, DEEP C Industrial Zones (last accessed 2026).
[30] VinFast Electric Vehicles Will Receive Free Charging until February 2029, Vietnam.VN (2026).
[31] Charging Station System FAQs Listing, VinFast Auto (last accessed 2026).
[32] VinFast Extends Free EV Charging Program in India, The Philippines, and Indonesia until March 31, 2029, VinFast Auto (2026).
[33] Mai Nguyen & Yuji Nitta, China's Chery to Open Its Largest ASEAN Auto Factory in Vietnam in Mid-2026, Nikkei Asia (2025).

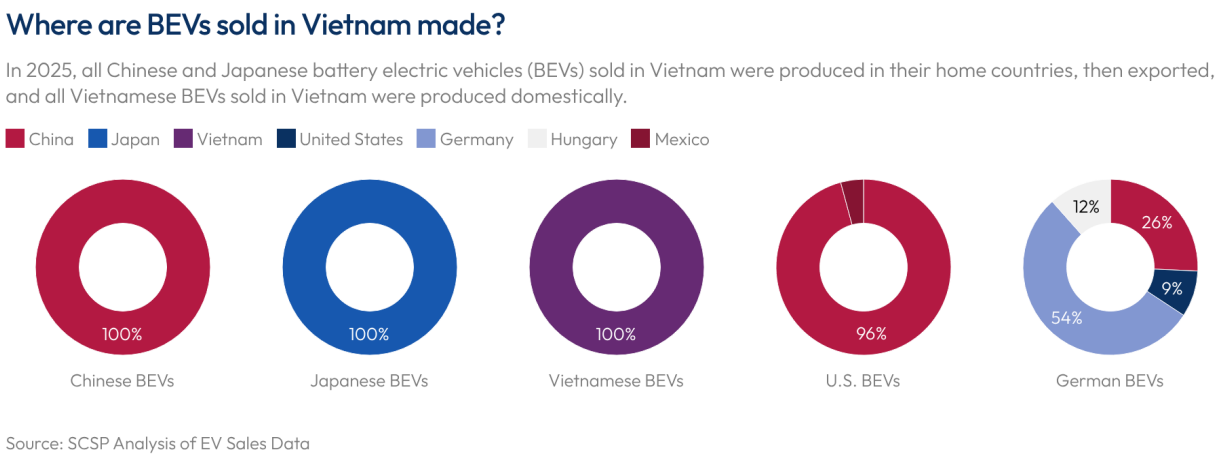


Figure 9

Chinese companies are also partnering with local manufacturers for production and distribution. Since February 2023, SAIC-GM-Wuling has worked exclusively with Vietnam's TMT Motors—previously a Ministry of Transport company that manufactured light trucks—to assemble and distribute its Wuling EV models.[34] In January 2026, BYD announced a partnership with Vietnamese manufacturer Kim Long Motor to establish a US$130 million EV battery production facility in central Vietnam, initially supplying batteries for buses, trucks, and minibuses before expanding to passenger cars.[35] Such investments highlight the growing role of Vietnam as a regional hub not only for EV assembly but also for battery production and component supply. It also represents a shift in strategy for Chinese companies, who are now engaging in technology transfer of their own technology outside of China—the reverse of which once happened in China itself.

In summary, Vietnam's electric vehicle market is characterized by a unique dynamic: a powerful domestic champion, VinFast, dominates the local sales landscape, heavily supported by the government's ambitious long-term electrification roadmap and generous fiscal incentives. This combination of national policy and homegrown success has placed Vietnam among the largest EV markets in Southeast Asia. However, the future competitive environment is set to intensify as major Chinese automakers begin to establish local manufacturing facilities. These large-scale investments and strategic partnerships with local distributors signal an impending contest for market share, positioning Vietnam not only as a primary consumer market but also as a growing

[34] In 2024, this partnership was threatened by modest sales and uncertainty about TMT Motors' future. However, the success of Wuling in Vietnam has appeared to reverse the Vietnamese distributor's fortunes. See TMT Motors Partners with World Leading Joint Venture to Bring Mini EVs to Vietnam, Vietnam Plus (2023); Tat Dat, Doubts Arise Over Survival of TMT Motors - Wuling EV Distributor, VN Express (2024); Tat Dat, Vietnam Distributor of China's Wuling EV Turns Profitable Again, VN Express (2025).

[35] Vietnam's Auto Manufacturer to Establish $130 Million EV Battery Plant with China's BYD, Reuters (2026).

regional hub for EV and component production. This influx of foreign direct investment from Chinese companies suggests that Vietnam's future EV market trajectory will be shaped by a delicate balance between protecting the national champion and harnessing Chinese manufacturing capital.

2) Thailand: Chinese-Dominated EV Manufacturer

Challenging Vietnam as the largest EV market in Southeast Asia, Thailand is a rapidly growing destination for Chinese electric vehicles. In Q1 of 2026, Chinese companies occupied 91% of the country's BEV market share, with others such as German, American, and Japanese companies comprising the remaining 9% (see Figure 10). Simultaneously, Thailand is becoming the largest EV manufacturing hub in the region, in line with the government's "30@30" goal: for 30% of all domestically produced vehicles to be electric by 2030.[36] The legacy of Thailand's role as the region's top motor vehicle manufacturer—and 11th largest globally[37]—has driven the nation's growth both as an EV market and as an EV manufacturer.

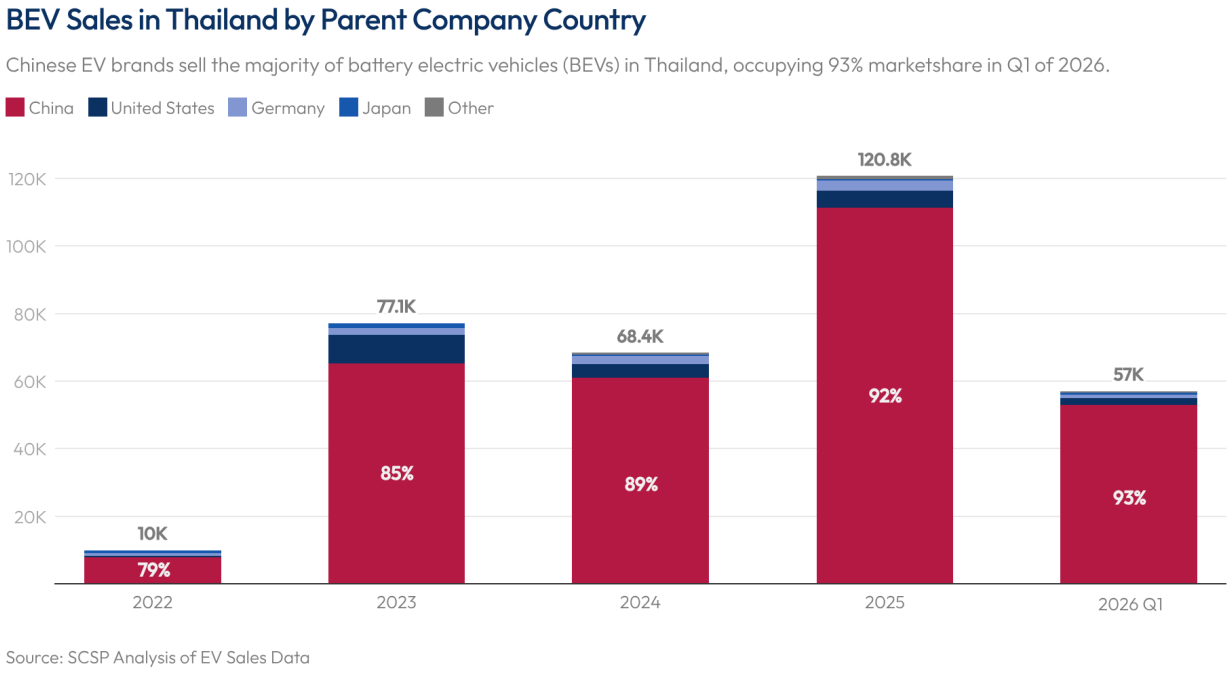


Figure 10[38]

[36] EV Board Gives the Green Light to EV 3.5 Package, Positioning Thailand as the Key Regional Hub for Electric Vehicle Manufacturing, Thailand Board of Investment (last accessed 2026).
[37] Production Statistics, International Organization of Motor Vehicle Manufacturers (last accessed 2026).
[38] Automobile sales dropped 26% annually in 2024, a result of tightened auto loan requirements and high household debt. However, while absolute sales dropped, EVs still performed better than ICEs. Thailand's Car Production at Four-Year Low in 2024, Reuters (2025).

Sometimes referred to as the 'Detroit of Asia,' Thailand has been an automobile manufacturing hub since 1961, when the country produced its first car, an American Ford Cortina.[39] Since then, the government has successfully incentivized the large-scale development of a full supply chain for ICE vehicles.[40] Contributing 10% to 11% of Thailand's GDP and directly employing over 850,000 workers, the automobile industry is integral to Thailand's growth as a developing economy.[41] Now, as the world shifts towards EVs, Bangkok is utilizing its former industrial policy expertise and leveraging the country's established network of automobile parts manufacturers, industrial capacity, and skilled workforce to remain a top automobile producer.

Thailand's government-run Board of Investment began offering localization incentives to EV companies in the mid-2010s, years earlier than other countries in the region. In 2020, Bangkok tied further incentives to specific domestic investment levels and production outputs.[42] These efforts led to comparatively early EV adoption. In February 2022, Bangkok shifted focus to lowering the costs of EVs for consumers with the introduction of a subsidy package dubbed "EV 3.0," spurring sales of BEVs (and Chinese BEVs) to increase almost eight-fold from 2022 to 2023 (Figure 10).[43] At the time, the U.S. Department of Commerce estimated this subsidy policy would reduce the price of EVs by US$2,200-$4,800, urging American automakers to explore business opportunities that resulted from this rule.[44] By 2024, EVs achieved purchase price parity with ICE vehicles, further spurring adoption rates.[45]

Central to EV 3.0 was the distinction between *completely built-up units (CBUs)*—those imported in one piece from the car manufacturer's country requiring no further assembly—and *completely knocked-down units (CKDs)*—which require local assembly from imported parts. Automakers prefer selling CBUs, as they don't require building foreign factories and developing localized supply chains. Destination countries prefer CKDs because they increase local investment and create jobs. EV 3.0 required producers to commit to a local production ratio of 1:1—producing one

[39] Tim Culpan, Thailand, the Detroit of Asia, Now Wants a Shot at EVs, Bloomberg (2022).
[40] Jarunee Wonglimpiyarat, Towards the Detroit of Asia: Empirical Research Insights of Thailand's OEM Strategy, ScienceDirect (2016).
[41] Jack Board, Caught Between Two Giants, Automotive Powerhouse Thailand Tries to Get Moving Again, Channel News Asia (2025).
[42] The 2020 policy required that local production began by 2022, in exchange for an eight-year corporate tax exemption period on BEV projects with an investment package over THB5 million (~US$160,000 in 2020 dollars). Thailand BOI Approves New EV Package, and Over 35 Billion Baht in Large Investment Projects, Thailand Board of Investment (last accessed 2026).
[43] Specific aspects of the consumer-facing EV 3.0 were: a subsidy of THB150,000 for EVs with batteries ≥ 30kWh and THB70,000 for EVs with batteries from 10kWh-30kWh, a reduced excise tax from 8% to 2% for passenger EVs, and a reduction of 40% on the import duty for CBU EVs. Determination of Criteria, Methods, and Conditions for Receiving Rights under the Measure to Support the Use of Electric Vehicles, Category of Cars and Motorcycles (No. 2), Excise Department of Thailand (2023).
[44] Thailand Duty for Electric Vehicles, International Trade Administration, U.S. Department of Commerce (2022).
[45] Trends in Electric Cars—Global EV Outlook 2026—Analysis, International Energy Agency (2026).

CKD unit in Thailand for each CBU unit imported under a heavily reduced import duty—by December 31, 2024; manufacturers that failed to meet their production obligations in 2024 were required to offset the shortfall at a higher local production-to-import ratio of 1.5:1 in 2025.[46] Shortly thereafter, Bangkok announced an updated "EV 3.5" policy spanning 2024 to 2027, reinstating the full import duty for CBUs after 2025 and raising production ratio requirements to 2:1 if produced by 2026, or 3:1 if produced by 2027.[47] Aligning with the production-focused goals of 30@30, Bangkok began counting exports towards domestic production requirements in 2025.[48] While more than half of the over 47,000 BEVs produced in Thailand in 2025 were sold in Thailand, two-fifths were exported to Singapore, Malaysia, and Indonesia; other sales destinations included Mexico (over 1,000 BEVs), Laos (around 400 BEVs), and Tajikistan (nearly 300 BEVs).

While EV 3.0 and EV 3.5 successfully drove EV adoption, the policies also secured a more enduring objective: the construction of EV manufacturing facilities in Thailand. Except for SAIC, which has produced ICE vehicles in Thailand for almost a decade, all Chinese companies currently producing EVs in Thailand opened factories after the government announced localization requirements in 2020.[49] The clustering, and rapid development, of Chinese EV factories in the provinces of Rayong, Chon Buri, and Chachoengsao (see Figure 11) builds upon the legacy of Thailand's ICE automobile industry. In the 1980s, the Thai government designated these three provinces as the "Eastern Seaboard" to boost economic activity by permitting foreign ownership of property, providing corporate tax holidays, and funding infrastructure projects, including industrial-capacity electricity and a deep-water port.[50] As a result, the Eastern Seaboard became an obvious choice for EV manufacturers and an enabler for rapid industrialization. Today, Thailand is home to the most EV factories in Southeast Asia.

[46] Determination of Criteria, Methods, and Conditions for Receiving Rights under the Measure to Support the Use of Electric Vehicles, Category of Cars and Motorcycles (No. 2), Excise Department of Thailand (2023).
[47] EV 3.5, Thailand Board of Investment (last accessed 2026). Under EV 3.5, consumer subsidies for passenger BEVs are reduced yearly, except remaining the same in 2027 as 2026. The current subsidy rates for an electric passenger car, as of June 2026, are THB50,000 for EVs with batteries ≥ 50kWh and THB25,000 for EVs with batteries from 10kWh-50kWh, down from THB100,000 and THB50,000 respectively in 2024. Excise taxes for EVs remained at 2%, as reduced under EV 3.0.
[48] Thailand adjusts EV policy to ease production requirements, target exports, Reuters (2025).
[49] SAIC Motor Establishes New Plant in Thailand, SAIC Motor (2017).
[50] Peter G. Warr & Archanun Kohpaiboon, Thailand's Automotive Manufacturing Corridor, Asian Development Bank Economics Working Paper Series No. 519 (2018).

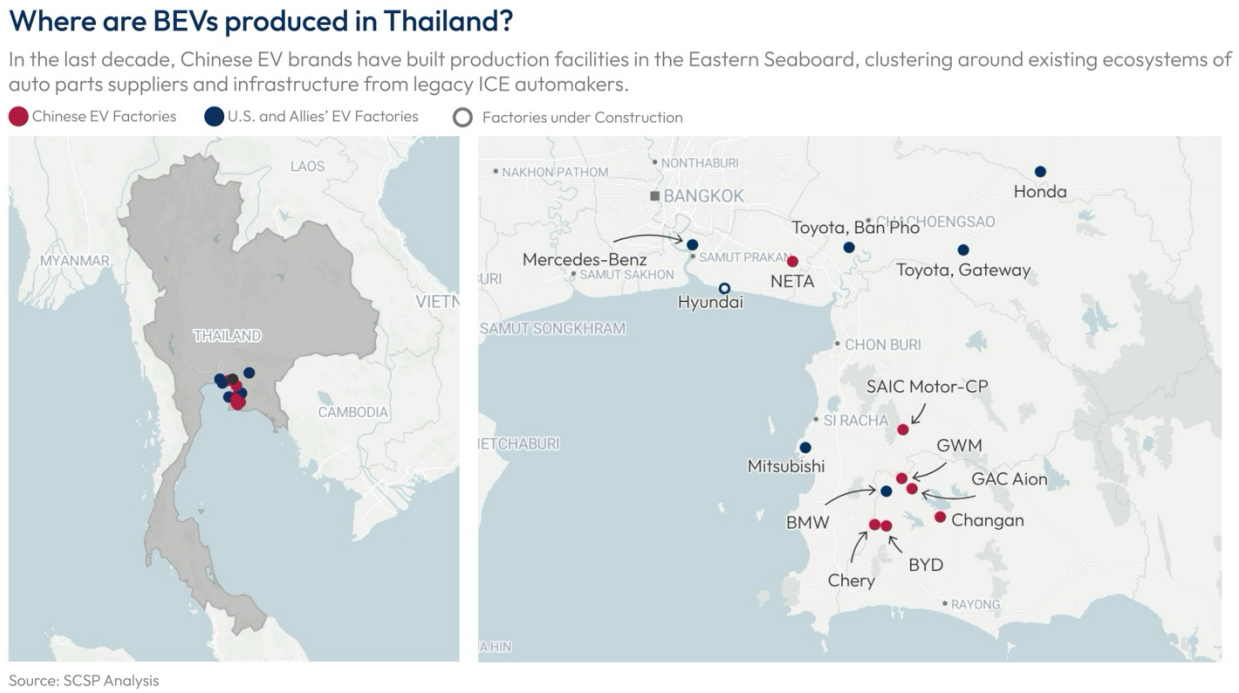


Figure 11

The first movers took over existing facilities: in June 2021, PRC-based Great Wall Motors (GWM) began operations in a factory it purchased from U.S. automaker General Motors.[51] Others chose to partner with Thai auto manufacturers: China's SAIC[52] inked a deal with Thailand's Charoen Pokphand (CP) Group, while Neta partnered with Bangchan General Assembly Co.[53] for EV production and assembly. Many Chinese EV companies have embraced opportunities for greenfield investment, constructing and operating their own manufacturing plants. BYD[54] and Aion[55] both opened manufacturing plants in Rayong in July 2024, with initial annual capacities targeting 150,000 and 50,000 vehicles, respectively. Changan opened a Rayong facility in May 2025, with an annual capacity of 100,000 units.[56] Most recently, in April 2026, Chery inaugurated its factory in Rayong with an annual capacity of 80,000 vehicles.[57] These massive investments—estimated at US$3 billion in 2025[58]—suggest that Chinese EV companies aren't solely producing

[51] GWM Signs Definitive Agreement with GM to Purchase Manufacturing Facility in Rayong, General Motors (2020); GWM Starts Vehicle Production in Thailand, China Daily (2021).
[52] SAIC Motor-CP Breaks Ground on New Industrial Park in Thailand for NEV Parts Production, Gasgoo (last accessed 2026).
[53] NETA Starts Mass Production of Electric Vehicles in Thailand for the Thai Market, Neta (2024).
[54] BYD Thailand Factory Inauguration and Roll-off of Its 8 Millionth New Energy Vehicle, BYD (2024).
[55] GAC Aion Opens Its 1st Overseas Plant in Thailand, CnEVPost (last accessed 2026).
[56] CHANGAN Inaugurates Landmark Overseas Manufacturing Facility in Thailand, Strengthening Regional Leadership and Powering National EV Hub Ambitions, CHANGAN (last accessed 2026).
[57] Chery Opens NEV Assembly Plant in Thailand, Australasian Fleet Management Association (2026).
[58] China's intense EV rivalry tests Thailand's local production goals, Reuters (2025).

to fulfill their production quotas under EV 3.0 and EV 3.5, but are also committed to and confident in Thailand, both as a market and production base.

Chinese EV companies' success in Thailand has far-reaching implications beyond accelerating the country's EV transition. First, growth in Chinese EV sales is already disrupting Thailand's broader automobile industry by capturing market share from ICE sales, threatening the Japanese automakers that have historically dominated Thailand's automobile production.[59] For some, this threat has already materialized. In 2024 and 2025, Suzuki and Subaru ended all production in Thailand, while Honda and Nissan each closed one of two vehicle assembly factories.[60] Second, Chinese EV companies are set to persist in their dominance of Thailand's EV industry—where they currently possess over 90% of the market—as they expand their sales presence and local manufacturing footprint. Bangkok's push towards 30@30 likely will only accelerate Chinese EV growth, paving the way for Chinese companies to dominate the country's entire automobile industry, especially as the EV adoption rate in Thailand continues to rise. Third, it is important to note that, despite legacy brands' pre-established infrastructure, workforce, and organizational capacity in Thailand, Chinese brands have outcompeted legacy manufacturers that have attempted to shift towards EVs; Japanese manufacturers have almost given up the BEV market entirely, halting the development of purely electric models and instead doubling down on their lead in hybrid electric vehicles (HEVs).[61] Finally, as previously mentioned, Chinese companies will increasingly take advantage of ATIGA rules that allow the tariff-free exports of ASEAN-made (or, in this case, Thailand-made) goods across the region, increasing future profits. Ultimately, the scale of Chinese EV expansion in Thailand—in both production capacity and sales—in merely five years demonstrates that Chinese companies can deploy their innovation power rapidly overseas, at the expense of established competitors.

[59] In May 2026, the Electric Vehicle Association of Thailand and nine other automotive associations released a proposal calling for reform of the excise tax system to benefit locally produced vehicles, stronger enforcement of the 40% local content requirement, and measurable indicators for EV technology transfer, among many others. Thai Auto Groups Urge EV Rescue Plan Before 2027 Production Cliff, The Nation (2026). Weeks later, the Federation of Thai Industries reported that car production in Thailand dropped to its lowest level since 2021 in April 2026. Thailand Car Production Falls to Lowest Level in Five Years in April, Reuters (2026). As overall production falls, however, Chinese BEV production has increased, with 2026 Q1 sales of domestically produced BEVs reaching almost half of the 2025 total sales number.

[60] Suzuki to Close Automobile Plant in Thailand, Suzuki Global (2024); Subaru to Cease Assembly in Thailand, Just Auto (2024); Honda to End Vehicle Production at Ayutthaya Plant, Bangkok Post (2024); Nissan to Shut Thai Plant, Cut 11,000 Jobs Globally, The Nation (2025).

[61] See Trapped on an Electrification Islet: Japanese Automakers Amid the False Narrative of a "Global EV Slowdown", European Central Station (2026); Takashi Itoda, et al., Japanese Automakers Losing Market Share in Southeast Asia; Increased Competition from Chinese Brands Creates Difficult Business Environment, The Japan News (2026).

3) Indonesia: Resource-Rich EV Assembler

Like Thailand, Indonesia is a growing EV market dominated by sales of Chinese vehicles. In 2025, 85% of all BEVs sold in Indonesia were from Chinese brands; that figure was 95% in Q1 of 2026 (see Figure 12). The third-largest EV market in Southeast Asia, Indonesia is also the primary destination for VinFast outside of Vietnam. Government incentives designed to encourage both a transition to green transportation and local EV production have been the primary drivers of Indonesia's rapid EV market growth. There has already been significant progress on the first goal, with sales of BEVs in Indonesia almost tripling between 2023 and 2024; notably, sales of Chinese-made BEVs increased by over five times during that same period. From 2024 to 2025, sales of BEVs (and sales of Chinese BEVs) more than doubled, reaching 105,000 units total.[62] Progress on the latter goal of building a domestic electric vehicle industry, however, is more uncertain, with production failing to meet targeted levels.[63] As most Chinese EV brands chose Thailand as their first point of entry to automobile production in Southeast Asia, whether Jakarta can convince Chinese brands to expand further in Indonesia will be a critical question.

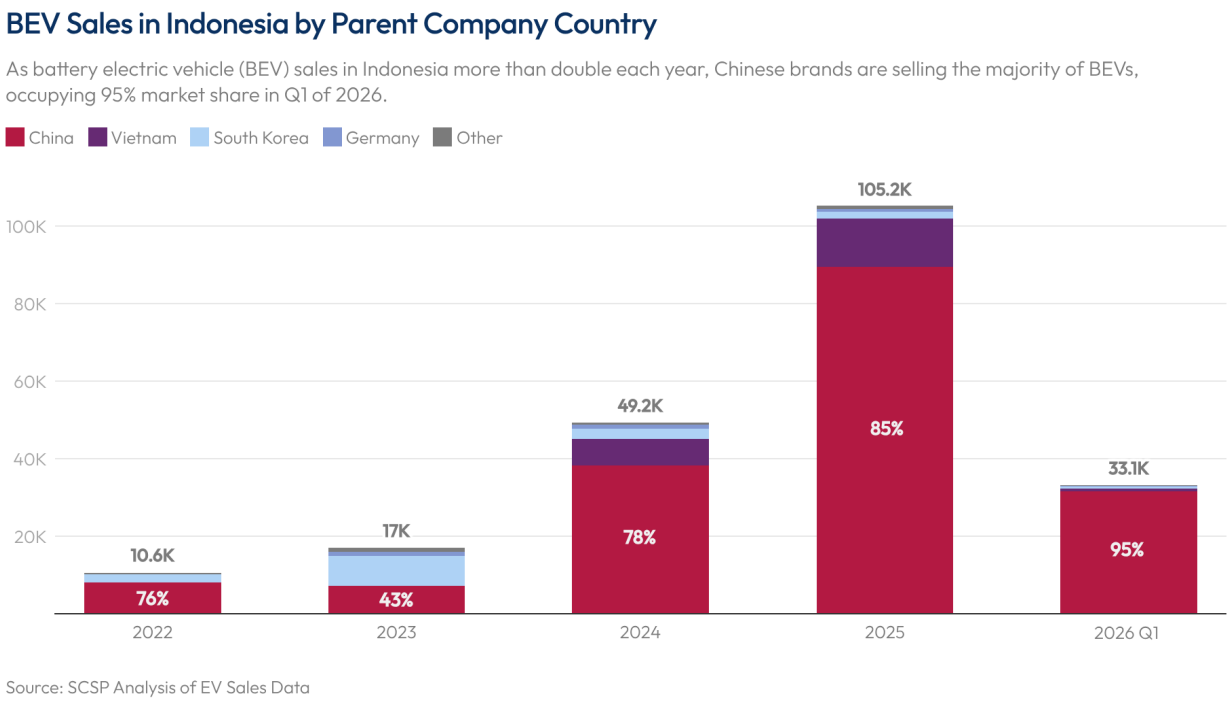


Figure 12

[62] As of 2025, the average price of an EV in Indonesia was 40% higher than an ICE vehicle. Despite higher prices, consumers are still choosing EVs. Trends in Electric Cars—Global EV Outlook 2026—Analysis, International Energy Agency (2026).

[63] Firda Dwi Muliawati, Produksi Mobil Listrik RI Masih Seuprit, Impor Makin Kuasai Pasar (Indonesia's Electric Car Production Remains Limited, as Imports Increasingly Dominate the Market), CNBC Indonesia (2025).

To catalyze both sales and manufacturing of EVs, Jakarta implemented a two-stage policy. This strategy first utilized a grace period for CBU imports to accelerate adoption, followed by a transition to mandatory CKD assembly aimed at expanding local employment. Starting in January 2024, the Indonesian government lowered consumer costs by slashing the value-added tax (VAT) on EVs from 11% to 1%, while simultaneously removing EVs' 50% import tariff and luxury taxes (PPnBM).[64] Participation in this incentive program required manufacturers to commit to a 1:1 ratio of domestic CKD production relative to CBU imports between 2026 and 2027.[65] Furthermore, to foster a domestic automotive parts ecosystem capable of supporting full supply chain production, Jakarta mandated that locally assembled units achieve a 40% domestic component level, known as *Tingkat Komponen Dalam Negeri* (TKDN).[66] Compared to Thailand, Indonesia's network of automotive parts suppliers is less developed, making these regulatory requirements vital for industrial development.[67] Additionally, the Indonesian Ministry of Industry identified battery packs and modules as the primary target for TKDN requirements as part of Jakarta's effort to capitalize on the country's large nickel reserves.[68] The expiration of import incentives on December 31, 2025, signaled the conclusion of the initial phase and a strategic pivot toward maturing the nation's domestic manufacturing sector. While Indonesia's EV strategy has largely mirrored that of Thailand, its two-year delay (launching its production incentive programs in 2024 versus Thailand's 2022 start) could prove to be a weakness in Jakarta's effort to establish a robust EV production industry.

As in Thailand, EV companies in Indonesia are fulfilling their domestic production requirements in two distinct ways: either building manufacturing facilities or partnering with local manufacturers. However, unlike in Thailand, where Chinese companies are building facilities regardless of current sales volumes, only the companies with the largest local production requirements in Indonesia (measured by total EVs imported in 2024 and 2025) have thus far committed to building in-country factories. This either signifies a lack of confidence in Indonesia's long-term prospects as an EV production hub or shows that Chinese companies are committing only the minimum resources required under government policies. SAIC-GM-Wuling, for example, began

[64] CKD units had been granted import incentives earlier, starting in 2019. Starting in 2024, CKD EV imports faced no PPnBM or import duty, provided that the EVs had a TKDN between 20-40%. PMK No. 8 Tahun 2024 (Article 4) and PMK No. 10 Tahun 2024, Kemenkeu Jaringan Dokumentasi dan Informasi Hukum Nasional (Ministry of Finance Legal Documentation and Information Network) (last accessed 2026).

[65] Peraturan BKPM No. 6 Tahun 2023, and PMK No. 62 Tahun 2025, Kemenkeu Jaringan Dokumentasi dan Informasi Hukum Nasional (Ministry of Finance Legal Documentation and Information Network) (last accessed 2026).

[66] TKDN requirements are scheduled to increase to 60% in 2027 and 80% in 2030. What is TKDN and Its Rules in the Car Industry?, Wuling (last accessed 2026).

[67] One measure of this is that automobile parts and accessories were Thailand's second largest export, by sales value, to Indonesia in 2024. Indonesia (IDN) and Thailand (THA) Trade, The Observatory of Economic Complexity (last accessed 2026).

[68] Indonesia Revises TKDN Target in EVs to Attract More Investment, Antara (2024).

manufacturing EVs at its Cikarang, West Java plant in 2022, five years after the facility began producing ICE vehicles.[69] It is thus far the only brand to have sold Indonesian-produced EVs in Indonesia, although over half of its BEV sales between 2024 and Q1 of 2026 still consisted of Chinese imports, leaving substantial outstanding production obligations to fulfill. VinFast, another top-seller in Indonesia, opened its fourth international plant in Subang, West Java in December 2025, with an initial production capacity of 50,000 vehicles annually.[70] Its quarterly sales numbers plummeted from an average of 3,000 in 2025 to about 700 in Q1 of 2026, however, raising questions about its future viability, especially when considering the company's other financial hurdles. Meanwhile, BYD, the most successful BEV brand in Indonesia with over 80,000 units sold and continuing to lead in overall BEV sales, is in the final stages of construction for its plant in Subang and is scheduled to begin production in Q3 of 2026.[71]

EV companies that sold comparatively fewer units in 2024 and 2025 (under 20,000), have chosen to partner with local assemblers and distributors already well-established in Indonesia's automobile market. This model has allowed these firms to scale quickly to meet production as mandated under the import incentive program, without committing to long-term investment or spending significant capital to build production facilities. For example, Chery, Neta, Geely, and Xpeng each produce at least one model at the Handal Indonesia Motor (PT HIM) car assembly plant in Bekasi, which has partnered with foreign car companies since the 1990s.[72] Similarly, Aion partnered with local distributor Indomobil Group to construct a car assembly factory in Cikampek, West Java; Great Wall Motors mirrored this strategy with multinational automobile distributor Inchcape in Wanaherang, Bogor.[73] While operating under this second model for now via partnership with Handal Indonesia Motor, Chery recently committed Rp 5.2 trillion (US$334 million) over the next five years to expand its production capacity, signifying a potential shift to independent production at a local factory.[74] As Chinese companies increase their sales in Indonesia in the next few years, it will be important to observe whether they will be able to comply with Indonesia's intensifying TKDN mandates, and whether the companies will decide to build more independent manufacturing facilities as their sales volumes grow.

Local production requirements aside, the year 2026 represents a critical juncture for the electric vehicle sector in Indonesia due to a change in the industry's demand for a critical mineral: nickel. Indonesia, which possesses 60% of the world's nickel reserves, previously sought to leverage this

[69] Wuling Celebrates Production of 160.000 Units at Indonesian Plant and Export of Cloud EV to ASEAN, Wuling (2024).
[70] VinFast Officially Inaugurates Electric Vehicle Plant in Subang, Indonesia, VinFast (last accessed 2026).
[71] BYD's $1 Billion Indonesia Plant on Track for Q3 Production Start, Electric Vehicles (2026).
[72] About Us, Handal Indonesia Motor (last accessed 2026).
[73] GAC Indonesia Smart Factory Goes into Operation, With the First AION V Rolling off the Mass-Production Line!, GAC Group (2025); GWM Indonesian KD Factory Commences Production, GWM (2024).
[74] Bambang Ismoyo, China's Chery Commits Over $330 Million to Indonesia, Minister Says, Jakarta Globe (2025).

dominance by prohibiting the export of raw nickel ore and funding local smelters to position the nation as a pivotal link in the global electric vehicle battery supply chain.[75] In 2022, 84% of all BEVs sold in Southeast Asia were powered by Nickel Manganese Cobalt (NMC) batteries. For a long time, Chinese firms had capitalized on this critical mineral supply: CATL, for example, which controls over 38% of the global EV battery supply chain, has invested US$6 billion to partner with local mining companies on an Indonesia EV Battery Integration Project, spanning nickel mining and processing to battery materials, battery manufacturing, and battery recycling.[76]

But in recent years, EV manufacturers have been pivoting away from nickel-based batteries toward more efficient lithium-iron alternatives, which allow for faster charging speeds and longer driving ranges.[77] Years-long clashes between foreign firms (including and beyond Chinese mining companies) and the Indonesian government over nickel mining policies have likely accelerated this shift, as automakers innovated on battery technology to reduce reliance on Indonesian nickel.[78] Lithium Iron Phosphate (LFP) technology has now become the industry standard, leaving NMC batteries to power only 15% of BEVs sold in the region in 2026. Frustrated with Indonesian government policies, PRC nickel producers like Tsingshan Group, the world's largest stainless-steel producer, are presently seeking alternative mining sites in Madagascar.[79] Thus, as the industry shifts, Indonesia's government must find new incentives to keep production within its borders.

Other Southeast Asian EV Markets

While Vietnam, Thailand, and Indonesia provide distinct case studies of Chinese EV expansion in Southeast Asia, a brief analysis of the region's other markets rounds out this report's understanding of the shifting EV landscape.

Singapore is the prime example of where, absent price concerns present in the wider Southeast Asian contest, Chinese automakers have outcompeted legacy carmakers and substantially grown its influence in the EV market. In 2025, nearly three-quarters of BEVs sold in Singapore were Chinese, compared to less than one-third three years prior (see Figure 13). Singapore's central policy goal for EVs, part of the "Singapore Green Plan," is for 100% of vehicles to be "cleaner

[75] Asido Nababan, Indonesia's Nickel at a Crossroads in the EV Battery Race, The Jakarta Post (2026).
[76] CATL and Partners Break Ground on US$6 Billion Battery Integration Project in Indonesia, CATL (2025).
[77] Aniruddha Ghosal & Anton L. Delgado, Indonesia Tightens Control on Nickel as the US and China Scramble for Critical Minerals, Associated Press (2026).
[78] Indonesia's attempt to protect and nationalize its nickel industry has ultimately encouraged foreign firms to develop technologies free of nickel. Ju Liang, Indonesia's Nickel Nationalism Falters in the Face of China's Tech, Asia Times (2026).
[79] Dylan Duan, et al., Focus: Chinese Investors Behind Indonesia's Nickel Boom Scout Alternatives as Policy Changes Bite, Reuters (2026).

energy" by 2040.[80] The city-state has already made substantial progress towards this goal: last year, its Land Transport Authority (LTA) reported 52,000 new car registrations, while our data cited just over 20,000 BEV sales, suggesting BEVs accounted for nearly 40% of new vehicle sales.[81] As one of the wealthiest countries in the world per capita, Singapore's population is equipped to handle the higher upfront costs often associated with EVs.

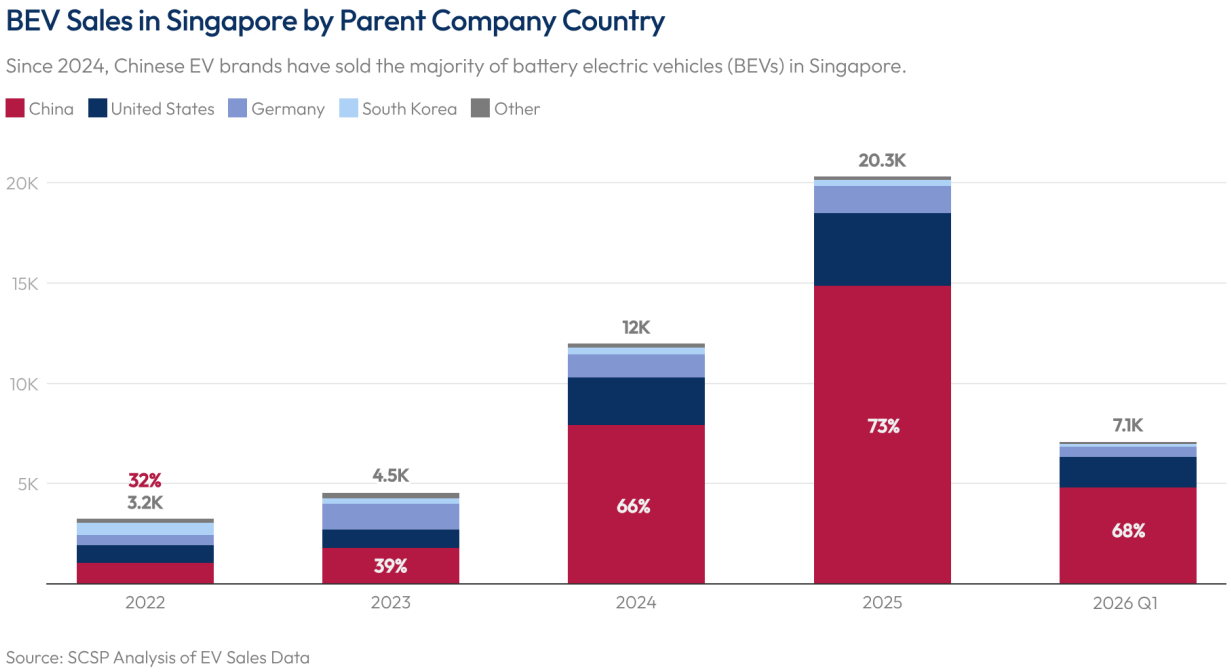


Figure 13

Lower car prices are often credited as the driving factor for EV sales and the biggest advantage against legacy automakers. But in Singapore, securing the right to own a vehicle often costs more than the vehicle itself due to the country's intense Certificate of Entitlement (COE) system, which grants the right to own a vehicle for 10 years.[82] Twice a month, the LTA releases a fixed quota of

[80] Singapore classifies cleaner-energy vehicles as electric, hybrid or hydrogen fuel cell cars. Electric Vehicles - Singapore, Land Transport Authority (last accessed 2026). Key adoption incentives include: a 45% rebate on Singapore's notoriously expensive Additional Registration Fee (for instance, a SG$60,000 car incurs a SG$86,000 ARF), a rebate of SG$22,500 on the Vehicular Emissions Scheme (VES), and co-funding of 3,500 public EV chargers. Each of these incentives dramatically lowers the cost of purchasing, and registering, a vehicle in Singapore, though they are all set to expire by the end of 2027. Vehicle Tax Structure, One Motoring by Land Transport Authority (last accessed 2026); Transitioning to EVs, Land Transport Authority (last accessed 2026).

[81] Singapore does not publicly release vehicle sales data, only vehicle registration data. LTA | Statistics, Land Transport Authority (last accessed 2026).

[82] In 2026, the price of a COE bid for passenger vehicles averaged over SG$123,000 (US$95,000). While Category A (cars up to 1,600cc and 130bhp, and electric vehicles up to 110kW) usually costs less than Category B (cars above 1,600cc or 130bhp, and electric vehicles above 110kW), strong EV demand has

certificates for bidding,[83] and vehicles are divided into distinct categories to prevent regular car buyers from competing directly with luxury vehicle buyers or commercial logistics companies. EV companies have taken these restrictions into consideration when entering the Singaporean market. BYD has built software-detuned, "Singapore-friendly" variants of their most popular models, purposefully capping their horsepower at or below 110kW to qualify them for Category A COEs, making them more accessible, mass-market family vehicles. Tesla's higher-performing BEVs (which generate well over 200kW of power) have traditionally been locked in Category B; although it eventually introduced specialized trims and detuned vehicles down to exactly 110kW to qualify for Category A, most of its vehicles remain in a higher price-point COE category.[84] With Chinese companies like BYD qualifying for a traditionally more affordable COE category, combined with generous tax rebates and a lack of emissions surcharges, it is no surprise that Singaporean EV consumers have increasingly chosen Chinese brands. While American and German cars still maintain the greatest proportional presence in Singapore of any other market in the region, the influx of Chinese EVs has reshaped Singapore's automotive landscape, and upward trends of Chinese EV sales will likely continue in the coming years.

Malaysia's EV market broadly mirrors Singapore's (see Figure 14), but its EV market is newer and driven by different dynamics. As Chinese BEV sales increased from 8% in 2022 to 90% in Q1 of 2026, German BEV sales plummeted from 68% to only 2.9% in the same time period. Tesla finally entered Malaysia in July 2023[85] and achieved relatively strong sales in 2024 and 2025.[86] However, Malaysia's EV market has a new challenger: Proton, the national car brand founded in 1983 under Malaysia's heavy industry program, unveiled its first locally produced EV in December 2024,[87] one month after Kuala Lumpur announced an ambitious plan to reach EV sales target of 20% of new vehicle sales by 2030.[88] A recognized and trusted legacy car brand in Malaysia, Proton quickly rose in the country's BEV market share, capturing 20% in 2025 and 55% in Q1 of 2026. Yet this

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driven Category A prices up in recent months, even surpassing Category B at times. Lee Nian Tjoe, Why Has Cat A COE Price Exceeded Cat B's Thrice in Four Months?, The Straits Times (2026).

[83] The available COEs are determined by the number of de-registered vehicles, among other factors. See Certificate of Entitlement (COE), OneMotoring by Land Transport Authority (last accessed 2026).

[84] Lee Nian Tjoe, Fast Drive: Tesla Announces Singapore-Specific Model Y with Category A COE-Compliant Output, The Straits Times (2025).

[85] Tesla Begins Operations in Malaysia, Asia News Network (2023).

[86] Tesla entered the country only after the Malaysian government enacted the BEV Global Leaders Program, which allows Tesla to retain 100% foreign ownership and sell directly to consumers—meaning profits are not split with a local distributor and prices can be kept lower. Tesla Using Components from Local Suppliers, Involved in Technology Transfer - MITI, Malaysian Investment Development Authority (2024).

[87] Malaysia Launches First Locally Made Electric Vehicle, The Straits Times (2024).

[88] In November 2024, the Malaysian government announced a series of policies to drive EV sales, including tax exemptions for CBUs until the end of 2025, full exemptions on import duty, excise, and sales tax for locally assembled EVs through December 2027; a commitment to establish 10,000 EV charging stations nationwide by 2025; and full tax relief for BEVs from 2022 to 2025. See Malaysia Targets 20% EV Sales by 2030, The Sun Malaysia (2024).

national champion is unlike others: after losing its dominant market position in 2006 to its Malaysian rival Perodua (founded in 1993), Proton faced many financial challenges that culminated in China's Zhejiang Geely Holding Company acquiring a 49.9% stake in the company in 2017,[89] leaving the remaining 50.1% in the control of Malaysia-based DRB-HICOM Berhad.[90] Malaysia's debut national EV brand is therefore Chinese-backed, both in investment and in technology and manufacturing.[91] Perodua entered the EV market in late 2025, selling 38 QV-E BEVs. Backed by Japanese Toyota-affiliated investors in addition to Malaysian entities, Perodua's future as a quasi-native, non-Chinese brand remains a key development to watch.[92]

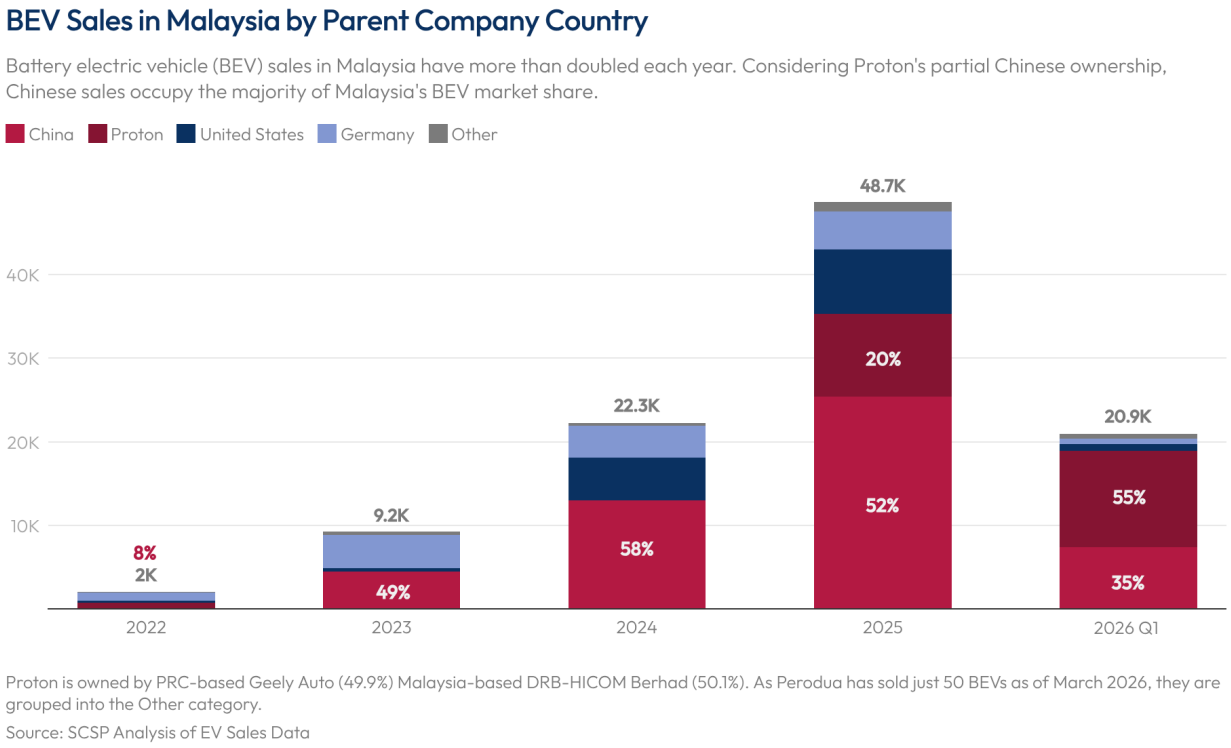

Figure 14

[89] PRC-based Geely provides the technology and infrastructure for Proton's EVs—and all of Proton's EVs sold in 2025 and 2026 were produced in China. Tham Siew Yean, Electric Vehicle Transition in Malaysia: Policies, Performance and Prospects (Project Paper 15), UNCTAD (2025).
[90] Proton was consolidated under the wider Geely Auto Group in May 2023. Danny Tran, Geely Transfers Proton Shares to Another Subsidiary to Reduce 'Connected Transactions' – What Is This About?, Paultan.org (2023).
[91] Proton's deals in Malaysia have included joint venture agreements and technology transfer agreements to increase local production and bring new technologies into Malaysia's automotive supply chain. See, for example, Six Chinese Parts Makers in Deals to Supply Proton, Just Auto (2025).
[92] Its ownership includes UMW Holdings (38%), Daihatsu Motor Co. (Toyota) (20%), MBM Resources (20%), and PNB Equity Resource Corporation (10%), with the rest held by Daihatsu Malaysia and Mitsui subsidiaries. Shareholders, Perodua (last accessed 2026).

As Chinese brands beyond Proton commit to and further invest in EV production in Malaysia in 2026, it appears unlikely that Western automakers will be able to compete Chinese production and sales and likely shift focus to premium and specialty segments, doubling down on strengths in reliability, safety, and residual value.[93] BYD[94] and Chery[95] both plan to open new production facilities with independent partners in 2026, while, similar to the Indonesian example, Xpeng and SAIC partnered with local manufacturer EP Manufacturing Berhad[96] to begin assembling CKD EVs at their production facility in Meleka in 2026; GWM began production through this partnership in late 2024.[97] Meanwhile, Proton and Perodua continue to deepen their investment in EVs, opening EV-focused assembly plants in September and December 2025 respectively.[98] The number of EVs produced and purchased in Malaysia will likely increase dramatically in 2026. Thus, the central question is whether Malaysia's EV market is simply a few years behind and will come to replicate the high sales numbers and adoption rates of Thailand or Indonesia (Malaysia's adoption rate recently doubled from 6% in 2025 to 12% in 2026 Q1), or if it represents a different trend entirely, with Perodua and Chinese-backed Proton following the path of Vietnam's national champion, VinFast.

While the remaining Southeast Asian EV markets—the Philippines, Laos, and Cambodia—are the smallest in terms of absolute sales, they are growing rapidly: the market in each has increased about tenfold since 2023. This growth is facilitated by a blend of preferential government policies to incentivize EV adoption, including reduced excise taxes, registration fees, and road taxes. Notably, all three countries have eliminated import taxes on BEVs and do not have any local production requirements, demonstrating a strong commitment to EV adoption.[99] Of the three, the **Philippines** has demonstrated the most rapid growth; in Q1 of 2026, BEV sales have already reached one-third of all BEVs sold the previous year. Of the 5,000 BEVs sold, 4,200 were Chinese; American brands sold nearly 500, while VinFast sold over 200. On the other hand, until

[93] BMW and Mercedes Benz have already increased their investments in Thailand's premium market, a move they may replicate in other Southeast Asian markets. See BMW Group Thailand Secures Top Spot in Premium Segment For Sixth Consecutive Year, Accelerates E-Mobility Leadership with the Locally Assembled BMW i5, BMW Group (2026); 10 Years of Commitment: Mercedes-Benz Expands Electric Vehicle Production in Thailand, Collaborates with NSTDA, Motorist (2024).
[94] BYD & Sime Motors Mark a Triple Milestone in Malaysia: CKD Production Plan, Launch of the New BYD SEAL, and Opening of the Largest BYD 3S Centre to Reinforce Brand Commitment, BYD (last accessed 2026).
[95] Chery Malaysia Signs Agreement with Legenda Beringin; Breaks Ground for Chery Smart Auto Industrial Park, Chery (last accessed 2026).
[96] EP Manufacturing BHD, EPMB (last accessed 2026).
[97] GWM Malaysia's First Locally Assembled Vehicle Rolls Off the Production Line, GWM (2024).
[98] Malaysian Carmaker Proton Launches First EV Plant, Reuters (2025); Perodua Launches QV-E, Malaysia's First Homegrown BEV, Perodua (last accessed 2026).
[99] Laos - Automotive Sector, U.S. Department of Commerce, International Trade Administration (last accessed 2026); Philippines Extends Zero Tariff Policy on Electric Vehicles, Parts until 2028, Reuters (2026); Cambodia Cuts Import and Export Taxes to Boost EVs, Green Energy and Trade, Khmer Times (2026).

VinFast began selling there in 2026, consumers in **Laos** have exclusively bought Chinese-made BEVs, with the majority being from BYD, followed by Neta.[100] Just over 5,500 BEVs were sold in Laos in 2025. In May 2026, following fuel shortages resulting from the closure of the Strait of Hormuz,[101] Laos announced a ban on the import of ICE vehicles through the end of the year, as well as an excise tax exemption for BEVs, in order to catalyze EV adoption.[102] Finally, in **Cambodia**, half of all BEVs sold in 2025 (roughly 2,100) were Xpeng EVs and one-quarter were BYD BEVs. A handful of Tesla and VinFast EVs were also sold in Cambodia.[103] Facing few competitors, Chinese sales in these countries will only grow.

[100] In 2026, VinFast officially began delivering EVs to Laos, selling only a handful. See GSM Launches Xanh SM Platform, Officially Distributes VinFast VF 3 And VF5 Electric Vehicles in Laos, Vingroup (2025).
[101] Sebastian Strangio, The Iran War Is Threatening Another Economic Crisis in Laos, The Diplomat (2026).
[102] Taejun Kang, Laos Suspends Fuel-Powered Vehicle Imports in Drive to Accelerate EV Adoption, Eco Business (2026).
[103] These numbers may under-estimate true sales numbers in Cambodia, where many cars are bought and sold through secondary markets and therefore not captured in this report's data.

Conclusion

There is an old Chinese idiom: 反客为主 (fǎn kè wéi zhǔ), meaning the guest becomes the host, and vice versa. In the context of EVs in Southeast Asia, it certainly appears that the guest, China, has become the host. Outsiders finding footing in neighboring lands, Chinese EV companies have asserted their presence with no intention of leaving. They are so entertained, in fact, that they have begun to put down their own roots. The question is now whether Chinese companies will overstay their welcome. This trend—and its future trajectory—bears strategic implications for both the United States and People's Republic of China.

First, China's success in Southeast Asia's EV market suggests a **deliberate, enduring presence in the region rather than a temporary offloading of domestic overcapacity.** This buildout of Chinese EV infrastructure—much like Huawei's role in global 5G telecommunications—may create a lasting dependency, as the integration of Chinese EV technology into local economies, driving out competitors along the way, provides Beijing with political leverage.

Second, Vietnam's crown jewel VinFast serves as a reminder that while the U.S.-China techno-economic competition defines most of the world's future outlook on technology, **third countries are still carving out space to stay in the race.** This raises a crucial question: Can other nations emulate VinFast's approach to cultivate national EV companies capable of competing with the PRC, or has the window of opportunity already closed? Furthermore, can these companies expand to third countries, or is their success limited to the domestic market?

Finally, the localization mandates of countries like Thailand and Indonesia highlight **a significant transition for China, whose role is evolving from being a technology recipient (and intellectual property thief) to a source of technology transfer.** Whether this becomes another tool for Beijing to weaponize economic dependence with its partners or may in fact allow these partners to level up their industrial capacity to push back against Chinese competitors remains to be seen.

Given the limited presence of American companies in Southeast Asia, the United States should evaluate the strategic merits of increasing its regional engagement in the EV sector. While immediate profit potential may be uncertain, local government policies indicate a clear demand signal; bolstering U.S. investments in Southeast Asia could offer long-term strategic advantages for American influence, especially considering China's history of leveraging economic tools for foreign policy. Of course, American firms would face significant competition from VinFast and Chinese automakers. Since U.S. EVs may struggle to compete on price, a potential advantage could be found in emphasizing vehicle safety and data security, although such arguments have even found difficulty gaining traction in the United States. The autonomous vehicle market, once it matures, might offer another viable initial entry point for American companies. For now, however, Chinese companies are charging Southeast Asia.

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