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Commentary

The Rise of Chinese EVs:
Opportunities and Challenges
for Uzbek Foreign Policy

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Uzbekistan's automotive industry is undergoing a seismic shift, with Chinese electric vehicles (EVs) rapidly gaining ground. This year, Uzbek President Shavkat Mirziyoyev and the President of the Chinese EV company BYD, Wang Chuanfu, agreed to launch a BYD car manufacturing plant in Uzbekistan with an annual production capacity of 50,000 vehicles.¹ This move is significant, particularly considering Uzbekistan's historic monopoly on automobile production, granted to the American car company General Motors in 2008. In 2011, Chevrolet dominated the Uzbek market, accounting for 94% of car sales. Today, Chevrolet's market share has reduced to 68%, with Chinese EVs rapidly increasing their presence in the Uzbek automotive industry.² The surge in Chinese EV imports is reshaping the automotive landscape in Central Asia and beyond. In 2021, Uzbekistan imported \$16.9 million worth of EVs – a sixfold increase from 2020, with nearly 90% originating from China.³ Last year, the Chinese bus company Yutong delivered 300 electric buses and 500 combustion buses to Uzbekistan, while King Long, Yutong's domestic rival, secured a contract to supply 1,000 buses.⁴ Meanwhile, in Kazakhstan, the Chinese car company Chery has become the fourth most popular car brand, with sales increasing by 269% from the same period a year before.⁵

This surge in Chinese EV imports is reshaping the automotive landscape in Central Asia and beyond. Yet, the influx of Chinese EVs also poses challenges

¹ Kang, Lei. "BYD Launches Production at Its Plant in Uzbekistan." CnEVPost, January 26, 2024. <https://cnevpost.com/2024/01/26/byd-launches-production-uzbekistan-plant/>.

² Sadykov, Murat. "Uzbekistan: GM Monopoly Fails to Satisfy Demand." Eurasianet, September 5, 2013. <https://eurasianet.org/uzbekistan-gm-monopoly-fails-to-satisfy-demand>.

³ Daryo.uz. "Uzbekistan's EV Market Soars with 90% Chinese Imports in 2022." Daryo.uz, December 30, 2023. <https://daryo.uz/en/2023/12/30/byd>.

⁴ Kun.uz. "500 Buses and 300 Yutong E-Buses Delivered to Uzbekistan." Kun.uz, March 3, 2023. <https://kun.uz/en/news/2023/03/03/500-buses-and-300-yutong-e-buses-delivered-to-uzbekistan>.

⁵ eurasianet. "China Shaping Central Asia into Auto Export Hub." Eurasianet, January 29, 2024. <https://eurasianet.org/china-shaping-central-asia-into-auto-export-hub>.

for Uzbekistan's long-standing multi-vector foreign policy (MVFP), which aims to maintain sovereignty and avoid excessive dependence on any single power. Until now, these powers have been Russia, China and the United States (in no particular order). However, the rise of Chinese EVs represents how this framework is evolving, particularly with the technological and economic advantages they offer.

That is, while Chinese EVs provide affordable, high-tech options to Central Asia's growing middle class, China's vertical control of the EV supply chain diminishes the competitive presence of a US or Western vector. In 2022, China controlled 75% of global battery manufacturing and provided over \$57 billion in subsidies to its EV industry from 2016-2022.⁶ In Uzbekistan, the Chinese company Henan Suda's contract to build 50,000 EV charging stations by 2033 further cements China's influence.⁷ The US's slower adoption of green technologies and the higher cost of Tesla's EVs, which rely heavily on Chinese materials, limits its competitive edge. Consequently, Uzbekistan and other Central Asian countries may face increased reliance on China for automotive technology. As Uzbekistan is currently demonopolizing industries to align with its World Trade Organization accession goals, the potential for a new automotive monopoly led by China poses a strategic dilemma.⁸

The influx of Chinese EVs into Uzbekistan and the broader Central Asian market underscores the need for a nuanced approach to the MVFP. As the region navigates the green transition, policymakers might have to critically assess the implications of reliance on Chinese technology. This dynamic highlights the evolving nature of global power vectors and the potential emergence of a singular dominant force in the green technology sector.

⁶ Xiaoying, You. "The 'New Three': How China Came to Lead Solar Cell, Lithium Battery and EV Manufacturing." Dialogue Earth, November 16, 2023. <https://dialogue.earth/en/business/new-three-china-solar-cell-lithium-battery-ev/>; Blenkinsop, Philip. "EU to Investigate 'flood' of Chinese Electric Cars, Weigh Tariffs ." Reuters, September 13, 2023. <https://www.reuters.com/world/europe/eu-launches-anti-subsidy-investigation-into-chinese-electric-vehicles-2023-09-13/>.

⁷ eurasianet. "China Building up Electric Auto Infrastructure in Central Asia." Eurasianet, January 1, 2024. <https://www.intellinews.com/china-building-up-electric-auto-infrastructure-in-central-asia-306523/>.

⁸ Kun.uz. "Shavkat Mirziyoyev Signs a Vital Decree Aimed at Joining WTO." Kun.uz, June 4, 2024. <https://kun.uz/en/news/2024/06/04/shavkat-mirziyoyev-signs-a-vital-decree-aimed-at-joining-wto>.

Hence, Uzbekistan finds itself at a critical juncture as it navigates the influx of Chinese electric vehicles and their implications for the nation's multi-vector foreign policy. To effectively manage this evolving landscape, Uzbekistan may consider a few policy options to effectively create a more balanced and resilient automotive sector:

1. **Diversification of Partnerships:** Strengthen ties with a broader range of international EV manufacturers to mitigate dependency risks.

2. **Strategic Investment:** Encourage domestic investment in EV and green technology sectors to build local capacity and reduce reliance on foreign entities.

3. **Regulatory Frameworks:** Develop regulatory measures to ensure fair competition and prevent monopolistic practices in the automotive industry.

4. **Regional Cooperation:** Foster regional collaboration among Central Asian countries to collectively negotiate with major powers and secure favorable terms in the EV market.

5. **Sustainability Focus:** Prioritize sustainability and environmental standards in all automotive and green technology initiatives to align with global best practices and long-term strategic goals.