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China Joins the Club of Nations Planning Fossil Fuel Car Bans

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As this blog has [reported](#) over the last few months, several countries have announced their intention to ban the sale of internal combustion-powered cars in the coming years. But the latest to take this step—[China](#)—might be the most impactful of all in many ways.

China is already the largest automotive market in the world, and by [some estimates](#), will have more than 30 million annual vehicle sales by 2020. This is a tough market for automakers to ignore, and giants like VW and GM have already jumped in feet first. But the looming shift to electric carries new risks for companies looking to invest in China. The Chinese government, as it has with [other industries](#), has set the expectation that foreign businesses looking to profit from their market share their intellectual property with local partners with few strings attached. The tradeoff can be a tough pill to swallow: unlike most Western European nations who are shifting to electric, market entry may require manufacturers to share key electric vehicle and battery technology and R&D with partners who will be competitors in the coming years, but the reward of being able to share in the profits from the Chinese market will be difficult to ignore.

China's emergence in the electric vehicle market comes with other ironies as well. While other nations considering or implementing a gasoline- or diesel-powered car ban such as France have electricity generation mixes that rely heavily on low-pollution technologies (such as nuclear power, which provides a [majority](#) of France's electricity); and for countries such as the Netherlands that still rely on fossil fuels for power generation, governments are taking [major steps](#) to transition to cleaner power sources. China, on the other hand, is still a country [struggling](#) with chronic smog, a problem largely driven by coal-fired power plants. Studies by Chinese researchers have indicated that electric vehicles, even as they run cleanly while on the road, would produce [two to five times](#) as much particulates and smog-creating pollutants as gasoline-powered cars. While China will likely be reshaping its grid, in much the way that it is looking to reshape the mix of cars on its roads, this is not going to be an overnight project, so the perverse impact of putting more electric cars on the road could be to harm, not help, air quality.

Despite these hurdles, both Chinese and foreign automakers are [embracing](#) the electric vehicle market in China. How foreign automakers balance their desire to tap into this lucrative market with the need to protect their own competitive advantages—and how China balances its environmental challenges with new loads on its electric grid—will be two of the stories to follow as they do so.

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