

Chapter 4

Research Results

PESTEL Analysis of A Co New Energy Vehicles

This research conducted a macro-environment analysis of A Co's new energy vehicles using the PESTEL analysis. The findings of the research are as follows:

1. Political Environment (P)

In recent years, our country has implemented a range of favorable policies for both new energy enterprises and car owners. The Implementation Plan for Enhancing the System and Mechanism to Promote Consumption (2018-2020), issued by the General Office of the State Council, outlines six key tasks to be accomplished during this period. These tasks include the development of green consumption and the promotion of innovative smart vehicle development. The government's commitment to the robust advancement of new energy is evident through policies such as the exemption of vehicle purchase tax for new energy vehicles and the introduction of the dual-point policy. Notably, the favorable subsidy policy underwent revisions in 2019. Official documents from the Ministry of Finance and other authorities explicitly reduced the subsidy standards for new energy vehicles, aiming to promote competition and strengthen the industry's technological innovation and product quality. Enterprises are now faced with higher requirements to meet these standards, with the country prepared to take action against companies that fail to comply. Additionally, China has implemented five major policy supports for New Energy Vehicles (NEVs), including tax reductions, direct subsidies to manufacturers, subsidies for consumers, mandated government procurements, and the industrial policy known as Made in China 2025 (MIC2025). Table 4.1 provides a summary of these policy tools.

Table 4.1 Illustrates the Benefit for A Co Company according to policy support provided by China for New Energy Vehicles (NEVs).

Policy	Examples	Benefit for A Co Company
Tax reductions	<p>In 2008, the Ministry of Finance and the Taxation Services General Office in China declared that NEVs (New Energy Vehicles) would be exempted from the regular consumption tax imposed on new cars by consumers.</p> <p>In 2009, the "Guidelines for Adjusting and Promoting the Automobile Industry" introduced a three-year strategy aiming to establish NEV infrastructure by implementing a series of taxes and fees.</p>	Lower production costs and improve the competitiveness
Manufacturer subsidies	<p>There is extensive support for NEVs.</p> <p>China implemented the "Energy-Saving and New Energy Vehicle Industry Development Plan (2012–2020)" in 2012.</p>	Receive direct financial support from the government
Subsidies for consumers	<p>In 2010, a consumer subsidy program was implemented to encourage the purchase of NEVs (New Energy Vehicles).</p> <p>The government has approved specific battery models for NEVs.</p> <p>Various local governments, such as Shanghai, offer subsidy programs for NEVs, including cash subsidies and waived license plate fees. Beijing also has a matching program for NEVs.</p>	Increasing demand for products and expanding customer base
Mandated government procurements	<p>The policy tool for NEVs is used to boost demand through government procurement contracts.</p>	Secure contracts and supply their vehicles to government agencies
Industrial policy (MIC2025)	<p>Policy for supporting indigenous technology China's "indigenous innovation" (zizhu chuangxin) policy</p>	Gain support, resources, and opportunities for growth

Source: Summarized by researcher