International Journal of Global Economics and Management
ISSN: 3005-9690 (Print), ISSN: 3005-8090 (Online) | Volume 6, Number 1, Year 2025
DOI: https://doi.org/10.62051/ijgem.v6n1.09
Journal homepage: https://wepub.org/index.php/IJGEM/index

Analysis of the Current Status and Trends of Investment and Financing in the Automotive Industry

Yafei Wang [a], Qian Liu [b], Peiwen Zuo [c], Yunhui Jia [d]

China Auto Information Technology Co., Ltd, Tianjin, China
[a] wangyafei@catarc.ac.cn; [b] liuqian2014@catarc.ac.cn; [c] zuopeiwen@catarc.ac.cn;
[d] jiayunhui@catarc.ac.cn

ABSTRACT

As an important pillar of the national economy, the automotive industry has become increasingly active in investment and financing activities in recent years under the promotion of new energy vehicles. This article analyzes the current situation of investment and financing in China's new energy vehicle and automotive parts industry, including investment and financing scale, round distribution, key investment and financing events, and regional distribution, and explores future development trends. Research has found that the investment and financing scale of the new energy vehicle industry has been increasing year by year, but will slow down in 2023; The investment and financing activities in the parts industry are also active and showing an upward trend. In the future, with technological progress and policy support, investment and financing in the automotive industry will continue to maintain a growth trend, but competition will also become more intense.

KEYWORDS

Automotive industry; New energy vehicles; Investment and financing; Parts industry; Development Trends

1. INTRODUCTION

As an important component of the global economy, the automotive industry is not only related to a country's industrial strength, but also an important force in promoting technological innovation and green development. With the increasing global awareness of environmental protection and the transformation of energy structure, new energy vehicles have gradually become the new focus of the automotive industry. The Chinese government attaches great importance to the development of the new energy vehicle industry and has introduced a series of policy measures aimed at promoting innovation in new energy vehicle technology and expanding the market. Against this backdrop, investment and financing activities in the automotive industry have become increasingly active, attracting the attention of numerous investors.

The rise of new energy vehicles has not only changed the pattern of the automotive industry, but also driven the development of the upstream and downstream industrial chains. From core components such as batteries, motors, and electronic controls to fields such as intelligent manufacturing and intelligent technology, they have become hotspots for investment and financing. At the same time, with the continuous increase in consumer demand for automotive quality, intelligence, and connectivity, the automotive parts industry has also ushered in new development opportunities. Therefore, conducting in-depth analysis of the current situation of investment and financing in the automotive industry and grasping future development trends is of great significance for enterprises and investors.

This article will focus on analyzing the current situation of investment and financing in China's new energy vehicle and automotive parts industry, exploring the characteristics of investment and financing scale, round distribution, key investment and financing events, and regional distribution. Combined with factors such as technological progress, policy support, and market competition, future development trends will be predicted and forecasted.

2. CURRENT SITUATION OF INVESTMENT AND FINANCING IN THE NEW ENERGY VEHICLE INDUSTRY

2.1. Investment and Financing Scale

In terms of investment and financing scale, China's new energy vehicle industry has maintained a rapid growth trend in the past few years. According to statistics, from 2018 to 2022, the investment and financing scale of the new energy vehicle industry has generally increased, and the industry has a high level of enthusiasm. In 2021, the scale of investment and financing events reached 83.927 billion yuan, an increase of 178.66% compared to 2020; The number of investment and financing events has also reversed the downward trend for three consecutive years, reaching 89 cases. In 2022, the number of investment and financing events further increased to 98, with an investment and financing amount of 71.393 billion yuan. Although the data from January to July 2023 shows a slowdown in investment and financing scale and quantity, overall, the new energy vehicle industry still maintains a high level of enthusiasm.

2.2. Distribution of Financing Stages

From the perspective of financing rounds, the financing rounds of the new energy vehicle industry are mainly concentrated in the early stages. The number of Series A financing events is the highest, with a total of 195 rounds, accounting for 27%; Next is strategic investment, with 159 investment events, accounting for 22%; Angel round financing events ranked third with 123 cases, accounting for 17%. These three types of financing rounds account for a total of 66%, indicating that the new energy vehicle industry is still in the stage of expansion and development.

2.3. Key Investment and Financing Events

The investment and financing events in the new energy vehicle industry involve multiple fields, including vehicle manufacturing, component manufacturing, advanced manufacturing, etc. Among them, the fields of component manufacturing and advanced manufacturing are relatively popular, gathering 295 investment events, while the new energy vehicle manufacturing sector gathers 177 investment events. Some key investment and financing events include:

NIO received a strategic financing of 13.3 billion yuan in the third quarter of 2023.

Nezha Automobile: Completed a crossover round financing of RMB 7 billion in August 2023.

Avita Technology announced the completion of Series B financing in August 2023, raising 3 billion yuan.

2.4. Regional Distribution

The regional distribution of investment and financing activities in the new energy vehicle industry is relatively concentrated. Jiangsu, Zhejiang, Guangdong, Shanghai, and Anhui are regions with a high number of investment and financing events. These regions not only have relatively complete industrial chains, but also have high technological innovation capabilities and market potential.

3. CURRENT SITUATION OF INVESTMENT AND FINANCING IN THE AUTOMOTIVE PARTS INDUSTRY

3.1. Investment and Financing Scale

As an important component of the new energy vehicle industry, the automotive parts industry has also attracted a large amount of investment and financing activities. In 2024, there were a total of 133 investment and financing events in the automotive parts industry, with an investment and financing amount of 15.683 billion yuan. Compared with 2023, investment and financing events increased by 22.19% year-on-year, and investment and financing amounts increased by 48.22% year-on-year.

3.2. Distribution of investment and financing rounds

The distribution of investment and financing rounds in the automotive parts industry is different from that in the new energy vehicle industry. In recent years, strategic investment and Series A financing have remained the main financing rounds, but the proportion of angel round financing events has gradually increased. This reflects the market's attention and optimism towards emerging technologies and innovative models. For example, some startups are dedicated to developing autonomous driving solutions, new battery technologies, intelligent cockpit systems, etc., attracting a large amount of angel round investment.

3.3. Key Investment and Financing Events

The investment and financing events in the automotive parts industry involve multiple sub sectors, including chip manufacturing, battery materials, autonomous driving, etc. Some key investment and financing events include:

Jita Semiconductor: Completed a financing of 13.5 billion yuan in August 2023, focusing on the research and manufacturing of characteristic production processes required for analog circuits and power devices.

Runpeng Semiconductor announced capital increase and share expansion in August 2023, introducing external investors such as the National Integrated Circuit Industry Investment Fund Phase II Co., Ltd.

Huasheng New Energy: In November 2023, it announced the completion of over 2 billion yuan in Series C financing, mainly focusing on the research and development of silicon-based heterojunction solar energy technology and large-scale production of products.

3.4. Regional Distribution

The regional distribution of investment and financing activities in the automotive parts industry is also relatively concentrated. Jiangsu, Shanghai, Zhejiang and other regions have a relatively high number of investment and financing events. These regions not only have high technological innovation capabilities and industrial foundations, but also have a sound supply chain system and market environment.

4. ANALYSIS OF INVESTMENT AND FINANCING TRENDS IN THE AUTOMOTIVE INDUSTRY

4.1. Technological Progress Drives Investment And Financing Growth

With the continuous advancement of new energy vehicle technology and the strengthening of intelligent and networked trends, investment and financing activities in the automotive industry will continue to maintain a growth trend. Especially in the fields of battery technology, autonomous driving technology, and intelligent cockpit systems, they will become hotspots for future investment and financing.

4.2. Policy Support Promotes Industrial Development

The government's support for the new energy vehicle industry continues to increase, and a series of policy measures have been introduced, including fiscal subsidies, tax incentives, infrastructure construction, etc. These policies will effectively promote the rapid development of the new energy vehicle industry and attract more investment and financing activities.

4.3. Integration and Collaborative Development of Industrial Chain

With the intensification of market competition and the continuous improvement of the industrial chain, the automotive industry will present a trend of integration and coordinated development. Some large vehicle manufacturers will strengthen cooperation with component companies through strategic investments, mergers and acquisitions, and other means to achieve coordinated development of the upstream and downstream of the industrial chain.

4.4. Accelerated Internationalization Pace

The Chinese electric vehicle industry has made significant progress in internationalization, but faces many challenges. In the future, as the domestic market share gradually saturates, the industry's demand for expanding into external markets will become increasingly strong. At the same time, competition in the international market will become more intense, and companies need to adopt effective response strategies to achieve the strategic goal of "going global against the wind".

5. CASE STUDIES

Jita Semiconductor: Jita Semiconductor is a specialty process integrated circuit chip manufacturing enterprise, focusing on the research and development and manufacturing of specialty production processes required for analog circuits and power devices. In August 2023, Jita Semiconductor completed a financing of 13.5 billion yuan, bringing together multiple national funds, industry investors, local funds, and well-known financial investors in this round of financing. Jita Semiconductor has a wide range of application markets in automotive electronics, industrial control, power management, and other fields. In the future, it will continue to increase research and development investment and enhance its technological innovation capabilities.

Nezha Automobile: Nezha Automobile is one of the leading new forces in the domestic car manufacturing industry. In the first seven months of 2023, Nezha Motors delivered 72500 vehicles, a year-on-year decrease of 6.11%. But Nezha Automobile has made significant progress in financing, completing a crossover round of financing totaling 7 billion yuan in August 2023. Nezha Automobile will continue to increase investment in the field of new energy vehicles, enhance product competitiveness and market share.

Huasheng New Energy: Huasheng New Energy is an enterprise dedicated to the research and development of silicon-based heterojunction solar energy technology and large-scale production of products. In November 2023, Huasheng New Energy announced the completion of over 2 billion yuan in Series C financing, led by China Green Development Investment Group. Huasheng New Energy has made significant progress in HJT battery technology and will continue to expand production capacity, improve product quality and performance in the future.

6. CONCLUSION

As an important pillar of the national economy, the automotive industry has become increasingly active in investment and financing activities in recent years, driven by the promotion of new energy vehicles. The scale of investment and financing in the new energy vehicle industry has been increasing year by year, and investment and financing activities in the parts industry are also active. In the future, with technological progress and policy support, investment and financing in the automotive industry will continue to maintain a growth trend. But market competition will also become more intense, and enterprises need to strengthen technological innovation and industrial chain integration to enhance their core competitiveness and market share. At the same time, the acceleration of internationalization will also bring new development opportunities and challenges to the automotive industry.

REFERENCES

[1] An analysis of the impact of investment and financing projects on the finance of construction state-owned enterprises Liang Yongqiang; Qin Rui Modern Business Research, 2023 (10).

[2] A Brief Analysis of Investment and Financing Project Management in Construction Enterprises Li Huifang Chinese Foreign Investment, 2020 (16).

[3] On the Management Mode and Improvement of Investment and Financing Projects under the New Situation Yu Yuebing Taxation, 2020 (01).

[4] Preliminary Study on the Division of Development Stages and Key Tasks for International Financing Projects Luo Jinglong Business News, 2020 (23).

[5] To ride the wind, one must bear the weight: Ba Lu Overseas Power Investment and Financing Project Tian Wenjing Project Management Review, 2018 (01).

[6] On the Management Mode and Improvement of Investment and Financing Projects for Enterprises in the Automotive Electronics Industry Yang Haijun Marketing of Time honored Brands, 2021 (08).

[7] On the Management of Investment and Financing Projects for Construction Enterprises Zhang Wei Accounting for Chinese Township Enterprises, 2024 (02).