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CHINA ENVIRONMENT FORUM

Chinese Electric Cars Are Leaving American Automakers in the Dust

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Ford's CEO was so impressed by the Xiaomi SU7 that he now uses it as his daily driver. The Chinese-made electric vehicle (EV) has a 345 mile driving range on a single charge and costs just \$30,000. There is nothing like it in the U.S.

No surprise there: While the U.S. has spent the last decade debating EV policy, China has built a near insurmountable lead. As I document in my recent article published in *Science*, nearly half of all new cars sold in China in 2024 were electric, compared to less than 10 percent in the U.S. Chinese manufacturers now offer 41 different EVs with driving ranges above 300 miles on a single charge, with an average price of \$44,500. The United States? Just 19 models, with an average price of \$83,100. And while the U.S. does offer 4 models under \$40,000 (with an average range of 169 miles), China offers 130 models, with an average range of 239 miles.

Failing Do Not Enter Strategy

The American response to Chinese EV leadership has been to build walls. First under Biden and continued under Trump, the United States has imposed historically high tariffs on Chinese EVs and banned Chinese companies from U.S. EV supply chains. But this protectionist approach doesn't breed innovation.

Remember when Japanese automakers like Toyota set up shop in America in the 1980s? Critics warned they'd destroy American jobs. Instead, they brought new manufacturing techniques that made the entire U.S. auto industry more competitive. American workers kept their jobs, American companies learned to build better cars, and consumers got more and better vehicle options at more affordable prices.

The same thing happened when Tesla built its Shanghai factory in 2019. Rather than weakening smaller Chinese competitors, local suppliers upgraded their capabilities to meet Tesla's requirements. The result was rapid cost declines and an overall industrial upgrading that sparked an innovation boom that made EVs cheaper than gasoline-powered vehicles for ordinary Chinese consumers.

Becoming an Island of Tailpipes

Chinese EVs are now conquering global markets, putting American automakers at risk of becoming an "island of tailpipes." They can maintain their dominance at home in gasoline trucks and SUVs, but they will increasingly become irrelevant everywhere else.

China hawks claim keeping Chinese EVs out of the United States is necessary for security concerns, and while these concerns are not to be ignored, they are also manageable. When China worried about Tesla's cameras near sensitive sites, they didn't ban Tesla. They required local data storage and restricted access to certain areas. Tesla complied, and China's EV sector thrived. The U.S. could put in place similar requirements. Developing transparent security standards and compliance verification that all connected vehicles must meet, regardless of origin, would better serve U.S. interests.

A Road to Smart Collaboration

Europe is taking a more balanced approach with China. Hungary is welcoming massive battery plants from Chinese companies like CATL and BYD, which will supply BMW, Mercedes, and Volkswagen. These European automakers will get the most advanced battery technology while creating local jobs.

What would smart collaboration look like for America?

First, U.S. firms could license Chinese battery technology, as Ford has explored with CATL. Second, the U.S. could welcome Chinese investment in U.S. manufacturing facilities (with appropriate security reviews), bringing both jobs and expertise to American workers. Third, the United States could leverage its strengths in software and advanced materials while learning from China's manufacturing excellence.

The alternative (the current path of isolation) won't just hurt the U.S. auto industry. Transportation generates 16% of U.S. carbon emissions. Without access to affordable electric vehicles, the U.S. risks falling further behind on climate goals while American consumers pay premium prices for outdated technology.

The U.S. auto industry also supports 10 million jobs and generates \$730 billion in annual paychecks. The U.S. can attempt to protect those jobs (at least temporarily) by hiding behind tariff walls while global competitiveness erodes, or engage strategically with innovative Chinese firms while managing the security risks and ensuring American workers and consumers benefit from the EV revolution.

History shows that American industry thrives on competition, not protectionism. It's time to stop fearing Chinese electric vehicles and start learning from them.

John Helveston is a professor of engineering management and systems engineering at the George Washington University.

Sources: Power Transformation Lab; Reuters; Science; Wall Street Journal

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