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BYD's new success in Europe

What happened? On December 9 the Chinese company BYD announced that three days earlier it has reached a deal with the Keolis Nederland BV, a dutch subsidiary of global public transport provider on the delivery of 259 electric buses. Buses will start entering service at the end of 2020 and will be operating on routes in IJssel-Vecht region including municipalities of Zwolle, Apeldoorn, and Lelystad. Keolis ordered three versions of BYD eBus: 8.7-meter midi bus, 12-meter, and new 13-meter.

Who is who? Keolis is the Franco-Québécois private operator of public transport headquartered in Paris, that runs public transport networks for more than 300 public transport authorities in 16 countries including China. Keolis is effectively co-owned by the SNCF (French National Railways Corporation) – majority shareholder and the Caisse de dépôt et placement du Québec (key minority shareholder). BYD is the leading Chinese manufacturer of electric cars and components for EV vehicles. In the electric buses segment BYD lags behind domestic competitors (e.g. Yutong, Foton) in the Chinese market but is very successful in the global market claiming 50 000 buses delivered overseas. BYD established two manufacturing facilities in Hungary and France. French facility in Beauvais seems to operate more as a small scale assembling plant with limited manufacturing capabilities. Some elements are manufactured in Hungarian factory but it still mainly serves as assembly line.

Context. The Chinese government subsidies subsidies were an important factor in the growth of the Chinese electric car companies and boosted the demand for electric cars and buses. However as the subsidies have been recently cut the growth of demand for EV cars in China can lose momentum. BYD is among the companies hit by the new policy. While the government orders support the high demand for electric buses the expected slump in growth for passenger cars forces Chinese companies to more active global expansion. The growing demand for emission-free public transport in Europe is an opportunity for Chinese electric buses manufacturers. Only in the Q1-3 2019, the number of registered electric buses exceeded 1000 in Western Europe and Poland only.

What it matters for Poland ?

BYD is the direct competitor for the Polish electric bus manufacturer Solaris. While Solaris claims to be the largest supplier of electric bus in 2019 in Europe in terms of orders received, the Dutch VDL and BYD were leaders in Q1-3 in terms of buses registered for operations. In 2019 both Solaris and BYD companies scored a number of contracts in Europe For example: in June Solaris received an order for 90 buses for Berlin In July Solaris finally won the contract for 250 buses delivery for Milano, in August 30 buses for Venice and in September 21 buses for Oslo. In September 2019 BYD won the contract for over 20 buses in Germany, In 2019 Nobina the largest Nordic bus operator increased the order for BYD buses to 138. They will operate in Sweden, Norway and Denmark. BYD also delivers buses for Italian city Messina.

BYD tried to compete with Solaris in Poland. In 2016 BYD competed with Solaris in the bid for 20 electric busues in Cracow. After Solaris had won the contract BYD protested claiming that bid conditions were unfair. The tender conditions were changed to accommodate some of the BYD claims but the Chinese company did not participate in the new tender. Both comanies competed again in November 2018 for the much bigger contract for 130 electric buses for Warsaw. In November 2018 Iberia, SEAT car manufacturer and the BYD representative in Poland claimed that conditions of the tender were rigged in favor of Solaris. Claims were rejected by the appeal body and in February 2019 Solaris won the revised tender. In July 2019 the MZA in Warsaw signed the 400 mln pln (about 106 mln usd) contract with Solaris. Buses to be delivered in 2020. Earlier in 2014 BYD also finally lost the battle for the delivery of 10 buses for Warsaw.

The expansion of BYD in Europe can have an impact on Solaris sales and expansion. It should also be noted, that other Chinese bus companies such as Yutong have already entered the European market. BYD's success can also pave the way to more orders for other Chinese manufacturers. Solaris is currently owned by Spanish CAF after it was sold in May 2018 by its Polish founder Solange Olszewska.