



Singapore, an odd choice for BEV investment?

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The notion of manufacturing battery electric vehicles (BEVs) in Singapore has piqued industry curiosity ever since Dyson first mooted an investment plan. But with Dyson abandoning the idea last October, Hyundai has now stepped in to fill the void.

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On the face of it, Singapore might seem a surprising choice as the location for a BEV manufacturing facility. Although the city-state boasts countless advanced industries, car manufacturing is not one of them. So why did Dyson and, more recently, Hyundai select Singapore, given that it arguably has no experience (let alone expertise), or the requisite ecosystem to build vehicles? The answer lies in the fact that this endeavour is less about vehicle manufacturing and more about innovation and testing infrastructure, both of which are proven strong points for Singapore. Testing involves far more than infrastructure alone, as the legal framework that supports road testing is just as, if not more, important. In this respect, Singapore is undeniably one of the most advanced countries in the world.

Equally important is the fact that the Singapore government plans to phase out vehicles powered only by internal combustion engines (ICE) by 2040. The country is also at the forefront of Autonomous Vehicle (AV) road testing. So, there is a great deal of enthusiasm on the government's part when it comes to subsidising investments that will support the achievement of these goals.

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BEVs require significantly fewer vehicle parts than their ICE counterparts, thus simplifying the supply chain network. And as Hyundai's facility in Singapore is likely to involve an assembly operation, components will be imported from elsewhere. The OEM's planned annual installed capacity of 30,000 units may seem rather high at first glance, but investment into capacity could be completed in a phased manner. Hyundai is initially targeting sales of 6,000 BEVs in Singapore, the bulk of which are likely to be sold to the government.

Having invested in Singapore's ride-hailing service Grab, Hyundai is now looking to lease more BEVs to the company, in addition to the Kona BEVs it already supplies. Grab has also expressed an interest in leasing AVs when they are market ready. This dovetails with Hyundai's BEV plans, given the technology's compatibility with the AV sector.

Investing in BEV manufacturing will certainly give Hyundai an edge, as well as access to Singapore's advanced AV technology and road-testing infrastructure. So, the choice may not, after all, be quite as odd as it first seems.