

**Vietnam Electric Power Steering Market By Vehicle Type (Passenger Cars, Commercial Vehicles), By Type (C-EPS, P-EPS, R-EPS), By Component Type (Steering Column, Steering Wheel, Electronic Control Unit, Electric Motor), By Region, Competition, Forecast & Opportunities, 2020-2030F**

Market Report | 2025-01-10 | 85 pages | TechSci Research

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**Report description:**

Vietnam Electric Power Steering market was valued at USD 90.53 Million in 2024 and is expected to reach USD 125.90 Million by 2030 with a CAGR of 5.65% during the forecast period. The Vietnam electric power steering (EPS) market is experiencing significant growth, propelled by technological advancements and the increasing adoption of fuel-efficient vehicles. EPS systems, which offer improved fuel efficiency and better handling compared to traditional hydraulic systems, are becoming a standard feature in modern automobiles. The shift toward lightweight automotive components and the rising demand for vehicles with enhanced driving comfort are accelerating the adoption of EPS systems in the country. With growing urbanization and increasing disposable incomes, the demand for passenger and commercial vehicles is surging, further boosting the need for innovative steering solutions. For instance, In December 2023, Vietnam's passenger car sales reached 290,071 units, marking a significant increase from 283,352 units in December 2022. This growth reflects a broader upward trend in the Vietnamese automotive market, with passenger vehicles remaining the dominant segment due to their flexibility and suitability for personal use. The market's expansion is further evidenced by a estimated revenue of USD 6.9 billion in 2024, with SUVs accounting for a substantial portion of this figure.

Key growth drivers include advancements in automotive technology, which have enabled the integration of advanced driver-assistance systems (ADAS) with EPS, enhancing safety and performance. Manufacturers are investing heavily in research and development to improve EPS functionalities, such as variable steering assist and energy-saving capabilities. Moreover, the rise in electric and hybrid vehicles has significantly increased the adoption of EPS systems, as they align with the energy-efficient requirements of such vehicles. The focus on reducing greenhouse gas emissions has also driven automakers to adopt EPS over traditional steering systems, which consume more energy and contribute to higher emissions.

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Despite the growth opportunities, the market faces challenges such as high initial cost and the complexity of EPS system integration. These factors can hinder adoption, particularly among budget-conscious consumers and small-scale manufacturers. Additionally, the requirement for skilled professionals to install and maintain these advanced systems can act as a barrier in developing economies. However, the rapid advancements in technology and the growing inclination toward automation and connected vehicles are expected to mitigate these challenges, presenting new growth avenues for stakeholders in the Vietnam EPS market.

#### Market Drivers

##### Increased Fuel Efficiency

Electric power steering (EPS) eliminates the continuous operation of hydraulic pumps, which typically draw power from the engine even when steering assistance isn't needed. By using an electric motor that operates only when steering input is detected, EPS reduces parasitic energy loss, leading to improved fuel efficiency. This advantage is particularly appealing in markets where fuel cost are high and consumers are looking for vehicles with lower operating expenses. Automakers emphasize this benefit as part of their eco-friendly vehicle initiatives, making EPS a key selling point for new models. For instance, In 2024, Werner's Elite Automotive highlighted the significant impact of steering systems on vehicle fuel efficiency. They noted that a misaligned or malfunctioning steering system can lead to increased rolling resistance, causing the engine to work harder and reducing fuel economy. Electronic power steering (EPS) systems are particularly beneficial in this regard, as they draw power only when needed, in contrast to hydraulic systems that constantly consume power regardless of steering input. According to a study on power steering optimization, reducing pumping losses and flow rate under non-steering conditions can improve fuel economy by up to 1%. In addition, EPS systems reduce vehicle weight and improve steering precision, further enhancing fuel efficiency. With EPS, vehicles can achieve fuel consumption reductions ranging from 3% to 5%, depending on driving conditions and system integration, underscoring the ongoing shift toward more energy-efficient automotive technologies.

##### Demand for Enhanced Driving Experience

EPS provides a smoother and more adaptive steering experience compared to hydraulic systems. Features like variable steering assist, which adjusts effort based on vehicle speed, enhance driver comfort by making low-speed steering easier and high-speed steering more stable. This is particularly valuable in congested urban environments where frequent turns and parking maneuvers are required. Additionally, EPS systems allow for customizable steering settings, enabling drivers to select modes such as "sport" or "comfort" to suit their preferences, adding a layer of personalization to the driving experience. For instance, In 2024, Vietnam's rapidly growing middle class has fueled a surge in luxury vehicle demand, with high-end automobiles becoming increasingly mainstream. Luxury goods, including premium vehicles, which were once seen as out of reach for many, are now accessible to a broader segment of the population. This shift in consumer behavior is driven by rising disposable income and economic growth, reflected in the country's luxury market, which reached USD 976 million in 2021 and is expected to grow at a rate of 6.67% annually. The demand for luxury vehicles, such as the Ford Transit Premium+ 18-seat model, is soaring, with manufacturers like Ford facing challenges in meeting production targets due to overwhelming orders. This increasing appetite for luxury cars, alongside the growing economy, highlights the significant transformation in Vietnam's consumer landscape, positioning it as a key market for high-end automobile manufacturers.

##### Push for Automotive Electrification

The global shift towards electric and hybrid vehicles is driving the adoption of EPS systems, which are inherently better suited for electrified powertrains. Unlike hydraulic systems that rely on engine-driven pumps, EPS operates independently of the engine, making it compatible with battery-electric and hybrid vehicles. As governments and automakers commit to reducing carbon emissions, EPS is becoming a standard feature in modern vehicles, offering the dual benefit of compatibility with electric drivetrains and energy efficiency. For instance, In 2024, VinFast solidified its position as the leading electric vehicle (EV) manufacturer in Vietnam, delivering over 51,000 EVs by October 31, underscoring its dominance in the Vietnamese EV market. The company also experienced a significant surge in sales, with 21,912 electric vehicles delivered in Q3 2024, marking a 66% increase from Q2 and a 115% rise compared to the same period in 2023. This strong performance was further reflected in a 42% increase in third-quarter revenue, reaching \$511.6 million, surpassing market expectations. VinFast's growth is driven by its expanding production capacity and increasing consumer demand, with plans for a new factory in Ha Tinh, Vietnam, set to produce up to 300,000 EVs annually starting in 2025. The company is also extending its global reach, with strategic expansions into

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Europe, Indonesia, the Philippines, India, and the Middle East, and the launch of models like the VF 6 in Europe and the VF 9 in North America. These initiatives, along with the company's rising sales figures, underscore VinFast's pivotal role in the EV market both domestically and internationally.

#### Key Market Challenges

##### High Initial Development Cost

Transitioning to EPS requires significant investment in research, design, and manufacturing infrastructure. Automakers need to develop proprietary control algorithms, redesign vehicle platforms to accommodate the new systems, and train personnel. For smaller manufacturers with limited budgets, these upfront costs can be prohibitive, potentially slowing down their ability to compete. Moreover, high development expenses can drive up vehicle prices, which may deter cost-sensitive consumers.

##### Technical Complexity

EPS relies on advanced electronics, sensors, and software for precise steering control. The integration of these components into existing vehicle architectures requires significant expertise. Additionally, ensuring that EPS systems perform reliably across a range of driving conditions is a challenge. Any faults in the system, such as motor failures or software bugs, can compromise safety, leading to recalls or reputation damage for automakers. As vehicles become more connected, the risk of cybersecurity vulnerabilities in EPS systems also increases.

##### Durability in Harsh Conditions

Environmental factors such as extreme heat, cold, moisture, and dust can affect the performance of EPS components. The electronic control units, sensors, and motors are particularly susceptible to degradation over time in harsh conditions. Unlike hydraulic systems that rely on fluid dynamics, EPS systems are entirely dependent on electronic components, which can be less forgiving of environmental stresses. This poses a challenge for automakers to design systems with enhanced durability and weatherproofing.

#### Key Market Trends

##### Integration with Autonomous Driving Systems

EPS is becoming an integral component of autonomous and semi-autonomous vehicles due to its ability to provide precise and adaptive steering inputs. Advanced driver-assistance systems (ADAS) rely on EPS for functions like lane-keeping assist, collision avoidance, and automatic parking. These systems require a high degree of steering accuracy, which EPS can deliver through its software-driven control. As the industry moves closer to fully autonomous vehicles, the integration of EPS with sensors and AI systems is expected to deepen.

##### Adoption of Steer-by-Wire Technology

Steer-by-wire (SbW) systems represent the next evolution in steering technology, replacing mechanical linkages with electronic controls. By removing the physical connection between the steering wheel and tires, SbW systems reduce vehicle weight, improve fuel efficiency, and allow for more innovative interior designs. SbW also enables advanced features like customizable steering feel and autonomous override, where the vehicle can take control of steering during certain scenarios. While still in the early stages of adoption, SbW is expected to become a mainstream technology in the coming years.

##### Expansion of Aftermarket EPS Solutions

The aftermarket sector is responding to the demand for EPS by offering retrofitting kits for vehicles originally equipped with hydraulic steering systems. These kits enable consumers to upgrade their vehicles with modern EPS technology, improving steering performance and reducing maintenance cost. This trend makes EPS accessible to a broader range of vehicle owners, including those with older models, thereby increasing the overall market penetration of the technology.

#### Segmental Insights

##### Type Insights

In 2024, the electric power steering (EPS) market in Vietnam is dominated by Column Electric Power Steering (C-EPS) systems due to their cost-effectiveness and widespread applicability across a variety of vehicle segments. C-EPS is particularly popular in compact cars and mid-size vehicles, which form a significant portion of the Vietnamese automotive market. The system's design, which integrates the electric motor and control unit into the steering column, reduces weight and manufacturing complexity. This makes C-EPS an attractive choice for automakers targeting affordable and efficient vehicle models. Its simplicity and lower production cost resonate with the market's demand for economical yet reliable steering solutions.

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C-EPS systems also offer excellent compatibility with small and mid-sized vehicles, which are well-suited for urban environments prevalent in Vietnam. These vehicles benefit from the lightweight and compact nature of C-EPS, enhancing fuel efficiency and maneuverability. With the rise of electrification trends and stricter environmental regulations, manufacturers are opting for C-EPS to align with regulatory requirements and customer preferences for energy-efficient technologies.

The dominance of C-EPS in Vietnam reflects the local automotive landscape, where the emphasis is on affordability, energy efficiency, and adaptability to urban driving conditions. As consumer preferences and government regulations increasingly favor compact, fuel-efficient vehicles, the position of C-EPS is likely to strengthen further in the coming years, cementing its role as the preferred EPS technology for most manufacturers in the region.

#### Region Insights

In 2024, the southern region of Vietnam emerged as the dominant market for electric power steering (EPS) systems. This dominance is driven by the region's robust automotive manufacturing activities, supported by a well-developed industrial infrastructure. The southern region, particularly around Ho Chi Minh City and neighboring provinces, serves as a hub for vehicle production and assembly, creating a significant demand for advanced automotive technologies such as EPS. This industrial concentration accelerates the adoption of modern steering systems, as manufacturers in the region prioritize energy efficiency and compliance with global standards.

The southern region's strong urbanization and growing middle-class population contribute to increased automobile sales, particularly compact cars and sedans equipped with Column Electric Power Steering (C-EPS) systems. These vehicles are favored for their suitability in congested urban environments, where maneuverability and fuel efficiency are critical. As consumers in the south show a preference for vehicles offering improved driving comfort and lower operational cost, the integration of EPS systems becomes a key selling point for automakers targeting this market.

The region's strategic location and access to ports facilitate the import of components and export of finished vehicles, further boosting the automotive sector. With a higher concentration of dealerships and aftersales services, southern Vietnam ensures a smoother distribution and maintenance network for vehicles equipped with EPS. This well-established supply chain strengthens the region's capacity to cater to both domestic and international markets, enhancing its role in driving EPS adoption.

Economic growth and rising disposable incomes in the south have also led to an increasing demand for premium vehicles, which often come equipped with more advanced steering systems such as Rack Electric Power Steering (R-EPS). While C-EPS remains the dominant technology, the adoption of other EPS variants in higher-end vehicles underscores the region's diverse consumer base and growing market sophistication.

#### Key Market Players

□□Nexteer Automotive Corporation

□□Robert Bosch GmbH

□□Hyundai Mobis

□□PHINIA Inc

□□Mitsubishi Electric Corporation

□□SHOWA CORPORATION

□□ZF Friedrichshafen AG

□□TEKT CORPORATION

□□GKN Automotive Limited

□□Tenneco Inc.

#### Report Scope:

In this report, the Vietnam Electric Power Steering Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

□ Vietnam Electric Power Steering Market, By Vehicle Type:

- o Passenger Cars
- o Commercial Vehicles

□ Vietnam Electric Power Steering Market, By Type:

- o C-EPS

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- o P-EPS
- o R-EPS
- Vietnam Electric Power Steering Market, By Component Type:
  - o Steering Column
  - o Steering Wheel
  - o Electronic Control Unit
  - o Electric Motor
- Vietnam Electric Power Steering Market, By Region:
  - o Northern
  - o Southern
  - o Central

#### Competitive Landscape

Company Profiles: Detailed analysis of the major companies present in the Vietnam Electric Power Steering Market.

#### Available Customizations:

Vietnam Electric Power Steering Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

#### Company Information

□ Detailed analysis and profiling of additional market players (up to five).

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