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The Chinese government has implemented a comprehensive strategy to push low-emission vehicles (LEVs). Local municipalities have played an important role in this transition. Programs such as the “Ten Cities Thousand Vehicles” (TCTV) program created protection mechanisms in local niches for the development of LEVs in which public and private actors have been able to experiment without market pressures. However, often the setup of local niches has favoured local companies which led to incompatibility across provinces and barriers to diffusion. This article aims to explore the dynamics in the local niche and how the niche has been shaped by local protection and firm responses. Heeding the call for a better conceptualization of the spatial dimension in sustainability transitions, we draw on the recent second generation, multi-scalar multi-level perspective (MLP) and conceptualize the local niche. Based on our empirical results we find four ideal type local niches – the open niche, the technology shielding niche, the market shielding niche and the closed niche – and distill respective firm responses. This has important implications for policy-makers and managers in China and for industries in sustainability transition in general.

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