

European Commission to impose duties up to 38% on import of made-in-China EVs

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The European Commission plans to apply additional duties of 17.4% on imported BYD cars, 20% on imported Geely EVs and 38.1% on EVs from SAIC

The European Commission has imposed additional duties on the made-in-China electric vehicles imported and sold in Europe, after arriving at a provisional conclusion that the battery-electric vehicles (BEVs) value chain in mainland China benefits from an unfair subsidization, the commission announced June 12.



Source: Getty Images

The announcement comes soon after Valdis Dombrovskis, a Latvian politician who is currently serving the European Commission as executive vice president and a trade commissioner, had recently told the media that the commission could impose new tariffs on Chinese EVs "before the summer break."

Earlier, the commission had alleged that heavily subsidized Chinese EVs are distorting the market in Europe and are a threat of economic injury to European carmakers. It is known that the made-in-China electric cars significantly undercut the price of EVs produced in Europe. As a result, the commission alleges that customers are increasingly opting for competitively priced Chinese EVs over the more expensive models produced in Europe.

To this end, the European Commission had launched an anti-subsidy probe into Chinese EVs in October 2023, with an aim of investigating whether vehicle manufacturers from mainland China are able to artificially keep the costs low, and that these deflated prices would harm European automakers, and subsequently pose a threat to the region's thriving automotive industry.

On June 12, the European Commission predisclosed the level of provisional countervailing duties it plans to impose on imports of BEVs from mainland China. It said that if discussions with Chinese authorities would fail to reach an effective solution, these provisional countervailing duties would be imposed on the Chinese carmakers from July 4.

The commission said that it plans to apply additional duties of 17.4% on imported BYD cars, 20% on imported Geely EVs and 38.1% on SAIC-made EVs. The commission plans to impose a duty of 38.1% on Chinese EV makers which did not cooperate in the investigation. The other electric-car makers from mainland China which cooperated in the investigation but have not been sampled would be subject to 21% weighted average duty. These duties will be imposed on top of the existing 10% tariff on Chinese EV imports.

"The investigation also examined the likely consequences and impact of measures on importers, users and consumers of BEVs in the EU. Consequently, the Commission has reached out to Chinese authorities to discuss these findings and explore possible ways to resolve the issues identified in a WTO-compatible manner," the commission said in a statement.

Reportedly, the European Commission had issued letters dated April 23 to the three leading mainland Chinese EV makers — SAIC, BYD and Geely — informing them that they have not provided enough information on the government subsidies they have received, and information about their operations and supply chains.

Taking note that the European Commission has decided to impose provisional countervailing duties on imports of EVs manufactured in mainland China, based on initial findings of the ongoing anti-

subsidy probe, the European Automobile Manufacturers' Association (ACEA) said that free and fair trade is essential in creating a globally competitive European automotive industry, while healthy competition drives innovation and choice for consumers.

“What the European automotive sector needs above all else to be globally competitive is a robust industrial strategy for electromobility,” said ACEA Director General Sigrid de Vries. “This means ensuring access to critical materials and affordable energy, a coherent regulatory framework, sufficient charging and hydrogen refilling infrastructure, market incentives, and so much more.”

ACEA further said that the ongoing investigation will continue for several months until the commission decides whether to propose definitive anti-subsidy measures on the import of EVs produced in mainland China. “Member states will then vote on such a proposal,” it added.

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