

THE EUROPEAN UNION'S TARIFF IMPOSITION ON CHINESE ELECTRIC VEHICLE EXPORTS: RATIONALES AND IMPLICATIONS

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In response to the European Union's (EU) decision in October 2024 to raise tariffs on Chinese electric vehicles (EVs) to up to 45% for five years, Chinese EV manufacturers are increasing domestic market support and pursuing investments in Europe to establish local production, mirroring Japan's historical strategy during trade disputes. These tariffs, which follow a provisional 21% anti-subsidy duty imposed in July, aim to address EU concerns about subsidies and overcapacity in China's EV industry. Analysts project a 42% decline in Chinese EV exports to the EU, while China has labelled the measures as protectionist but remains open to negotiations.

(Click on the link to read the above in [Chinese](#), [French](#) and [Spanish](#))

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Chinese:

欧盟对中国电动汽车出口征收关税的理由和影响

为了应对欧盟在 2024 年 10 月决定对中国电动汽车（EV）征收为期五年最高达 45% 的关税，中国电动汽车制造商正在增加对国内市场的支持，并在欧洲进行投资以建立本地生产，类似于日本在过去贸易争端期间的策略。这些关税是在 7 月实施的 21% 临时反补贴关税之后出台的，旨在解决欧盟对中国电动汽车行业补贴和产能过剩的担忧。分析人士预测中国对欧盟的电动汽车出口将下降 42%。中国将这些关税视为保护主义，但仍愿意与欧盟进行谈判。

French:

LES RAISONS ET LES CONSEQUENCES DE L'IMPOSITION DE DROITS DE DOUANE SUR LES EXPORTATIONS DE VÉHICULES ÉLECTRIQUES CHINOIS PAR L'UNION EUROPÉENNE

En réponse à la décision prise par l'Union Européenne (UE) en octobre 2024 d'augmenter les droits de douane sur les véhicules électriques (VE) chinois jusqu'à 45% pendant cinq ans, les fabricants chinois de VE accentuent le soutien au marché intérieur et poursuivent des investissements en Europe pour établir une production locale, imitant la stratégie historique du Japon lors de différends commerciaux. Ces tarifs, qui font suite à des droits de douane provisoires de 21% imposé en juillet, visent à répondre aux préoccupations de l'UE concernant les subventions et les surcapacités de l'industrie des VE en Chine. Les analystes prévoient une baisse de 42% des exportations de VE chinois vers l'UE, tandis que la Chine a qualifié ces mesures de protectionnistes mais reste ouverte aux négociations.

Spanish:

LA IMPOSICIÓN DE ARANCELES POR PARTE DE LA UNIÓN EUROPEA A LAS EXPORTACIONES DE VEHÍCULOS ELÉCTRICOS CHINOS: RAZONES E IMPLICACIONES

En respuesta a la decisión de la Unión Europea (UE) en octubre de 2024 de aumentar los aranceles sobre los vehículos eléctricos (EV) chinos hasta un 45% durante cinco años, los fabricantes de EV chinos están incrementando el apoyo al mercado interno y buscando inversiones en Europa para establecer producción local, reflejando la estrategia histórica de Japón durante disputas comerciales. Estos aranceles, que siguen a un derecho provisional antisubsidios del 21% impuesto en julio, tienen como objetivo abordar las preocupaciones de la UE sobre los subsidios y el exceso de capacidad en la industria de vehículos eléctricos de China. Los analistas proyectan una disminución del 42% en las exportaciones de EV chinos a la UE, mientras que China ha calificado las medidas de proteccionistas pero sigue abierta a negociaciones.

Executive Summary

1. In October 2024, the European Commission (EC) voted to raise tariffs on Chinese electric vehicles (EVs) from 10% to a maximum of 45% for the next five years. Earlier, in July 2024, the European Union (EU) had set a provisional anti-subsidy tariff of about 21% on Chinese EVs. This measure followed the results of a nine-month investigation into subsidies and overcapacity in China's EV sector.
2. Research on a protectionist tariff scenario considers the impact of a 25% additional tariff on all Chinese automotive imports into Europe. It finds that a 25% tariff would increase the share of Chinese-imported cars in the EU by only 2.5 percentage points, instead of by 15 percentage points without the tariff.
3. Following the EU's imposition of an additional 21 percentage point provisional countervailing duties on Chinese EVs in July 2024, another quantitative analysis shows that these tariffs would lead to a 42% decline in Chinese EV exports to the EU and a 0.01% decline in EV selling prices in China.
4. Imposing tariffs could significantly reduce Chinese EVs in the European market. An actual average additional tariff of 23.7 percentage points over the next five years would likely prevent a substantial increase in Chinese EV market share in the EU. This tariff could also lead to a similar or greater decline in Chinese EV exports to the EU, potentially exceeding a 42% reduction.
5. The EU's rationales for raising tariffs on Chinese EVs include concerns about increasing competition from Chinese EVs in the European market and findings of unfair competition from the EC's subsidy investigation into China's EV industry.
6. China has labelled EU tariffs on Chinese EVs as unfair and protectionist but emphasised its willingness to resolve the issue through negotiations with the EU.

7. Despite the EU's imposition of tariffs on Chinese EVs, the Chinese authorities continue to deploy national and subnational policies in 2024 to further boost its internal EV market and increase the domestic share of EVs.
8. Chinese EV manufacturers are mirroring Japan's historical strategy of establishing a presence in foreign markets through investments, albeit with potential risks.
9. Notably, Japan implemented voluntary auto export restraints to defuse trade tensions with the United States.
10. Similar to the current challenges faced by EV exports, China imposed a 1.3% export tariff on textiles in December 2004 to address international concerns about the surge in Chinese textile exports.
11. With the rise in EU tariffs on Chinese EVs, some argue that proportionally allocating Chinese-led foreign direct investment based on the size of each EU economy's auto sector would result in the local production of Chinese EVs sold in Europe.