

# Anti-subsidy investigation on imports of battery electric vehicles (BEVs) from China

## Competitiveness of EU industry



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## *EU trade defence investigations based on WTO rules*



**Anti-subsidy investigation** looks into whether a product imported into the EU benefits from a **illegal financial contribution from the government** of a third country. A financial contribution is qualified as a subsidy if it confers a benefit to the recipient company.



**Anti-dumping investigation** looks into whether a product is exported to the EU market at a price lower than the price at which it is sold in the domestic market of the exporting country.

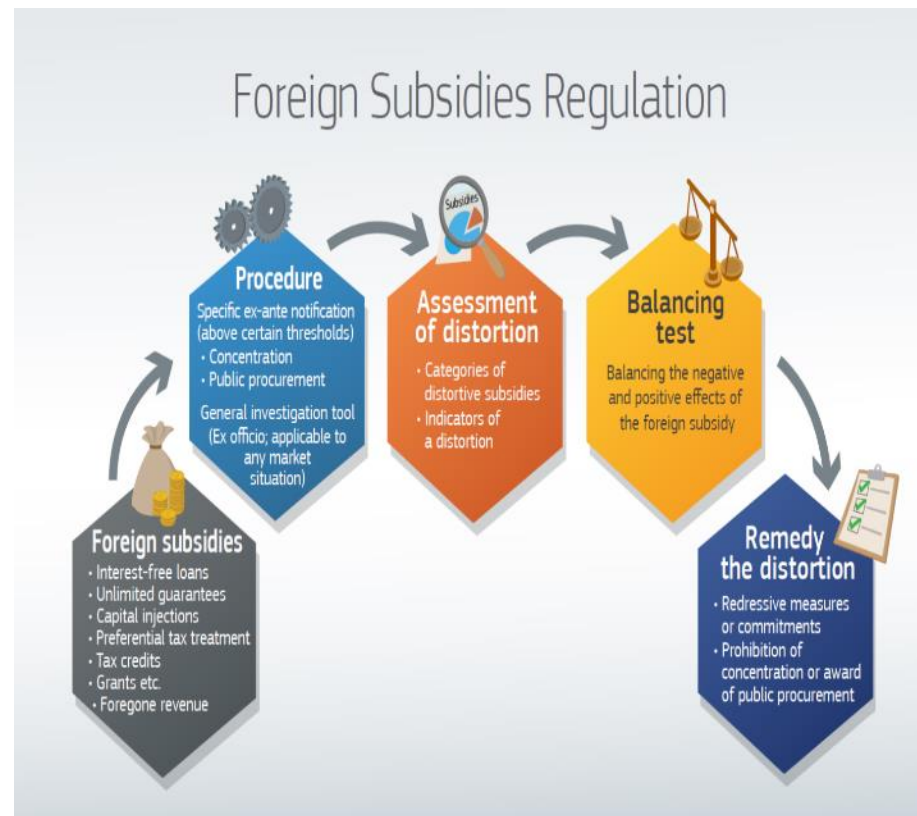
# Distortive foreign subsidies

**Foreign subsidy** is a direct or indirect financial contribution by a non-EU country, which is limited to one or more companies or industries and which confers a benefit on a company active in the Single Market.

**Possible forms:** interest-free loans, unlimited guarantees, capital injections, preferential tax treatment, tax credits, grants, etc.

**Examples:**

**Susidised concentration**  
**Public procurement**  
**Cheap financing**

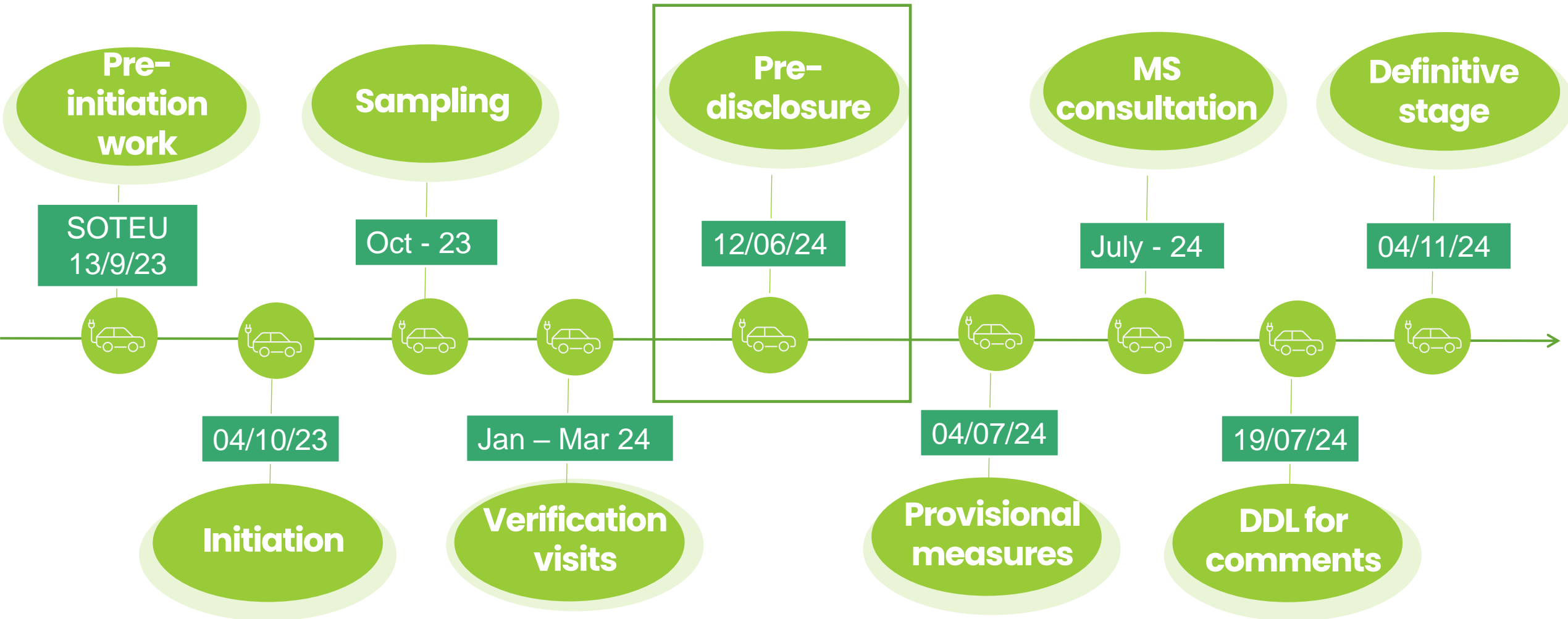


## Context of the investigation

- EU legislation will only allow **sales of zero emission new vehicles by 2035**, which is leading to a profound structural change in the car industry.
- Battery electric vehicles are **increasing their share of the European market**.
- The **EU market is open to imports** of foreign electric vehicles, **unlike other major markets** which have imposed hefty **import duties** on electric vehicles and/or granted **subsidies** to the production chain.
- The market share of **Chinese imports** in the EU market rapidly **increased** from 3.9% in 2020, 15% in 2021, to 22.3% in 2022 (total imports, incl. EU and US brands)
- **Rise in low-priced exports** of electric vehicles coming from **China** to the EU, what appears to be massive **subsidies by China**.
- Chinese exports are targeting aggressively the **EU market as the main large market still available** for its massive capacities.



# Process



## *Subject of the investigation*

- 4/10/2023: The Commission initiated an *ex-officio* **anti-subsidy investigation**.
- The investigation will determine whether:
  - There is **illegal subsidisation** benefitting BEV value chain in China.
  - Such subsidisation causes or threatens to cause **economic injury to the competing EU producers** of BEVs.
  - It is in the **EU's interest to remedy the effects of such unfair trade practices** by imposing anti-subsidy duties on said imports, i.e. whether such measures would not lead to any disproportionate consequences and **impact on EU importers, users and consumers**.
- All **parties** concerned – European economic operators but also Chinese authorities and companies/exporters – **may present their comments**.



# Subsidy Aspects

## from mine to EU harbours

- ❑ Subsidies available to whole supply chain
- ❑ At national, provincial and local level
- ❑ Role of financial institutions and lithium / battery suppliers

## Case-specific subsidies

Provision of lithium and batteries below market price

Battery consumption tax exemption

Green bonds  
Asset backed securities

National subsidy

## Common subsidies

Preferential financing

Income tax programmes

Provision of land below market price

Direct grants



# Impact on the EU industry

## EU industry in transition

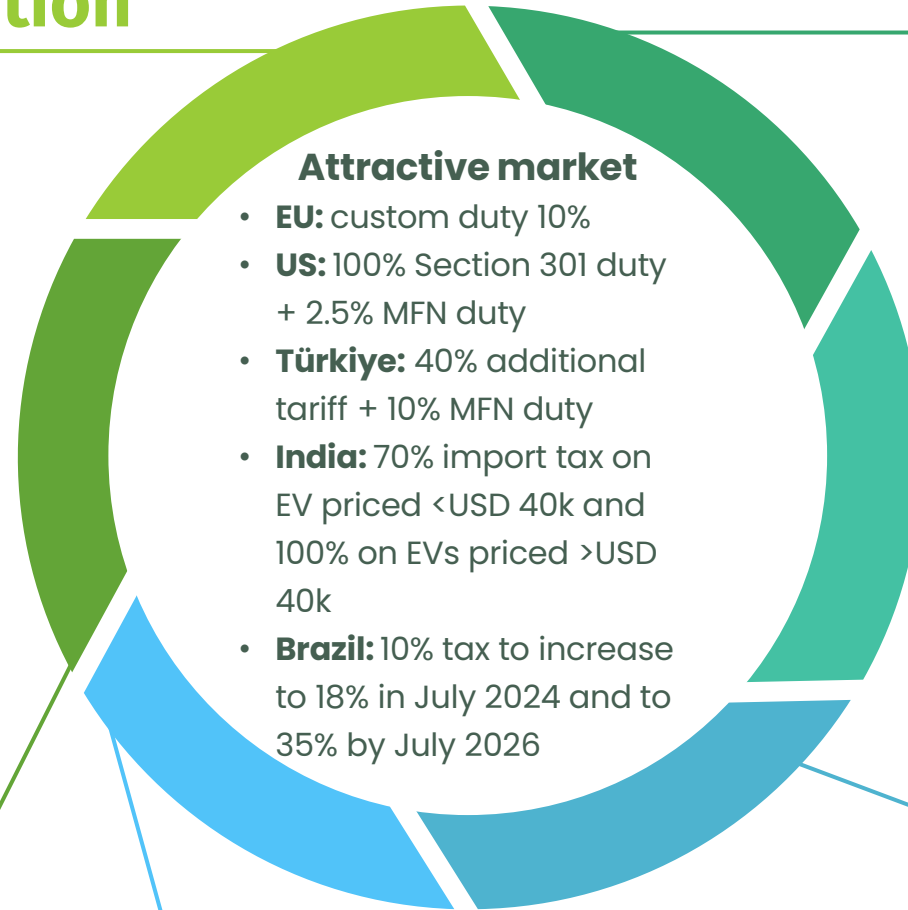
- **Consumption** and volume indicators increased but **market share** of the EU industry continuously decreased from 68.9% (2020) to 59.9% in the IP
- Market share of Chinese imports: from 3.9% (2020) to 25% in the IP
- Chinese import prices were **undercutting** and **suppressing** the EU industry prices
- Despite improving trends, **profitability** remained poor and EU industry was not able to cover its costs
- In the IP transition to BEVs started to be **impeded**

## CO<sub>2</sub>

- Strict emission targets for new passenger cars

## BEVs

- Key product for the Green transition: EU industry must be able to produce BEVs in the EU and not to rely on Chinese imports



## Union interest

- Compete fairly on the market
- Shield the Union industry from intensive and unfair price pressure
- Invest on the Union market

## No measures

- Investments needed for transitions not possible
- Significant job losses, currently:
  - **2.5 millions** direct jobs
  - **10.3 millions** indirect jobs

## Impact on consumers

- Not disproportionately affected
- Price increases will reflect merely the unfair subsidization

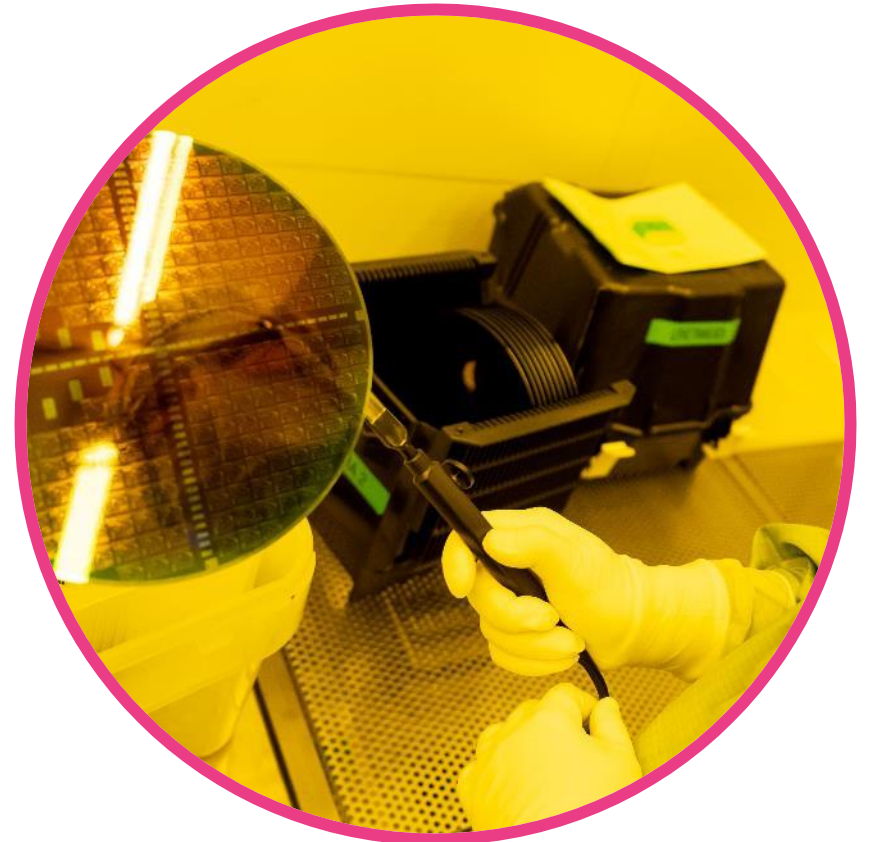


# Provisional measures

	17,4%
GEELY	20,0%
	38,1%
Cooperating non-sampled companies	21,0%
Non-cooperating companies	38,1%

# Europe's industrial strategy

- **Economic Security Strategy** to increase our resilience and de-risk our economy.
- **Net-Zero Industry Act** to support manufacturing in key sectors, from chips to clean tech, from batteries to wind (investment, skills, permitting, cooperation)
- **European Chips Act** to boost the manufacturing of chips and support scale-up and innovation across the value chain (already generated over €100 billion of planned investments along the entire value chain).
- **Critical Raw Materials Act** to secure access for our companies to essential raw materials.



## *EU raw materials diplomacy*

- **Australia:** memorandum signed on 28 May 2024
- **Uzbekistan:** memorandum signed on 5 April 2024
- **Norway:** memorandum signed on 21 March 2024
- **Rwanda:** memorandum signed on 19 February 2024
- **Greenland:** memorandum signed on 30 November 2023
- **DR Congo and Zambia:** memoranda signed on 26 October 2023
- **Chile:** memorandum signed on 18 July 2023
- **Argentina:** memorandum signed on 13 June 2023
- **Namibia:** memorandum signed on 8 November 2022
- **Kazakhstan:** memorandum signed on 7 November 2022
- **Ukraine:** memorandum signed on 13 July 2021
- **Canada:** partnership adopted after 15 June 2021

# European Green Deal: a growth strategy that protects the climate

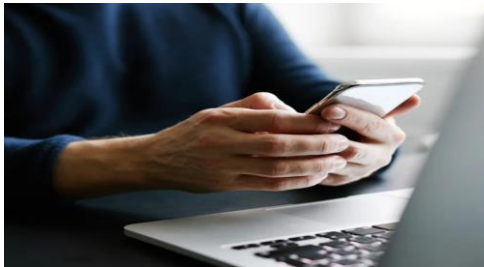
- **Decarbonisation of industry + clean mobility infrastructure**
  - Innovation Fund
  - Modernisation Fund
  - Horizon Europe
  - Connecting Europe Facility
  - Cohesion Funds
  - Recovery and Resilience Facility
  - InvestEU
- **Carbon Border Adjustment Mechanism** to make sure that emissions are reduced wherever they are produced and the EU's climate objectives are not undermined.



**Battery manufacturing** supported and **clean hydrogen** developed in the EU.

**EV charging stations** available every 60 km in the trans-European transport network.

# Powering Europe's recovery: Czech recovery and resilience plan



**Important Project of Common European Interest** to boost EU's capacities in designing and deploying **semi-conductors** and **communication technologies**.

Investment funds to support innovative **start-ups** in technologies such as artificial intelligence, blockchain or 5G.



**Installation** of 495 MW of **photovoltaic power plants** on companies' buildings, and of **batteries**.

Purchase of 4,055 **electric hydrogen cars and vans**, 500 **cargo e-bikes**, and installation of 2,880 **recharging points**.



**Advanced digital technology** in production or sales in min. 377 enterprises, mainly SMEs.

**6 Digital Innovation Hubs** to support the digital transformation of enterprises, mainly SMEs.

## *Outlook: Working together as a Union*

- **Strategic Agenda 2024-2029**
- **New EU competitiveness deal**
- **Strategic foresight**
- **Report on the single market** by Enrico Letta
- **Report on competitiveness** by Mario Draghi
- **Real geopolitical Union:** investing in partnerships.
- Let's be **bold, fast and ambitious.**



# Keep in touch



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# Thank you!



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# *Imports of battery electric vehicles for passengers from China*

- 9/11/2023: **Selection of a definitive sample of companies in China** to be investigated
- 6/3/2024: **Registration** due to massive imports of battery electric vehicles in a relatively short period of time (almost 200,000 vehicles in the period 10/2023-1/2024, or an average monthly increase of 11% compared to the period under investigation).
- **Pre-disclosure** by 5/6/2024
- Commission's proposal of **provisional anti-subsidy duties** by 4/7/2024
- Publication of **definitive anti-subsidy duties** by 2/11/2024



## *A stronger and bolder Europe in the world*



**EU-US Trade and Technology Council**, privileged forum for bilateral exchanges.  
**EU-US Energy Council and Dialogue**, and new **Task Force on Energy Security**.  
**Coordination of joint commitment to supporting Ukraine** in its war against the Russian aggression.



Record number of **trade deals**: 42 preferential agreements with 74 countries.

**Five modern trade negotiations**: new-generation Free Trade Agreements with **New Zealand, Chile, and Kenya**; sustainable investment deal with **Angola**, data flows deal with **Japan**.

## *A stronger and bolder Europe in the world*



**Green Alliances and Partnerships** with close partners concluded - such as Canada, Japan, Morocco, Norway, and the Republic of Korea;  
**Just Energy Transition Partnerships** launched - South Africa, Senegal, Indonesia, Vietnam to support them in their clean transition.



**New strategy on relationship with China** developed, focused on “de-risking” rather than decoupling.  
We kept communication lines open and worked to address common challenges such as climate change.  
We put in place measures to address security concerns, whether on 5G, foreign direct investment, export controls, or to counter economic distortions and deter economic coercion.

## *Building Europe's digital leadership*

- **Digital Decade:** targets by 2030 (e.g. basic digital skills for 80 % of adults).
- **AI Act** to lead the way in developing trustworthy AI.
- Data, Cybersecurity, Digital Services, Digital Market.
- **World-class supercomputers** provided to our research, start-ups and SMEs: EU is home to **3 out of 10 most powerful computers** in the world.
- Expansion of **fibre optics** and **5G**.
- **Skills** for the digital future.



# European Green Deal: a growth strategy that protects the climate

