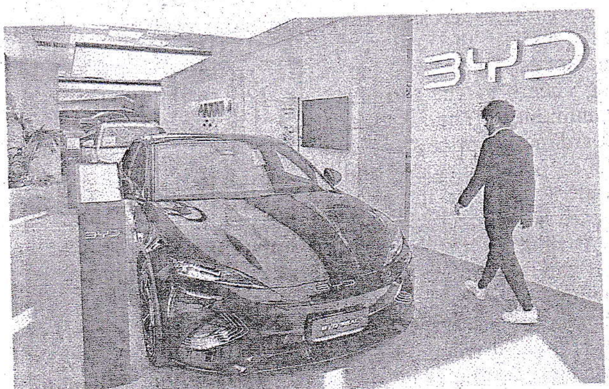
China urges EU to reconsider EV tariffs

Reuters
Beijing



BYD'S BULL RUN: The Chinese EV giant defied EU tariff jolt as its Hong Kong- listed shares surged more than 7% in a day

Beijing hopes the European Union will reconsider tariffs on Chinese electric vehicles and stop going further in the "wrong direction" to shield its auto industry from competition, according to official state news agency Xinhua.

China said it would take measures to safeguard its interests after the European Commission announced on Wednesday it would impose extra duties of up to 38.1 per cent on imported Chinese electric cars from July.

TRADE SPAT

"In light of their economic structure and sheer size, China and the EU are best served by teaming up on major economic and trade issues," Xinhua said, adding: "It would be more cost-effective for the EU to draw on China's advantages in order to develop its own EV industry."

Less than a month after Washington revealed plans to quadruple duties for Chinese EVs to 100 per cent, Brussels said it also would combat Chinese subsidies with additional tariffs ranging from 17.4 per cent for BYD to 38.1 per cent for SAIC, on top of the standard 10 per cent car duty. That takes the highest overall rate to nearly 50 per cent.

Chinese EV car maker stocks mostly shrugged off the news, which was expected. The Hong Kong-listed shares of BYD surged more than 7 per cent in early trade, on track for their biggest one-day percentage gain since November 2022.

"The EU tariff hike result is slightly positive for BYD compared to our previous tariff expectation of 30 per cent, which improves BYD's export growth visibility into 2Q/3Q24. BYD's EU tariff is lower than other China players, which bodes well for its market share gain in EU," Citi said in a research note.

Geely Auto climbed 2.5 per cent, Xpeng rose more than 2 per cent, while Nio jumped 3.5 per cent.Leap Motor surged 4.4 per cent and Great Wall Motor's Hong Kong shares rose 0.4 per cent.

In contrast, shares in some of Europe's biggest carmakers — which make a big portion of their sales in China — fell on Wednesday due to fears of Chinese retaliation.

While European automakers are being challenged by an influx of lower-cost EVs from Chinese rivals, there is virtually no support for tariffs from the continent's auto industry. German automakers in particular are heavily dependent on sales in China and fear retribution from Beijing. European auto firms also import their own Chinese-made vehicles.