



Provisional countervailing duties on electric cars from China as an anti-subsidy measure

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In her State of the Union address in September 2023, Commission President Ursula von der Leyen announced proceedings against artificially low-priced electric cars from China that threatened to flood the EU market. In October 2023, the EU Commission initiated the anti-subsidy proceedings.

On 12 June 2024, the Commission announced its intention to introduce provisional countervailing duties on the importation of electric cars from China. Originally, countervailing duties of up to 30% were under consideration. The provisional standard rate is, however, currently 38.1%. Some companies will be subject to lower customs duties, but not less than 17.4%. This means that the countervailing duties are significantly lower than the customs duties imposed by the USA on electric cars from China, where the customs duties are 100%. Nevertheless, European and German manufacturers are speaking out against the imposition of countervailing duties. They fear that they will face countermeasures and disadvantages in the Chinese sales market as a result of this action. Jobs in Germany would also depend on continuing access to the Chinese market. The German government has also announced that it has no interest in trade conflicts. Instead, it hopes for an amicable solution.

1 Suspected subsidies

The anti-subsidy proceedings are based on the suspicion that electric cars are being produced in China with the help of subsidies, and that these cars are then exported to the EU, where they damage the EU market. Specifically, the Chinese government is suspected of granting subsidies in the following forms:



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- direct transfer of funds or liabilities (grants, loans or loan guarantees);
- waiving of revenue or uncollected taxes (tax incentives and tax credits); and
- the provision of goods or the supply of services for less than adequate consideration.

The subsidies mean that the electric cars produced in China can be produced at a lower cost for the companies there and exported to the EU. In contrast, electric cars from EU producers are not competitive due to higher production costs. The EU fears that this will damage the EU market. The countervailing duties are intended to “balance out” this damage.

2 Countervailable subsidies

Not all subsidies are prohibited. For subsidies to be countervailable, ie for the EU to be able to impose countervailing duties, they must be specific subsidies within the meaning of the Anti-Subsidy Regulation (EU) 2016/1037. This is the case if the subsidy applies specifically to an enterprise or industry or a group of enterprises or industries. Indications of this are the limitation of the subsidy by the granting authority or the actual utilisation by specific enterprise or industry in the country under investigation.

The Commission is currently investigating whether and to what extent the Chinese manufacturers of electric cars are granted countervailable subsidies and whether these should therefore be offset with duties. The imposition of provisional countervailing duties is in line with the results of its investigation to date. It may still adjust the level of the definitive countervailing duties upwards or downwards.

3 Imports subject to registration

On 5 March 2024, the Commission ordered the registration of imports of electric cars from China. Registration means that national customs authorities must register the importation of electric cars from China. This, in turn, enables the retroactive collection of countervailing duties on imports that took place prior to the official introduction of the said duties.

4 Further steps

It will be worthwhile keeping track of the proceedings as they progress, particularly for economic operators:

- who import electric cars from China into the customs territory of the Union, or who purchase electric cars imported from China within the customs territory of the Union;
- who produce and distribute electric cars in the customs territory of the Union; and
- and for Chinese manufacturers of electric cars who plan to export to the customs territory of the Union.

Economic operators who have already been involved in the proceedings as interested parties will have an opportunity to submit further comments. The anti-subsidy investigation is expected to be concluded in autumn 2024. The investigation will conclude with the imposition of definitive countervailing duties. If the provisional countervailing duties are lower than the definitive duties, the difference will be recovered retroactively. Conversely, economic operators can claim back the difference if they have paid provisional countervailing duties that exceed the duties definitively imposed.