

China says EU car subsidy probe will have 'negative impact'

September 14 2023



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China warned on Thursday a probe by the European Union into Beijing's subsidies for electric cars would have a negative impact on its trade

relations with the bloc, which it accused of "naked protectionism".

The investigation, announced on Wednesday, could see the EU impose duties on cars it believes are unfairly sold at a [lower price](#), undercutting European competitors.

China "believes that the EU's proposed investigative measures are to protect its own industry in the name of 'fair competition'... and will have a negative impact on China-EU economic and trade relations", a commerce ministry statement said.

It said the investigation was "naked protectionist behavior that will seriously disrupt and distort the global automotive industry supply chain, including the EU".

European Commission President Ursula von der Leyen announced the anti-subsidy investigation on Wednesday, vowing to protect the bloc against unfair competition.

The move was hailed as a "positive signal" by European automakers and by EU member states.

French Finance Minister Bruno Le Maire said during a visit to Berlin the [probe](#) was a "very good decision", while Germany's Economy Minister Robert Habeck said it showed the "right attitude" and was about tackling "unfair competition".

—'Pay close attention'—

Beijing has already hit back against the probe, with Wang Lutong, director-general of the Chinese foreign ministry's department of European affairs, saying "many EU members subsidize their electric vehicle industries".

"In what position is the commission to launch anti-subsidy investigation into electric vehicles from China?" he said.

But there have long been concerns across Europe about how much the continent relies on Chinese products, especially those needed for the EU's focus on clean energy.

The EU's internal market chief Thierry Breton warned last week about a trend emerging where Europe was "being relegated to net imports of electric vehicles or solar panels".

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European manufacturers have also to contend with state subsidies for [electric vehicles](#) across the Atlantic.

Beijing called on the EU on Thursday "to carry out dialog and consultation with the Chinese side, create a fair, non-discriminatory and predictable market environment for the joint development of the China-EU electric [vehicle](#) industry."

China "will pay close attention to the protectionist tendency and follow-up actions of the European side, and firmly safeguard the legitimate rights and interests of Chinese enterprises".

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Citation: China says EU car subsidy probe will have 'negative impact' (2023, September 14) retrieved 11 May 2024 from <https://techxplore.com/news/2023-09-china-eu-car-subsidy-probe.html>

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