

EU formally starts probe into Chinese electric cars subsidies

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EU officials insist the anti-subsidy investigation will be 'thorough' and 'fair'

The European Union said Wednesday that it had "sufficient evidence" of illegal Chinese electric car subsidies as it officially launched an inquiry that has enraged Beijing.

European Commission President Ursula von der Leyen raised hackles in

China when she announced last month that Brussels would start an anti-subsidy investigation.

Some fear the European Union's action could lead to a trade war after Beijing warned the [probe](#) would harm trade relations between the two sides.

"The Commission is in possession of sufficient evidence tending to show the existence of subsidization, threat of injury and [causal link](#) required for the initiation of an anti-subsidy investigation," the notice of initiation published in the EU's official journal said Wednesday.

The notice included details about how the commission found evidence of loans at favorable rates, tax exemptions and components bought very cheaply.

The clock formally starts ticking now and the probe must be completed within 13 months—though the EU can impose provisional anti-subsidy duties nine months from Wednesday.

If the EU concludes there are unfair practices, it could impose tariffs on Chinese car manufacturers above the standard 10 percent EU rate.

But Brussels could also decide to do nothing.

"Should the existence of subsidization and injury caused thereby be established... the investigation will examine whether the imposition of measures would not be against the Union interest," the notice read.

Von der Leyen vowed Wednesday that the probe would be "fair".

"Wherever we find evidence that their (EU car manufacturers') efforts are being impeded by market distortions and [unfair competition](#), we will

act decisively," she said in a statement.

"We will do this in full respect of our EU and international obligations—because Europe plays by the rules, within its borders and globally."

The [automotive sector](#) is the jewel in Europe's industrial crown, providing direct and indirect jobs to around 14 million Europeans, or 6.1 percent of all EU employment.

When she announced the probe on September 13, von der Leyen said the cost of Chinese electric cars were "kept artificially low by huge state subsidies".

The notice also said the commission decided to open the investigation "without having received a written complaint by or on behalf of the Union industry".

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