

Europe is looking to fight the flood of Chinese electric vehicles. But Europeans love them

October 18 2023, by Kelvin Chan



Passengers wait near a hybrid luxury SUV from China automaker Lynk&co displayed at the train station in Hangzhou in eastern China's Zhejiang province on Monday, July 3, 2023. Chinese automakers are winning over drivers as they make major inroads into Europe's electric vehicle market, challenging long-established homegrown brands in an industry that's key to the continent's green energy transition. The European Union has launched an investigation into

Beijing's support for its EV industry, adding to tensions between the West and China. Credit: AP Photo/Ng Han Guan, File

When Laima Springe-Janssen was looking to replace her French-made gasoline-powered SUV with an electric car, she considered models from Volvo and Nissan.

The Volvo extras she wanted would have busted her budget, while the Nissan lacked the "wow factor." The Copenhagen, Denmark, resident ended up buying a compact SUV from China's BYD.

"I really, really love the car," Springe-Janssen said. For the equivalent of about \$50,000, the Atto 3 SUV came with "all these goodies" like a 360-degree dash cam, two years of free charging and an extra set of winter tires.

Her husband likes it so much he's considering buying another BYD to replace their other car, from Volkswagen's Skoda brand.

"I'm sorry, Europe. Go home," she said. "China has a better offer."

Her enthusiasm underscores how Chinese automakers are winning over drivers as they make major inroads into Europe's electric vehicle market, challenging long-established homegrown brands in an industry that's key to the continent's green energy transition.

The competitive threat has spurred the European Union to launch an investigation into Beijing's support for its EV industry. That adds to tech-related tensions between the West and China, which is one of Europe's biggest trading partners and the world's biggest auto market.



A worker wipes an Ora, a Chinese-made electric car brand during the Auto Shanghai 2023 at the National Exhibition and Convention Center in Shanghai, China, Tuesday, April 18, 2023. Chinese automakers are winning over drivers as they make major inroads into Europe's electric vehicle market, challenging long-established homegrown brands in an industry that's key to the continent's green energy transition. The European Union has launched an investigation into Beijing's support for its EV industry, adding to tensions between the West and China. Credit: AP Photo/Ng Han Guan, File

China's EV onslaught, along with massive U.S. clean energy funding that has drawn investment away from Europe, shows how the 27-nation bloc is caught in the middle of the global race for green technology.

Chinese EV makers are drawn to Europe because auto import tariffs are just 10% versus 27.5% in the U.S., independent auto analyst Matthias Schmidt said. Europe also has the world's second-biggest EV battery market after China.

Nevermind the geopolitics. Climate-conscious car buyers in Europe who are grappling with an increased cost of living rave about how Chinese EVs are affordable yet packed with features and stylish design. Concerns about the threat to local carmakers and jobs just aren't a factor for them.

British retiree John Kirkwood replaced his Volkswagen Passat three years ago with an MG5 station wagon because the 30,000-pound (\$36,000) [price tag](#) "wiped the floor" with its nearest rival—a Kia that cost thousands more.



A visitor walks near the P7i electric sedan from Chinese automaker Xpeng at a show room in Beijing, Thursday, April 13, 2023. Chinese automakers are winning over drivers as they make major inroads into Europe's electric vehicle market, challenging long-established homegrown brands in an industry that's key to the continent's green energy transition. The European Union has launched an investigation into Beijing's support for its EV industry, adding to tensions between the West and China. Credit: AP Photo/Ng Han Guan, File

"It's nice. It's quiet, it's refined" and very quick, Kirkwood said, adding that he had few qualms about British brand MG's Chinese ownership.

MG—owned by SAIC Motor, China's biggest automaker—is the largest Chinese EV player in Europe. BYD, backed by billionaire investor Warren Buffett, is growing fast. There's also Geely, which owns Sweden's Volvo and a stable of EV brands including Polestar, Lynk & Co. and British sportscar maker Lotus.

Behind them are a slew of startups, like NIO and Xpeng.

Their combined sales are a sliver of the 9.2 million vehicles sold in Europe every year, but they have been gobbling up a piece of the smaller EV market at an astonishing pace.

Chinese automakers account for only about 3% of Western Europe's overall car market but 8.4% of the EV market, up from 6.2% last year and almost nothing in 2019, according to Schmidt's data.



NIO's founder and CEO, William Li speaks near the ES6 during an interview at the Auto Shanghai 2023 show in Shanghai, Tuesday, April 18, 2023. Chinese automakers are winning over drivers as they make major inroads into Europe's electric vehicle market, challenging long-established homegrown brands in an industry that's key to the continent's green energy transition. The European Union has launched an investigation into Beijing's support for its EV industry, adding to tensions between the West and China. Credit: AP Photo/Ng Han Guan, File

The surge is stoking fears about Europe's automotive industry, an economic powerhouse centered in France and Germany that employs millions of workers, staying competitive as it transitions from fossil fuels to electricity.

European Commission President Ursula von der Leyen says "global markets are now flooded with cheaper Chinese electric cars," with prices "kept artificially low by huge state subsidies."

The commission, the EU's executive arm, formally opened its investigation this month, saying it would take up to 13 months and could result in import duties.

Beijing voiced "strong dissatisfaction" and vowed to "firmly safeguard" Chinese companies' rights. The Chinese Commerce Ministry said the EU probe is based on "subjective assumptions," lacks enough evidence and goes against World Trade Organization rules.



Visitors watch the BYD ATTO 3 at the IAA motor show in Munich, Germany, Friday, Sept. 8, 2023. The international motor show IAA Mobility 2023 takes

place in Munich from Sept. 5 until Sept. 10, 2023. Chinese automakers are winning over drivers as they make major inroads into Europe's electric vehicle market, challenging long-established homegrown brands in an industry that's key to the continent's green energy transition. The European Union has launched an investigation into Beijing's support for its EV industry, adding to tensions between the West and China. Credit: AP Photo/Matthias Schrader, File

Complicating matters, global automakers build vehicles in China and have exported 164,300 this year to Europe, including BMW's iX3 SUV made in northeastern Shenyang and Tesla's Model 3 and Y produced in Shanghai, according to Schmidt's data. That means one in every five EVs sold in Europe is a Chinese import.

A commission spokesman said the investigation is looking at China's EV exports "regardless of the brand."

Stellantis, which owns French auto brands Peugeot and Citroen as well as Italy's Alfa Romeo and Fiat, is vowing to fight back against China's EVs. In a recent earnings call, CEO Carlos Tavares said the world's No. 3 automaker is responding to a "Chinese invasion in a European market" with a new Citroen e-C3 cheap compact.

Stellantis faces added pressure from a union strike in the U.S. over EV battery plant jobs.



Visitors watch a BYD Seal U car at the IAA motor show in Munich, Germany, Friday, Sept. 8, 2023. Chinese automakers are winning over drivers as they make major inroads into Europe's electric vehicle market, challenging long-established homegrown brands in an industry that's key to the continent's green energy transition. The European Union has launched an investigation into Beijing's support for its EV industry, adding to tensions between the West and China. Credit: AP Photo/Matthias Schrader, File

Executives at Shanghai-based Aiways, a startup headed by Volvo's former China sales chief, rejected accusations that Beijing provides a helping hand.

"We're not selling inside China, we're not being subsidized in China," said Alexander Klose, vice president of overseas operations. "Yes, we

obviously have some subsidies for putting a plant somewhere, which is, I think, what everybody has in Europe."

Aiways is focusing on Europe and Israel instead of China, where the auto market is so crowded that "we don't think it makes sense to compete right now," Klose said.

The EU should be working on getting to a green future "rather than keeping competition out," he said.

One reason Chinese companies can offer high-quality cars at affordable prices stems from the rules to enter the Chinese market. Global automakers had to team up with local companies, providing them crucial automaking knowhow.



Staff members wear face masks at the exhibition booth of the Lynk & Co, a Chinese-Swedish joint venture auto brand at the Auto China 2020 show in Beijing, Sunday, Sept. 27, 2020. Chinese automakers are winning over drivers as they make major inroads into Europe's electric vehicle market, challenging long-established homegrown brands in an industry that's key to the continent's green energy transition. The European Union has launched an investigation into Beijing's support for its EV industry, adding to tensions between the West and China. Credit: AP Photo/Andy Wong, File

"They were kind of like the sous chefs to the Western companies," said Schmidt, the auto analyst. "The situation now is those sous chefs are opening up their own restaurants and, in some cases, better than their masters' restaurants."

Also helping level the playing field is battery-powered motors being less complex to build than internal combustion engines and requiring fewer workers. That's a problem for European brands with big workforces that will need years to revamp operations, Schmidt said.

Chinese EV makers, meanwhile, are trying to stand out in a crowded field.

SUV maker Great Wall Motors' EV sub-brand Ora is targeting women, with cars it says are designed for their body sizes and daily needs.

The Ora Funky Cat, with throwback round headlights, an exclamation mark on its hood badge, and a 32,000-pound (\$38,600) price tag, appealed to British scriptwriter Justin Nicholls, who bought one for his wife.



John Kirkwood poses for a selfie with his car near Paston, Norfolk, England, Wednesday, Sept. 27, 2023. Chinese automakers are winning over drivers as they make major inroads into Europe's electric vehicle market, challenging long-established homegrown brands in an industry that's key to the continent's green energy transition. The European Union has launched an investigation into Beijing's support for its EV industry, adding to tensions between the West and China. Credit: John Kirkwood via AP



This Sept. 29, 2023 photo provided by Laima Springe-Janssen shows her posing by her electric car, from Chinese auto brand BYD, in Gelsted, Denmark. Chinese automakers are winning over drivers as they make major inroads into Europe's electric vehicle market, challenging long-established homegrown brands in an industry that's key to the continent's green energy transition. The European Union has launched an investigation into Beijing's support for its EV industry, adding to tensions between the West and China. Credit: Sjoerd Janssen via AP

"The looks are awesome, and the tech great. It's so easy to drive, yet feels like a lot larger car and feels premium," he said.

It also appealed to Nicholls because it's different from the Volkswagens,

Peugeots and BMWs common on British roads: "I think it is a lot more quirky than European cars."

© 2023 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed without permission.

Citation: Europe is looking to fight the flood of Chinese electric vehicles. But Europeans love them (2023, October 18) retrieved 28 April 2024 from

<https://techxplore.com/news/2023-10-europe-chinese-electric-vehicles-europeans.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.