

# Electric cars pile up at European ports as Chinese firms struggle to find buyers

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China's automotive industry has revolutionized over the past decade, from producing basic western clones to making cars that equal the world's best. As the manufacturing powerhouse of the world, China is

also producing them in [huge volumes](#).

However, Chinese cars are facing difficulties in finding buyers in Europe. Imported cars, many of which are Chinese electric vehicles, are [piling up](#) at European ports, with some spending up to 18 months in port car parks as manufacturers struggle to get them onto people's driveways.

Why is this, though? Chinese electric vehicles in particular are getting positive reviews. Having driven them myself, I can attest to them matching, or even exceeding, the well-known European brands in range, quality and technology.

But entering an established market as a challenger is a complex operation. Chinese makers will have to contend with buyer wariness, a lack of brand image, trade protectionism and rapid outdatedness.

## **Lack of buyer faith**

China's automotive expansion program draws parallels with the moves made by Japan in the 1960s and 70s. At that time, the product coming from Japan was commendable but [lacked](#) the finesse, design and longevity of their western counterparts. Japanese cars were thought of as tinny, underpowered and susceptible to rusting, as well as looking very generic compared to stylish European designs.

Memories of Japan's involvement in the second world war were also fresh in (particularly American) buyer's minds, who were slow to forgive a nation that launched the Pearl Harbor attacks. However, by constantly focusing on a reliable, relatively cheap and increasingly stylish product, Japan slowly [turned this around](#) to become the automotive powerhouse of the 1990s and 2000s.

China is viewed with suspicion by many westerners, and its carmakers

are similarly hampered by their recent [legacy](#) of producing both endorsed and illegal clones of European cars. But with the lessons of the Japanese to learn from, Chinese cars are rapidly advancing to match and exceed existing alternatives.

Strategic [purchases](#) of brands like Volvo, Lotus and MG have also given China existing brands that are respected and, more importantly, have some of the [best engineering knowledge](#) in the world.

Yet, even after buying up western brands, Chinese automakers have proven [unable](#) to buy loyalty from existing customers of brands like BMW, Porsche, Ferrari and Ford. For these buyers, the history of the brand in terms of known reliability and even things like motor sport success is something that Chinese makers, like the Japanese, will have to build up over time.

It was Ford dealers who, in the 1960s, [coined the phrase](#): "Win on Sunday, Sell on Monday". The phrase is as an adage to attest the fact that if buyers see a car winning a race, they'll be motivated to go out and buy one.

Existing manufacturers also have a legacy of reliability that buyers have experienced for themselves, giving a huge brand loyalty benefit. Add to this a lack of an established dealer network outside of China and you see how Chinese makers struggle against the established competition.

## **A challenging trade environment**

China has a price advantage compared to Europe or the US. Economies of scale, excellent shipping links and cheap labor mean that Chinese cars are cheaper both to make and buy.

However, in many countries they are subject to [high import tariffs](#). The

EU currently imposes a 10% import tariff on each car brought in. And in the US, car imports from China are subject to a 27.5% tariff.

These tariffs may well rise further. The EU is [conducting an investigation](#) into whether its tariff is too low. If it concludes this later this year, higher duties will be applied retrospectively to imported cars.

Cars, and specifically electric vehicles, are also in a phase of their development where they see rapid changes and updates. Traditionally, vehicle models would see a market life of between [four and seven years](#), perhaps with small updates in trim, color palette or feature availability.

But Tesla has [turned this on its head](#). The Tesla Model S, for example, has seen almost continuous product updates that make it barely recognizable in terms of hardware from a car released in 2012. Chinese automakers have taken note. They are bringing out new models [around 30% faster](#) than in most other nations.

Tesla is supporting owners of older cars with upgrades, at [extra expense](#), to bring them in line with the latest hardware. Without guaranteed software support like this, the rate at which Chinese automakers are bringing out new models could make buyers wary that the product they have bought will soon become outdated compared to buying a car on a more traditional update cycle.

## How to succeed

Many of these factors can be fixed. They also chime more with private buyers than business buyers, who are more concerned with cost. Chinese makers would be well-advised to push harder into this market.

In the UK, the fleet market [dwarfs](#) the private market, and the situation is similar in Europe. Selling en masse to fleets and rental companies gets

more cars on the road and allows more data about reliability to feed into the market.

The road to succeeding in a new market such as the EU will be slow and bumpy. But it's clear that China is laser focused on its global push. It remains to be seen whether this lack of buyers can be turned around.

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