

Mercedes-Benz AG

Mercedes-Benz boss urges Brussels to cut tariffs on Chinese EVs

Ola Källenius believes increased competition will help Europe's car industry produce better vehicles



Mercedes-Benz chief Ola Källenius: 'We as companies are not asking for protection, and I believe the best Chinese companies are not asking for protection' © Qilai Shen/Bloomberg

Peter Campbell in Stuttgart and **Patricia Nilsson** in London 12 HOURS AGO

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The boss of Mercedes-Benz has called on Brussels to lower tariffs on electric cars imported from China, just as the European Commission is considering raising import duties amid a probe into Beijing's subsidies for its car industry.

Increased competition from China would help Europe's carmakers produce better cars in the long run, said chief executive [Ola Källenius](#), adding that protectionism was "going the wrong way".

"Don't raise tariffs. I'm a contrarian, I think go the other way around: take the tariffs that we have and reduce them," he told the Financial Times.

Chinese companies looking to export to Europe was a "natural progression of competition and it needs to be met with better product, better technology, more agility", he added. "That is the market economy. Let competition play out."

The commission is investigating whether Chinese carmakers are receiving subsidies

from Beijing enabling them to lower prices on vehicles exported to Europe, undercutting the region's own manufacturers.

French carmakers such as Stellantis and Renault, which do not have large businesses in China, have been vocal about the threat of Chinese electric vehicles. However, the probe has faced a [backlash from German carmakers](#) that are reliant on China for a significant portion of their sales and profits.

German executives fear potential retaliation from Beijing and Chinese consumers at a time when local brands such as BYD have already been grabbing market share from western incumbents in the world's largest EV market.

More than one in three [Mercedes-Benz](#) cars are sold in China, while the country accounted for 40 per cent of Volkswagen's car sales last year.

Chinese carmakers Geely and SAIC, which is controlled by the Chinese state, own a fifth of shares in Mercedes-Benz.

"We did not ask for this [probe]," said Källenius. "We as companies are not asking for protection, and I believe the best Chinese companies are not asking for protection. They want to compete in the world like everybody else."

Offering a full-throated defence of open markets, he said: "It has been opening up markets that has led to wealth growth, especially in the economic wonder of China, that has lifted hundreds of millions of people out of poverty.

"If we believe protectionism is the thing that gives us long-term success, I believe history tells us that is not the case."

At present, Chinese EVs are subject to a 10 per cent tariff when imported to Europe. European carmakers pay 15 per cent when exporting to China, which is part of the reason most German models sold in China are made in the country.

Källenius said there needed to be a "level playing field" and that both sides should be "mindful about building economic win-win situations".

He added: "We live in a pragmatic world and realise there are some expectations to the general market economy rule . . . but if we seek our fortune in increased protectionism, we are going the wrong way."

Stellantis and Renault have had a rougher ride in China than their German rivals, with the French government actively seeking measures against the Chinese

companies.

Stellantis' chief executive Carlos Tavares last year warned that the bloc's car industry, which employs roughly 13mn Europeans, was at risk of being wiped out by Chinese competition, much like the continent's once-vibrant solar panel industry.

VW's Porsche, which imports all of its cars sold in China, last year vowed to fight potential new EU tariffs on Chinese carmakers. Its strategy is rare with most foreign carmakers including VW, having largely shifted to local production for the Chinese market.

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