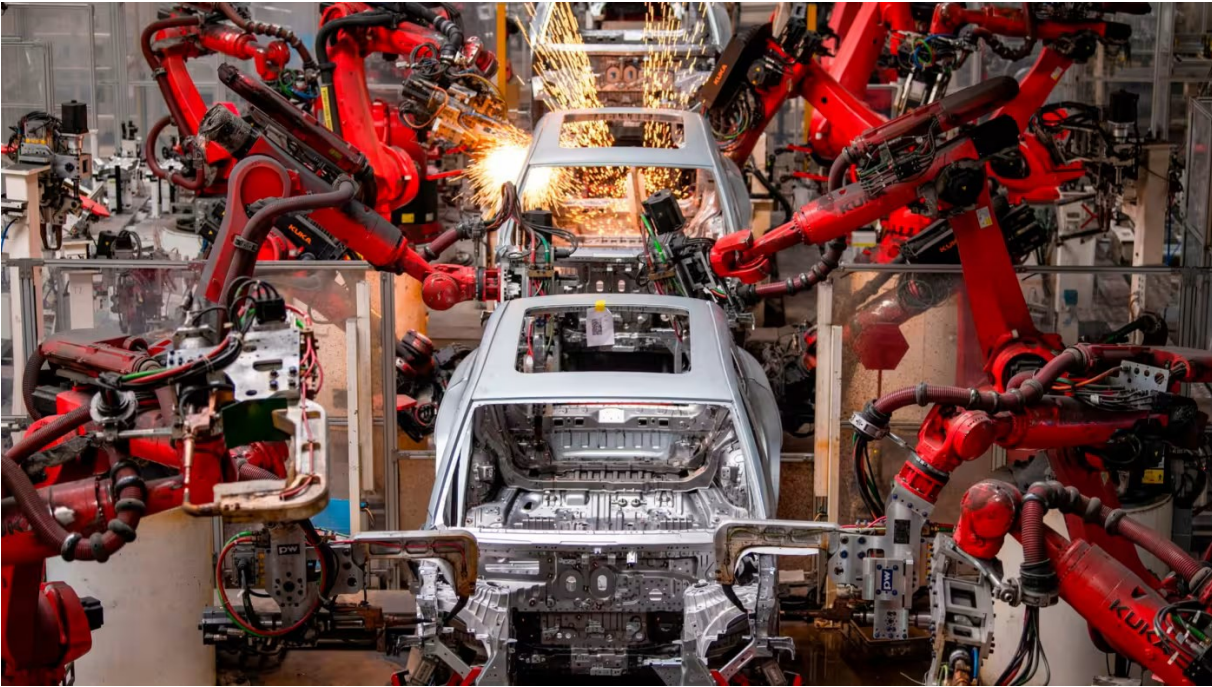


Opinion **The FT View**

Chinese electric vehicles are more of an opportunity than a threat

The urgency and cost of the climate transition make cheap green imports crucial

THE EDITORIAL BOARD



Europe's EV goals are implausible without welcoming China's ability to produce cost-effective cars in the cheapest segments © Hu Xiaofei/VCG/Getty Images

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Governments across the developed world have vowed to decarbonise their economies in the next few decades. Yet many are also moving to limit imports of Chinese-made green tech, without which decarbonisation will take more time and money — if it can be achieved at all. At some point, western leaders will have to choose between their climate goals and their protectionism — and it would be better for everyone if it is protectionism that has to give.

The contradiction is most glaring for electric vehicles. The EU has committed to phasing out the sale of conventional cars [by 2035](#). The US is throwing billions of taxpayer dollars on boosting domestic EV and battery manufacturing. But even as EV adoption is faltering — and slowing sales are hurting the wider supply chain, such as battery makers — leaders on both sides of the Atlantic have been raising their hackles against a supposed threat to their domestic industries from ultra-competitive Chinese imports.

In the US, that threat is entirely imagined. The US imports hardly any Chinese EVs. Joe Biden's recent 100 per cent tariff on Chinese-made EVs will keep things that way. In Europe, the accelerating inflow is real. Last year [close to one in five](#) electric vehicles sold across the EU, or 300,000 units, were made in China (some by western marques). But that remains a tiny fraction of the 10.5mn cars sold in the [EU in 2023](#) — all of which are soon supposed to be zero-emissions ones.

A sense of proportion is overdue. If Europe is serious about its EV goals, the problem is not too many Chinese imports but rather too few, given how slow its own industry has been in shifting away from internal combustion technology. Indeed, Europe's EV goals are implausible without welcoming in particular China's ability to produce cost-effective cars in the cheapest segments. The US, too, is unlikely to see EV adoption at scale without much cheaper models being made available — its public subsidies have [overwhelmingly benefited](#) the very richest consumers. The cost of living crisis makes affordability all the more urgent.

As a booming but still nascent secondhand market shows there is huge latent appetite for EV adoption further down the price scale. These are markets the west should welcome China into, either through imports or through setting up production facilities locally. It is heartening to see the UK refraining from joining the tariff wars.

With sufficiently ambitious policies to get the rate of EV adoption that is needed, there can be enough demand for both domestic and China-made EVs. Better procurement policies, investment in charging infrastructure and stronger tax incentives for corporate buyers and investors, would create the certainty of future demand that would encourage domestic producers invest at scale.

There are, however, some legitimate reasons for concern. International trade rules allow for measures to offset unfair subsidies in trade partners, but these should be calibrated to the subsidy in question. Any genuine risks to data privacy — EVs have been dubbed “smartphones on wheels” — should be addressed by surgical regulatory intervention on the particular software or components of concern.

But western governments should not lose sight of the forest for the trees. China can play a constructive part in the rich world's decarbonisation process, in particular its rapid transition to zero-emissions mobility. This, certainly, needs to be reconciled with the need to stimulate green industry at home and the broader background of geopolitical conflict between Beijing and the west. But identifying where China can help must be as important a part of western economic strategy and diplomacy as defending against the dangers it presents.

Climate Capital



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