EU tariffs on lithium batteries

Will EU impose tariffs on battery electric vehicles from China?
Today, the European Commission's proposal to impose definitive countervailing duties on imports of battery electric vehicles (BEVs) from China has obtained the necessary support from EU Member States for the adoption of tariffs. This represents another step towards the conclusion of the Commission's anti-subsidy investigation.

Is the EU battery industry losing out to foreign competition?
At the same time,the EU battery cell import tariff is the lowest compared to China (10% for EU) or the US (10.9% for China),at a mere 1.3% currently. Without decisive protective and supportive measures,the EU battery industry risks losing out to foreign competition.

Can EV batteries be exported to the UK?
As the European EV batteries sector is not sufficiently developed, the parties have agreed to extend the current rules until 2027. In 2022, the United Kingdom (UK) was the EU's second biggest export destination for cars, accounting for 17 % of total exports, halfway between the United States (23 %) and China (15 %).

How much will a 10 % tariff cost the EV industry?
In the run-up to the deadline,EU and UK carmakers issued numerous warnings signalling that they could not meet the heightened requirements. The European Automobile Manufacturers' Association (ACEA) estimated that a 10 % tariff could cost the industry EUR4.3 billion,potentially reducing EV production by nearly 500 000 units.

Should China invest in a battery in Europe?
Many Chinese players are already planning battery investments into Europe. Similar to previous trade disputes, an amicable solution can be found. This can include a lower tariff up to a certain volume of imports (e.g. 10-15% of the market) at an agreed minimum price, with the higher tariff kicking in afterwards.

Does the UK export EVs to the EU?
The EU is the UK's largest market for total vehicle imports and exports (see chart). Importantly,both parties have legal commitments not to sell new cars with combustion engines from 2035 onwards. The volume of trade in EVs is already significant. In 2022,the UK exported more than 47 000 EVsto the EU with a total value of EUR1.2 billion.

Lithium-ion batteries are at the heart of this: more than EUR 180 bln has been invested into the EU battery value chain, predominantly gigafactories, to date. Billions of state aid have been committed to projects such as Northvolt in Germany and Verkor in France.

According to the official announcement, in 2024, the tariff on EVs imported from mainland China will increase from 25% to 100%, the tariff on lithium-ion EV batteries will increase from 7.5% to 25%, and the tariff on ...

Given the economic and security risks, Europe should impose tariffs on Chinese exports of EVs and lithium-ion batteries. To balance decarbonization goals with these other needs, however, Europe could follow the US approach by phasing in certain tariffs, such as on Lithium-ion non-electrical vehicle batteries.

however, keeping additional options open, including potentially broader tariffs on the import of lithium-ion batteries that have been surging into Europe from China. Insight Source: Eurostat. Chart 1: China accounts for half of all EU battery EV imports EU imports of battery EVs by trading partner, 2018-23, in EUR millions 2020 2021 2022 2023

The new EU tariffs. Following in the footsteps of the US, Canada and other markets, on Oct. 30, 2024, the EU imposed countervailing duties on battery electric passenger cars imported from China. This decision follows a 13-month European Commission anti-subsidy investigation, which found that the battery electric vehicle (BEV) value ...

On 1 January 2021, the EU suspended third country import tariffs for a series of industrial products and battery materials until 31 December 2025. The regulation puts in place zero duty rates for industrial products and battery materials ...

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Increase in tariff on lithium ion non-EV batteries to 25% in 2026 ; Increase in tariff on natural graphite to 25% in 2026 ; Increase in tariff on other critical minerals of 25% in 2024 ; Increase in tariff on permanent magnets of 25% in 2026 ; Increase in tariff on semiconductors of 50% in 2026 ; The tariffs on Chinese EVs also come amid a growing bipartisan interest in ...

The preliminary tariffs have been in force for 2 months, and are set to be confirmed by member states by the end of October. What"s their impact? And what"s next for Europe"s EV trade policy? The initial results for the EU market are mixed:

Annex 5 of the TCA contains transitional product-specific rules for electric batteries and EVs. These include provisions on rules of origin - the criteria for establishing that a product is of EU or UK origin and therefore qualifies for the preferential trade regime under the TCA.

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In 2023, the average Chinese battery EV imported into the EU was valued at just over EUR25,200 - 32 per cent lower than the price of non-EU imports (EUR37,130) and 16 per cent below the ...

However, from January 2024 some 45 per cent of an electric vehicle must come from the UK or EU to avoid tariffs when sold across the Channel, but 60 per cent of a battery pack must originate from ...

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