

## EU governments hesitant on Chinese EV tariffs as trade spat escalates

EU countries are wavering over whether to back additional tariffs on Chinese-built electric vehicles, highlighting Brussels' challenge in building support for its largest trade case yet as Beijing threatens wide-ranging retaliation.

Germany, whose carmakers made a third of their sales last year in China, wants to stop the tariffs, according to a government source, while France has been among the firmest backers.

But a majority of countries are still weighing the pros and cons of the escalating trade spat, according to an informal poll by Reuters of EU governments.

"Europe must defend itself if our companies are harmed and do not compete on equal terms," Spain's economy ministry said.

### NEGATIVE EFFECTS

Germany has stressed the need for a negotiated solution with Beijing. Its automakers have said tariffs are the wrong approach, with the negative effects outweighing any benefits.

Increasing the cost of EVs for consumers undermines the EU's goal of being carbon-neutral by 2050, opponents say. Tesla has said it will hike prices.

Beijing's retaliation could bring extra tariffs on EU exports of cognac, pork or luxury cars.

The Commission says duties are needed to counter cheap loans, land and raw materials and other subsidies and the goal is a level playing field, not shutting Chinese car makers out, as the United States' planned 100% tariff is likely to do. Tariffs could also give the EU leverage in negotiations with Beijing and push producers to make cars in the EU.

SOURCE: <https://www.reuters.com>

---

### QUESTIONS

1. Define the term 'Tariffs' [2]
2. Apart from tariffs, explain two other protectionist measures that a government. [4]
3. Analyse how subsidies by Chinese government to its car makers affect their competitiveness in the global market [6]
4. Discuss the advantages and disadvantages for EU countries by placing tariffs on Chinese EV [8]