

American car companies face threat from Chinese auto players. Donald Trump already signaled for 100% tariff on auto import of Chinese, if he comes.

Joe Biden and Trump already sounding to win the election, particular on China. Joe Biden already imposed new tariffs on Chinese products, and 100% on Chinese EVs.

Yes, not only US worried about Chinese cheaper and more technologically advanced EV cars, but Europe also faces the same problem. India also felt Chinese presence, BYD and MG Motors two major Chinese players rapidly increasing market in India as EV manufacturers.

Due to high tariff imposed by US to Chinese EV cars, has made mind for Chinese to shift India and that has also brought competition in India.

After hiking tariffs by US on China, expected to curb \$18 billion imports from China.

In terms of pricing Chinese always lead the market, Chinese EV not only in terms of low wages, but it also in terms of technology, lithium ion batteries, supply chain, moreover it holds more than 80-90% production capacity of battery components. It dominates around the world and selling around 60% of EV cars worldwide.

Chinese EV players enjoy major benefits from Chinese govt. for higher subsidies, which significantly brings down the costs.

Chinese EV cars have less price compare to average price of American EV cars. Even with high tariff, some Chinese EVs like BYD Seagull are the cheapest EVs in US.

India also felt the same threat as US imposes the tariff on China, two major EV Chinese players already have presence in India. BYD imports from China and MG Motors has joint venture with JSW for manufacturing.

India has allowed \$500 million investment with local partnership to manufacture EV cars also reduce the tariff from 100% to 15%, Chinese manufacturing take advantage of tariff, if they manufacture locally with local partners.

As India has emerge has a critical market for EV, where global big players of EVs are eyeing. Chinese auto player Leapmotor joint venture with Stellantis plans to manufacture electric vehicles in Tamil Nadu plant.

As per (ex – showroom New Delhi) Chinese EVs available below 6-7 lakhs. Also EVs top selling model of SUVs is going to give tough competition to Tata Motors and M&M.

EV sales has been boosted in India by FAME subsidy, due to subsidy on EVs reduces the prices for buyers. But this scheme is valid till July 24. But still is waiting for next new budget allocation from government.

In interim budget 2024, India has cut FAME allocation by 44% , FAME2 ended in Mar24 and extended via a new scheme EMPS, which promotes the electric two-wheeler and three wheeler in India. As four wheelers are not in the list , so car buyers has to rely on Auto PLI scheme to reduce their costs.

In India, interest paid on EVs purchased by buyers can claim tax up to 1.5 lakh, much higher in US 6.2 lakh clean vehicle tax credit while China offers around 3.45 lakhs.

China's higher subsidies to support EVs, with such subsidies from the govt. may give higher edge to Chinese EVs manufacturers and tight competition to Indian EV players.

Anyway, briefly government should reconsider its strategy about EV subsidies and tariffs. We have to see center decision to halt on Chinese EVs, and how would be the EV market work on tight competition.