UNIVERSITY OF LJUBLJANA
SCHOOL OF ECONOMICS AND BUSINESS

MASTER'S THESIS

# FROM SUSTAINABILITY TO GEOPOLITICS: TRANSFORMATION OF EU'S ELECTRIC VEHICLE MARKET IN THE CONTEXT OF EU-CHINA RELATIONS

Ljubljana, September 2025 TJAŠA MERMOLJA

# AUTHORSHIP STATEMENT

The undersigned Tjaša Mermolja, a student at the University of Ljubljana, School of Economics and Business, (hereafter: UL SEB), author of this written final work of studies with the title From sustainability to geopolitics: transformation of EU's electric vehicle market in the context of EU-China relations, prepared in collaboration with mentor Assist. Prof. Anastas Vangeli, PhD

D E C L A R E

1. this written final work of studies to be based on the results of my own research;

2. the printed form of this written final work of studies to be identical to its electronic form;

3. the text of this written final work of studies to be language-edited and technically in adherence with the UL SEB Technical Guidelines for Written Works, which means that I cited and / or quoted works and opinions of other authors in this written final work of studies in accordance with the UL SEB Technical Guidelines for Written Works;

4. to be aware of the fact that plagiarism (in written or graphical form) is a criminal offence and can be prosecuted in accordance with the Criminal Code of the Republic of Slovenia;

5. to be aware of the consequences a proven plagiarism charge based on the this written final work could have for my status at the UL SEB in accordance with the relevant UL SEB Rules;

6. to have obtained all the necessary permits to use the data and works of other authors which are (in written or graphical form) referred to in this written final work of studies and to have clearly marked them;

7. to have acted in accordance with ethical principles during the preparation of this written final work of studies and to have, where necessary, obtained permission of the Ethics Committee;

8. my consent to use the electronic form of this written final work of studies for the detection of content similarity with other written works, using similarity detection software that is connected with the UL SEB Study Information System;

9. to transfer to the University of Ljubljana free of charge, non-exclusively, geographically and time-wise unlimited the right of saving this written final work of studies in the electronic form, the right of its reproduction, as well as the right of making this written final work of studies available to the public on the World Wide Web via the Repository of the University of Ljubljana;

10. my consent to publication of my personal data that are included in this written final work of studies and in this declaration, when this written final work of studies is published;

11. that I have verified the authenticity of the information derived from the records using artificial intelligence tools.

Ljubljana, September 25th, 2025 Author's signature: Tjaša Mermolja

**ABSTRACT**

This master's thesis examines the development of electric vehicle markets in the European Union and China, highlighting differences in strategic approaches, industrial capabilities and geopolitical dimensions. While China has established itself as the global leader in the electric vehicle sector through extensive state subsidies, control of the supply chain and export ambitions, the EU's transition has been slowed by fragmented policies, dependence on Chinese batteries and raw materials, and the associated geopolitical risks. Using a securitization theory framework, this master's thesis analyzes how different European actors frame China's growing presence in the EU's market either as a security threat or an economic opportunity, highlighting the lack of a unified European strategy for the green transition in the automobile industry. Based on the challenges presented, recommendations are provided for policymakers and European companies in automotive value chains.

**KEY WORDS:** electric vehicles, electric vehicle market, European Union, China, EU-China relations, securitization

**SUSTAINABLE DEVELOPMENT GOALS**




**POVZETEK**

Ta magistrska naloga preučuje razvoj trgov električnih vozil v Evropski uniji in na Kitajskem, pri čemer poudarja razlike v strateških pristopih, industrijskih zmogljivostih in geopolitičnih razsežnostih. Medtem ko se je Kitajska uveljavila kot svetovna velesila v sektroju električnih vozil z obsežnimi državnimi subvencijami, nadzorom nad dobavno verigo in izvoznimi ambicijami, je prehod Evropske unije na električna vozila upočasnjen zaradi neenotnih politik, odvisnosti od kitajskih baterij in surovin ter s tem povezanih geopolitičnih tveganj. Z uporabo okvira teroije sekuritizacije, ta magistska naloga analizira kako različni evropski akterji obravnavajo naraščajočo prisotnost Kitajskih električnih vozil na trgu Evropske unije, bodisi kot varnostno grožnjo ali gospodarsko priložnost, pri čemer poudarja pomanjkanje enotne evropske strategije za zeleni prehod v avtomobilski industriji. Na osnovi predstavljenih izzivov so podana priporočila, ki lahko služijo oblikovalcem politik in evropskim podjetjem v avtomobilskih dobavnih verigah.

**KLJUČNE BESEDE:** električna vozila, trg električnih vozil, Evropska unija, Kitajska, odnos EU-Kitajska, sekuritizacija

**CILJI TRAJNOSTNEGA RAZVOJA**



# TABLE OF CONTENTS


**1 INTRODUCTION ..... 1**

**2 EU'S AND CHINA'S EV MARKET: AN OVERVIEW ..... 5**

**2.1 EV markets in the global context ..... 5**

**2.2 The EU's EV market ..... 8**

2.2.1 Trade and production of EVs ..... 10

2.2.2 Challenges ..... 12

2.2.3 EV market in Slovenia ..... 14

**2.3 China's EV market ..... 14**

**2.4 EU-China relations in the context of EVs ..... 16**

2.4.1 Anti-subsidy investigation ..... 16

**3 ANALYTICAL FRAMEWORK: SECURITIZATION ..... 18**

**3.1 Historical background ..... 18**

**3.2 Securitization theory and EVs ..... 20**

**4 METHODOLOGY ..... 22**

**4.1 Research design ..... 23**

**4.2 Data analysis ..... 25**

**5 FINDINGS ..... 25**

**5.1 Initial lack of trust and historical context ..... 25**

5.1.1 Traditionalist European consumers ..... 26

**5.2 Rising market penetration and import growth ..... 26**

**5.3 The competitiveness of Chinese EVs in the EU market ..... 27**

5.3.1 Price competitiveness ..... 27

5.3.2 Quality and advanced technology ..... 28

**5.4 The EU's innovation lag and market unpreparedness ..... 28**

**5.5 The EU's protectionist measures: tariffs ..... 29**

5.5.1 Selective measures and the risk of retaliation ..... 30

**5.6 Security concerns in the EU ..... 30**

**5.7 China's control of raw materials and its geopolitical leverage ..... 31**

**5.8 Lack of consensus among EU Member States ..... 31**

**5.9 Cooperation between the EU and China ..... 32**

5.9.1 Market entry strategy ..... 33

**5.10 Identified challenges ..... 33**

5.10.1 Challenges for Chinese EVs in the EU ..... 34

5.10.2 Decline in European automotive exports to China ..... 34

**5.11 The role of EVs in the EU-China relations ..... 35**

**6 DISCUSSION ..... 35**

**6.1 EU-China relations in the context of EVs ..... 36**

**6.2 Securitization of Chinese EVs ..... 39**

**7 RECOMMENDATIONS ..... 41**

**7.1 Enhancing policy coordination across the EU Member States ..... 42**

**7.2 Supporting research, innovation and digitalization ..... 42**

**7.3 Diversification of the supply chain ..... 43**

**7.4 Strategic cooperation with China ..... 43**

**7.5 Learning from China's model ..... 44**

**8 CONCLUSION ..... 44**

**KEY REFERENCE LIST ..... 47**

**REFERENCE LIST ..... 48**

**APPENDICES ..... 54**

## LIST OF TABLES

Table 1: Types of EVs ..... 2
Table 2: Tariffs imposed by the European Commission on Chinese-made EVs ..... 17
Table 3: Glossary of the securitization theory ..... 20
Table 4: Securitization theory in the context of EVs ..... 22
Table 5: Description of interview participants ..... 24
Table 6: How Member States voted regarding the proposed EV tariffs ..... 37
Table 7: Summary of recommendations ..... 41

## LIST OF FIGURES

Figure 1: Global electric car sales, 2012-2024 ..... 6
Figure 2: Global plug-in EV market share in 2024 by manufacturer ..... 6
Figure 3: New car registrations in the EU in 2024 by leading powertrain ..... 9
Figure 4: Passenger car sales distribution in selected European countries in 2024 ..... 10
Figure 5: Extra-EU imports of hybrid and electric cars, 2017-2023 ..... 11
Figure 6: Extra-EU trade in electric cars, 2023 ..... 12

## LIST OF APPENDICES

Appendix 1: Codebook ..... 1
Appendix 2: Transcription of the interview with Interviewee 1 ..... 8
Appendix 3: Transcription of the interview with Interviewee 2 ..... 16
Appendix 4: Transcription of the interview with Interviewee 3 ..... 22
Appendix 5: Transcription of the interview with Interviewee 4 ..... 27
Appendix 6: Transcription of the interview with Interviewee 5 ..... 34

## LIST OF ABBREVIATIONS

sl. – Slovene

**BEV** – (sl. električna vozila na baterijski pogon); Battery Electric Vehicles

**CAGR** – (sl. sestavljena letna stopnja rasti); compound annual growth rate

**CCP** – (sl. Komunistična partija Kitajske); Chinese Communist Party

**CO2** – (sl. ogljikov dioksid); Carbon dioxide

**EU** – (sl. Evropska Unija); European Union

**EV** – (sl. električna vozila); electric vehicles

**FDI** – (sl. neposredne tuje naložbe); foreign direct investment

**GHG** – (sl. emisije toplogrednih plinov); greenhouse gas emissions

**HEV** – (sl. hibridna električna vozila); Hybrid Electric Vehicles

**ICE** – (sl. motor z notranjim zgorevanjem); internal combustion engine

**IRA** – (sl. Zakon o zmanjšanju inflacije); Inflation Reduction Act

**PHEV** – (sl. priključna hibridna vozila); Plug-in Hybrid Electric Vehicles

**US** – (sl. Združene države Amerike); United States of America

# 1 INTRODUCTION

Electric vehicles (EVs) play a crucial role in addressing environmental challenges by offering a cleaner alternative to traditional transportation. Over the last decade, policymakers, the European Union (EU), businesses and researchers have prioritized environmental protection, which has led to a global effort to develop clean transport options to mitigate the effects of climate change. Approximately 25% of all carbon dioxide (CO2) emissions, which are amplifying the greenhouse effect and contribute to global climate change, originate from the transportation sector, in particular internal combustion engine (ICE) vehicles (Statista, 2024; Chen et al., 2023). In contrast, EVs offer important advantages such as reduced reliance on fossil fuels, lower greenhouse gas (GHG) emissions, and lower fuel and maintenance costs (Alanazi, 2023). Consequently, governments worldwide have started actively promoting the introduction and use of EVs to improve transport infrastructure, reduce carbon emissions, and transition towards a more sustainable and environmentally friendly mobility sector. Furthermore, governments have implemented financial and regulatory incentives to encourage the widespread adoption and integration of EVs (Razmjoo et al, 2022). This has led to a gradual increase in sales, although the share of EVs is still relatively small globally.

Some of the key policy shifts in favor of rapid electrification of mobility involve the adoption of new emission standards in the EU and the United States of America (US), which have reinforced the demands for EVs. Additionally, industrial incentives such as the "US Inflation Reduction Act" (IRA), the "EU Net Zero Industry Act" and China's "14th Five-Year Plan" are fostering growth and job creation throughout EV supply chains in these economies (IEA, 2024).

As part of the "Fit for 55" package, which is part of the "European Green Deal", a set of policy initiatives to "transform Europe's economy, transport, and industries for a more sustainable future" (European Commission, n.d.), new rules for CO2-emitting vehicles were adopted by the Council in March 2023 to ensure the automotive sector's contribution to the EU's climate targets. As part of these regulations, the EU has introduced a 100% CO2 emission reduction target, the goal of which is to reduce CO2 emissions from new cars and vans to zero by 2035, meaning that all new cars and vans on the EU market should be zero-emission by then (European Council and Council of the European Union, 2024). This gave European car manufacturers a big push to invest more in the production of EVs. However, according to IEA (2024), although EVs are becoming more affordable, particularly in China, they still remain more expensive than the internal combustion engine (ICE) vehicles in other markets.

The EV market itself is diverse, as it includes various types of vehicles that cater to different consumer preferences and needs. The key categories are presented in Table 1, each offering unique advantages and challenges in the shift towards sustainable mobility (ACEA, 2018).

*Table 1: Types of EVs*

| **Type of EV** | **Description** |
|---|---|
| Battery Electric Vehicles (BEVs) | - fully electric,<br>- relying solely on electricity stored in rechargeable batteries to power an electric motor,<br>- producing zero emissions,<br>- a key solution in reducing transportation-related GHG emissions. |
| Plug-in Hybrid Electric Vehicles (PHEVs) | - a transitional solution,<br>- combining an ICE with a battery-powered electric motor,<br>- relying on electricity for shorter distances and switching to gasoline or diesel for longer distances. |
| Hybrid Electric Vehicles (HEVs) | - powered by an ICE alongside a battery-powered electric motor, which is charged through regenerative breaking and the ICE,<br>- do not require external charging. |

*Source: own work based on ACEA (2018).*

As the demand for EVs has increased worldwide, the market has shifted from one primarily driven by sustainability objectives and technological innovation to one with significant geopolitical and economic considerations, particularly in relation to the rise of China as the dominant player in the global EV market. According to Oertel et al. (2020), the rise of the Chinese EV sector is closely linked to a series of industrial policy measures. The Chinese government has achieved this by allocating subsidies and restricting market access to foreign-made cars and batteries (Sebastian & Chimits, 2022; Pindyuk, 2023). Since 2009, China has implemented various subsidies to stimulate EV production, increase market penetration, develop EV charging infrastructure, and achieve global dominance in the EV market (Greiger, 2023).

In 2015, the Chinese government adopted the "Made in China 2025" strategy, which aims to establish China as a frontrunner in key industries and reduce its dependence on foreign technology, particularly in sectors such as renewable energy and EVs (Oertel et al, 2020). This strategy further emphasized the importance of EVs by labeling it as one of ten strategic industries in which China aims to become a global leader by 2049, with the ambitious goal of producing 80% of EVs in China by 2025 (Greiger, 2023). By restricting foreign battery manufacturers access to the domestic market, China has managed to move its local companies up the value chain. Due to its dominance in the production of lithium-ion batteries, which are the most valuable component of EVs, accounting for 35-50% of the total value added, China has been able to take control of most of the EV supply chain (Pindyuk, 2023).

According to Duthoit (2023), European car companies could lose over 7 billion euro in profits by 2030 due to the strong competition from China. The share of EVs from China sold in the EU has recently increased from less than 1% to 8%, according to the European Commission. By 2025, this share could rise to 15% (Grieger, 2023). Therefore, the rise in imports of EVs from China has raised concerns within the EU about the economic viability of European manufacturers, which led to the European Commission's anti-subsidy investigations in 2023 (Wieringen, 2024). Since this growing competition from China has challenged the EU's leading position in the global automotive industry, various actors and think-tanks within the EU have framed imported Chinese EVs not only as an economic issue but also as a security concern, and China's dominance in the EV market as a direct threat to the EU's economic interests (Bown, 2024).

This thesis captures this dynamic by applying the concept of "securitization". The securitization theory will be used to analyze how the understanding of EVs in the EU transformed from a solution for a more sustainable transport sector, to a geopolitical issue. In this context, different securitizing and desecuritizing actors will be identified and the interplay and interactions between these different actors in the EU will be addressed by emphasizing their different dispositions, interests, and geopolitical considerations.

Thus, the purpose of this master thesis is to examine the transformation of the EU's EV market from being primarily associated with business, innovation, and sustainability to one dominated by geopolitical and geo-economic considerations, particularly in the context of EU-China relations. The main goal of the master thesis is to analyze how EVs have become a source of "economic security" concerns for the EU through a process of securitization, examining the evolution of EV development and adoption, the role of government policies and industrial strategies, and the dynamics of the global EV market, with a focus on the rise of China as the dominant player. Another goal of this thesis is to provide recommendations for European policymakers and European companies in the automotive value chains on how to address the identified strategic and economic challenges.

The thesis will look at the development of the EV market, tracing the path from the initial cooperation between the EU and China in EV development to the current scenario where China has established itself as the dominant manufacturer of high quality and affordable EVs. By examining the role of government policies, industry strategies and market dynamics, this thesis will analyze how China's strategic initiatives, such as subsidies and market restrictions, have helped its EV sector gain global importance.

In addition, the thesis will examine the European response to the rise of Chinese EV imports, particularly with regard to concerns about the economic competitiveness and viability of the EU's own EV industry. It will examine the policy shifts within the EU, including the anti-subsidy investigations launched by the European Commission and the potential impact on European car manufacturers.

On this basis, the following research questions and sub-questions can be posed:

RQ1: How have the EU and China developed their EV markets?

- RQ 1.1: How do EU's policies and regulations influence the development and growth of the EV market?
- RQ 1.2: How do the EU Member State governments support the development of the EV market?
- RQ 1.3: How does the Chinese government support the development of the EV market?

RQ2: What are the key factors in the securitization of the EU's EV market?

- RQ 2.1: How do regulatory frameworks and policies in the EU influence the geopolitical and geo-economic significance of the EV market?
- RQ 2.2: Which securitizing and desecuritizing actors can be identified?
- RQ 2.3: How do global dynamics and the securitization of EVs affect the geopolitical and geo-economic landscape of the EU's EV market?

RQ3: To what extent have EU-China relations, alongside relations between China and individual Member States, influenced the development and transformation of the EU's EV market?

- RQ 3.1: How have trade agreements and economic partnerships between the EU and China affected the growth of the EU's EV market?
- RQ 3.2: How have economic imperatives of individual EU Member States shaped the EU's EV market?
- RQ 3.3: What role have political and diplomatic relations between China and individual EU Member States played in shaping the EU's EV market?

This master's thesis is structured into eight chapters. Following the introduction, the second chapter provides an overview of the transformation of the EV markets in both the EU and China, set against the broader global context. This chapter also outlines the evolving relations between these two regions in the context of the EV sector. Chapter 3 presents the securitization theory, which was used as an analytical framework in this thesis. The methodology, including research design and data analysis, is presented in Chapter 4. Chapter 5 presents findings from expert interviews, while Chapter 6 includes critical discussion of the findings in relation to theory and research questions posed at the start of the thesis. In Chapter 7, recommendations from experts are given for policymakers and European companies in the automotive value chains. The thesis is concluded with Chapter 8, where final reflections are presented along with research limitations and potential future research on this topic.

# 2 EU'S AND CHINA'S EV MARKET: AN OVERVIEW

## 2.1 EV markets in the global context

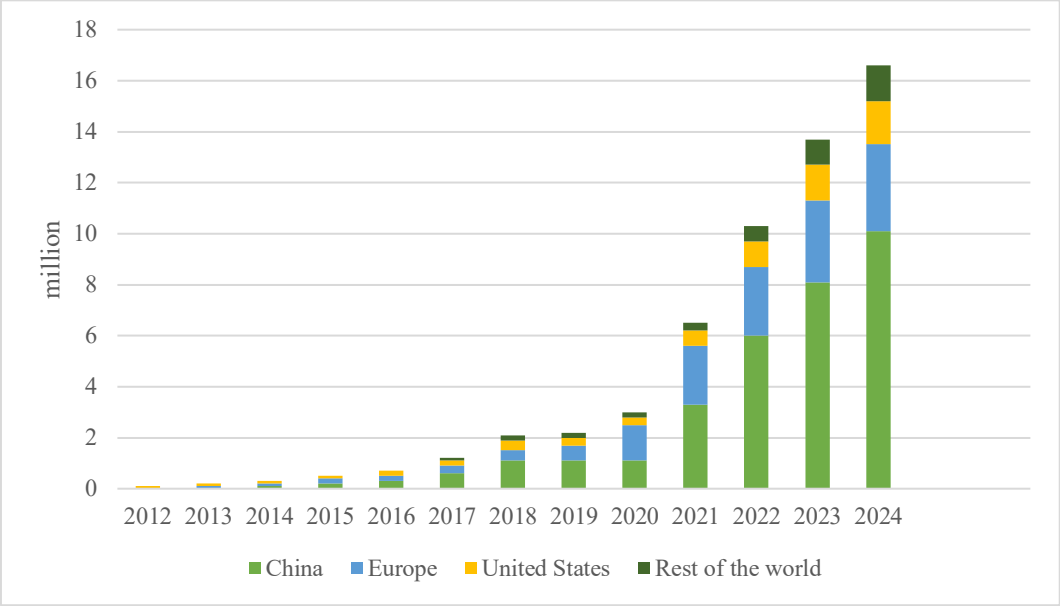
The global EV market has experienced rapid growth and transformation in recent years due to the green transition in the transportation sector, technological advances, regulatory pressure, and changing consumer preferences (IEA, 2024). In response to global emissions regulations, the automotive industry is increasingly transitioning towards electric mobility (Končan et al., 2024).

In 2020 and 2021, the COVID-19 pandemic and the resulting slowdown of the economy impacted the global automotive sector as well. Furthermore, the war in Ukraine worsened supply chain bottlenecks, which increased the cost of raw materials and therefore impacted profits in 2022 as well as in 2023 (Končan et al., 2024). However, although global sales of passenger vehicles slowed in 2022, in China they have increased by 9.9% compared to pre-pandemic levels, which has further established China's leading position in the global passenger vehicle production. In addition, the import of Chinese vehicles to the EU has increased from 114,000 in 2017 to 561,000 in 2022, which has established China as the largest non-European supplier of vehicle imports to the EU (European Commission, 2024a). On the other hand, the vehicle production in the EU has experienced a significant decline of 16%, with vehicle exports dropping from 7.45 million units in 2017 to 6.26 million in 2022 (Končan et al., 2024).

In 2023, global sales of EVs neared 14 million, 95% of which were in China, Europe and the United States, according to the International Energy Agency (IEA). European automotive manufacturers, such as Volkswagen, Stellantis, and BMW, accounted for 60% of all EV sales in 2023 (IEA, 2024).

In 2024, global EV sales surpassed 16 million units and reached a share of more than 20% of all cars sold. Compared to 2023, 3.5 million more EVs were sold in 2024. That alone represents a bigger number than the global sale of EVs in 2020, according to IEA (2025). This can be seen in Figure 1. This growth is expected to continue, and the market is expected to account for over 45% of all car sales by 2030, driven by the increasing adoption of BEVs and PHEVs, according to the IEA (2025). Furthermore, in 2022, sales of EVs exceeded 10 million units (as shown in Figure 1), representing approximately $538.8 billion in revenue, of which 65% came from China and the US. According to IEA's analysis, the EV market is expected to grow at a compound annual growth rate (CAGR) of 23.2% until 2028 (IEA, 2024).

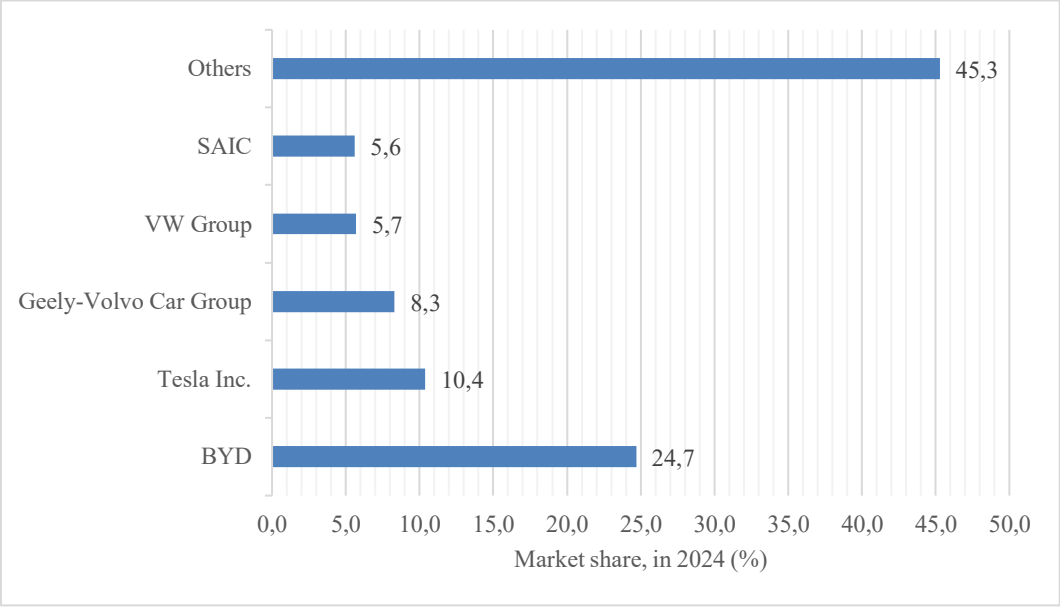
*Figure 1: Global electric car sales, 2012-2024*




*Source: adapted from IEA (2024).*

In 2022, BEVs accounted for 72.3% of sales in the EV market, with Tesla having a market share of 17%, followed by BYD (12%), Wuling (6%), Volkswagen (4%), Chery (3%) and Changan (3%). In Europe, Germany ranked first in BEV sales in 2022 (IEA, 2024). In 2024, BYD had the biggest market share in the global EV market (24.7%), overtaking Tesla by 14.3%, according to Statista (2024), as shown in Figure 2.

*Figure 2: Global plug-in EV market share in 2024 by manufacturer*




*Source: adapted from Statista (2024).*

In the first five months of 2025, the global EV market grew by 24% compared to the same period of the previous year, according to Rho Motion, a leading EV research company (Rho Motion, 2025). In addition to passenger cars, sales of heavy-duty electric vehicles, such as trucks and buses, are also increasing, which indicates a broader electrification of the transport sector. According to IEA (2024), there are nearly 600 models of electric cars, buses and trucks on the market today. The number of EVs is growing every year and the potential of electric cars in the global market is growing stronger, creating new challenges and opportunities that accompany this green transition. By 2035, two thirds of all vehicles sold globally are expected to be electric in order to meet national energy and climate targets. This is also why almost $500 billion investment in EV manufacturing and battery production has been announced in 2022 and 2023 (IEA, 2024).

Despite significant progress in the leading regions (China, Europe and the US), there are still differences in the penetration of EVs in global markets. Some emerging markets, such as Southeast Asia and Latin America, are slowly becoming new centers of EV growth, with sales of EVs growing by up to 50% in 2024 and representing 9% of all cars sold in the Southeast Asian region and over 6% in Brazil, which is the largest EV market in Latin America (IEA, 2025). Other emerging markets, such as India and Africa, on the other hand, have a much lower market share of EVs, only around 2% and 1%, respectively (IEA, 2024; IEA, 2025). However, emerging markets are experiencing an increase in EV market share, mainly due to favorable subsidy and incentive policies for domestic production, as new emission rules and industrial incentives are accelerating electrification in these parts of the world (IEA, 2024). India, for example, is using its Production Linked Incentives scheme to strengthen its EV supply chain (Press Information Bureau, 2024), while Mexico is benefiting from subsidies and regional supply chain integration enabled by the US IRA. Despite the current low market shares, the emergence of affordable EV models, particularly from Chinese manufacturers, is increasing the adoption in price-sensitive markets. However, the adoption of EVs in these markets is facing barriers, such as underdeveloped infrastructure, limited affordability and a lack of domestic technological capacity (IEA, 2024).

Furthermore, policies around the world have played a central role in the increased adoption of EVs. Governments in many countries have introduced regulations such as stricter emission standards and incentives, such as subsidies and tax breaks, to promote the adaptation and manufacturing of EVs and batteries (Razmjoo et al., 2022). In countries with established EV markets, such as Norway, governments have ensured that EVs are cost-competitive in all vehicle segments. In addition, “Europe's Net Zero Industry Act” and the IRA in the US are improving the competitiveness of the EV sector. Nevertheless, affordability remains a key challenge in some regions, where EVs are 10-50% more expensive than their ICE counterparts. Cost reductions, resulting from falling battery prices and economies of scale, are expected to increase the affordability of EVs, particularly in Europe and the US (IEA, 2024).

According to the IEA's Global Outlook report (2024), the competition in the global EV market is expected to intensify further, with Chinese automotive manufacturers venturing into international markets. China's dominance in the EV landscape stands out not only in terms of adoption but also as a global supplier of key battery components (Linder et al., 2023). In 2023, Chinese EVs played a crucial role in both, the domestic and export markets, due to the price competitiveness of their EVs. In the same year, China accounted for over 60% of EV sales and up to now remains a leading exporter in the global EV supply chain (IEA, 2023; IEA, 2024). As a result, EU-China trade in EVs is becoming increasingly asymmetric. In response, automotive manufacturers such as Ford and GM have started planning possible partnerships to compete against Chinese competitors like BYD. Furthermore, China has also established itself as the leader in EV battery production, with more than 70% of the global market share. However, the carbon-intensive production process of EV batteries poses an environmental challenge, highlighting the need for decarbonization strategies and innovation in battery recycling (Linder et al., 2023). In Europe, this issue is addressed by promoting low-carbon battery production (Burra et al., 2024). In addition, the adoption of battery recycling and sustainable practices is paving the way towards decarbonizing EV supply chains (Martins et al., 2023).

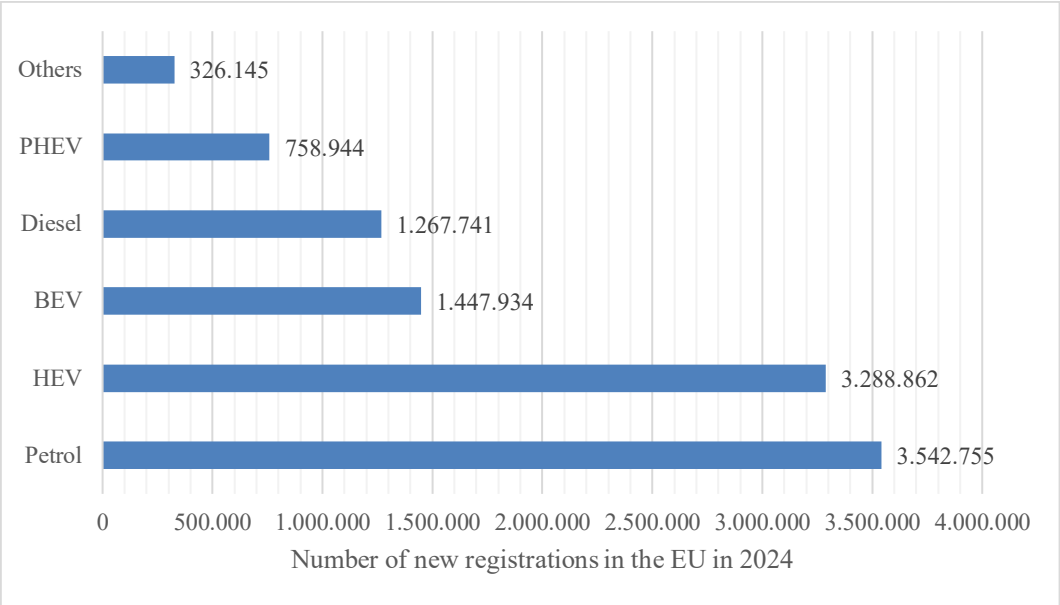
Furthermore, advancements in battery technology have been crucial to the adoption of EVs (Kazeem, 2023). Lithium-iron-phosphate batteries have become a cost-effective alternative to traditional materials, which has contributed significantly to the price reduction of EVs. This has been particularly evident in the Chinese market, where more than 60% of EVs sold in 2023 were cheaper than the ICE vehicles. Therefore, due to falling battery prices and technological advances, economic trends point to the increasing affordability of EVs worldwide. Falling costs and the availability of cheaper electric car models are enabling wider uptake, especially in the markets previously deterred by high initial costs. Lower battery prices have therefore made electric cars more affordable, especially in China, where average EV prices are already below those of ICE vehicles. Unlike in China, in Europe and the US, EVs are still 10% to 50% more expensive (IEA, 2024).

## 2.2 The EU's EV market

Over the past decade, the EU's EV market has undergone a significant transformation, which has been driven by the EU's environmental goals, strategic policies, government efforts, financial incentives, consumer preferences, market trends, and a commitment to fostering sustainable economic growth (Statista, 2024). The EU has experienced significant growth in its EV sector, which represents a crucial component of the EU's strategy to transition towards a sustainable and low-carbon future. In 2021, the EU accounted for 34% of global EV stock, with over 2.3 million registrations. In 2023, it was the second-largest EV market globally, with 25% of global EV sales (IEA, 2024).

The share of EVs sold in the EU in 2024 has remained around 20%, according to IEA (2025). As shown in Figure 3, there have been 3,288,862 new HEV registrations, 1,447,934 new BEV registrations, and 758,944 new PHEV registrations in the EU in 2024 (Statista, 2024).

*Figure 3: New car registrations in the EU in 2024 by leading powertrain*



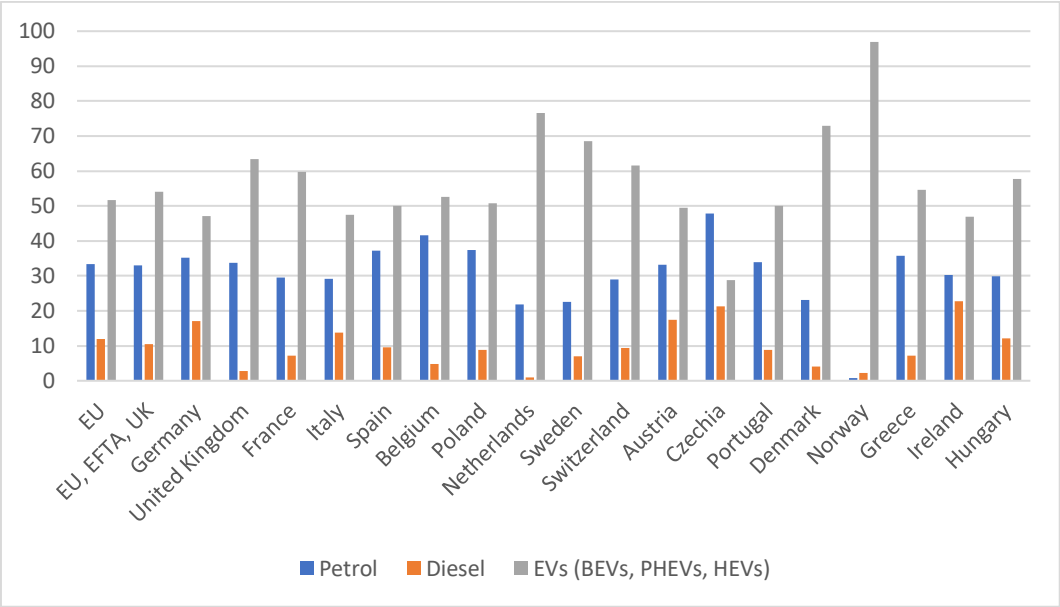

*Source: adapted from Statista (2024).*

In the first five months of 2025, the EU's EV market grew by 27% and reached 1.6 million vehicles sold, according to Rho Motion (2025). According to Statista (2024), one of the major reasons for the growth of the EV market in Europe is the increasing consumer demand for environmentally friendly transportation options, due to growing concern about climate change. Furthermore, other trends have also contributed to the growth and expansion of the EU's EV market, such as technological innovations and advancements in the performance and range of EVs, as well as the increased variety of EV models.

The European Commission (EC) has introduced various policies and incentives to encourage the adoption of EVs, which have been implemented at the national level (Statista, 2024). Key initiatives include significant investments in the development of fast-charging infrastructure and the introduction of various financial incentives, such as subsidies, tax exemptions, and purchase cost reductions. These measures play an integral role in achieving the "European Green Deal's" objectives of reducing GHG emissions by 55% by 2030 and achieving carbon neutrality by 2050 (Martins et al., 2023; Statista, 2024). The EU's strategy includes regulatory measures such as the CO2 emissions standards for cars and the Net Zero Industry Act, which seeks to localize production of critical technologies, including EV batteries (IEA, 2023). Furthermore, many EU Member States provide fiscal incentives to encourage the adoption of EVs, however, the incentives vary between each Member State (ACEA, 2024). As a result, the EU's EV market has seen remarkable growth, with the

number of EVs increasing from just 6,094 vehicles in 2010 to over 1.25 million by 2020 (Martins et al., 2023).

*Figure 4: Passenger car sales distribution in selected European countries in 2024 by fuel type*




*Source: adapted from Statista (2024).*

According to IEA (2024), among EU Member States, Norway leads the way in the adoption of EVs, accounting for 95% of all new car sales, followed by Sweden (60%) and the Netherlands (30%), as reported in the 2024 Global EV Outlook by the International Energy Agency (IEA). According to Statista, in 2024, Norway also had the highest share of BEVs in Europe, nearly 88.9%, while the country with the lowest share of EVs was Czechia, with a 28.81% share (Carlier, 2025). This is shown in Figure 4.

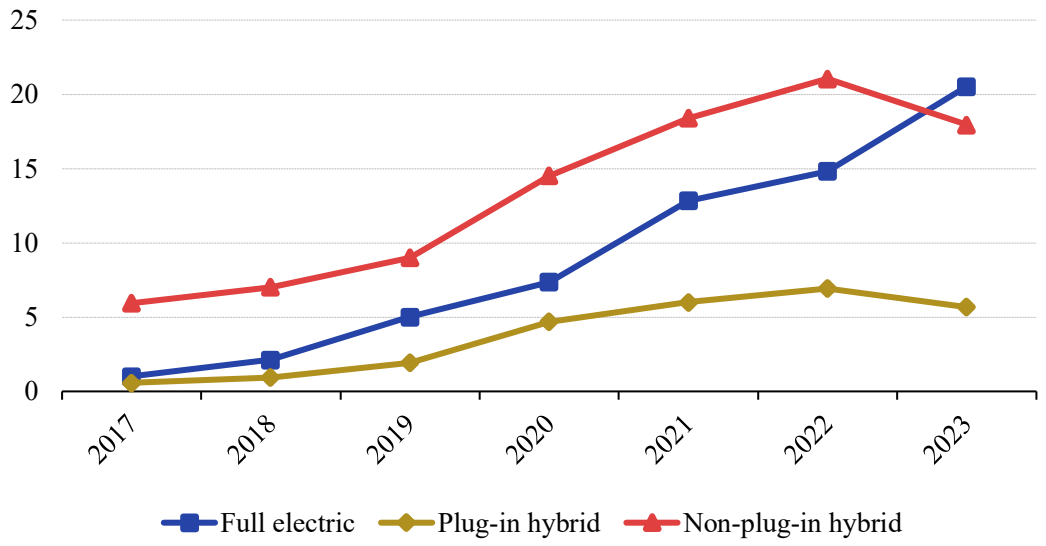
The growth of EV sales in the EU continues, according to Rho Motion (2025), with sales of EVs growing by up to 72% in the first five months of 2025 in several Member States (Rho Motion, 2025). However, despite the rise in EV sales in the EU market, most European automobile manufacturers are lagging behind China and the US in EV innovation. Although the automotive sector accounted for approximately 7% of the EU's GDP and provided more than 13.8 million direct and indirect jobs in 2022, it has remained largely focused on the production of ICE vehicles, a segment in which it is the global leader (Wieringen, 2024).

### 2.2.1 Trade and production of EVs

In 2023, EVs made up 44% of all cars imported to the EU, 49% of those originating from China. The value of EVs increased by 31% compared to 2022, reaching 23 billion euro. On the other hand, the EU exported 30 billion euro worth of EVs, an increase of 6% compared

to 2022 (Eurostat, 2024). The trend of imports of full electric cars has been significant in the last years, as shown in Figure 5.

*Figure 5: Extra-EU imports of hybrid and electric cars, 2017-2023 (% of share in total number of cars imported into the EU)*



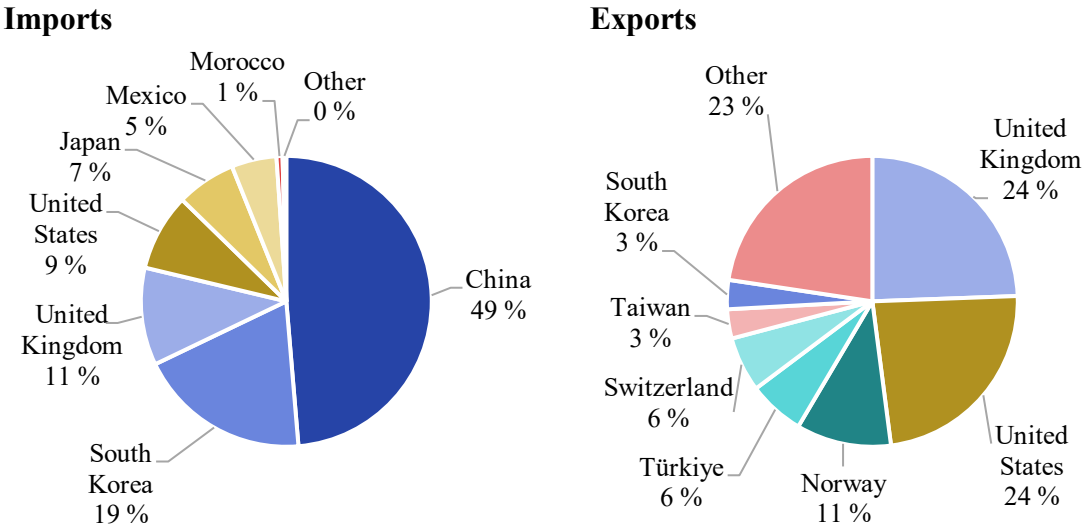

*Source: adapted from Eurostat (2024).*

The EU has been China's top EV export destination over the past few years. In 2022, 28% of the EVs were imported to the EU from China. In addition, the majority of EV imports to the EU from China in 2022 came from Western companies operating within the country. With the surge of EV imports into the EU from China, the trade balance in the automotive sector has shifted, as exports of European cars to China decreased and imports of Chinese cars to Europe quadrupled (Wieringen, 2024).

As shown in Figure 6, the majority of EU imports of EVs originated from China (49%), followed by South Korea (19%), the United Kingdom (11%), and the USA (9%) in 2023. The EU's main export destinations of EVs were the United Kingdom (24%) and the USA (also 24%).

In 2023, the EU produced 124 billion euro of hybrid cars and EVs, which represented an increase of 88% compared to 2021. The production of EVs in the EU increased by 161%. Compared to the total production of cars in the EU in 2023, the share of EVs amounted to 14% (Eurostat, 2024).

*Figure 6: Extra-EU trade in electric cars, 2023 (% of value)*




*Source: adapted from Eurostat (2024).*

### 2.2.2 Challenges

The rapid adoption of EVs across the EU is not without its challenges. A major challenge is the lack of sufficient charging infrastructure, which limits the practicality and convenience of transitioning to an EV. This issue is compounded by technological constraints, including long charging times, limited battery ranges, and the high cost of lithium-ion battery production, which relies on resource-intensive processes (Razmjoo et al., 2022). To address these challenges, the governments of EU Member States have introduced temporary measures such as subsidies for installing public charging points and direct EV purchase subsidies (ACEA, 2022; Caulfield et al., 2022). While these efforts have been effective to some extent, achieving long-term solutions will require sustained investment in technological innovation and infrastructure development. However, according to ACEA's overview of tax and incentive schemes for EVs, these incentives should be coordinated at the EU level. Currently, due to the fragmented framework and different EV support at the national level, EV subsidies and incentive schemes vary across the EU, which provides a challenge for broader EV adoption (ACEA, 2025).

Moreover, the relatively high upfront cost of EVs compared to traditional ICE vehicles continues to discourage potential buyers, despite the long-term promise of lower operational and maintenance expenses (Adamashvili & Thrassou, 2024). A study by Martins et al. (2023) underscores the importance of financial incentive mechanisms in addressing these economic barriers, emphasizing that consumer sensitivity to upfront costs is greater than to operational cost savings.

Furthermore, the competitive landscape of the EU's EV market has also been significantly shaped by global trade policies and geopolitical tensions, particularly the role of China as the dominant force in the EV supply chain. Chinese manufacturers have leveraged considerable government support through subsidies, access to low-cost raw materials, and state-supported financing, which has allowed them to achieve cost advantages of 20-30% over their European competitors (Cornet et al., 2023). This has led to a rise in Chinese EV imports, which have significantly reshaped the EU's EV market.

In 2020, the market share of Chinese EVs in Europe accounted for 3.9% and by 2023 it had reached 25%. This influx of imports has provoked the European Commission to initiate an anti-subsidy investigation in 2023. The findings of this investigation are presented in Chapter 2.2.4. On the other hand, the rapid growth of Chinese EV imports has pushed European automotive manufacturers to adapt by lowering production costs, speeding up innovation, and forming strategic partnerships to stay competitive on the market (IEA, 2024).

Another critical challenge for the EU's EV industry is its dependency on imports of raw materials, such as lithium and graphite, most of which are sourced from China. This reliance creates vulnerabilities in the supply chain, as evidenced by China's decision to impose export restrictions on graphite, which is a key component in EV batteries, in 2023. Such actions highlight the importance of diversifying supply sources and establishing localized production capabilities in order to ensure the resilience of the EU's EV industry. As a result, European automotive manufacturers started to form strategic partnerships and invest in local supply chains to reduce the dependence on imports and enhance domestic manufacturing capacities (Bown, 2024).

The importance of the EU's EV market extends beyond environmental benefits to its economic and strategic value. The automotive industry accounts for nearly 7% of the EU's GDP and provides direct and indirect employment to approximately 14 million people (Cornet et al., 2023). Transitioning to EVs offers an opportunity to safeguard jobs and strengthen Europe's industrial base. However, achieving these objectives requires addressing structural weaknesses, such as high energy costs, limited productivity in critical areas such as software development and supply chain disruptions caused by geopolitical tensions.

To sum up, the main challenges regarding the adoption of EVs across the EU are:

- the lack of sufficient charging infrastructure,
- the lack of coordinated EV incentive schemes at the EU level,
- the high upfront cost of EVs compared to traditional ICE vehicles.

### 2.2.3 EV market in Slovenia

Slovenia's automotive industry contributes 7% to the country's manufacturing value-added, which is 1% lower than the European average (Končan et al., 2024). Slovenia is committed to a green future and is therefore investing in an expanding network of EV charging stations in order to make the country even more accessible to EVs (Slovenia Info, 2025). As of 2024, there have been 2156 EV charging stations installed in Slovenia (European Commission, 2024c).

In the first eleven months of 2024, 2860 new EVs were registered on the Slovenian electric car market. During the same period, sales of Chinese EVs reached 205. Therefore, Chinese EVs have reached a market share of 7% of all new EVs in Slovenia, or a share of 0.4% of all newly registered passenger cars in Slovenia (Poženel, 2024).

Slovenia offers various incentives in order to encourage the purchase and use of EVs. Such incentives include registration tax benefits, with EV owners having to pay the minimum tax rate (0.5%), purchase subsidies of up to 7,200 euro, long-term loans for the purchase of EVs, and VAT deductions on the purchase, servicing and spare parts of 100% EVs (European Commission, 2024d).

## 2.3 China's EV market

China's EV market has emerged as the global leader, both in size and influence, shaping the landscape of sustainable transportation worldwide. As the largest automotive market, China's EV industry has experienced significant growth, which is largely driven by government subsidies, along with governmental policies and significant advancements in technology (Cornet et al., 2023).

In 2024, sales of EVs in China exceeded 40% of all car sales (De Decker, 2024; IEA, 2025). Due to the increasing growth of EV adoption in China, 1 out of 10 cars currently in use is electric (IEA, 2025). In the first five months of 2025, the Chinese EV market has increased by 33% compared to the same period in 2024, with EV sales reaching over one million vehicles in a month, according to an EV market research company, Rho Motion (2025). Although the number of Chinese car exports is on the rise, over 80% of all cars produced in China are manufactured for the Chinese market and its local consumers (De Decker, 2024; IEA, 2025).

Government policies in China have been central to fostering EV market growth. The Chinese government has been providing subsidies to key sectors for the past two decades, with the EV sector (EV and battery manufacturers) being among the top recipients (Wieringen, 2024). From 2009 to 2022, China allocated more than $125 billion in support of EVs. These funds supported a range of initiatives, including direct production subsidies, tax exemptions, discounted prices of electricity, batteries and raw materials, the provision of cheap land,

affordable electricity, research and innovation (R&I) support, quicker licensing and cheaper loans from state-owned banks. Furthermore, China conditioned the EV purchasing subsidies on local production, which has effectively limited market access to foreign manufacturers. In addition, other barriers were put into place to further restrict the entry of foreign producers into the market. The purchase subsidies were supposed to be withdrawn in 2023, however, they have been extended until 2027 (Wieringen, 2024).

Chinese EV manufacturers have been receiving government support and incentive policies since the early 2000s, giving them a competitive advantage over the EU's automotive industry, which was focused on ICE vehicles. In 2024 there have been 137 Chinese EV manufacturers, of which only 19 will be profitable by 2030, according to Bloomberg's analysis (Bloomberg, 2024).

Chinese EV research and development (R&D) goals were incorporated into China's 5-year plans since 2001, with the EV sector becoming a key priority and one of the seven strategic industries under the "leapfrog development" initiative in the 12th 5-year plan (2011-2015). In 2015, the "Made in China 2025" strategy placed EV technology at the center of its agenda to become the global leader in clean energy solutions (Bown, 2024). This strategy identified EVs as one of ten industries where China aims for global leadership by 2049, setting the goal for 80% of EVs to be manufactured in China by the end of 2025 (Wieringen, 2024).

Although China's regulatory focus is on maintaining their position as the global leader in EV production, the country also dominates the global supply chain for EV batteries (Končan, 2024) and controls 70% of the global battery market, which further underlines the country's role as a major supplier of key EV components. In addition, both its role in the production of lithium-ion batteries and its access to key raw materials such as graphite, cobalt, and lithium, further strengthen its competitive advantage in the global EV battery market (IEA, 2024). China's EV policies and the control over the global supply chain of critical raw materials for EV batteries, have given Chinese automakers a significant cost advantage, which has been estimated at 20-30% over their European counterparts. This way China has secured its dominance on the global EV market by leveraging state-subsidized raw materials, low production costs, and large-scale manufacturing efficiencies (Cornet et al., 2023; Wieringen, 2024).

In 2022, China overtook Germany and became the world's largest exporter of light vehicles, exporting 3 million units compared to Germany's 2.6 million (Cornet et al., 2023). In 2023, China accounted for 60% of global EV sales, benefiting from economies of scale, low production costs, and extensive government support. Chinese manufacturers, such as BYD, CATL, and Geely, dominate the domestic and international markets The competition among the leading Chinese manufacturers has led to a decline in the price of EVs in China, however, BYD's strategy of offering affordable models has helped them maintain the market share (IEA, 2024).

The Chinese government has also invested in creating a supportive ecosystem for EV adoption, by developing an extensive charging network. This has eliminated one of the biggest challenges for EV ownership. Furthermore, lower prices have also encouraged a larger adoption of EVs. This transition aligns with China's goal of achieving carbon neutrality by 2060 and reducing dependency on fossil fuels (Razmjoo et al., 2022). These proactive measures have not only benefited the domestic market but have also enhanced China's export competitiveness.

With China becoming one of the leaders in EV market share and EV exports, it has faced international scrutiny. Dependence of the EV battery production on critical raw materials, such as lithium and graphite, which China has major possession of, has given China significant leverage in global supply chains, which has raised EU's concerns about over-reliance. This has posed further challenges since 2023, when China imposed export restrictions on graphite, a crucial component in EV batteries, highlighting its strategic control over the supply chain (European Commission, 2024f). These restrictions created discomfort in the global market, further illustrating the geopolitical influence of China's industrial policies. Additionally, there are concerns about economic overcapacity in its EV manufacturing sector, with fears that excess production could lead to price dumping in international markets (Bown, 2024).

## 2.4 EU-China relations in the context of EVs

China's expansion into foreign markets has not gone unnoticed, particularly in Europe. Chinese EVs have significantly reshaped the EU's EV market, capturing almost 4% of BEV sales in 2022, compared to 0.4% in 2019, while the share of Chinese EVs in the market has increased from 5% in 2015 to close to 15% in 2023. In the same period, the share of EVs by European manufacturers has fallen from 80% to 60% (Končan, 2024). By 2023, imports of Chinese EVs have accounted for 25% of the EU market, a huge increase from just 3.9% in 2020 (European Commission, 2024f). The rapidly rising exports of Chinese EVs and growing overcapacity has raised concerns in the EU, as it represents a threat against the EU's automotive industry. For this reason, on 4 October 2023, the European Commission initiated an anti-subsidy investigation regarding the EU imports of Chinese EVs, which turned out to be the largest EU trade case regarding China (Grieger, 2023).

### 2.4.1 Anti-subsidy investigation

The aim of the investigation was to determine whether a non-EU country provides subsidies to industries exporting products into the EU, which could threaten the EU industries manufacturing similar products, which are not benefiting from such subsidies (Grieger, 2023). In addition, the European Commission aimed to determine whether the scope of these subsidies violated the World Trade Organization (WTO) rules (International Institute for Strategic Studies, 2024).

According to the International Institute for Strategic Studies (2024), such investigations are usually conducted upon the request of private sector companies, but in this case, the European Commission initiated the investigation on its own, without receiving such a request. The investigation was politically sensitive as it targeted state behavior and has received opposition from the Chinese Ministry of Commerce (Wieringen, 2024).

After the initial nine months of the investigation, the European Commission announced its conclusion that Chinese-made EVs benefit from unfair subsidies and consequently, on 4th July 2024, imposed several provisional tariffs, presented in Table 2 (European Commission, 2024b). In August 2024, the European Commission, upon the request by Tesla, reviewed the tariffs imposed on Chinese-made Tesla car imports and lowered the tariffs to 9% from the previous 21%, due to the company receiving less subsidies than originally ascertained (Wieringen, 2024). Other tariffs were also lowered after the review, as shown in Table 2.

*Table 2: Tariffs imposed by the European Commission on Chinese-made EVs*

| **EV producer** | **Provisional tariffs** | **Lowered tariffs** | **Definitive tariffs** |
|---|---|---|---|
| BYD | 17.4% | 17.0% | 17.0% |
| Geely | 20.0% | 19.3% | 18.8% |
| SAIC | 38.1% | 36.3% | 35.3% |
| Tesla | 20.8% | 9.0% | 7.8% |
| Other cooperative EV producers | 21.0% | 21.0% | 20.7% |
| Other non-cooperative EV producers | 38.1% | 36.3% | 35.3% |

*Source: own work based on Wieringen (2024) and European Commission (2024b).*

On October 4th, 2024, the European Commission received the support necessary to impose definitive tariffs on EVs imported from China, from 10 EU Member States, to mitigate the impact of cheap, government-subsidized vehicles on local manufacturers (Wieringen, 2024). Only 5 Member States voted against the imposition of tariffs, while 12 of them abstained from voting. These tariffs took effect on 31st of October 2024 and are supposed to remain in place for the next five years, in addition to the 10% tariff that the EU already imposes on all car imports (The International Institute for Strategic Studies, 2024). The end tariffs are also presented in Table 2.

The Chinese Communist Party (CCP) has strongly opposed the imposition of tariffs and labeled them as lacking factual and legal basis, while also adding that with such tariffs, the EU is jeopardizing its own goals towards the green transition (De Decker, 2024). China's response to these measures was to introduce several retaliatory measures, such as new export restrictions on graphite, a key material used in EV battery production, signaling its leverage over global EV supply chains (Bown, 2024).

The supply chains in the EV industry are closely connected, with China playing the dominant role in extracting and processing key raw materials. Europe's reliance on Chinese supplies

of graphite, lithium, and rare earth elements, therefore, creates a strategic weakness. This dependency impacts not just battery production but could also disrupt the entire EV manufacturing process (Du & Shepotylo, 2024). This move has raised concerns among EU policymakers about the potential impact on the EV battery industry in the EU, particularly in countries with large battery plants such as Poland, Hungary and Germany (Bown, 2024). To mitigate these risks, the EU has sought to diversify its supply chains and promote local production. Additionally, the EU is aiming to secure access to critical materials with different initiatives, such as the "European Battery Alliance" and partnerships with countries like Australia and Chile. Moreover, with further investments in recycling and sustainable mining practices it is aiming to reduce long-term reliance on imports (European Commission, 2024b).

Similarly to the EU, the US is also concerned about the rapid rise of Chinese EVs on the global market. In response to China's significant growth in EV exports, fueled by subsidies and "non-market practices", former US President Biden declared Chinese EVs a threat to US national security in March 2024 and increased tariffs on Chinese EVs from 25% to 100% (White House, 2024), which is significantly higher than Europe's rates. In doing so, the US aimed to maintain its leadership position in the global EV market (Wang, 2024). In addition, the US has extended tariffs to a broad range of other products, from raw materials to finished goods (Končan, 2024). Similarly to the US, the European Commission has started to investigate the unfair Chinese practices in the manufacturing of key EV components, such as automotive chips, which have usually been produced by leading European manufacturers (Wieringen, 2024).

# 3 ANALYTICAL FRAMEWORK: SECURITIZATION

## 3.1 Historical background

Securitization theory is a concept in international relations and security studies, which emerged as a part of the broader security studies debate that sought to expand the concept of security beyond military concerns (Eroukhmanoff, 2017; Floyd, 2025). Although it originates in the field of international relations, in this thesis, it is translated into the international business context.

Securitization theory argues that national security policy is not objective but is deliberately shaped by those with the social and institutional power to influence public discourse, such as politicians and decision-makers, called in this context as "securitizing actors", who label political issues as dangerous, threatening, or alarming, thus transforming them into urgent security concerns. Therefore, security threats are constructed through discourse (Eroukhmanoff, 2017; Floyd, 2025).

In the 1990s, after the Cold War, countries began looking at security in broader terms, moving beyond just military power. This shift allowed them to think about security in more complex ways, including cultural and identity issues. The term “securitization” has been identified by the Copenhagen school and international relations scholars such as Ole Wæver, Barry Buzan, Jaap de Wilde, and others, who recognized that security does not only encompass military and political aspects (Kilroy, 2022).

According to Buzan et al. (1998) securitization refers to the process of defining something as a serious threat that requires urgent action and has major political consequences. For securitization to be successful, the authors argue that three key elements are needed: recognizing an existential threat, taking emergency measures, and altering relationships between groups, bypassing the usual rules. What makes securitization unique is its specific way of presenting the issue, emphasizing that urgent action is needed to avoid a future crisis where survival is at risk. The authors argue that securitization occurs through speech acts, which turns the issue into a security threat, therefore, it is a way for countries to define their own security based on what they perceive as important (Buzan et al., 1998). The theory suggests that when a country perceives a threat, it will take action to protect itself, sometimes without public debate or democratic processes (Kilroy, 2022). On the other hand, desecuritization refers to countering securitization, therefore, a situation in which the topic in question is no longer treated from a security perspective (Floyd, 2025).

Security is not limited solely to military matters. Scholars, such as Buzan and Wæver have identified five key areas in which securitization occurs: military, political, economic, societal and environmental (Floyd, 2025; Kilroy, 2022). For example, the threat of climate change and its effects on natural disasters became a central part of environmental security, while economic security became more complex to define, especially as global trade and cross-border issues created new challenges (Kilroy, 2022).

Nowadays, the term “securitization” is often used in international relations. It refers to the way states decide what threats to national security are important, often based on individual perceptions rather than objective facts. As countries go through this process of securitizing and desecuritizing issues, they are constantly reassessing their security needs, creating new institutions, and adjusting their policies in response to shifting politics and changing global dynamics (Kilroy, 2022). A key component of this theory is the concept of “securitizing moves”, which describes how political actors elevate ordinary issues, such as migration or environmental crises, to urgent matters of national security (Otukoya, 2024).

The terminology of the securitization theory is presented in the glossary (Table 3).

*Table 3: Glossary of the securitization theory*

| Term | Definition | Sources | Relevance for International Business |
|---|---|---|---|
| Securitization | The process of defining something as a serious threat that requires urgent action and has major political consequences. | Buzan et al., 1998 | Helps understand how political or security framing can impact international trade, investment, and regulatory policies. |
| Desecuritization | A situation in which the topic in question is no longer treated from a security perspective. Countering securitization. | Floyd, 2025 | Promotes economic cooperation rather than trade or investment restrictions. |
| Securitizing actors | Those with the power to influence public discourse and label an issue as an existential security threat. | Eroukhmanoff, 2017; Floyd, 2025; Buzan et al., 1998 | Key stakeholders whose statements or policies can shape international business risk perception and strategy. |
| Desecuritizing actors | Actors who are countering the securitization of an issue, reframing issues as non-threatening. | Buzan et al., 1998 | Stakeholders who advocate policies that facilitate trade, cross-border partnerships, and investment flows. |
| Securitizing moves | Strategic actions by a securitizing actor to present an issue as an existential security threat. | Buzan et al., 1998; Otukoya, 2024 | Create barriers (tariffs, trade restrictions) that disrupt global value chains. |

*Source: own work.*

### 3.2 Securitization theory and EVs

Securitization has traditionally been applied to issues like terrorism and immigration, but it can also be used to analyze emerging concerns such as the EU's EV market.

The securitization of economic issues has, in recent years, become increasingly relevant in the context of Chinese EV exports to Europe and Chinese investments in the EU's EV industry. Applying securitization theory in this context highlights the EU's response to China's advanced technology and how different actors frame Chinese EVs, either as a security threat or an economic opportunity (Paulsen, 2024).

In this context, securitizing actors could be European policymakers, major European automotive manufacturers and industry stakeholders. They are identified as securitizing actors because they frame China's growing presence in the EU's EV market as a threat to economic security (Paulsen, 2024). They argue that Chinese EVs could harm domestic EV manufacturers, such as Volkswagen, BMW, Mercedes-Benz, Renault, Peugeot, etc., due to the unfair competitive advantage of Chinese EVs, which are able to sell at artificially low prices due to China's subsidies. As a result, European manufacturers could lose market share, both in Europe as well as on global markets. The French government, for example, welcomed the EU's anti-subsidy investigation, as the French automotive manufacturers are in direct competition with lower-priced Chinese EV brands (Bown, 2024).

Furthermore, the trade unions that represent workers in the European automobile industry have also played a key role in the securitization process, as the rise of Chinese EVs could lead to major job losses in Europe's automotive sector (IndustriAll Europe Executive Committee, 2024). Moreover, Rogelja and Tsimonis (2020) argue that European think tanks act as securitizing actors in shaping the perception of Chinese economic engagement in Europe as a threat by introducing narratives that frame Chinese investments as a geopolitical risk. Through reports, policy briefs, and media engagement, they are establishing a discursive framework that presents China as a strategic competitor. Consequently, China's economic presence is often linked to broader concerns about its political influence and security vulnerabilities. According to the authors, policymakers and media outlets intensify these narratives by integrating securitized language into official statements and policy discussions, which results in understanding China's presence in Europe as a threat requiring urgent intervention, rather than a standard aspect of international trade and investment.

On the other hand, desecuritizing actors in this context are those who work to reduce the perception of Chinese EVs as a security threat and instead argue that China's involvement in Europe's EV industry presents economic opportunities. The Hungarian government, for example, has seen the rise of Chinese EVs in the European market as an opportunity for economic growth of the country (Kratz et al., 2025). In 2022 Hungary's Prime Minister Viktor Orbán has announced an investment of 7.3 billion euro in Chinese EV battery plant, built by the China-based company CATL, which is the biggest producer of EV batteries in the world. The government sees this as an investment in job creation for locals, an investment in the country's, along with the EU's, sustainable transition, and as an opening for the country to become more competitive in the global EV market (Hompot, 2023). Therefore, Hungary can be identified as a desecuritizing actor. Similarly, Spain plays a role as a desecuritizing actor, due to the Spanish government's opposition to the implementation of tariffs on Chinese-made EVs. They have emphasized the need for a balance between defending domestic car manufacturers and avoiding confrontation with China, who is a key strategic player in this sector, advocating rather for a diplomatic approach and creating a collaborative relationship with China regarding the EV market. This collaboration includes potential Chinese investments in European battery production, technology sharing and the

broader development of the EV ecosystem. Rather than viewing China as a competitor, Spain sees it as a valuable partner that can help accelerate Europe's transition to EVs through joint ventures, investment and research collaboration. This collaboration has been further established by the entrance of China's Chery Auto into a joint venture with Spain's EV Motors (Carreño, 2024). The aim of establishing this joint venture is to leverage both Chinese expertise in EV production and Spain's established automotive industry to enhance local manufacturing capabilities and contribute to further development of the EU's EV market.

Through the analysis of different securitizing and desecuritizing actors in this context, it is possible to understand how economic issues are framed as security threats. The perception of Chinese investments in the EU's EV market and the rise of Chinese EV imports either as a threat to the EU's economic stability or an opportunity for growth of the EU's EV market, demonstrates the influence of securitizing and desecuritizing actors in shaping the narrative on global trade and competition. Therefore, by applying securitization theory in this context, it becomes apparent that security concerns are often shaped by political interests of different actors, who are aiming to protect their individual interests.

Securitization theory in the context of EVs is also summarized in Table 4, in which terminology from Table 3 is used.

*Table 4: Securitization theory in the context of EVs*

| **Term** | **Importance in the context of EVs** |
|---|---|
| Securitization | Framing Chinese EVs in the EU as a security threat, justifying trade restrictions. |
| Desecuritization | Reframing EV-related issues as non-threatening, but rather as a way to foster competition, innovation and collaboration in the EV sector. |
| Securitizing actors | Actors such as policymakers and national governments who influence policies on EV adoption. |
| Desecuritizing actors | Actors who promote cross-border collaboration in the EV sector. |
| Securitizing moves | Actions that present EV-related issues as security threats to justify policy responses. |

*Source: own work.*

# 4 METHODOLOGY

The methodology section of this thesis outlines the research design used to obtain relevant data on EVs in the context of the EU-China relations. It also provides an overview of different stages of research, through collection of primary data to data analysis.

## 4.1 Research design

The first stage of research consisted of conducting a structured thematic literature review, including research papers, academic journal articles, books, reports, etc. Literature review is used as a methodological tool to synthesize existing research and identify gaps in current knowledge, which is an essential step in developing theoretical frameworks (Snyder, 2019). The literature was selected with a particular focus on studies published in the last decade.

The collected data was divided into three categories. The first category included relevant data on the topic of EV markets and their transformation throughout the last decade, the second category included data on the topic of securitization theory, while the last category included data which connected the first two categories. The aim of the literature review was to obtain a comprehensive understanding of the global EV markets as well as the securitization theory. This helped conceptualize the topic and gain an in-depth understanding of the EV market and the relationship between the EU and China in the context of EVs.

In particular, the key literature consists of relevant debates on trade policy, economic security and securitization in the context of the EV sector. Analyses of Europe's strategic policy responses to China (Bown, 2024; Godement, 2025) situate the EU's EV sector within broader concerns about competitiveness and autonomy, while Paulsen (2024) develops the concept of economic security. In addition, Pindyuk (2023) examines Europe's critical dependencies on China in the green transition, which provides a perspective that directly relates to the challenges of EV supply chains. Finally, the article by Rogelja and Tsimonis (2020) illustrates how China's economic presence has already been securitized in European discourse, thus providing a basis for the development of the analytical framework of this thesis.

As a second step in this methodology, primary data was collected in order to answer the proposed research questions. Semi-structured expert interviews were chosen as the method of primary data collection to gain a better understanding of the growing presence of Chinese EVs in the European market and its influence on the EU's automotive industry as well as on EU-China relations. Expert interviews are a qualitative research method in which semi-structured or open-ended interviews are conducted with individuals who have expert knowledge on a specific topic (Van Audenhove & Donders, 2019). This method allowed for exploring various dimensions of the issue and capturing diverse perspectives of experts from different fields. Data was collected through five semi-structured interviews with experts in relevant fields.

Interviews were conducted online in June 2025 and lasted approximately 30 to 45 minutes. Respondents included academic experts who are researching the topic of the relationship between the EU and China in the field of EVs, experts in the field of EU's automotive industry or car logistics, and business professionals. Participants are described in Table 5.

Participants were selected using purposive sampling, targeting individuals with extensive knowledge and experience with the EV market and the EU-China relations. Purposive sampling was chosen because it enables the deliberate selection of participants who possess specific knowledge, expertise or experience relevant to the research topic (Etikan et al., 2016; Palinkas et al., 2015). As Palinkas et al. (2015) explain, purposive sampling is an effective strategy for maximizing the value of limited research resources by focusing on information-rich cases. In this case, the aim was to include experts from different fields of work and/or research, who could provide valuable insights and different points of view to help successfully answer the research questions posed in this master thesis.

*Table 5: Description of interview participants*

| **Given name** | **Description** |
|---|---|
| Interviewee 1 | Economist, academic researcher in international economics with a focus on Chinese FDI. |
| Interviewee 2 | Senior professional in the logistics and transport sector, with leadership experience in vehicle cargo operations and cross-border trade. |
| Interviewee 3 | Policy-focused researcher, with expertise in economic security, global trade and geostrategic developments in Asia. |
| Interviewee 4 | Entrepreneur and cross-border business consultant, working on industrial collaboration between European and East Asian markets. |
| Interviewee 5 | Sales and marketing specialist in the automotive sector for an international vehicle manufacturer – SAIC MG. |

*Source: own work.*

A total of 32 potential interviewees were contacted through email and LinkedIn. The majority did not respond or declined to participate in my research. In the end 5 interviews were conducted. Despite the small number of interviews, the participants represented a broad range of expertise from academia, policy research, logistics, business and the automotive sector. Across these varied backgrounds, overlapping insights and recurring themes emerged, indicating that the core issues had been sufficiently explored and that data saturation was achieved.

All participants were informed of the research objectives and consent was obtained prior to each interview. Participation in the interviews was voluntary. All interviews were audio-recorded with informed consent from participants and subsequently transcribed, to ensure the accuracy of the data and to facilitate a comprehensive thematic analysis. Where necessary, translation from Slovene to English was performed using DeepL Translator and manually reviewed to ensure accuracy and preserve meaning. To preserve anonymity and confidentiality, all interviewees have been assigned a numerical identifier (Interviewee 1-5), and all personal identifiable information has been removed. Transcripts of each interview can be found in the Appendices.

### 4.2 Data analysis

To analyze the qualitative data, a systematic thematic analysis was conducted following the six-phase approach outlined by Braun and Clarke (2006). This method is used to identify, analyze and interpret patterns or themes within a qualitative dataset (Braun and Clarke, 2006).

To gain a thorough understanding of the content, all interview transcripts were read several times. During this process, key features and recurring ideas were identified using an inductive method. This allowed for the development of initial codes. These codes were then systematically organized into broader themes reflecting shared meanings across interviews. Furthermore, themes were reviewed and compared to the full dataset and overlapping themes were merged or redefined to improve clarity and consistency. When final themes were chosen, each theme was then clearly defined and supported with citations from the transcripts. Based on this process, a comprehensive Codebook was developed to structure and present key findings. The Codebook can be found in the Appendices (Appendix 1).

## 5 FINDINGS

The analysis of the interviews revealed 11 interrelated themes that reflect expert perspectives on the expansion of Chinese EVs in Europe, the EU's strategic response and its implications on the EU-China relations. In the following subchapters, these themes are described, and representative quotes are used to further support the relevant findings.

### 5.1 Initial lack of trust and historical context

The entry of Chinese EVs into the EU market received diverse feedback from the local consumers. A strong theme among participants in the interviews was the persistent skepticism among European consumers toward Chinese EV brands, as particularly highlighted by Interviewee 4 *"...we (Europeans) are to a certain extent suspicious of products that we often have to save up for over a number of years..."*. This skepticism was also situated within a broader historical context.

Several interviewees noted parallels with the initial perception of Korean and Japanese automotive brands and their entry into the European market in earlier decades. This was noted particularly by Interviewee 1, who explained that due to the different design and initial lack of consumer trust in the East-Asian automotive brands, these brands were not popular among European consumers when first entering the market. However, as it can be noticed now, Japanese and Korean automotive brands are some of the most popular brands in the European market, as mentioned by another respondent *"In the past, there was a similar case…when the Koreans started entering. We didn't accept them at first either…look at Hyundai or Kia today, or Sangyong"* (Interviewee 2).

While the initial reaction to Chinese automotive brands was marked by skepticism and a strong preference for traditional European manufacturers, interview data suggests a gradual shift in attitudes, driven by the recognition of technological quality of Chinese EVs and increased brand familiarity. As mentioned by Interviewee 1, the historical pattern of delayed acceptance of foreign automotive brands will be repeated also in the case of Chinese EVs when consumers become familiar with the brands and realize that Chinese EVs are leaders in the EV industry. Furthermore, Interviewee 4 noted that trust in foreign, unfamiliar brands, can be improved significantly once consumers gain direct experience with Chinese EVs. This is partially attributed to the increasing visibility of high-quality Chinese vehicles and the influence of price-performance comparisons.

### 5.1.1 Traditionalist European consumers

Interviewees emphasized that European consumers are traditional and loyal to established European brands, which continues to shape purchasing decisions. According to one respondent *"buyers on the European market, are quite reserved, or rather accustomed to their traditional brands"* (Interviewee 2). Brand loyalty is especially present in countries where automotive identity is tied to national brands and their reputations, which was also emphasized by another interviewee *"we Europeans are very traditionally attached to cars and also to our brands… people here often buy the same brand, the same car model for generations in a row"* (Interviewee 4).

Furthermore, Interviewee 2 emphasized that the overall sale of EVs across the EU is slower than the EU had initially planned, which is largely connected to the traditionalist consumer preferences and the traditional nature of the European automotive market. Consumers require time to familiarize themselves with emerging EV technologies and build trust with non-domestic automotive brands entering the region.

European customer's strong brand loyalty to established European automotive manufacturers therefore poses a challenge for Chinese EV brands when entering the European market. This process can be further complicated by unconventional branding strategies used by foreign brands when entering the EU market. As highlighted by Interviewee 1, Chinese automotive manufacturers tend to adopt a dynamic approach characterized by the rapid introduction of new EV models, which does not align with the preferences of European consumers and is hindering the acceptance of Chinese EVs in the local market.

## 5.2 Rising market penetration and import growth

The rapid growth of Chinese EV imports to Europe, particularly in 2024 and 2025 was emphasized by several experts. They spoke of significant growth in sales and market share, noting that Chinese brands are beginning to occupy a large segment of the European EV

market. As highlighted by Interviewee 5, Chinese EV brands achieved approximately 8% of market share in the European market in the first three quarters of 2024. The rise of imports of Chinese EVs was also emphasized by one of the respondents *"Last year (2024) we imported around 11,000 vehicles, and in the first five months of this year (2025), we have already imported that many"* (Interviewee 2).

However, according to Interviewee 3, the influx of Chinese EVs into the EU is not necessarily part of China's strategic export plan but rather a spillover effect from China's overcapacity in EV manufacturing. This expert argued that more than 80% of the entire automotive manufacturing industry in China is for domestic markets and therefore, these EV exports are a spillover effect of the manufacturing line.

## 5.3 The competitiveness of Chinese EVs in the EU market

The growing presence of Chinese EVs in the European market reflects a significant transformation of the global automotive industry, which is driven by cost advantages, technological development and improved product quality. These competitive advantages have enabled Chinese manufacturers to increase their market share in Europe. As Chinese EV brands strengthen their position through affordability and innovation, the balance of industrial power in the EV sector is shifting, with important implications for market competition and economic security in the European context.

According to the interviewees, the increasing competitiveness of Chinese EVs in Europe is driven primarily by their affordability, technological innovation and a favorable balance between cost and quality.

### 5.3.1 Price competitiveness

Experts acknowledged that price remains a decisive competitive advantage for Chinese EVs in the EU market. Lower production costs, which are a result of lower labor costs, battery production and access to raw materials, have enabled Chinese companies to offer EVs at significantly lower prices than many European competitors. This was highlighted by several interviewees, especially Interviewee 5 who noted that *"Chinese manufacturers offer electric vehicles at competitive prices, which is attractive to price-sensitive buyers"*.

Majority of the respondents mentioned that the lower price of Chinese EVs is what makes them good competitors in the EV market. As further mentioned by Interviewee 2 *"they are affordable… this attractive price… they are good competitors on the European market"*.

### 5.3.2 Quality and advanced technology

In addition to affordability, several interviewees emphasized that Chinese EVs are increasingly recognized for their quality and technological innovation, which are areas where European automotive manufacturers have traditionally held an advantage.

Although earlier skepticism about Chinese product quality persists, this perception is rapidly changing. Multiple interviewees noted that the quality of Chinese EVs is increasingly considered comparable to, if not exceeding, that of European EV brands. As put by one of the respondents *"when it comes to the quality, when it comes to the consumption data, I think that they (Chinese EVs) are pretty competitive"* (Interviewee 1).

A recurring theme was the advanced technological features of Chinese EVs, particularly in terms of software, AI integration and user experience. Interviewee 5 described Chinese EVs as technological platforms, while Interviewee 4 emphasized their sophisticated infotainment systems, artificial intelligence integration and hardware features not yet common in European models. However, due to legal and software compatibility constraints, some of these advanced functions are limited in Europe, as mentioned by Interviewee 4.

## 5.4 The EU's innovation lag and market unpreparedness

While Chinese EV manufacturers have achieved rapid progress in product development and global outreach, European automotive manufacturers have, to some extent, been slower to adapt to the shift towards electric mobility. The interviewed experts emphasized that many European automotive manufacturers have been slow to make the transition to electric mobility, relying too heavily on traditional ICE models. According to Interviewees 1, 2 and 3, the EU started to develop the EV industry relatively late compared to China. The increase in imports of technologically advanced Chinese EVs can therefore be seen not only as a challenge, but also as a "wake-up call".

Furthermore, Interviewee 2 as well as Interviewee 4 have emphasized that European automotive manufacturers have "fallen asleep on their laurels" in terms of innovation and the transition towards EVs. As further mentioned by Interviewee 2, China has strategically learned from the technological and industrial practices of established European manufacturers and developed an advanced EV industry. As a result, Chinese automotive manufacturers have been able to surpass the European competitors in the EV segment.

However, Interviewee 2 sees the rise of imports of Chinese EVs as an opportunity for European automotive manufacturers, who will be forced to optimize their production in order to become competitive in the EV industry.

## 5.5 The EU's protectionist measures: tariffs

As Chinese EVs gained market share in the EU through competitive pricing and technological innovation, the EU's policy approach began to shift from market-based regulation to protectionist measures. The increasing competitiveness of Chinese EVs and the EU's industrial lag have resulted in growing concern regarding the strategic implications of trade imbalances within the EV sector. As a result, the European Commission decided to impose tariffs on imports of Chinese EVs, which range from 17% to over 35%, depending on the cooperation of manufacturers in the subsidy investigation, as highlighted by Interviewee 5.

According to the interview data, most experts believe that the European Commission's policy measures, particularly the imposition of tariffs on imports of Chinese EVs, represent a protectionist shift in economic policymaking. Some interviewees viewed these measures as a necessary short-term support for EU manufacturers and a way to level the playing field. As put by one of the respondents "*The tariffs that have been implemented for Chinese EVs are a good measure, or a good first step, but they cannot necessarily be replicated in all those sectors*" (Interviewee 3). On the other hand, some respondents questioned their long-term effectiveness or strategic coherence and warned of unintended consequences, particularly the risk of potential retaliatory measures by China. As put bluntly by one of the respondents *"Are these tariffs a suitable long-term tool for ensuring competitiveness? No, I think they are an absolutely disastrous tool..."* (Interviewee 4).

In addition, some interviewees raised concerns that imposing tariffs and therefore limiting the competition on the market may slow local technological development. While tariffs can be used as a way to level the playing field, they might also shelter local manufacturers from the pressure to innovate and weaken consumer benefits. As mentioned by Interviewee 1, competition is a healthy process for the industry and the market. It helps not only consumers but also manufacturers, who are forced to optimize their production, their products and the quality of their products in order to stay competitive in the market.

Furthermore, some experts framed these tariffs as a temporary measure intended to buy time rather than a long-term solution. This was particularly highlighted by Interviewee 4, who believes that *"The European Union, in the moment when it realized that it was almost too late for the European automotive industry, had to react somehow. Since they couldn't agree on how, they bought some time by introducing these tariffs"*.

On the other hand, Interviewee 1 and Interviewee 2 argued that tariffs could serve as a strategic measure to encourage Chinese EV manufacturers to invest in local production within Europe. In this respect, trade barriers function not only as a defensive response but also as a way to encourage foreign companies to establish manufacturing facilities within the EU and operate under EU regulatory frameworks. In addition, Interviewee 3 emphasized the structural differences in profit margins between Europe and China, with margins being

significantly lower in China, which makes the European market attractive for Chinese exporters. In this context, tariffs can reduce the profitability of direct exports and encourage Chinese EV manufacturers to increase local production within Europe.

### 5.5.1 Selective measures and the risk of retaliation

Interviewee 1 highlighted that the EU's decision to impose tariffs only on Chinese EVs and not also on Chinese-made EV batteries and critical raw materials, illustrates a cautious and selective approach to economic protectionism. This measured strategy reflects the EU's recognition of its continued reliance on China for the green transition. According to one of the interviewed experts, this selective approach highlights the EU's dilemma of wanting to limit China's dominance in the EV market while remaining dependent on Chinese technologies and raw materials to support its green transition.

Furthermore, some experts emphasized that the challenge with protectionist measures, such as tariffs, can provoke potential retaliatory responses. Several interviewees connected these retaliatory responses to the EU's dependence on China in EV batteries and raw materials for battery production. As Interviewee 1 noted *"…sooner or later, China can say 'I won't give you my raw materials, because then you can be even more competitive than I am'"*. Furthermore, Interviewee 2 emphasized that these retaliatory measures are never good, which is why such tariffs are not suitable for market development.

These perspectives reveal the contradiction in the EU's approach on Chinese EVs. While the introduction of tariffs may reduce the number of imports of Chinese EVs into the EU in the short term, they do not address the fact that the EU is still dependent on China for EV components, particularly batteries and raw materials, which are essential for their production. One respondent noted *"…with these tariffs we are becoming somewhat unfriendly in Beijing's eyes, which means that we are also making it more difficult for our vehicle manufacturers…to gain access to the minerals that are crucially needed for the production of electric vehicles"* (Interviewee 4).

## 5.6 Security concerns in the EU

The basis for the imposition of tariffs could be the growing security concerns within EU institutions, which frame Chinese EVs as a security threat, particularly in relation to data collection, software and digital infrastructure within EVs. With the securitization of Chinese EVs, the EU's perception of these EVs has shifted from trade imbalance to a strategic and geopolitical risk. As mentioned by one of the interviewees *"…there is the issue of data security, of what this data that is being gathered from…where this data will eventually end up in Chinese hands and what will be done by that by Chinese companies"* (Interviewee 3). Interviewee 3 further emphasized that the underlying concern behind EU tariffs is not only

about protecting local industry, but also about reducing long-term strategic dependence on China for key technologies and supply chains.

While not all interviewees viewed these EVs as a potential security risk, the consensus was that regulatory oversight of EV software and hardware components is essential if the EU wishes to maintain technological sovereignty. As mentioned by Interviewee 4, the EU has the ability to regulate what kind of EVs are allowed on the local market, who is producing the electronics and the software, where and how it is produced as well as who installs it.

However, Interviewee 1 pointed out that framing EVs a security risk is unreasonable, as we are already using Chinese technology such as computers, mobile phones, headphones, chips, online platforms, all of which are manufactured or partly manufactured in China and could also be storing our data. According to this expert, it is already too late to be concerned about the potential security risk.

The opposing perspective raised concern about the possibility of sabotage or digital interference in Chinese EVs, as further noted by Interviewee 3 *"...the danger of sabotage. This whole idea that there is like a kill switch on every Chinese electric vehicle that would basically stop it from driving. I'm rather skeptical that this is actually as big of an issue, but it definitely needs to be investigated also for cybersecurity reasons"*.

### 5.7 China's control of raw materials and its geopolitical leverage

In addition to data, technology and cybersecurity concerns, several interviewees emphasized Europe's dependency on China in the EV supply chain, especially regarding critical raw materials, such as lithium, cobalt and graphite, which are essential for the production of EV batteries. According to Interviewee 5, China owns 90% of the supply chain for battery production. Due to their control of the supply chain and raw materials, the cost of EV batteries in the EU is significantly higher than it is in China, as highlighted by Interviewee 2.

Furthermore, China's dominance in both the mining and refining stages of these supply chains gives it significant geopolitical leverage over the EU's green transition, according to the respondents. One of them noted that *"If the Chinese close the tap on raw materials, we will no longer have to make any cars at all"* (Interviewee 4).

### 5.8 Lack of consensus among EU Member States

While the European Commission decided on an assertive stance toward Chinese EVs and the imposition of tariffs, the response of the EU Member States has varied. Secondary data along with expert interviews revealed a division within the EU, both in terms of national economic interests and political attitudes towards China. Some Member States have agreed with the concerns and the response of the European Commission, while others are more

cautious of retaliatory measures or opposed to possible trade tensions, as mentioned in the earlier chapter. As further noted by one of the respondents *"Since some kind of sovereignty is still there on the membership level…it is good to have European level decisions and European level policies, but there will always be at least a few countries who do not align with that"* (Interviewee 1).

This division between Member States reflects differences in how individual countries within the EU cooperate with China. Countries that benefit from Chinese investment, especially in the automotive sector, are deciding to cooperate with China, while those whose domestic industries feel threatened by Chinese imports are more inclined to support protectionist measures and the imposition of tariffs. As noted by one interviewee, these differences can be observed in the contrast between countries such as Hungary, which has actively welcomed Chinese investment, and others that adopt more cautious and protectionist approaches, leading to a wide range of approaches among EU Member States (Interviewee 3).

Furthermore, interviewees noted that the unevenness in responses from Member States is due to the lack of a binding, unified EU-wide framework, particularly when it comes to foreign direct investment (FDI) and joint ventures. Interviewee 3 highlighted that while the European Commission can issue guidelines or conduct investigations, such as the anti-subsidy investigation, it lacks the authority to impose a common standard for how Member States handle joint ventures or approve Chinese investments in their domestic automotive sectors. This policy gap gives national governments significant discretion, allowing them to act based on their own economic interests, industrial capacities and politics. This was also mentioned by Interviewee 1, who emphasized that the major problem with the EU-level decisions is that most of them are simply recommendations and Member States do not have to necessarily align with them. Because of this, investments which could be considered risky by some Member States are not considered risky by others. This can be seen in the response of different Member States to Chinese EVs and China's FDI into the EU's EV industry.

## 5.9 Cooperation between the EU and China

From the perspectives of several interviewees, the rise of imports of Chinese EVs presents the opportunity for local automotive manufacturers to collaborate with Chinese EV manufacturers through joint ventures, strategic alliances or shared research and development (R&D) effort. This way the EU's automotive industry could become competitive on the EV market.

From this perspective, collaborating with Chinese companies does not present a threat but rather a strategic move to gain access to critical raw materials, to co-develop technology and to remain globally competitive. As one expert emphasized, *"This is certainly also a kind of opportunity that forces them (EU manufacturers) to optimize"* (Interviewee 2). Therefore,

according to some of the interviewees, the current pressure from Chinese competitors could serve as a "wake-up call" for European automotive manufacturers.

### 5.9.1 Market entry strategy

Several interviewees described how Chinese EV companies are not only exporting EVs to Europe but have strategically adapted their market entry strategies in anticipation of EU's regulatory changes and protectionist measures. These companies are adjusting their strategies to avoid tariffs, minimize risks and maintain their price competitiveness.

Interviewee 2 mentioned that a common entry strategy of Chinese EV manufacturers involves importing disassembled EVs to Europe and assembling them locally, either through their own production facilities or through partnerships, in order to minimize tariffs or avoid them altogether. Furthermore, some EV companies are opting for a more direct approach by large-scale investments in European production facilities. This expert further explained that *"…they (Chinese EV manufacturers) are building production facilities in Europe…they are also looking for some synergies with companies where they can bring their parts or partially disassembled vehicles that they can then assemble here (in Europe)"* (Interviewee 2).

Having learned from the similar situation with the entry of Japanese and Korean automotive brands into the EU market, Chinese EV manufacturers, such as BYD, expected a form of protectionist measures from the European Commission and have planned their presence on the market before the imposition of tariffs by investing into production facilities, as mentioned by Interviewee 1. This has allowed them, to some extent, to avoid tariffs and maintain a competitive price of their EVs.

These market entry strategies are used not only to reduce costs and avoid tariffs, but also to position Chinese manufacturers within the EU market. By investing early, relocating parts of the production and optimizing their logistic processes, companies such as SAIC (MG) have managed to maintain their competitive edge on the market even as regulatory pressure intensified, as highlighted by Interviewee 5. All of this suggests that Chinese EV manufacturers are not simply responding to the EU's policy shift, but also actively positioning themselves as long-term players within the EU market.

## 5.10 Identified challenges

Although the attention is on China's growing presence in the EU's EV market, interviewees also emphasized several challenges that affect both sides of the EU-China automotive sector. On one hand, Chinese companies are faced with barriers when entering the EU, while on the other hand, European automotive brands are experiencing a noticeable decline in their market share in China as well as a decline in competitiveness within the Chinese market.

### 5.10.1 Challenges for Chinese EVs in the EU

Despite their price advantage and advanced technology, several interviewees mentioned that Chinese EVs are still faced with several obstacles, such as technical barriers, consumer expectations and service-related issues. Interviewee 2 and Interviewee 5 both emphasized that the biggest concern of European consumers about Chinese EVs is the after-sales network and the after-sales support. Limited after-sales support, the lack of a bigger network of service centers and uncertainty about the availability of spare parts continue to affect consumer decisions on the purchase of Chinese EVs. Furthermore, Interviewee 5 described that some customers are uncertain about the value of the vehicle on the secondary market and, therefore, potential challenges with the resale of the EV. In addition, Chinese brands are still relatively new in Europe and have not yet managed to establish long-term reputations for reliability, especially if compared to well-known European automotive brands.

Furthermore, Interviewee 4 emphasized *"If you take a vehicle like this (high-tech) in China and put it in Europe, it does not have the same functionalities in Europe, because of different legislation, different connection frequencies…if the applications on the European market are not at the same level, then the vehicle cannot offer the same functionalities either"* (Interviewee 4). Therefore, technical and software compatibility issues, particularly when transferring EVs designed for the Chinese digital environment into the European regulatory and technological framework, pose a significant challenge for Chinese EVs in the EU market.

One of the respondents identified another challenge, which is the unconventional approach to branding strategy of Chinese EV brands, which may not align with European consumer habits, making it challenging for these companies to gain consumer trust and attention. As noted by the expert *"It will be a challenge for the Chinese, because…their branding strategy is totally different from what is normal in Europe…they are quickly coming up with new models…which is not according to the taste of the Europeans"* (Interviewee 1).

Overall, although Chinese EVs are well positioned on the EU market in terms of price and technological advancements, their success on the market is also dependent on their ability to gain consumer trust, adapt to local regulatory frameworks and provide reliable customer and service support across the Member States.

### 5.10.2 Decline in European automotive exports to China

The competitive landscape is not only shifting in the EU but in the Chinese market as well. Interviewees 1 and 2 noted a decline in European vehicle exports to China, especially among more high-end brands, such as Mercedes, BMW and Volkswagen, which used to dominate the premium vehicle segment and have been the main export market to China. As one interviewee added *"We are also now noticing this decline of these premium brands to China of up to 20%"* (Interviewee 2).

This decline could be attributed to the rise of competitive local alternatives in China, which are fully electric, more affordable and technologically more advanced. Furthermore, the Chinese government has also played a significant role in this transformation, by offering large-scale subsidies, innovation policy and regulatory support. This way, the government enhanced the competitiveness of its domestic EV industry, which significantly reduced the need for foreign automotive brands.

### 5.11 The role of EVs in the EU-China relations

The issue of Chinese EVs was framed within a broader geopolitical context. Interviewees noted that the strategy used by the EU to manage the EV sector, whether through confrontation and trade barriers, cooperation or a combination of strategies, could shape its future economic relations with China.

One of the thematic codes which appeared throughout interviews was the growing pressure on the EU-China relations due to current shifts in the global economy, connected to the trade with the US. With their increase of tariffs on Chinese EVs and the restriction of the access to their market, China might redirect these exports towards the EU market, which could cause even bigger trade imbalances and political tensions within the EU. According to Interviewee 3, the positioning of the US is crucial for the EU-China relations in the middle to long term. Higher tariffs on Chinese EVs in the US can redirect these exports to the EU. This redirection of exports, paired with China's production overcapacity and strategic use of state subsidies, could deepen EU concerns over unfair competition and market disruption and resulting in tensions between the EU and China.

On the other hand, Interviewee 1 noted that the rising tensions between the US and China as well as the US and the EU could serve as a means for deeper economic coordination between the EU and China, as a global trade war would not be in anyone's interest. Furthermore, Interviewee 1 also added that with the redirection of EV exports, China would focus more on the Asian market as well, thus building its global presence more rapidly.

## 6 DISCUSSION

The aim of the discussion is to link the theoretical part of the master thesis with the relevant findings obtained in interviews with experts and to analyze them in a broader theoretical context. This chapter is divided into two parts, the first part analyses the EU-China relations in the context of EVs, while the second chapter focuses on securitization of EVs and its effect on geopolitical tensions in the EU market.

## 6.1 EU-China relations in the context of EVs

The relationship between the EU and China in the EV sector is complex, as it is shaped by a mix of cooperation, competition, security concerns and broader geopolitical dynamics. While EVs represent a key solution to decarbonization and the green transition, they have also become a source of geopolitical tensions, particularly with the rise of Chinese EVs on the global market. In recent years, China has successfully established itself as the dominant player on the EV market. It is not only the main manufacturer of EVs, being responsible for 70% of global EV production (IEA, 2025) with companies such as BYD, Geely, SAIC and CATL gaining global recognition by offering technologically advanced and cost competitive EVs, but it has also strategically positioned itself in the EV supply chain, especially in battery manufacturing and the processing of critical raw materials.

Interviewees mentioned that Chinese EVs are price competitive on the EU market. This is in line with the findings of the IEA (2024), according to which more than 60% of EVs sold in China are already cheaper than comparable ICE vehicles. On the other hand, EVs produced by European manufacturers remain on average 10% to 50% more expensive than ICE vehicles and significantly more expensive than imported Chinese EVs. These differences in price of EVs have made Chinese EVs appealing to price-sensitive consumers in the EU, which has increased the pressure on domestic manufacturers. This growing affordability gap is particularly important given the EU's policy goals to increase the adoption of zero-emission vehicles among the consumer base.

Furthermore, according to the IEA (2024), China processes more than 80% of the world's graphite and dominates the global supply chains for lithium and rare earth elements. Control of the EV supply chain has resulted in China's geopolitical leverage.

When the European Commission launched the anti-subsidy investigation on Chinese EVs in 2023 to gain insight into whether the Chinese EV manufacturers benefit from high government subsidies and are therefore violating the rules of the WTO (Grieger, 2023) due to a large increase of imports of price competitive Chinese EVs into the EU and in October 2024 gained support of ten EU Member States to impose tariffs on these EVs imported from China (Wieringen, 2024), the CPP reacted by introducing several retaliatory measures. These included export restrictions on graphite, the key material in the production of EV batteries (Bown, 2024), an anti-dumping investigation of European brandy and pork exports to China (Cash, 2024), and an instruction of the CCP to Chinese EV manufacturers to pause all investment plans in the EU's EV sector (Featherston, 2024). These retaliatory measures, especially export restrictions on graphite, give further insight into China's geopolitical leverage, as they showcase that the EU's green transition is strategically constrained by its reliance on Chinese materials. From this perspective, China's position is not just economic but also geopolitical. Its ability to control, restrict, or redirect flows of critical raw materials gives it geopolitical power that can be used to influence how the EU and other countries act in economic and regulatory matters.

In addition, the imposition of tariffs, which were meant to defend the traditional dominance and competitiveness of European automotive manufacturers by increasing the price of Chinese-made EVs (Interviewee 2), did not have the desired effect according to the interviewees. The inefficiency of tariffs was also noted by Thiagarajan et al., (2025), who argue that while tariffs can offer short-term benefits such as the protection of the domestic industry and promoting investment, they also carry the risk of longer-term economic downsides, such as rising consumer prices and increased market instability. Furthermore, such tariffs also limit the competition on the market, which can slow local technological advancements, which was mentioned by Interviewee 1. The competition on the EU's EV market, however, is necessary, as experts noted that many European automotive manufacturers have been slow in the transition to EVs.

The innovation lag of the EU's automotive sector and its overreliance on the ICE industry, along with the slow mobilization of industrial and policy support for EVs, has been criticized in existing research as well, such as Wingender et al. (2024). As a result, automotive companies in the EU are now facing significant challenges to catch up in this EV sector, particularly in battery production and digitalization, both sectors in which China has already achieved dominance. EU policy mechanisms, such as the "European Green Deal" and the "Fit for 55" package, have set ambitious targets for the EU's green transition, however, the transport sector was not sufficiently prepared for this transition. Although the regulatory framework now encourages a full transition to zero-emission vehicles by 2035, many European automotive companies are faced with challenges due to insufficient infrastructure, limited investment and a lack of strategic flexibility to effectively compete with Chinese manufacturers in the medium-term. This innovation gap is also increasingly recognized as an economic concern and strategic vulnerability, which has motivated the EU to implement protectionist measures.

The key reason for inefficiency of tariffs can be found in the division within the EU, as already mentioned in Chapter 5.7. This division was noticeable also in the voting of EU Member States regarding the imposition of tariffs, in which 10 Member States voted in favor of tariffs, 5 voted against and 12 Member States abstained from the vote (Table 6) (Featherson, 2024).

*Table 6: How Member States voted regarding the proposed EV tariffs*

| **For tariffs** | **Against tariffs** | **Abstained** |
|---|---|---|
| France, Italy, Ireland, Netherlands, Denmark, Poland, Bulgaria, Lithuania, Litva, Estonia. | Germany, Hungary, Slovenia, Slovakia, Malta. | Portugal, Spain, Belgium, Sweden, Finland, Austria, Croatia, Romania, Greece, Cyprus, Luxemburg, Czech Republic. |

*Source: own work based on Featherston (2024).*

Some countries, such as France, have publicly supported the imposition of tariffs and highlighted the need to protect European competitiveness and local manufacturers, while countries such as Germany, with its manufacturing production in China, have been more cautious due to potential retaliatory measures. Hungary, on the other hand, has actively sought Chinese investment in its EV and battery sectors, as mentioned by Interviewee 1 and Interviewee 3 as well. Therefore, divergence between Member States highlights a broader challenge for the EU, which is the absence of a unified policy toward China in the EV sector. This lack of coordination limits the EU's ability to develop a strategic approach and thus weakening its economic security and its position in the green transition.

The lack of a unified policy on the EU level was also mentioned by Pindyuk (2023). The author emphasized that reducing the EU's vulnerability in the green transition and its dependency on China requires a coordinated strategy, such as the development of industrial policies, diversification of sources of critical raw materials and strengthening cooperation with international partners. Without the coordination of policy measures, decoupling from Chinese supply chains remains implausible. Therefore, the imposition of tariffs at the EU-level cannot provide lasting economic or geopolitical security.

Moreover, several interviewees highlighted that Chinese manufacturers adapted their market entry strategies to avoid tariffs and maintain price competitive on the EU's market, by importing disassembled EVs and assembling them locally, investing in the EU's production facilities and optimizing their logistic processes. China's FDI in the EU's EV market could be seen as a "reverse Deng investment policy from China" (Godement, 2025). As mentioned by Godement (2025), with Chinese firms investing and forming joint ventures in the EU, the local partners can adopt Chinese technology and processes, which are in the case of EVs more advanced, optimized and innovative compared to European automotive manufacturers. In this way, Chinese companies would positively contribute to the EU's automotive sector, rather than obstructing the growth of local automotive manufacturers.

However, as further mentioned by Godement (2025) and by Interviewee 3, such investments can present a potential security risk, due to digital technologies and Chinese software implemented into EVs, in which data security, potential cyber hacking and the danger of sabotage are seen as risks by EU think-tanks and policymakers. These types of concerns are not limited only to the EVs but reflect a broader pattern emerging across several strategically sensitive industries, such as the 5G infrastructure, cloud computing and artificial intelligence (AI), where EU policymakers have expressed caution regarding the involvement of non-EU actors, particularly China.

On the other hand, the rise of imports of Chinese EVs and Chinese FDI in the EU reversed the role with European FDI in China. Deng Xiaoping's policy of welcoming FDI in China and encouraging the establishment of joint ventures with European and American companies has been replaced by Xi Jinping's strategy of China's self-reliance (Godement, 2025; Wang Yi, 2024). This shift is also noticeable in the decline of exports of European-made vehicles

to China and the use of such vehicles among Chinese consumers, as noted by Interviewee 1 and 2. According to Eurostat (2025) between 2019 and 2024, EU car exports to China declined by 22.3%. German automotive manufacturers, which were traditionally strong players in the Chinese market, have been particularly affected, as sales of BMW in China fell by 13.4% and sales of Porche fell by 28% in 2024 (Business insider, 2025). The technologically advanced and price competitive Chinese EVs have therefore gained a much bigger share on the domestic market in recent years, showcasing China's shift away from imported foreign brands.

## 6.2 Securitization of Chinese EVs

The growing presence of Chinese EVs in the EU has not only prompted economic debates but has been increasingly interpreted through a lens of security as well. As established by the securitization theory, security is not restricted solely to military matters, but can also occur across various sectors, such as economic, political, societal and environmental (Floyd, 2025; Kilroy, 2022). This section discusses how Chinese EVs have become the subject of the securitization process, through which an economic issue is framed as a threat that requires exceptional political and security measures.

Initially, Chinese EVs in the EU were perceived in terms of market competition, innovation and consumer preference. However, with the increasing number of Chinese EV imports in recent years, the discourse on Chinese EVs in the EU began to shift. The technological superiority and rapid market expansion of Chinese EVs became framed as a potential strategic and security threat to the EU, the European automotive industry and with it to public security, economic sovereignty, and the EU's dependence on China for its green transition (Tagliapietra et al., 2025). Political actors, such as European Commissioners, think tanks and other policymakers along with certain governments of EU Member States, started to portray Chinese EVs as part of China's broader strategy to dominate the global automotive industry, thus challenging Europe as the traditional leader in this sector. This shift of perspective can be seen as a securitizing move, since the challenge posed by foreign technological advancement is no longer only an economic issue, but has been framed as a security threat. In this context, EU's anti-subsidy investigation into Chinese EVs in 2023 can be interpreted as a policy response as well as an act of securitization, as it indicates that the imports of these EVs in the EU are not seen just as a competition on the market, but also as a potential threat to Europe's green transition and its long-term leading position in the automotive sector and its industrial autonomy.

A notable finding that emerged from the interviews is the contrast between institutional-level securitization discourses and consumer behavior. While policymakers and EU institutions increasingly frame the influx of imports of Chinese EVs as a matter of economic security, suggesting potential threats to industrial competitiveness and technological sovereignty (Grieger, 2023; Bown, 2024), consumer attitudes and purchasing decisions are

influenced more by factors such as affordability, technological sophistication, and user experience, rather than geopolitical or security-related concerns. As noted by several interviewees, Chinese EVs are price-competitive among the EVs produced by European producers, which are positioned at a more premium level, and therefore, Chinese EVs cater to price-sensitive consumers. This highlights an important dynamic in the application of securitization theory, which shows that the securitization trajectory is not evenly distributed across all levels of society. It illustrates what Buzan et al. (1998) refer to as the audience component, which has an important role in a successful securitization act. In this case, while the EU is attempting to securitize Chinese EVs at the institutional and policy-making level, the absence of a similar perception among consumers suggests an incomplete securitization process.

Moreover, the absence of a unified approach among EU Member States towards imports of Chinese EVs could undermine the credibility of the securitizing moves. From the perspective of the securitization theory, an issue becomes effectively securitized only when it is collectively accepted as a shared threat requiring collective action (Buzan et al., 1998; Balzacq et al., 2016). However, the diverse positions of Member States regarding China's investment in the EU's EV industry, whether due to economic interests or levels of dependency on trade with China, risk undermining the legitimacy of protectionist measures. Therefore, without a collective understanding of the security threat and without a coordinated policy, the EU will struggle to protect its automotive market and negotiate with China from a position of strength.

Furthermore, the EU's dependence on Chinese EV batteries and the critical raw materials, a majority of which are controlled by China, has become increasingly framed as a threat to economic security and technological sovereignty. This securitizing move can be seen through EU narratives and policy frameworks, such as:

- The establishment of the "European Battery Alliance", which aims to reduce dependency on external actors for battery production, particularly China (European Commission, 2024b).
- "The Critical Raw Materials Act", which highlights vulnerabilities in EU supply chains and identifies the possibilities of the diversification of the supply chain.
- Statements from EU officials warning about the weaponization of trade dependencies and the importance of securing resilient and sustainable supply chains (Bown, 2024).

Such discourse transforms an economic challenge into a security issue, which in the context of securitization theory refers to a successful speech act, as it achieved that EU institutions and certain Member States shifted their understanding of EV batteries and dependence on critical raw materials from a trade and economic issue to a security challenge, or a security risk, which calls for protective measures. Furthermore, the EU's concern has not been only about economic competition, but rather about strategic vulnerability, fearing that China could use its dominance in the EV battery sector and its control of the EV supply chain as a

geopolitical leverage or as a retaliatory measure during diplomatic tensions, which has happened after the imposition of tariffs on Chinese-made EVs in October 2024.

Through the securitization of Chinese EVs, the EU has developed policies to diversify its supply chains, reduced strategic dependencies and protected domestic automotive manufacturers. Tariffs on Chinese EV imports and support for local battery and EV production can therefore be seen as securitizing moves. On the other hand, however, the securitization of Chinese EVs could undermine or slow down the EU's green transition, by reducing access to affordable green transportation, since Chinese EVs are generally more affordable and technologically competitive and additional tariffs could increase their price.

# 7 RECOMMENDATIONS

Based on the findings of this thesis, several recommendations can be made for both European policymakers and European companies in the automotive value chain. The summary of all recommendations can be found in Table 7.

*Table 7: Summary of recommendations*

| **Recommendation** | **Who it is intended for** | **Specific measures** |
|---|---|---|
| Enhancing policy coordination across the EU Member States | European policymakers | Establishment of a unified EV tax and/or subsidy policy at the EU-level.<br>Adjustment of policies on FDI and joint ventures at the EU-level. |
| Support in research, innovation and digitalization | European policymakers and European companies in the automotive value chain | Allocation of funding to EV technology, innovation and software development. |
| Diversification of the supply chain | European policymakers and European companies in the automotive value chain | The EU should play a more proactive role in enabling access to raw materials not controlled by China. |
| Strategic cooperation with China | European policymakers | Establishment of a common policy on FDI and the formation of joint ventures with Chinese EV companies |
| Learning from China's model | European policymakers | The development of a European strategy based on the Chinese model – ensuring that the necessary infrastructure is in place to attract investors across different sectors, including EV manufacturing. |

*Source: own work.*

## 7.1 Enhancing policy coordination across the EU Member States

The fragmented policy landscape across the EU Member States has slowed the development of a coordinated EV market and, in this way, limited the effectiveness of EV incentives and hindered the broader adoption of EVs (ACEA, 2025). The coordination of policies, subsidies and tax breaks could encourage broader adoption of EVs, investment into the EV sector and reduce market uncertainty.

As noted by Interviewees 1 and 3, the lack of a unified framework at the EU level, particularly relating to FDI and the establishment of joint ventures, weakens its economic security and its position in the green transition. This recommendation also aligns with findings from Rogelja and Tsimonis (2020), who highlight the importance of a coordinated policy to address security-related economic challenges.

Therefore, policymakers should establish dialogue between national governments, industry representatives and EU institutions to monitor progress and adjust policies at the EU level. Furthermore, the establishment of a unified and favorable EV tax and/or subsidy policy at the EU level could encourage European citizens to buy EVs instead of traditional ICE vehicles. By aligning policy objectives across Member States, the EU could present a unified strategy for the EV sector, which could increase the adoption of EVs in the EU. This could help in reaching the goals of the "European Green Deal" and strengthen the EU's resilience against external economic pressures, particularly from China's growing influence on the global and the EU's EV market.

## 7.2 Supporting research, innovation and digitalization

Experts emphasized the need for European companies in the automotive sector to invest more decisively in research and innovation. Despite the good reputation for excellence in engineering, many European automotive companies are perceived as lagging behind in key areas such as innovation, EV battery development, software integration and digitization. As one interviewee emphasized, *"They need innovations, for sure, so they have to spend more money and also effort on coming up with new innovations…some companies are still stuck with producing hybrid vehicles, some of them are trying with EVs but the quality of those EVs is not necessarily good…"* (Interviewee 1). Furthermore, experts noted that Europe lags not only in automotive software, but also in broader digital infrastructure, therefore, digital transformation is needed both at the industry and institutional levels. As put by one of the respondents *"Europe needs to digitize at a brutal pace, simplify its bureaucratic processes…and make these things digital. Be it from public administration…to the use of artificial intelligence in the development and creation of vehicles, and so on"* (Interviewee 4).

Therefore, European policymakers along with research institutions should allocate more funding to EV technology, innovation and software development. Collaborations between

research institutions and industry could ensure faster development of competitive technologies in the EU and reduce its reliance on foreign technology and innovation.

### 7.3 Diversification of the supply chain

The experts interviewed emphasized the need for greater diversification, particularly regarding raw materials. European automotive sector remains highly dependent on the supply chains controlled by China, especially for EV battery components, which creates strategic vulnerabilities that could hinder the green transition and expose European EV manufacturers to supply disruptions or price shocks. While the responsibility to diversify its supply chain partly lies with companies themselves, one expert noted that this should be done at the EU level as well, meaning that the EU should play a more proactive role in enabling access to raw materials not controlled by China. As one of the experts recommended *"They (companies) have to diversify when it comes to raw materials, because most of the raw materials are coming from China, that creates dependence. But there are raw materials available in Serbia…there are raw materials available in Latin America…not necessarily the companies themselves, but the EU should look for more diversified strategies…"* (Interviewee 1).

Another expert also expressed that Europe should use its global political ties with former colonies to secure access to alternative sources and raw materials. As this expert highlighted, the EU should *"…enter into smart strategic partnerships with countries that have raw materials…former French, Spanish colonies…we need to maintain particularly good relations with them in order to maintain access to these raw materials..."* (Interviewee 4). Therefore, the common EU strategy could provide a good basis for the diversification of its EV supply chains.

### 7.4 Strategic cooperation with China

Several experts did not agree with the imposition of protective measures or trade barriers regarding Chinese EVs but rather argued that the European companies in the automotive value chains should cooperate with Chinese companies by establishing joint ventures, co-production and shared investment in EV technologies. As one interviewee noted *"...we (Europe) need to strategically position ourselves wisely, form partnerships with Chinese companies, produce vehicles in cooperation with them, in this way also secure…access to raw materials controlled by China…" (Interviewee 4).* Such partnerships could help local companies ensure access to critical raw materials, reduce production costs and acquire technological and operational know-how, especially in areas where Chinese companies are currently leading, such as battery development and vehicle software systems. This would ensure their competitiveness in the global EV sector.

However, Interviewee 3 noted that Europe needs more guidance on a joint venture model. For this reason, it is important for the EU to establish a common policy on FDI and the formation of joint ventures with Chinese EV companies. This would ensure a coordinated and secure cooperation between European and Chinese companies and could reduce the associated security concerns with China's FDI into the EU market.

### 7.5 Learning from China's model

One interviewee also noted that while Europe has traditionally led in automotive engineering, Chinese regions have demonstrated great success in positioning themselves as hubs for EV innovation and production, which is something Europe could learn from. According to this expert, the EU should adapt the strategic elements that made these Chinese regions effective, particularly in terms of infrastructure development, regional coordination and attracting investment. As Interviewee 4 noted *"At the level of individual countries or regions in Europe, we need to learn from successful Chinese provinces, how they attracted investments for the automotive industry…how they positioned themselves in relation to vehicle manufacturers in this province… and then adapt it to the local environment, local legislation, cultures, habits..."*.

Specific regions mentioned by the expert include the Beijing region, the Yangtze River Delta (provinces Anhui, Zhejiang, and Jiangsu) and Guangdong province, all of which became internationally recognized EV manufacturing hubs. These regions have succeeded not only by offering financial incentives or land but by building integrated ecosystems of suppliers, technological firms and logistics, which European regions could also attempt to imitate.

European policymakers should strive towards developing a European strategy based on the Chinese model. This means ensuring that the necessary infrastructure is in place to attract investors across different sectors, including EV manufacturing.

## 8 CONCLUSION

The EV market has experienced immense growth in recent years. In 2024, more than 20% of all cars sold were electric and this growth is expected to continue, reaching a share of over 45% of all car sales by 2030. Leading regions in the adoption of EVs are China, the EU and the US. China's dominance in the EV industry stands out not only in terms of adoption but also as a global supplier of key EV battery components (Linder et al., 2023). In 2023, Chinese EVs played a crucial role in both the domestic and export markets due to the price competitiveness of their EVs. In the same year, China accounted for over 60% of EV sales and up to now remains a leading exporter in the global EV supply chain (IEA, 2023; IEA, 2024).

The first research question and its sub-questions in this thesis were: how have the EV markets in the EU and China developed and how do EU policies and regulations influence the development and growth of the EV market? It was found that the development of the EV markets in the EU and China reflects two different strategic paths, characterized by policy, industrial capacity and geopolitical considerations.

The development of the EU's EV market has been primarily driven by regulatory frameworks, including the "European Green Deal", the "Fit for 55" package, the "Net Zero Industry Act", the "European Battery Alliance", the "Critical Raw Materials Act", and the targets for the introduction of zero-emission vehicles by 2035. In addition, several investments in the development of fast-charging infrastructure have been made, along with the introduction of various financial incentives, such as subsidies, tax exemptions, and EV purchase cost reductions (ACEA, 2024). While these measures have set ambitious decarbonization targets, their effectiveness has been undermined by inconsistent implementation across Member States, uneven financial incentives and a slower industrial transition towards electric mobility. Several EU Member States have granted direct subsidies and tax exemptions to encourage the adoption of EVs. However, these incentives vary between each Member State, highlighting the lack of a harmonized strategic vision.

The EU's dependence on imports, in particular imports of EV batteries and critical raw materials for battery production from China, has revealed structural weaknesses in the EV supply chain. This dependence has geopolitical implications, as demonstrated by the recent trade tensions and retaliatory measures following the EU's anti-subsidy investigation against Chinese EVs. The investigation concluded on October 4, 2024, with the decision to impose tariffs on Chinese EVs due to unfair subsidies provided by the Chinese government to their local EV manufacturers, which has been understood as a threat to the EU's EV and automotive industry. These tariffs took effect on October 31, 2024, and range from 17% to over 35% in addition to the 10% tariff already in place on all cars imported to the EU. However, these protectionist measures have failed to address the basis of the innovation gap in the EU and even risk limiting progress in the EU by restricting competition in the market, as noted in Chapter 5, where findings from expert interviews are presented.

In contrast, China's EV market has been developing since 2009, with the CCP's industrial strategy being central to the development and growth of the EV market. The Chinese government has since then provided more than $125 billion in support of EVs, which included direct production subsidies, tax exemptions, discounted prices on electricity, batteries and raw materials, the provision of cheap land, affordable electricity, R&I support, quicker licensing, and cheaper loans from state-owned banks. Furthermore, these EV purchasing subsidies were conditioned to local production, which has effectively limited market access to foreign manufacturers (Wieringen, 2024). This has allowed China to become the global leader in EV manufacturing and provide price-competitive EVs. Overall, while both the EU and China have developed their EV sectors, China's coherent industrial policy and supply chain dominance give it a strategic advantage. The EU, on the other hand,

needs to improve its internal coordination, invest in innovation and infrastructure and reduce strategic dependencies if it wants to build a resilient and competitive EV industry that supports its green transition goals, as pointed out by the experts interviewed.

With the second research question and its sub-questions, the key factors for securitization and geo-economic factors relevant to the EU's EV market have been identified. Due to the EU's strategic dependency on critical raw materials controlled by China and China's EV battery technology, which challenge the EU's industrial autonomy, its green transition (IEA, 2024; Bown, 2024) and give China geopolitical leverage, the EU's EV market has been framed as a security concern. This is also one of the concerns of the interviewees, regardless of their sector of expertise. China's dominance in the EV supply chain, in particular its control of 80% of global graphite processing (IEA, 2025), has increased the geo-economic importance of the sector. Securitizing actors include the European Commission, certain EU Member States and the European automotive industry. France is an example of a securitizing actor, with its strong support for the imposition of tariffs, framing Chinese EVs as a threat to national automotive manufacturers and the automotive industry. The French government also established policies, which have provided financial incentives for the purchase of EVs, excluding Chinese-made EVs due to their reliance on coal-intensive production (Reuters, 2023). On the other hand, desecuritizing actors include those EU Member States, such as Hungary and Slovakia, which have actively sought China's FDI for EV and battery production, thus positioning themselves as parts of the EU's EV supply chain. These countries have abstained from the vote on the implementation of tariffs or outright rejected them. In addition, desecuritizing actors also include the WTO, which promotes free trade, as well as private sector actors seeking stable market conditions.

When answering the question to what extent have the EU-China relations and relations between China and individual Member States influenced the development and transformation of the EU's EV market (RQ3), it is possible to conclude that the growth of the EU's EV market has been influenced by trade agreements and economic partnerships between the EU and China. Chinese companies have expanded rapidly into the EU due to relatively open trade and competitive advantages in battery technology and cost-efficient manufacturing (IEA, 2025). As a result, Chinese EVs now represent a growing share of the EU market, particularly in segments where European manufacturers struggle to compete on price (Grieger, 2023), which was also emphasized by the experts interviewed. The lack of robust trade restrictions at the EU level before 2023 has facilitated this influx and influenced both market dynamics and industrial dependencies.

Bilateral diplomatic relations have significantly influenced the way Member States perceive and engage with Chinese EV companies. States with closer diplomatic and economic ties with China, due to investment agreements or the Belt and Road Initiative, have been more reluctant to support EU-level measures such as tariffs (Featherston, 2024). This was evident in the vote on Chinese EV tariffs in October 2024, where 10 Member States supported the implementation of tariffs, 5 were against and 12 abstained from the vote. Such uneven

approaches adopted by Member States can be attributed to the lack of a coordinated and unified EU framework, especially in relation to the regulation of FDI and the formation of joint ventures, as noted by the interviewees.

The master thesis concludes with 5 recommendations for European policymakers and European companies in the automotive value chains. The main recommendation is the enhancement of policy coordination across the EU Member States, followed by major support in research, innovation and digitalization, along with the diversification of the supply chain, strengthened cooperation with China and learning from its model in the context of EV development.

This thesis is not without limitations. The scope of the master thesis was limited to the EU and China, excluding other important EV markets, such as the US, Japan and South Korea. Furthermore, while expert interviews provided valuable depth and context, the limited number of respondents restricts the generalizability of the findings. In addition, the EV sector is rapidly evolving, which means that some findings may become outdated as new policies, technologies and geopolitical developments emerge.

These limitations provide a good basis for future research. Future research could broaden the geographic scope to include other key global markets, enabling a more comprehensive understanding of the international dynamics of the EV sector. Methodologically, combining qualitative and quantitative approaches could also increase the reliability of the findings. Further research could be done on critical areas such as sourcing of raw materials, charging infrastructure or recycling of EV batteries. Furthermore, more detailed policy impact assessments could be done to evaluate how European and Chinese industrial policies affect competitiveness, sustainability and innovation within the global EV market. By addressing these areas, future research could build on the findings of this thesis and provide a more thorough understanding of the interplay between international business, geopolitics, securitization and the transition towards electric mobility.

## KEY REFERENCE LIST


1. Bown, C. P. (2024). Trade Policy, industrial policy, and the economic security of the European Union. *Peterson Institute for International Economics Working paper 24-2*. http://dx.doi.org/10.2139/ssrn.4834530
2. Godement, F. (2025, March 21). *Can Europe Do a "Reverse Deng" With China?* Institut Montaigne: Expressions. https://www.institutmontaigne.org/en/expressions/can-europe-do-reverse-deng-china
3. Paulsen, M. (2024). The Past, Present, and Potential of Economic Security. *The Yale Journal of International Law 50* (Forthcoming 2025). https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4604958

4. Pindyuk, O. (2023). Implications of China's growing geo-economic influence for the EU: Addressing critical dependencies in the green transition (Policy Notes and Reports, No. 67). *The Vienna Institute for International Economic Studies*. https://hdl.handle.net/10419/278414
5. Rogelja, I. & Tsimonis, K. (2020). Narrating the China threat: Securitising Chinese economic presence in Europe. *The Chinese Journal of International Politics, 13*(1), 103–133. https://doi.org/10.1093/cjip/poz019

## REFERENCE LIST

6. ACEA. (2018). *Electric vehicles*. https://www.acea.auto/fact/electric-vehicles/
7. ACEA. (2022). *Research Whitepaper: European EV Charging Infrastructure Masterplan*. https://www.acea.auto/files/Research-Whitepaper-A-European-EV-Charging-Infrastructure-Masterplan.pdf
8. ACEA. (2024). *Electric cars: Tax benefits and incentives (2024)*. https://www.acea.auto/fact/electric-cars-tax-benefits-and-incentives-2024/
9. ACEA. (2025, April 9). *Europe still not up to par on EV purchase and tax schemes, new publication confirms disparities.* https://www.acea.auto/news/europe-still-not-up-to-par-on-ev-purchase-and-tax-schemes-new-publication-confirms-disparities/
10. Adamashvili, N. & Thrassou, A. (2024). Towards Sustainable Decarbonization: Addressing Challenges in Electric Vehicle Adoption and Infrastructure Development. *Energies 2024*(17). https://doi.org/10.3390/en17215443
11. Alanazi, F. (2023). Electric Vehicles: Benefits, Challenges, and Potential Solutions for Widespread Adaptation. *Applied Sciences 2023, 13*(10), 1–23. https://doi.org/10.3390/app13106016
12. Bloomberg. (2024, July 11). *Less than 20 Chinese EV brands to be profitable by decade's end*. Bloomberg News. https://www.bloomberg.com/news/articles/2024-07-11/less-than-20-chinese-evbrands-to-be-profitable-by-decade-s-end
13. Burra, L. T., Sommer, S. & Vance, C. (2024). Policy complementarities in the promotion of electric vehicles. *Energy Policy 192*(114262), 1–10. https://doi.org/10.1016/j.enpol.2024.114262
14. Buzan, B., Wæver, O. & de Wilde, J. (1998). *Security: A New Framework for Analysis*. Lynne Rienner Publishers.
15. Carreño, B. (2024, October 3). *Spain calls for compromise with China ahead of EU vote on EV tariffs.* Reuters. https://www.reuters.com/business/autos-transportation/spain-calls-compromise-with-china-ahead-eu-vote-ev-tariffs-2024-10-03/
16. Carlier, M. (2025). *Share of fuel types of new passenger cars in Europe by country 2024.* Statista. https://www.statista.com/statistics/500546/share-of-fuel-types-of-passenger-car-fleet-in-europe-by-country/
17. Carter, T. (2025, January 13). *BMW and Porche have a China Problem. They're not the only ones.* Business insider. https://www.businessinsider.com/bmw-porsche-china-sales-falling-byd-xpeng-2025-1

18. Cash, J. (2024, July 5). *China steps up pressure with EU brandy probe hearing as EV tariffs begin.* Reuters. https://www.reuters.com/business/autos-transportation/china-urges-eu-take-talks-seriously-ev-tariffs-go-into-effect-2024-07-05/
19. Caulfield, B., Furszyfer, D., Stefaniec, A. & Foley, A. (2022). Measuring the equity impacts of government subsidies for electric vehicles. *Energy, 248*. https://doi.org/10.1016/j.energy.2022.123588
20. Chen, R., Fan, R., Wang, D. & Yao, Q. (2023). Effects of multiple incentives on electric vehicle charging infrastructure deployment in China: An evolutionary analysis in complex network. *Energy, 264*. https://doi.org/10.1016/j.energy.2022.125747
21. Cornet A., Heuss R., Schaufuss P. & Tschiesner A. (2023). *A Road Map for the Automotive Industry in Europe*. McKinsey & Company: Automotive & Assembly Practice. https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/a-road-map-for-europes-automotive-industry
22. De Decker, V. (2024). *Beyond Tariffs & Subsidies - How China's EV Dominance is Shaping EU Trade Strategy* (Reconnect China: Policy Brief No. 17). https://www.reconnect-china.ugent.be/wp-content/uploads/2024/11/Reconnect-China-Policy-Brief-17_How-Chinas-EV-Dominance-is-Shaping-EU-Trade-Strategy.pdf
23. Diskaya, A. (2013). *Towards a Critical Securitization Theory: The Copenhagen and Aberystwyth Schools of Security Studies*. E-International Relations. https://www.e-ir.info/2013/02/01/towards-a-critical-securitization-theory-the-copenhagen-and-aberystwyth-schools-of-security-studies/
24. Du, J. & Shepotylo, O. (2024). *Powering the Future: Aligning Economic Policy for Automotive Sector Resilience in the Face of Critical Material Dependency Challenges.* Centre for Business Prosperity, Aston University. https://www.aston.ac.uk/sites/default/files/2024-07/UK-critical-dependencies-in-GVC-of-EV_20-12-2023_final-1-2%20%281%29.pdf
25. Eroukhmanoff, C. (2017). Securitisation theory. In S. McGlinchey, R. Walters & C. Scheinpflug (Eds.), *International Relations Theory.* (1st ed., pp. 104–109). E-International Relations Publishing. https://www.e-ir.info/publication/international-relations-theory/
26. Ethikan, I., Musa, S. A. & Alkassim, R. S. (2015). Comparison of Convenience Sampling and Purposive Sampling. *American Journal of Theoretical and Applied Statistics, 5*(1), 1–4. https://doi.org/10.11648/j.ajtas.20160501.11
27. European Commission. (n.d.). *The European Green Deal*. https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en
28. European Commission. (2024a, October 29). *Commission Implementing Regulation (EU) 2024/2754 of 29 October 2024 imposing a definitive countervailing duty on imports of new battery electric vehicles designed for the transport of persons originating in the People's Republic of China. Official Journal of the European Union, L series, 2024/2754*. https://eur-lex.europa.eu/eli/reg_impl/2024/2754/oj/eng

29. European Commission. (2024b, July 4). *Commission imposes provisional countervailing duties on imports of battery electric vehicles from China while discussions with China continue*. Press release. https://ec.europa.eu/commission/presscorner/detail/en/ip_24_3630
30. European Commission. (2024c). *European Alternative Fuels Observatory. Slovenia: infrastructure.* https://alternative-fuels-observatory.ec.europa.eu/transport-mode/road/slovenia/infrastructure
31. European Commission. (2024d). *European Alternative Fuels Observatory. Slovenia: Incentives and legislation.* https://alternative-fuels-observatory.ec.europa.eu/transport-mode/road/slovenia/incentives-legislations
32. European Commission. (2024e). *European Battery Alliance.* Internal Market, Industry, Entrepreneurship and SMEs. https://single-market-economy.ec.europa.eu/industry/industrial-alliances/european-battery-alliance_en
33. European Commission. (2024f). *The future of European competitiveness: Part B In-depth analysis and recommendations.* Automotive. https://commission.europa.eu/document/download/ec1409c1-d4b4-4882-8bdd-3519f86bbb92_en?filename=The%20future%20of%20European%20competitiveness_%20In-depth%20analysis%20and%20recommendations_0.pdf
34. European Council and Council of the European Union. (2024). *Fit for 55*. https://www.consilium.europa.eu/en/policies/green-deal/fit-for-55/#:~:text=Fit%20for%2055%20refers%20to,line%20with%20the%202030%20goal
35. Eurostat. (2024). *Trade and production of hybrid and electric cars*. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Trade_and_production_of_hybrid_and_electric_cars
36. Eurostat. (2025). *EU car trade surplus: €89.3 billion in 2024*. https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20250401-1
37. Featherston, R. (2024, December 16). *Slamming the Brakes: The EU Votes to Impose Tariffs on Chinese EVs*. The Center for Strategic and International Studies. https://www.csis.org/blogs/trustee-china-hand/slamming-brakes-eu-votes-impose-tariffs-chinese-evs
38. Floyd, R. (2025). Securitization, desecuritization, and just securitization. In J. Sperling & M. Webber (Eds.), *The Oxford Handbook of NATO* (pp. 176–191). Oxford University Press.
39. Grieger, G. (2023). *EU anti-subsidy probe into electric vehicle imports from China.* European Parliamentary Research Service. https://www.europarl.europa.eu/RegData/etudes/ATAG/2023/754553/EPRS_ATA(2023)754553_EN.pdf
40. Hompot, S. (2023, November 20). *China's Controversial €7.3 Billion EV Battery Investment: A Game Changer in China-Hungary Relations.* Central European Institute of Asian Studies. https://ceias.eu/chinas-controversial-e7-3-billion-ev-battery-investment-a-game-changer-in-china-hungary-relations/

41. IEA. (2023). *Global EV Outlook 2023*. IEA, Paris. https://www.iea.org/reports/global-ev-outlook-2023
42. IEA. (2024). *Global EV Outlook 2024*. IEA, Paris. https://www.iea.org/reports/global-ev-outlook-2024
43. IEA. (2025). *Global EV Outlook 2025*. IEA, Paris. https://www.iea.org/reports/global-ev-outlook-2025
44. IndustriAll Europe Executive Committee. (2024). *Workers of the automotive industry and its supply chain's wake-up call for Europe* (Position paper 158/2024). https://news.industriall-europe.eu/documents/upload/2024/12/638695216410312859_Adopted_-_Workers_of_the_automotive_industry_and_its_supply_chain's_wake_up_call_for_Europe_-_EN.pdf
45. International Institute for Strategic Studies. (2024). The EU's approach to tariffs on Chinese electric vehicles. *Strategic Comments 30*(27). https://www.iiss.org/publications/strategic-comments/2024/10/the-eus-approach-to-tariffs-on-chinese-electric-vehicles/
46. Kazeem, A. O. (2023). *Electric Vehicles: market data & analysis*. Statista: Market Insights report. https://www.statista.com/study/103895/electric-vehicles-report/
47. Kilroy, R. J. (2022). Securitization. In A. J. Masys (Eds.), *Handbook of Security Science* (1st ed., pp. 207–224). Springer, Cham. https://doi.org/10.1007/978-3-319-91875-4_11
48. Končan, H., Požun, R., Jovanović, B., Prelaz, E. & Železnikar, M. (2024). Shifting Gears: Slovenia's Automotive Industry in a Competitive Global Market. In P. D. Muren, M. Koman & T. Redek (Eds.), *Engineering the Industrial Transformation*. (1st ed., pp. 143–158). Časnik Finance. http://www.ef.uni-lj.si/media/document_files/enote/IMB/pkp_2024.pdf#page=145
49. Kratz, A., Zenglein, M. J., Mischer, A., Sebastian, G. & Meyer, A. (2025). *Chinese investment rebounds despite growing frictions - Chinese FDI in Europe: 2024 Update*. Merics Report. https://merics.org/en/report/chinese-investment-rebounds-despite-growing-frictions-chinese-fdi-europe-2024-update
50. Linder, M., Nauclér, T., Nekovar, S., Pfeiffer, A. & Vekić, N. (2023). *The race to decarbonize electric-vehicle batteries.* McKinsey & Company: Automotive & Assembly Practice. https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/the-race-to-decarbonize-electric-vehicle-batteries#/
51. Martins, H., Henriques, C. O., Figueira, J. R., Silva, C. S. & Costa, A. S. (2023). Assessing policy interventions to stimulate the transition of electric vehicle technology in the European Union. *Socio-Economic Planning Sciences, 87,* 101505. https://doi.org/10.1016/j.seps.2022.101505
52. Oertel, J., Tollmann, J. & Tsang, B. (2020). *Climate Superpowers: How the EU and China Can Compete and Cooperate for a Green Future*. European Council on Foreign Relations. https://ecfr.eu/publication/climate-superpowers-how-the-eu-and-china-can-compete-and-cooperate-for-a-green-future/

53. Otukoya, T. A. (2024). The securitization theory. *International Journal of Science and Research Archive, 11*(01), 1747–1755. https://doi.org/10.30574/ijsra.2024.11.1.0225
54. Palinkas, L. A., Horwitz, S. M., Green, C. A., Wisdom, J. P., Duan, N. & Hoagwood, K. (2015). Purposeful Sampling for Qualitative Data Collection and Analysis in Mixed Method Implementation Research. *Administration and policy in mental health*, *42*(5), 533–544. https://doi.org/10.1007/s10488-013-0528-y
55. Poženel, B. (2024, December 23). *Trg: Kitajski avtomobili na slovenskem avtomobilskem trgu*. AMZS Motorevija. https://www.amzs.si/motorevija/v-zarometu/avto-moto/2024-12-23-trg-kitajski-avtomobili-na-slovenskem-avtomobilskem-trgu
56. Press Information Bureau. (2024, December 19). *Year End Review 2024: Ministry of Heavy Industries*. Government of India. https://pib.gov.in/PressReleasePage.aspx?PRID=2085938
57. Razmjoo, A., Ghazanfari, A., Jahangiri, M., Franklin, E., Denai, M., Marzband, M., Astiaso Garcia, D. & Maheri, A. (2022). A Comprehensive Study on the Expansion of Electric Vehicles in Europe. *Applied Sciences, 12*(22), 11656. https://doi.org/10.3390/app122211656
58. Rho Motion. (2025, June 13). *Global EV Sales Grow 28% in 2025*. https://rhomotion.com/news/global-ev-sales-up-28-in-2025/
59. Sebastian, G. & Chimits, F. (2022). *"Made in China" Electric Vehicles Could Turn Sino-EU Trade on its Head.* Mercator Institute for China Studies. https://merics.org/en/short-analysis/made-china-electric-vehicles-could-turn-sino-eu-trade-its-head
60. Slovenia Info. (n.d.). *Električna mobilnost v Sloveniji s posluhom do narave*. https://www.slovenia.info/sl/zgodbe/po-zeleni-sloveniji-z-elektricnim-avtomobilom
61. Snyder, H. (2019). Literature review as a research methodology: An overview and guidelines. *Journal of Business Research 104*(2019): 333–339. https://doi.org/10.1016/j.jbusres.2019.07.039
62. Statista. (2024). *Electric Vehicles – Europe*. https://www.statista.com/outlook/mmo/electric-vehicles/europe?currency=EUR#analyst-opinion
63. Tagliapietra, S., Trasi, C. & Sebastian, G. (2025, July 16). *A smart European strategy for electric vehicle investment from China* (Policy Brief 21/2025). Bruegel. https://www.bruegel.org/policy-brief/smart-european-strategy-electric-vehicle-investment-china
64. Thiagarajan, R., Bender, J. & Metcalfe, M. (2025). *The price of protectionism: Understanding the economic tradeoffs of tariffs*. State Street. https://www.statestreet.com/us/en/insights/price-of-protectionism-economic-tradeoffs-of-tariffs
65. Ullman, R. H. (1983). Redefining Security. *International Security, 8*(1), 129–153. https://doi.org/10.2307/2538489
66. Van Audenhove, L. & Donders, K. (2019). Talking to People III: Expert Interviews and Elite Interviews. In: H. Van den Bulck, M. Puppis, K. Donders & L. Van Audenhove

(Eds.), *The Palgrave Handbook of Methods for Media Policy Research* (pp. 179–197). Springer Nature Publishing. https://doi.org/10.1007/978-3-030-16065-4_10

67. Wang, Y. (2024, April 19). *US and Europe: 2 Different Approaches to Restricting Chinese EVs*. The Diplomat. https://thediplomat.com/2024/04/us-and-europe-2-different-approaches-to-restricting-chinese-evs/
68. Wang Yi, H. E. (2024, January 9). *Self-Confidence and Self-Reliance, Openness and Inclusiveness, Fairness and Justice, and Win-Win Cooperation*. Ministry of Foreign Affairs, People's Republic of China. https://www.mfa.gov.cn/eng/xw/zyxw/202405/t20240530_11332624.html
69. White House. (2024, May 14). *FACT SHEET: President Biden Takes Action to Protect American Workers and Businesses from China's Unfair Trade Practice*s. Briefing Room: Statements and Releases. https://www.whitehouse.gov/briefing-room/statements-releases/2024/05/14/fact-sheet-president-biden-takes-action-to-protect-american-workers-and-businesses-from-chinas-unfair-trade-practices/
70. Wieringen, K. (2024). *The future of European electric vehicles*. European Parliamentary Research Service, Policy Foresight Unit. https://www.europarl.europa.eu/RegData/etudes/IDAN/2024/762873/EPRS_IDA(2024)762873_EN.pdf
71. Wingender, P., Yao, J., Zymek, R., Carton, B., Cerdeiro, D. A. & Weber, A. (2024). Europe's Shift to EVs Amid Intensifying Global Competition. *IMF Working Papers, 2024(218)*. https://doi.org/10.5089/9798400291371.001

# APPENDICES

**Appendix 1: Codebook**

| Theme | Code | Description | Examples: representative quotes |
|---|---|---|---|
| 1. Initial lack of trust and historical perception of East-Asian automotive brands | • Consumer perception of Chinese EVs | Attitudes of European consumers toward Chinese EVs, including skepticism, brand unfamiliarity, and evolving acceptance. | • "Slovenian customers' reactions to Chinese electric vehicles are mixed." (Interviewee 5)<br>• "…buyers are slowly deciding to buy, they are realizing that Chinese electric vehicles are not something to be afraid of." (Interviewee 2)<br>• "…we (Europeans) are to a certain extent suspicious of products that we often have to save up for over a number of years..." (Interviewee 4) |
| | • Traditionalist European consumers | European consumers are known to be traditional when buying automotive vehicles. | • "…buyers on the European market are quite reserved, or rather accustomed to their traditional brands…" (Interviewee 2)<br>• "…we (Europe) are a traditional market that really needs time to get used to and familiarize itself with these vehicles…" (Interviewee 2)<br>• "…we Europeans are very traditionally attached to cars and also to our brands… people here often buy the same brand, the same car model for generations in a row…" (Interviewee 4) |
| | • Historical pattern | Parallels drawn between early skepticism toward Korean and Japanese cars and current distrust of Chinese EVs. | • "We had a very good example to draw from the Japanese cars. Japanese cars were not really popular in Europe and in the US in '60s or '70s, because the design was different..." (Interviewee 1)<br>• "The same occurred with the South Korean brands…the European consumers were a bit hesitant to buy those, but now Kia, for instance, is one of the most popular brands on the European market." (Interviewee 1)<br>• "In the past, there was a similar case... when the Koreans started entering. We (Europeans) did not accept them at first either." (Interviewee 2) |

| Theme | Code | Description | Examples: representative quotes |
|---|---|---|---|
| 2. Rising Market Penetration and Import Growth | • Growth of imports of Chinese EV | Describes the growth of imports of Chinese EVs in the European market in 2024 and the first five months of 2025. | • "Last year (2024) we imported around 11,000 vehicles, and in the first five months of this year (2025), we have already imported that many." (Interviewee 2)<br>• "Chinese electric vehicle manufacturers have significantly increased their presence in the European market in 2024…Chinese brands achieved approximately 8% market share in the European electric vehicle market in the first three quarters of 2024." (Interviewee 5) |
| | • Spillover effect of Chinese EVs | The influx of Chinese EVs in the European market is a spillover effect of the manufacturing line. | • "Chinese EVs or the entire automotive industry, manufacturing industry in China is more than 80% for domestic markets… this is not necessarily an export industry for China. Exports are just being a spillover effect…" (Interviewee 3) |
| 3. The competitiveness of Chinese EVs | • Price competitiveness | The strategic pricing of Chinese EVs that challenges EU automakers, often attributed to cost advantages in labor, batteries, and raw materials. | • "They are affordable... they are good competitors on the European market." (Interviewee 2)<br>• "…the significantly lower price…is a magnet and buyers are slowly deciding to buy…" (Interviewee 2)<br>• "…the obvious competitive advantages are comfort with a very affordable price…" (Interviewee 4)<br>• "Chinese manufacturers offer electric vehicles at competitive prices, which is attractive to price-sensitive buyers." (Interviewee 5) |
| | • Quality | The high quality alongside the lower price is what makes Chinese EVs competitive on the global EV market. | • "…when it comes to the quality, when it comes to the consumption data, I think that they are pretty competitive." (Interviewee 1)<br>• "The quality has been found to be not bad…" (Interviewee 2)<br>• "It is also being noticed that the quality of their electric vehicles is good." (Interviewee 2) |
| | • Advanced technology | Chinese EVs offer advanced software features, AI integration, and user experience innovations. | • "Chinese vehicles are not just vehicles, but technological platforms." (Interviewee 5)<br>• "…Chinese vehicles are the most high-tech precisely in the electric vehicles sector." (Interviewee 4) |

| Theme | Code | Description | Examples: representative quotes |
|---|---|---|---|
| | | | • "…connectivity and infotainment systems…artificial intelligence and direct communication with the vehicle by voice commands, and the many applications in their infotainment system." (Interviewee 4) |
| 4. EU's innovation lag and market unpreparedness | • Europe's late response to EVs | The delayed response of the EU automotive sector to EV trends and Chinese competition, with calls for rapid reform and adaptation. | • "Since Europe and the European countries and the companies acted relatively late and started to develop their own EV industry relatively late, they are lagging behind. This whole industry is still in an infant phase…" (Interviewee 1)<br>• "China started producing electric vehicles much earlier…and are one step ahead of us in this context." (Interviewee 2)<br>• "European car manufacturers have fallen asleep on their laurels." (Interviewee 2)<br>• "European car manufacturers have been relatively slow, in making the transition towards EVs, or at least towards battery electric vehicles." (Interviewee 3)<br>• "European car manufacturers have…fallen asleep on their laurels…" (Interviewee 4) |
| 5. Security | • Security concerns in the EU | The security debate around connected EVs, software, data, and Europe's dependency on Chinese technology. | • "Issue of data security…where this data will eventually end up…what will be done by the Chinese companies." (Interviewee 3)<br>• "…danger of sabotage…it definitely needs to be investigated for cybersecurity reasons." (Interviewee 3)<br>• "…the European Union does have the ability to regulate what kind of vehicles these are, what the electronics is like, who is producing the electronics and who is installing them…to take control of who produces the software, how it is produced, who installs it, where these hardware components come from…" (Interviewee 4) |
| 6. The EU's protectionist measures | • Tariffs | Describes protectionist measures, such as tariffs, that the EU uses to protect its market. | • "They learned from the Japanese example, …they responded with protectionist measures, with tariffs and non-tariff barriers…" (Interviewee 1) |

| Theme | Code | Description | Examples: representative quotes |
|---|---|---|---|
| | | | • "The EU has decided to somehow defend itself against the arrival of these Chinese electric vehicles by raising these additional tariffs…they were basically hoping that this would make Chinese electric vehicles more expensive, so that they would still maintain their competitiveness…" (Interviewee 2)<br>• "This tariff increase did not have the effect that Europe actually intended or wanted." (Interviewee 2)<br>• "What I think that these tariffs are actually good at is to eat in within these profit margins and provide at least some incentive for Chinese EV manufacturers to set up shop and to increase their manufacturing within Europe." (Interviewee 3)<br>• "The European Union, in the moment when it realized that it was almost too late for the European automotive industry, had to react somehow. Since they couldn't agree on how, they bought some time by introducing these tariffs." (Interviewee 4)<br>• "Are these tariffs a suitable long-term tool for ensuring competitiveness? No, I think they are an absolutely disastrous tool…" (Interviewee 4)<br>• "In October 2024, the European Commission imposed provisional tariffs on imports of Chinese electric vehicles, ranging from 17% to 38%, depending on the cooperation of manufacturers in the subsidy investigation." (Interviewee 5) |
| | • The risk of retaliation | Describes the potential risk of retaliatory measures introduced by China. | • "Basically, you can only wait for retaliatory measures, which are never good." (Interviewee 2)<br>• "And sooner or later, China can say 'I won't give you my raw materials, because then you can be even more competitive than I am." (Interviewee 1) |

| Theme | Code | Description | Examples: representative quotes |
|---|---|---|---|
| 7. China's control of raw materials and its geopolitical leverage | • Access to raw materials | China's control of the EV battery supply chain by having access to raw materials. | • "…most of the raw materials are coming from China, that creates dependence…" (Interviewee 1)<br>• "…Chinese manufacturers or Chinese companies have bought up the materials for making these (EV) batteries…" (Interviewee 2)<br>• "…the supply chain of all the necessary raw materials for battery production…is over 90% owned by Chinese companies." (Interviewee 5)<br>• "…the Chinese have these raw materials at home and can, of course, provide them to their vehicle manufacturers at a significantly different price than to the Europeans." (Interviewee 4) |
| | • Geopolitical leverage | Control of battery raw materials gives China geopolitical leverage over the EU's green transition. | • "And sooner or later, China can say 'I won't give you my raw materials, because then you can be even more competitive than I am." (Interviewee 1)<br>• "If the Chinese close the tap on raw materials, we will no longer have to make any cars at all." (Interviewee 4) |
| 8. Different responses across the EU | • Lack of consensus among EU Member States | Member States are reacting differently to Chinese EVs on the EU market. | • "…with the Chinese EV cautiousness of the EU, as far as Hungary is welcoming the Chinese companies, they will be coming." (Interviewee 1)<br>• "…the EU commission can provide some guidance towards Member States… creating a whole myriad of approaches amongst EU Member States." (Interviewee 3) |
| 9. Cooperation between the EU and China | • Joint ventures and cooperation | Suggestions for the EU to collaborate with Chinese manufacturers in order to remain competitive and access raw materials. | • "…the intention of the European companies…to form joint ventures with Chinese companies, so that we can learn from them." (Interviewee 1)<br>• "Europe needs more guidance on a joint venture model." (Interviewee 3)<br>• "This is certainly also a kind of opportunity that forces them (EU manufacturers) to optimize." (Interviewee 2) |

| Theme | Code | Description | Examples: representative quotes |
|---|---|---|---|
| | • Market entry strategy | Chinese EV firms are quick to adapt, build production in Europe, and establish distribution and service networks. | • "BYD announced that they will produce here…the factory is being built." (Interviewee 1)<br>• "…BYD announced investment…even before the response of the EC…they saw this coming… they started to plan their presence in the European market before that." (Interviewee 1)<br>• "Chinese have also started building factories, production facilities...to avoid tariffs." (Interviewee 2)<br>• "…they (Chinese EV manufacturers) are building production facilities in Europe…they are also looking for some synergies with companies where they can bring their parts or partially disassembled vehicles that they can then assemble here (in Europe)." (Interviewee 2)<br>• "…some manufacturers (e.g. SAIC - MG) has been able to maintain competitive prices by reallocating production, optimizing costs, or by importing vehicles in advance." (Interviewee 5) |
| 10. Potential challenges | • Challenges for Chinese EVs in Europe | Technical and market-related barriers faced by Chinese EVs in Europe, including weak after-sales support, software incompatibility, concerns over reliability, spare parts availability, and resale value. | • "Perhaps the thing that is currently still bothering the European buyer is the after-sales network…" (Interviewee 2)<br>• "It will be a challenge for the Chinese…their branding strategy is totally different from what is normal in Europe…they are quickly coming up with new models…which is not according to the taste of the Europeans" (Interviewee 1)<br>• "If you take a vehicle like this (high-tech) in China and put it in Europe, it does not have the same functionalities in Europe…if the applications on the European market are not at the same level, then the vehicle cannot offer the same functionalities either." (Interviewee 4)<br>• "…there are concerns about long-term reliability, after-sales support, and availability of spare parts…uncertainty about the value of the vehicle on the secondary market and potential problems with resale." (Interviewee 5) |

| Theme | Code | Description | Examples: representative quotes |
|---|---|---|---|
| | • Decline in exports from Europe to China. | Describes the decrease in exports of 'premium' European automotive brands to China, European vehicles are becoming less present in the Chinese market. | • "… (in China) the roads are full of Chinese brands, and it's more and more difficult to spot German brands…German companies are losing their position on the Chinese market…" (Interviewee 1)<br>• "…manufacturers such as Volkswagen, Mercedes, BMW, which are the main export market to China…it can now be seen that the volumes for these markets have been significantly reduced." (Interviewee 2)<br>• "We are also now noticing this decline of these premium brands to China of up to 20%." (Interviewee 2) |
| 11. Role of EVs in the EU-China relations | • The future of EU-China relations | Describes what role the EVs play in the future of EU-China relations. | • "…if China can export less of its goods towards the United States, these goods need to go somewhere…and that is the European Union…setting the scene for a more conflictuous relationship that Europe will have with China in the middle to long term." (Interviewee 3)<br>• "I don't necessarily see any structural pacification on the trade realm between Europe and China in the next five years." (Interviewee 3) |

*Source: own work.*

**Appendix 2: Transcription of the interview with Interviewee 1**

**Me:** When I was doing research on the topic of electric vehicles (EVs) in the European market, Tesla always had the biggest market share, and in 2024, it was followed by BMW and Mercedes and so on. And those are American and European brands. So, then I asked Slovenian consumers who have bought electric cars, EVs, why did they decide to buy a Tesla or a European brand? And I always received the same answer and it was always that they believed the Chinese brands, Chinese electric cars are unreliable, they don't trust their technology, they don't trust their battery.

**Question 1:** What is your view on this? Why are people in Europe reluctant to buy Chinese electric vehicles?

**Answer:** I would say that it is a normal human reaction to something we don't know. I'm not a psychologist or an anthropologist, but this is, I think, a normal reaction, but it does not necessarily last long. We had a very good example to draw from the Japanese cars. Japanese cars were not really popular in Europe and in the US, in '60s or '70s, because the design was different and they believed that whatever those East Asians do shouldn't be as good as our products. But then the oil crisis came, and the low consumption of the Japanese vehicles became quite appealing to the US and European customers, and basically this is where the success story of the Japanese vehicles started. The same occurred with the South Korean brands that at the beginning, the European consumers were a bit hesitant to buy those, but now Kia, for instance, is one of the most popular brands on the European market. And I think that the same will happen or actually already is happening with the Chinese brands, European consumers will acknowledge that in this regard, China is not catching up to the Western brands, but it is actually leading this industry, and they will start buying cars quite quickly.

In Hungary, for instance, ever since BYD started selling vehicles, I can see on a daily basis, more and more BYD vehicles on the streets, which means that probably there was a bit of hesitance at the beginning, but it is faded away by the competitive price and the very high quality of these vehicles.

**Me:** Is there really such a big influx of Chinese EVs also in Hungary, do consumers there buy more EVs?

BYD announced that they will produce here but they are not yet producing because the factory is being built. So those BYD vehicles that are being sold currently on the Hungarian market, are not produced here locally. But I can imagine that once they start production, then probably the same will happen as it happened with Suzuki. Suzuki was one of the first automotive brands at its own factory in Hungary. It was in the early '90s, right after the democratic transition. And they used this marketing strategy of calling the car Hungary's car. So our brand, our car that was the main slogan of the company, and it worked so that the Hungarians who've never had their own car brand, because during the Soviet era Hungary was specialized in bus production, in the Soviet Union, each of the countries had their own

kind of roles and in terms of vehicles, we were responsible for producing buses. So, we didn't have our own brand in the past, and as a result, people could easily engage with this concept that this is our vehicle. And they started to buy Suzukis and Suzukis are all over the place, still. And I suppose that once BYD will be here producing, that there would be even more popularity in this regard, that the consumers would buy even more BYD cars. I don't believe that tons of cars would be spreading around the country because electric vehicles are still relatively expensive, but in case someone wants to buy an electric vehicle, it is not necessary Tesla anymore, but BYD.

**Question 2:** What would you say, how do you view the growing presence of Chinese electric vehicles in the European market, since China is becoming basically a leading player in this sector?

**Answer:** It's kind of an obvious process, so it's competition, in economics competition is a relatively good phenomenon, right? Because competition usually favors the customers, benefits the consumers. It is usually a challenge for the producers, but usually the consumers are more, and if there is a competition, then the quality and the price could develop. I mean, the quality could be higher, the price could be lower, which, again, is something the consumers can benefit from. And this is for the greater good as well, since if there is a competition, then the companies would be encouraged to do some even bigger innovations than before. And from this perspective, it was kind of acceptable that the Chinese, who are developing the EV industry for a quarter of a century, because they started in the early 2000, so they started earlier than the European ones and with more targeted tools, and that is the reason why they are well ahead of the Europeans, and it was just a question of time when they entered the market. And they probably wanted to be cautious, especially because of the state support, because they were supporting heavily this industry, just as Europe supports its own industry, and they were aware that in case they would step in the European market too early, while there are so many direct subsidies, then the European Commission would react quite quickly. So, they wanted to wait until the direct support was phased out. Of course, there are still some indirect support in the system, especially on the side of the consumers, So if Chinese consumers buy an electric vehicle, then they don't have to pay all the taxes, or they don't have to pay taxes at all after buying the vehicle or they get some reduction of the price, which they can be reimbursed after that, so there are still those type of subsidies in the system, but this is something even EU Member States have as well. But the direct subsidies, when the state directly supports the company so they can reach even bigger innovations, at least officially, does not exist anymore, and as far as I could observe during my research, they waited until the point it happened and then they started to target the European market, penetrate the European market.

Of course, the reaction was there, and I guess that they learned from the Japanese example, which I just mentioned at the beginning of the interview, the reaction was the same when the Japanese cars started to become quite attractive for the European and the US customers. They responded with protectionist measures, with tariffs and non-tariff barriers, and the only

choice left for the Japanese car brand was to invest in Europe, invest in the US and produce their vehicles there. As a result, they can avoid those huge tariffs. And this is what the Chinese did as well. In their case, it was a preventative measure, we can call it like that. So, the BYD investment or some other company's investment was announced even before the response of the European Commission and the decision of the European Commission to impose tariffs. And the reason is that they saw this coming. They knew that there was going to be some kind of response from the Commission, probably they were aware that a certain level of tariffs will affect their companies as well, and as a result, they started to plan their presence in the European market before that. And it was an obvious decision. So, from a capitalist point of view, from the logic of how multinational companies are organized, how global value chains are built, it was an absolutely logical decision.

**Me:** So, we can say they were well prepared for the European Commission's response, right?

**Answer:** Absolutely.

**Question 3:** Since you mentioned tariffs, what is your view on this? Do you think that tariffs are an appropriate measure, an appropriate response, from the European Commission?

**Answer:** Well, the European Commission had a very difficult situation because it represents Europe as a whole, including the consumers of Europe, European consumers, but also the European companies. And of course, with this decision, it favors the producers, but then it does not favor the consumers. As an economist, a liberal economist, I'm not in favor of tariffs and taxes at all because I think that, as I've mentioned, competition is a very healthy process and it helps, at the end of the day, not only the consumers, but the producers as well, because they are then forced to be better in terms of, for instance, technology, their products, quality, and so on, and so forth. So, I'm not in favor of the tariffs, but I absolutely understand the decision of the European Commission. Since Europe and the European countries and the companies acted relatively late and started to develop their own EV industry relatively late, they are lagging behind. This whole industry is still in an infant phase, infant industries need to be protected, and basically this is what happens.

Of course, it's a funny story because 10 years ago, or 20 years ago, or 30 years ago, when the European companies started producing and assembling in China, because it was cheaper, then the Chinese insisted on the joint venture format, which helped them to have some technology from the European and US companies producing there, now that would be the intention of the European companies to do the same to form joint ventures with Chinese companies, so that we can learn from them. Now it seems that the Chinese are not necessarily willing to do that, so probably this is again, a strategy, a decision of the commission on the tariffs. Now they mentioned local content requirements, Presidents von der Leyen, mentioned this a few weeks ago, which means that even those companies, such as BYD, who are producing here in Europe, have to meet or will have to meet some local content requirements so that it can be considered as a European product, which can avoid the tariffs.

So, this relatively tough response or responses from the Commission may target making the Chinese more open towards cooperation. So, I hope and I assume that once the Chinese are more willing to cooperate in engaging joint ventures, provide some technology, then probably tariffs would fade away as well, so they would be terminated after a certain period of time. I mean, the extra tariffs, of course, because it is not in the intention, I guess, and I hope, of Europe to have a trade war with China, especially as the U.S. is having tariffs all over the world, which means that if the whole world is starting to use this *(tariffs)*, then it's going to be a huge global economic collapse at the end, and this is something, I guess, the European Commission would like to avoid.

**Question 4:** If we look at European car manufacturers, would you recommend some other ways for them to become competitive with the Chinese EVs, apart from establishing joint ventures and collaborating with them.

**Answer:** Well, they need innovations, for sure, so they have to spend more money and also effort on coming up with new innovations, but it takes time, it takes money, and if you have very strong competitors on the same market, it's not easy to do, that's for sure. They have to diversify when it comes to raw materials, for instance, because most of the raw materials are coming from China, that creates dependence. And sooner or later, China can say "I won't give you my raw materials, because then you can be even more competitive than I am". But there are raw materials available in Serbia, for instance, there are raw materials available in Latin America, so not necessarily the companies themselves, but the European Union should look for more diversified strategies and the companies themselves should spend a bit more on technological innovations, because some companies are still stuck with producing hybrid vehicles, some of them are trying with EVs, but the quality of those EVs is not necessarily good or they are dependent on Chinese batteries, even if they have their own EVs. So, some diversification of the companies would be useful, but I think that no one knows the real key to success, because the Chinese companies on the same market are so competitive, so it's quite difficult to find out the real strategy that can be enough or can be good to overcome them.

**Question 5:** So, when I was reading on tariffs and on the response from countries about the import of Chinese EVs, I came across many arguments that these imports could be a security concern for the European Union. Do you agree? What would you say, do you believe that the EU is really facing any risks related to these imports?

**Answer:** What kind of security risks do you mean? What would be that be, that cars would be spying on us or what type of security?

**Me:** For example, data risks and technology risks mostly, but then also like taking jobs from Europeans and giving European jobs to Chinese people as well as them taking over the European market. I mean, the automotive industry in Europe is very big and it has been big for decades, so…

**Answer:** Well, that's related to competition again. Which happened in the past as well, but usually the European companies were on the winner side of the story, right? So around those times, they were not necessarily worried about the negative effects of competition, because they were the winners. Now, in this very case, it seems that they are the losers, and I absolutely understand that they are worried. In Hungary, for instance, the automotive industry employs quite a lot of people, contributes to the GDP in a very high proportion, so it would be very painful if all those should go away. That is the reason why many countries are opening up to cooperation with electric vehicle manufacturers, including Chinese or South Koreans or Japanese. But it's kind of a natural process, so we cannot truly do against that other than the already mentioned joint venture ideas, technological spill-over technological innovations and so on and so forth.

When it comes to data risks and the "spying" part then I think that it's too late to worry about that, so we are now using devices, we are using Zoom, which is a Chinese invention. We're using computers, which are designed in the US, but they have been assembled in China. If not in China, then in Taiwan. So, I think that it's too late to worry about that type of security concern.

When it comes to the jobs, most of the negative experience comes mainly from the developing regions, such as Africa, where it indeed happened that Chinese work force arrived along with the Chinese FDI, but there, the reason was mainly that the labor force in those countries was not trained enough to work in factories or to work on construction projects. So, the white-collar workers are often coming from China, the managers. So, the management board, I would say, is 60% Chinese and 40% locals, but it's normal. So, the Japanese do the same, the Koreans do the same. Even the Germans did the same in the 90s. Of course, after a certain period of time, it won't be that important for the HQ to have so many Chinese in the management, but at the very beginning, in the first few years, even in the first 10 years, there will be more. Suzuki, for example, has been here in Hungary for many decades, since in the early '90s, there are still many Japanese managers working there, and it's not something we cannot accept. But when it comes to the blue-collar workers, those working in the factory, they are coming from Hungary. Now, since we have labor shortages in Hungary and there are new and new investments announced, the government started to create a guest worker opportunity, a guest worker possibility, so there is even a law that tries to focus on the potential negative and positive effects of welcoming foreign workers in the country, which is very contradictious in the case of Hungary, since Hungary was a very strong opponent of the migration during the 2015 migration crisis, we were building fences on our borders, and now the same country and the same party of the government, opens up towards migration, they say it's a different kind of migration, but regular people, I would say that they are a bit confused about what is happening, so there are good migrants and there are bad migrants? But still, since they were socialized and trained by the government to aid the migrants, sorry to put it like this, now there are huge outrages in Hungary because Philippines, Vietnamese guest workers are coming to the country, they look different, which

means that average Hungarians don't like them, and there are different types of tensions in various cities, typically smaller cities, where the migrants are hosted. They call them migrant workers. I know that this is not the proper way to call them, but even in the Hungarian media they are called the migrant workers. I wouldn't say that they are taking away the job of the Hungarians as of now because the very reason they are here is that there are not enough Hungarian workers capable of working in the factories. We have low unemployment rate, and those who are unemployed are unemployed for a reason, so they wouldn't be suitable for a job at a factory like this. But sooner or later, it is possible, especially as the internal combustion engine vehicle production is phased out, there will be some more labor force available for the EV related industries to employ, and then there could be some tensions between this selection of local workers and migrant workers. We already have a few cases when Hungarian workers were used to train the Vietnamese guest workers, and as soon as they were trained enough, the Hungarians' contracts were terminated, and the Vietnamese stayed. So there are cases because, of course, the guest workers are more eager to work from early in the morning until late in the evening, they don't have families with them, probably they are even cheaper than the Hungarians, although they are not publishing data on this, so there could be some tensions in the Hungarian case, but in case the work force is available, at least experience tells us, that it is far from being typical that the Chinese would be bringing in so many workers who would be working here.

**Question 6:** So, to talk a little bit about the EU's Green Deal and the green transition, do you think that over reliance on Chinese technology could undermine the EU's Green transition?

**Answer:** Well the Green transition itself, I think is pretty well served by the Chinese presence, because in the EU's Green Deal's intention is to reach a certain level of CO2 emission, a low level of course, and fight against climate change and anything that is related to the green transition, so electric vehicles, the batteries to the electric vehicles, are serving this purpose. So I think that probably the very reason why when imposing the tariffs, the European Commission decided to impose the tariffs only on the EVs themselves, and not on the batteries, was not a coincidence, but this is because they are fully aware that the European innovators, the European companies are not yet there to produce their own batteries and they are aware that they need the Chinese batteries, especially if they want to reach the various targets of the European Green deal. So, I think that overall, it serves the interest well, but of course the issue is much more complex than that. They have to take into account the European automotive sector, the players of the European automotive sector and their intentions are, at least as of now, against the European Green Deal.

**Me:** I agree, it would be impossible now to reach the goals of the Green Deal without Chinese batteries, since we have no such technology yet.

**Answer:** As of now, it is impossible, yes.

**Question 7:** So, this brings us to the next question, how do you think that these trade agreements and economic partnerships between the EU and China actually affected the growth of the EU's EV market? What role do you think that this trade policy actually should play in dealing with the influx of the import of Chinese EVs?

**Answer:** The major problem with the European level decisions is that most of them are just recommendations. So, the Member States don't have to align with them. So even the screening mechanism is a very good example to that, basically you have to have a screening mechanism, but it is absolutely your decision on how you use it. Whether you consider an investment risky or not risky? And the same investment would be considered risky by, I don't know, a northern European country, whereas it is not considered risky in the Hungarian case. And since some kind of sovereignty is still there on the membership level, I think that it is good to have European level decisions and European level policies, but there will always be at least a few countries who do not align with that. But Hungary is, unfortunately, a very good example of that. So even if there is a joint decision in the European Union about, for instance, Huawei or the 5G development, if there is Hungary inside the EU and Serbia outside the EU hosting those Chinese companies, then it doesn't really make sense. Because they are stepping in the European market, including the EU market. So, with the EV cautiousness, the Chinese EV cautiousness of the European Union, as far as Hungary is so much welcoming with the Chinese companies, they will be coming. And of course, there might be some local contract requirements later on, but probably by that time, the Chinese companies will be fully prepared on how to overcome those challenges from their perspectives. So, it's useful, but of course, if it would be more not just a recommendation, but more of a stronger suggestion, then probably it had to be implemented at the Member States level and that could serve the European aims on the national levels better.

**Question 8:** This brings us to the last question actually, looking forward, so with the high tariffs imposed now by the US, do you think that China will now focus even more on the EU market?

**Answer:** Yes, it is possible. Well, China would like to penetrate, I think, the global markets with their EVs, not just the European and the US market. And it is possible that these tensions that the US has with both Europe and China could even bring Europe and China closer to each other, for the aforementioned reasons that a global trade war wouldn't serve the interests of basically anyone. And it is possible that the focus would be more on the European market, but as I've mentioned, not just the European market, but also the Asian market. I have been visiting China for almost a quarter of a century now, and at the beginning, when I started going there, I could see Japanese cars on the Chinese roads and German cars mainly and just a few local brands. But in the past few years, this has changed a lot, totally. So, the roads are full of Chinese brands, and it's more and more difficult to spot Japanese or German brands, which we know from the various press announcements that the German companies are losing their position on the Chinese market, as well as the Japanese. So, it seems that they are quite successful. They are even more successful outside the developed world with their vehicles,

but sooner or later they will be successful here as well because of the good quality, because of the good experience, which will have a good impact on the decision of the consumers in Europe. So, this is evolving in a relatively positive direction from the European consumers' and from the Chinese producers' side. It will be a challenge for the Chinese companies as well, because their strategy, their branding strategy is totally different from what is normal in Europe. So, for instance, when they have a new model out, then that model is there only for a few months. So, they are quickly coming up with new models, and this is not how it is with Volkswagen, for example, which has had Polo, and Golf, and Passat for decades. But they keep on changing its models relatively quickly, which is not necessarily according to the taste of the Europeans, so this is something the Chinese will have to learn as well. But otherwise, when it comes to the quality, when it comes to the consumption data, I think that they are pretty competitive.

**Appendix 3: Transcription of the interview with Interviewee 2**

The interview was conducted in Slovene and has been translated using the help of DeepL translator.

**Question 1:** I'm interested in whether the trend of importing Chinese electric vehicles through your company has increased or decreased in recent years? How have you recorded imports in recent years?

**Answer:** Absolutely, the trend of importing electric vehicles through our company has indeed been increasing in recent years. I would almost say that after the corona (Covid-19), the arrival of the first Chinese vehicles was noticed, although at that time with a minimal quantity, but now this trend is really on the rise. Certainly, the price contributes the most to this, they are affordable, so this attractive price of the vehicle, and thus they are good competitors on the European market in a way. The quality has been found to be not bad, so yes, the trend of importing Chinese electric vehicles is quite on the rise.

**Question 2:** How do you view this growth or the increasing presence of these Chinese electric vehicles in the European market?

**Answer:** For our company, this is actually very positive, it is definitely an opportunity for us, in fact we really represent the shortest route to Europe in a way. Although we currently have minor problems due to the situation in Suez, but regardless of that, we are still excellently positioned to supply markets in Central and Southeast Europe, and maybe even further, so from this perspective, this is just an opportunity for us. Maybe just a note, because I mentioned that we got the first Chinese cars somewhere around 2021, when we transported around 200 Chinese vehicles, mostly electric, but there are also some with internal combustion engines. Last year, for example, we imported around 11,000 vehicles, and in the first five months of this year, we have already imported that many. From this it is possible to see this trend of growth, and this presents an opportunity for our company. I will say that the European car market, even buyers on the European market, are quite reserved, or rather accustomed to their traditional brands, but the significantly lower price and quality that is not bad, is a magnet, and buyers are slowly deciding to buy, they are realizing that Chinese electric vehicles are not something to be afraid of.

**Me:** I have also found through my own research that the feelings about Chinese electric vehicles are quite mixed, both among buyers and in general on the market. For economists, businesspeople and businesses such as yours, let’s say, it is something very positive, but for many of the main players in the European automotive industry, it is not so positive.

**Answer:** That is right, definitely.

**Question 3:** What would you say are the main opportunities and also the main challenges for the European automotive market due to the increasing imports of Chinese electric vehicles?

**Answer:** Actually, we now know what this trend is actually like, and with these directives that all new vehicles must have zero emissions by 2035, and that is why car manufacturers have actually started to produce electric vehicles, which was new for everybody. Especially for the European automotive industry, which has traditionally relied on internal combustion engines. China started producing electric vehicles much earlier in this regard, mainly because we know what the situation is, especially in these large cities, and in the meantime, they have learned a great deal from European manufacturers and have been, or are, one step ahead of us in this context. The cost of manufacturing an electric vehicle in Europe, mainly due to labor, because of the cost of the battery, as we basically know that Chinese manufacturers or Chinese companies have bought up the materials for making these batteries, so the cost of the battery is very high, significantly higher than it is in China. So, from this perspective, European manufacturers are facing challenges because vehicles that are cheaper and, as it turns out, are also of good quality, entering the European market. And so, they are facing these challenges of non-competitiveness. On the other hand, this is also a kind of opportunity for European manufacturers. European manufacturers have, in a way, fallen asleep on their laurels, and this is certainly also a kind of opportunity that forces them to optimize their production or, in a way, to connect, to merge, which is very clearly visible today. So, this is certainly an opportunity of sorts. They have also realized that they may have started with some high-end segments of more luxurious vehicles, but the market actually needs, or the Chinese are competing in a sense mainly in the lower price or middle price range, so European manufacturers must also adapt in this context. However, this is ultimately good for the customer, because if we have a wider selection, then we also have more access to electric vehicles.

**Question 4:** What do you think about the tariffs imposed by the European Union at the end of last year on imports of Chinese electric vehicles?

**Answer:** The EU has decided to somehow defend itself against the arrival of these Chinese electric vehicles by raising these additional tariffs, which are somewhere between 17% and more than 36% per manufacturer, and they were basically hoping that this would make Chinese electric vehicles more expensive, so that they would still maintain their competitiveness and this would make Chinese vehicles less attractive, but we have found that this is not the case. The Chinese have basically adapted very quickly, they have practically absorbed this tariff increase measure, I would almost say that this tariff increase did not have the effect that Europe actually intended or wanted. They essentially don't raise their sales prices, but in a way, they are reducing their margin on sales, or absorbing the price increase.

And not only that, the Chinese have also started building factories, production facilities in Europe, or rather they have started importing disassembled car parts into Europe in containers and then assemble them in Europe to avoid tariffs. So, they have adapted quickly and they have found a new way fast.

**Question 5:** So, could we say that they were prepared for such a response from the European Union?

**Answer:** That's right. But Europe has done itself a disservice by doing so. Why? Mainly because manufacturers such as Volkswagen, Mercedes, BMW, which are the main export market to China. Here, it can now be seen that the volumes for these markets have been significantly reduced. So, there is almost no effect from tariffs, or worse for European manufacturers, with these retaliatory measures or, ultimately, the subsidies that the Chinese government actually offers to people when they buy Chinese electric vehicles. We are also now noticing this decline of these premium brands to China of up to 20%.

**Question 6:** Would you say that these tariffs are actually an appropriate tool to ensure a level playing field on the market, or not?

**Answer:** It has now been shown that they are not. Even what is happening now in America in general with Trump, has shown that it is not the most appropriate tool. Basically, you can only wait for retaliatory measures, which are never good. So, such tariffs are not suitable for market development.

**Question 7:** What would you consider appropriate for Europe to do to protect its automotive market?

**Answer:** As I said before, we fell asleep in this area in the sense that European car manufacturers have been asleep on their laurels, they have not prepared themselves properly, and this has basically been known for a long time. In the past, there was a similar case, or a similar shock, if I can call it that, when the Koreans started entering. We didn't accept them at first either, the first Hyundai, Poni, we would say what kind of car is that? Let us look at Hyundai or Kia today, or Sangyong. So, it was inevitable to turn a blind eye. In fact, European car manufacturers could have gone into some rationalization, mergers, and searching for some kind of optimization and savings earlier, but they somehow did not adapt to that. For the most part, they are now actually being forced to do this, which is why there are, unfortunately, so many layoffs or some sort of rationalization, optimization. But they have realized that it makes sense to somehow accelerate this lower price range of vehicles and to compete in this segment. Let me take Volkswagen as an example, which has always sold Polo and Golf very well. These were their flagship models. So, in this regard, they are finding that with electric vehicles, these are the words of the manufacturers, that with electric vehicles like the ID.3, ID.4, these are basically a completely different concept that customers do not consider to be theirs. It would have probably been better if they kept Polo, but made it electric, for example E-Polo, E-Golf. And of course, adjusting the price. They are basically

now realizing that it is really the brand and the model that we have in the ear of the customers. It seems to me that they are now going back to square one and trying to think about it more.

**Question 8:** Basically, you could say that we Europeans are very attached to the makes and models of cars, which is then also a big shock when, say, a new model is launched in China every month, right?

**Answer:** That is right, so unfortunately, sales of electric vehicles are not going the way the EU had planned, or as the sellers imagined that they would sell significantly higher numbers here than they actually achieve now. I repeat, we are a traditional market that really needs time to get used to and familiarize itself with these vehicles as well. Maybe we have not touched on which vehicles we are imported by our company. So, the majority are from the Saic group, which actually has MG vehicles. MG is selling very well, but we already have MG in our ears, that it is an English brand that has always been present in the European market and it seems to me that they have made a breakthrough with that. Then there are the other brands, we actually have Cherry, Geely, Dongfeng, Omoda, YaE, Lobistar, and also BYD, albeit in smaller quantities for now, but we are considering supplying this central and southeastern part of Europe. So, these Chinese brands are slowly getting into our ears as well and will certainly become successful.

**Question 9:** Now that you've mentioned all these brands of vehicles, do you know where, to which EU countries these (Chinese) electric vehicles are destined?

**Answer:** I will say that the Chinese penetrated mainly the Western market a few years ago, and it was supplied through Zeebrugge or Bremerhaven, mainly for Central and Western Europe. We know that the market is very developed and that electric vehicles are widely used in Scandinavia. So they have positioned themselves in those markets before, now it is time for them to position themselves also in Central Europe, Southeastern Europe, and well, here we are the ones on the map through whom they can import and then distribute their vehicles, so we are talking about Slovenia, Austria, Slovakia, the Czech Republic, Hungary, Romania, and the entire Balkans, especially the Serbian market is very strong and Croatia as well.

**Question 10:** When you mentioned that you are preparing for cooperation and business with BYD, I would like to know how is your company preparing for even more imports of Chinese electric vehicles? Do you have a strategy?

**Answer:** We actually started preparing for the import of Chinese electric vehicles a long time ago, even before the Covid-19 pandemic, when we contacted certain companies and started talking about it, so we already included diversification of brands and markets in our strategy at that time. We have actually done this in the past and it has paid off quite well. It took some time, but we actually have them here today in such high numbers.

We tried to help Chinese manufacturers in particular. When they first came and are now still coming to these markets in Central and Southeast Europe, they do not know the markets well, they do not know how to sell their vehicles, how to position themselves, whether with their own sales network or through what we call importers or dealers, who then sell their vehicles. I have to say here that they are still not fully sure, even in terms of tariffs, they need a lot of explanation, so it takes the entire community, together with all the freight forwarders or logistics to help them. We actually helped them in a way with linking or networking, from connecting them with shipping companies, with logistics, with rail carriers, truck carriers, so they can actually set up this entire route, because in the end, this is what brings us business. Maybe one other thing I would like to point out, how we prepared for the import of electric vehicles in general, and especially Chinese ones, and that is also with equipment, because we need charging stations, which we have had since 2015, but we have now received extras, so we now have more than 40, and we are actually installing new ones when necessary.

**Question 11:** Would you also know how your competitors in Europe prepared for this? How did they deal or are they dealing now with this increase in imports of Chinese electric vehicles?

**Answer:** They had quite some challenges at the beginning, because Chinese production is strong, meaning they can produce really large quantities of vehicles and when the shipment actually arrived in Barcelona or in Zeebrugge or Bremerhaven, they were not exactly prepared, particularly in the context that they had some space to unload the vehicles, but these vehicles stayed parked in the ports at the beginning. So now they are probably still there. But when you have 3,000 to 10,000 of these vehicles in storage, taking up space, it's not the most optimal, especially for ports which strive for fast turnaround of vehicles. So, they have not prepared so well, but that has to do with the fact that sales did not go as they had imagined, or maybe as the Chinese had promised. We, in this particular context, were a little more cautious from the beginning and said: look, we are, of course, accepting these vehicles, but we also need to think very carefully about the logistics. So, in a way, we have informed them about this, that it is necessary to consider this fast turnaround, maybe with some external storage space or something like that, at least as a buffer zone, while the sales networks are being set up and so on.

**Question 12:** Have you noticed if Chinese entrepreneurs are willing to adapt to the European market?

**Answer:** Very. They are very adaptable, much more than we are, as we are really more traditionalists. This is already evident today, in fact, when they are building production facilities in Europe, so they have immediately thought of alternatives. I think they have actually almost got them ready. And it's not only in one segment, one is the production facilities, the other is that they are also looking for some synergies with companies where

they can bring their parts or partially disassembled vehicles that they can then assemble here. So, they are really adaptable, they think things through very quickly and very well.

**Question 13:** If I go back to the beginning, when you said that there was an increase in imports in just the first five months of this year, do you think that is also due to the tariffs that America has introduced, or is this a trend that will only continue to grow, regardless of the situation in America?

**Answer:** The trend will be upwards, no matter what the situation in America is like. The arrival of the Chinese was inevitable, so even the tariffs, which may have given them a moment of pause, or as I mentioned earlier, I think they were already partially prepared for certain scenarios, which is why they adapted so quickly. But the trend is actually inevitable, the Chinese are coming, and Chinese vehicles will become more and more visible on the European market. It is also being noticed that the quality of their electric vehicles is good. Perhaps the thing that is currently still bothering the European buyer is the after-sales network, that is to say parts, repairs, and so on, but they are working on that too and I think the trend will only get better in the future.

**Appendix 4: Transcription of the interview with Interviewee 3**

**Question 1:** From your perspective, how would you say that the European Union's strategic perception of China has evolved in recent years? Particularly, in relation to critical industries such as electric vehicles.

**Answer:** Yeah, so first and foremost, I would argue that when it comes to electric vehicles or when it comes to cars this whole dilemma or this idea that this is a critical or a strategic industry is relatively new, and especially with regards to China, and that's also because the whole EV boom in China has basically started from the pandemic. From before that, you had China manifesting itself within industrial supply chains for the automotive industry and also developing Chinese brands, basically only for the Chinese domestic market. It's only when this post pandemic rewiring of the Chinese investment landscape from real estate towards innovative industries, namely amongst others, electric vehicles and batteries, that this started to have a spillover effect of course of increased exports from China towards Europe, and that this really made a debate ongoing. So that's one thing. Another thing is, of course, that you have the whole issue or the debate regarding to investments, Chinese investments in Europe, which is an interrelated issue, but it's at the same time, and maybe I can delve a little bit deeper on that, also a little bit contradictory of a debate. And this is really something that started, in my opinion, around 2016, maybe even 2013/14, but really when Belt and Road Initiative came up to speed, after 2013/14, and there were these large scale investments, namely in European port and manufacturing industry from China, that this debate on Chinese ownership within the European investment landscape really started to take shape. But I would also argue that these debates kind of developed separately from each other on Chinese ownership and investments and on trade matters. And they also have a different starting point. I would say once when it comes to Chinese ownership, this really originates, let's say 2014/15/16, whereas when it comes to this, for example, the whole issue of overcapacity of Chinese EVs and the industrial dominance is more something from post pandemic. You had some talks, of course, about solar panels before that. But that was also in the earlier periods, but that didn't really make that much shock waves, I would say, as the whole EV debate made.

**Question 2:** So, when I was doing research on this topic of Chinese electric vehicles in Europe, I came across quite a few articles where the authors argued that the rise of Chinese imports of EVs could pose a security concern for the EU. So, I'm wondering, what is your view on this? Do you think that these imports could actually be a security concern for the EU?

**Answer:** Yeah, and I think that this is also something that needs to be nuanced a little bit. Because electric vehicles, you have the whole technology of an electric vehicle, which is basically a battery being connected to four wheels, and there is a whole metal frame around it and that's what we call an EV. But when we look at EVs, they are actually way more than that. They're basically smartphones on wheels. So, they require massive amounts of chips,

way more than, I think it's around three or four times more than an ICE driven car. And also, there's a whole aspect of connected vehicles, which is being developed relatively in unison to the battery powered technology, battery technologies, making cars more efficient, also more connected to their surroundings. And we see that Chinese EV manufacturers are very strong in this aspect, as well as on the battery aspect, the battery technology aspect. And this aspect, rather than the whole battery question, is really something that is front and center on people's mind when it comes to security. Basically, you can argue there two things. First and foremost, there is the issue of data security, of what this data that is being gathered from, for example, a Chinese electric vehicle, whether this data will eventually end up in Chinese hands and what will be done by that by Chinese companies. And then there's a second issue, which I would deem of less importance, and that's the danger of sabotage. This whole idea that there is like a kill switch on every Chinese electric vehicle that would basically stop it from driving. I'm rather skeptical that this is actually as big of an issue, but it definitely needs to be investigated also for cybersecurity reasons. For example, if you see that Chinese made EVs are getting such a dominant position, this will also have repercussions, for example, on public procurements for, let's say, police vehicles that could be driven or working on Chinese software or technology. And for example, if there's, in a hybrid warfare scenario, some danger of sabotage, this needs to be taken into account as well.

**Question 3:** So last year, the EU imposed tariffs on Chinese electric vehicles, and now I'm wondering what is your view on this EU's decision on imposing tariffs? Would you say that these are effective measures or more symbolic?

**Answer:** I wouldn't necessarily call them symbolic. I think that they're part of a wider toolkit that can be used. But if they're just being put in place for the sake of putting them in place and then stopping there, it is rather symbolic. The issue that we have with Chinese electric vehicles is actually multiple. First and foremost, it's much cheaper to assemble electric vehicles within China, because lower labor costs and just a scale effect as well. Secondly, you see that not only Chinese EV manufacturers, but basically their suppliers, battery manufacturers, are either at the same level or at a higher level than European suppliers at this point. Creating for a technological superiority. So, you have a manufacturing superiority already for Chinese made EVs, and you have a technical superiority, or at least a looming one. And then you have actually a third thing, I would argue. And that is just the sheer falseness of the Chinese market. Chinese EVs or the entire automotive industry, manufacturing industry in China, is more than 80% for domestic markets. So, this is not necessarily an export industry for China. Exports are just being a spillover effect of the manufacturing line that is happening right now in China. And then another thing that you're seeing, because of all of the factors that I've mentioned, and also the extreme competition amongst Chinese EV manufacturers within the domestic Chinese market. Profit margins are much lower within China than they are in Europe. So that's also one of the incentives for Chinese EV manufacturers to export al mass towards Europe, because basically in Europe, you can sell a car with, 20-25% profit margins, whereas in China, you would barely get 5 or

10%. So, what I think that these tariffs are actually good at is to eat in within these profit margins and provide at least some incentive for Chinese EV manufacturers to set up shop and to increase their manufacturing within Europe. Also, within this, this needs more than tariffs alone. This needs a comprehensive industrial policy, I would say more guidance on a joint venture model, overall, more funding. But also, Europe needs to be smart in this, because there's always a danger that it's just going to be Chinese EV suppliers or companies sending all their parts to Europe and letting a European factory be responsible for mere assembly. So, this is definitely something that needs to be taken into account as well for EU policy makers.

**Question 4:** So, if you were to advise to the EU, would you say that they should maybe form joint ventures, as you said, or would you advise them to react differently to Chinese EVs?

**Answer:** But also, I mean, I think that to a certain extent, the threat of the Chinese EV export overwhelming Europe is a little bit overrated or at least overdue. I think the danger really lies within the components and the suppliers for EVs, and mainly the batteries where the dependence is rather large. We see that European car manufacturers have been relatively slow in making the transition towards EVs, or at least towards battery electric vehicles. But they're catching up rather quickly right now, as we see, especially Volkswagen. So, I mean, I don't think that the danger lies for European car manufacturers per se, but it's mainly for old suppliers of the entire automotive ecosystem, industrial ecosystem, around it, which needs to be forced to make this transition. And there, I believe that EVs can certainly play a role. But the issue here is that when it comes to setting the rules for these joint ventures, this is not merely but just only being held within the hands of the EU Member States. So, the EU commission can provide some guidance towards Member States, but it cannot really set the standards for these joint ventures on a common European level. Which would lead to the situation where the European Union basically opens the door towards joint ventures. And then EU Member States, are allowed to bring as many Chinese manufacturers in, or leave them as much out through joint ventures. Basically, setting a track for a race to the bottom in requirements, because, for example, you can have a country like Hungary, which would basically invite all sorts of Chinese investments, to the extreme, and then you can have another country which might be very protectionist or which would set up completely different standards, creating a whole myriad of approaches amongst EU Member States. Which can be good to a certain extent in a way of testing the waters and how far it would go. But it also, sets the door open for abuses and for situations where things could go horribly wrong.

**Question 5:** Then if we think a bit about the Green Deal, and we know that the EUs mission is to reduce greenhouse gas emissions, for at least 55%, then how does this goal of the green deal basically intersect with the EU's geoeconomic approach to the EV sector?

**Answer:** Yeah, because on the one hand you would like to have as many green products at the cheapest price possible within the European market. But if you would hold that as your

leading paradigm, you would basically outsource your entire production capacity to China at this point, which leads into this contradiction with regards to the geoeconomic or geopolitical positioning of Europe vis-a-vis China making Europe more dependent on China in the long run, and not only that, impeding growth potential for the industrial sectors, the green industrial sectors within Europe. So, I see the tariffs that have been implemented for Chinese EVs are a good measure, or a good first step, but they cannot necessarily be replicated in all those sectors, for example, because when it comes to electric vehicles, Europe is actually rather strong, still. When it comes to batteries or solar panels, it's an entirely different game. China is much stronger. They're fully dominant throughout the supply chain. So, it doesn't necessarily make sense to face China in these sectors. So, I think you would need to have a kind of a la carte approach for all industrial sectors. Some you might prioritize, others you might want to let go.

**Question 6:** This leads to my last question. Let's say if you look ahead into the next five, ten years, where would you see the relations of the EU and China, especially in this EV sector? Do you think it could lead to bigger problems, or could China and the EU cooperate in this?

**Answer:** I think the elephant in the room there is, of course, the United States and how they will position themselves. Not only with regards to China, but also with regards to the European Union. What we saw is that the previous Biden administration took a very collaborative approach with the European Union, especially with Ursula von der Leyen, which had a very strong transatlantic relationship with Biden in facing China. And you see this in the very image used within the European economic security strategy, which is basically a carbon copy of the G7 Declaration on Economic security, which is coming from the joint press briefing between Von der Leyen and Biden earlier in 2023. So, you see a strong convergence, Europe and the United States, taking on China jointly. What we are seeing right now with the Trump administration, setting aside the European Commission and the European countries with regards to issues on China, facing China on its own. This at first glance would leave more space for the European Union to move away from the United States and follow towards China. But there you have a structural issue that if China can export less of its goods towards the United States, these goods need to go somewhere and there's basically only one alternative for the high-end American market, and that's the European Union. So, you actually aggravate a whole overcapacity issue and the exports and dumping and the likes coming from China towards Europe, actually setting the scene for a more conflictual relationship that Europe will have with China in the middle to long term. We see that especially from the Chinese side, they're making a charm offensive right now, which we can see in Europe. But this is not necessarily being translated with some strong concessions with regards to trade. Also, there are continuous talks still ongoing on the whole EV issue with setting a minimum price. Again, here, actually, I think this is being pushed mainly from the Chinese side, because of course, they don't mind continuously selling their cars at higher prices in the European market. And it’s not necessarily a price issue because the higher European prize on EVs is basically in China's EV manufacturers’ advantage rather than a

disadvantage. So, I don't necessarily see any structural pacification on the trade realm between Europe and China in the next five years.

## Appendix 5: Transcription of the interview with Interviewee 4

The interview was conducted in Slovene and has been translated into English using DeepL translator.

**Question 1:** When I started doing research on this topic of Chinese electric vehicles in Europe, I asked people around here who own electric vehicles, why did they decide to buy a Tesla, or an electric vehicle from European car brands and not one from a Chinese brand and I mostly received the same answer, that they do not really trust Chinese electric vehicles, they are unsure about them etc. So, I'm interested in what you would say, why are people in Europe reluctant about buying Chinese electric vehicles?

**Answer:** I think the answer here can be divided into two parts. The first is that we Europeans are very traditionally attached to cars and also to our brands, so we know that people here often buy the same brand, the same car model for generations in a row and, of course, we are to a certain extent suspicious of products that we often have to save up for over a number of years. So, it is understandable that if someone saves up for years to buy something, of course they do not want to be one of those who will take the risk of buying something new that is, let us say, yet untested on the European market. The other factor, however, I would say is also the lack of access to really high Chinese technology and also the lack of knowledge of Chinese technology. So, I often meet, yes, as you said, people who are skeptical about Chinese vehicles, but those Slovenians who then visit China and have the opportunity to see their most sophisticated, most high-tech vehicles there, somehow quickly lose this mistrust and become very favorable to these vehicles. This is particularly noticeable among those who get to know the Chinese car industry a little more deeply and who can see that a huge part of the engineering has either been done in Europe, or by Europeans or Chinese who have worked in the European and American car industry for many years or for tens of years at a time. So, I would say that a large part of all this is also this lack of knowledge. Now, the reason why it comes to a lack of knowledge is because those vehicles, the Chinese vehicles that are currently available in Europe, they are not the most high-tech vehicles. The Chinese have the best cars available at the moment only on the domestic market, or on some neighboring Asian markets. But I think that this mistrust will change very quickly, once people have the opportunity or have access to the most high-tech Chinese vehicles. Then I would also add another factor in parallel here, Chinese vehicles are the most high-tech precisely in the electric vehicles sector. So, I would say that it is not just a matter of distrust of Chinese vehicles, it is also a matter of distrust of electric vehicles. So, in order to get a more realistic picture of this mistrust, we would have to interviewed only those who have already decided for an electric vehicle, so they have already overcome one part of this fear. Now, for those who have already decided on an electric vehicle, the question is whether they are really that much more skeptical about Chinese vehicles than they are about European vehicles or, for example, Korean or Japanese electric vehicles.

**Question 2:** That's also true, yes. Well, what would you say is the current position of Chinese brands of these electric vehicles on the European market?

**Answer:** I think it is in a very, very early stage and I would say this breakthrough is not even fully happening yet. There are many reasons for this, one is tariffs, the other is that the most popular Chinese electric cars are not even in supply for the Chinese market because the demand is so high, for example, vehicles from the producer Xiaomi. Another reason is that China does not export its most high-tech vehicles for various reasons, one of which is that these vehicles are very cheap in China at the moment, and if they were to export them to the European market, it would mean that they would also have to subsidize part of the development of these vehicles, and what is most critical, part of the raw materials and minerals that are incorporated into these vehicles, specifically, of course, I am talking about the batteries, and then these minerals, subsidized, would remain available on the European market for recycling. And that is certainly not in China's interests. Another thing that is not in its interest is that China puts a lot on its own reputation. These vehicles, which are the most high-tech, the newest, are nevertheless not yet so well tested and are also, to a large extent, autonomous, at least to some extent. And China will do everything it can to ensure that it does not lose its image, or its good name, in such a way that, for example, there are accidents with a semi-autonomous vehicle and people then point the finger, perhaps even very unjustifiably, at Chinese manufacturers. So, I would say that there is a bigger, broader factor, a broader range of factors that have an impact on this.

**Question 3:** What would you say, which are the main competitive advantages of Chinese electric vehicles?

**Answer:** I think the answer here is relatively simple. One is that, as we said, the hardware, those mechanical components, have been largely manufactured and developed by European engineers, or Chinese engineers who have worked in Europe for many years, so here, in this hardware, I do not see any such significant differences between Chinese and European cars, which is saying something, because of the fact that we Europeans think that nobody else can make the mechanical parts for a vehicle as good as we do in Europe. That is perhaps no longer entirely true. Then the next obvious competitive advantages are, I would say, comfort, comfort with a very affordable price, for example, the second-row seats with air, the second-row seats with heating, massage, double glazing, quality materials, in terms of leather and so on, the display and so on. Then the seats, which can also be adjusted in terms of inclination, for example, in the second row, and the seats in the first row, which offer a whole new level of comfort, fold down, and so on. Then there are factors such as connectivity and infotainment systems. Actually, we can talk here about artificial intelligence and direct communication with the vehicle by voice commands, and the many applications in their infotainment system. It is true, however, that if you take a vehicle like this in China and put it in Europe, it does not have the same functionalities in Europe, because of different legislation, different connection frequencies and, of course, this Internet software system is completely different in Europe and absolutely does not reach the same level as in China,

which means, of course, that if the applications on the European market are not at the same level, then the vehicle cannot offer the same functionalities either. Well, then, in the last phase, on competitive advantages, I would like to touch on the hardware again. I would say here, however, that the Chinese have recently been incorporating some hardware features into their vehicles that we have not yet seen in Europe. For example, that the vehicle bounces on the spot, that turns, literally turns on the spot, that can float on water and features like that.

**Question 4:** Since you mentioned this software and artificial intelligence in vehicles, well, I came across various articles and reports whose authors believe that the import of Chinese electric vehicles into the European market could pose a security risk to the European Union. What is your opinion on this, would you say that the European Union is really facing a security risk associated with the import of these vehicles?

**Answer:** I would say yes, but we also need to look at this issue more broadly. The European Union does have the ability to regulate what kind of vehicles these are, what the software is like, what the electronics is like, who is producing the electronics and who is installing them. So, here, Europe does have some room for maneuver to, for example, speed up the production of Chinese electric vehicles in Europe and to take control, literally take control, of who produces the software, how it is produced, who installs it, where these electronic hardware components come from and so on. Then there is another risk that I see here. For example, that Europe says, 'Chinese vehicles are a security risk for us, let us not let them into our market and we will continue to make vehicles as we have been used to doing in the past'. But I see an even greater risk here, in the sense that Europe will be technologically so far behind that, in five to ten years' time, it will no longer be able to catch up. At that point, however, this Chinese technological advance may be reflected in an even greater security risk, in the sense that Chinese military capabilities, in terms of controlling artificial intelligence and so on, will also be at such an advantage that this will be a serious risk for Europe. And then there is the economic and social factor. As we have said, the Chinese are now also developing systems such as robotics, connectivity, artificial intelligence, and so on, very intensively on vehicles. And even if Europe distances itself from such technologies, it will mean that its competitiveness in the production and development of anything will be significantly reduced.

**Question 5:** So, you would say that the import of these Chinese electric vehicles has a significant impact on the development and transformation of the European electric vehicle market?

**Answer:** I would say yes, but more on that higher scale, because as long as we are importing, let us say, Chinese very high-tech electric vehicles, European manufacturers are forced to compete with that, which means that they should also technologically advance. However, if we decide not to allow Chinese vehicles into our market, European manufacturers will continue to sleep, which means that we will be technologically abnormally behind in a few

years' time. Some of this is already happening, for example, the case of Renault, if you look at who the development institute is for Renault's electric vehicles, you will find Ampere. And Ampere is already integrating a very large part of Chinese development and technology into electric vehicles, specifically Renault electric vehicles. But if we look at others, for example, the case of Twingo, that is a vehicle that is almost entirely developed by a Chinese engineering company. If we somehow ban that as well, then, I would say that Europe is already completely unable to compete in the development of electric vehicles, and we are already relying on China. If we keep Chinese vehicles off our market, we will technologically fall very far behind.

**Question 6:** So, what do you think would be the main opportunity for the European automotive sector?

**Answer:** I would say that we need to strategically position ourselves wisely, form partnerships with Chinese companies, not fear them, not have resistance towards them, but, as I said, form partnerships, produce vehicles in cooperation with them, in this way also secure a certain negotiating basis, so that European companies will also have access to raw materials controlled by China. Here, I am of course talking about raw materials for battery composition, as well as rare earths, which are needed for magnets, and potassium, which we need for circuit production, that is, electronics. And at the same time, we need to determine which strategic area we want to maintain a competitive advantage in, some know-how that we are not going to share with the Chinese so quickly. I would say that we can probably maintain this strategic advantage with some hardware components.

**Question 7:** So, you would advise to European car manufacturers to cooperate with Chinese manufacturers, to form joint ventures, etcetera?

**Answer:** That’s right, given the situation we are in, I think they have two options, one is the cooperation I mentioned earlier, and the other is to become technologically very far behind. I think there is no longer an opportunity for some intermediate option. For example, the company Cariad, in which Volkswagen invested billions of euros, with the goal of making their software somewhat competitive with Chinese vehicles or even surpassing them, yet this company has proven to be unsuccessful. Why? From a European perspective, investing in a software system seems like a huge sum of several billion euros. From a Chinese perspective, companies like Tencent, Alibaba, Baidu, and Huawei have been developing this software system for over twenty years, based on a billion users. And, of course, even with billions of investments, we cannot compete with this level of development. Precisely because China has been doing this for decades on the basis of a billion users.

**Question 8:** What would you say, what role does competition and cooperation between the EU and China play in shaping these global trends in the electric vehicle market?

**Answer:** I would say that if we cooperate, we will shape these trends together. And we will shape them as a strong European automotive industry and as a Chinese automotive industry,

which is particularly strong in software and applications. Together, we can shape these trends, which seems like a sensible coexistence to me. If we somehow split up, then the trends for Chinese vehicles will go in a different direction, I think it is certain that these vehicles will be more advanced than European ones, and then Europe will become someone who will no longer be a trendsetter, who will no longer have to set trends and standards for global vehicles. So, we must establish these trends together. If we don't, China will take over and then Europe will be in serious trouble.

**Question 9:** And in your company, do you collaborate with European and Chinese companies to promote this cooperation?

**Answer:** Yes, of course, we cooperate with both, but we must be aware that those who are currently dictating trends and the business that will take place are Chinese companies, and they are aware of their superiority. They are aware that there are thousands and thousands of car dealerships in Europe who want to sell their vehicles, and of course, they also have the option to decide with whom they will cooperate, and of course, they use their negotiating power in accordance with commercial laws or economic laws in the negotiating position.

**Question 10:** Let's also talk about the tariffs that the European Union introduced last October on electric vehicles imported from China. Would you say that tariffs are a suitable tool for ensuring equal competitive conditions in the market, as was their aim? Basically, would you say that the European Union reacted correctly in this situation? Did it deal with this properly?

**Answer:** I would say that as a general public, we have too little information to be able to judge what was actually behind it. The European Union, in the moment when it realized that it was almost too late for the European automotive industry, had to react somehow. Since they couldn't agree on how, they bought some time by introducing these tariffs. Are these tariffs a suitable long-term tool for ensuring competitiveness? No, I think they are an absolutely disastrous tool, because in this way we are further encouraging the Chinese to be motivated to produce vehicles even faster and even cheaper, and in this way, we are digging our own technological gap even deeper. In addition, of course, with these tariffs, we are becoming somewhat unfriendly in Beijing's eyes, which means that we are also making it more difficult for our vehicle manufacturers, such as BMW, Volkswagen, Mercedes, and so on, to gain access to the minerals that are crucially needed for the production of electric vehicles. For example, even today, if we take, let us say, a high-end BMW, an electric one, it has a significantly smaller battery in terms of capacity, than a mid-range Chinese vehicle. Why? Precisely because, to simplify a little, the Chinese have these raw materials at home and can, of course, provide them to their vehicle manufacturers at a significantly different price than to the Europeans. And the more unfriendly we are, with various tariffs, the more difficult it will be to access these raw materials. And then, if the Chinese close the tap on raw materials, we will no longer have to make any cars at all, because we will not be able to.

**Question 11:** Well, if you were to advise on how to react in this case, in the situation like the one the European Union has found itself in with the increased import of Chinese electric vehicles, what would be an appropriate solution in your opinion?

**Answer:** I think there is no longer a quick, easy and painless solution. This is simply a tax on the luxury that European car manufacturers have enjoyed over the last ten to twenty years, when they actually believed that their birth, in quotation marks, entitled them to make the best and most expensive vehicles in the world, and they have fallen asleep on their laurels, which means that, in a very real-world example, they have been selling customers absolutely overpriced vehicles, with extremely overpriced accessories. And in this comfort, they have learned to live leisurely, comfortably, to work short hours, to make a relatively small range of vehicles, again because of the ease of production, and the Chinese have basically sensed that Europe has fallen asleep here and have thrown all their strength into it, and now they can make vehicles faster and cheaper. Now how to respond to this, how to prepare ourselves as a society. One way is that the top politicians explain to people: such short working hours and such social rights, as you have become used to over the last twenty years are simply no longer possible, and, if we take into account that the European population is ageing, and this is inevitable, and now you, the workers, the workforce, whoever, you can choose between two things: either you work harder, more intensively, more creatively and for longer, or you can work as you are working now but then in five to ten years' time you will no longer have to make vehicles because none of us will be buying them. And I think that the entire workforce structure needs to be educated somehow, that it can not go on like this anymore, we must start working differently, harder, better and cheaper. Of course, we can expect a lot of resistance here.

Then the next step, Europe needs to digitize at a brutal pace, simplify its bureaucratic processes and put as much as possible on the internet and make these things digital. Be it from public administration, and of course also to development, the use of artificial intelligence in the development and creation of vehicles, and so on. And then there is also the need to enter into smart strategic partnerships with countries that have raw materials. Unfortunately, a large amount of raw materials in this world are owned or controlled by authoritarian regimes, but that is the way it is, we have to face it, which means that former French, Spanish colonies, where France, Spain and also the United Kingdom, where they still have influence, we need to maintain particularly good relations with them in order to maintain access to these raw materials, and with others we need to manage relations intelligently and strategically. Then, at the level of individual countries or regions in Europe, we need to learn from successful Chinese provinces, how they attracted investments for the automotive industry. I can list them, these provinces are the Beijing region, then the Yangtze River Delta, where there are three provinces, Anhui, Zhejiang, and Jiangsu, and then the Guangdong province. We need to study in detail how they positioned themselves in relation to vehicle manufacturers in this province and then copy this model to Europe, of course not copy paste, but adapt it to the local environment, local legislation, cultures, habits and so on.

**Question 12:** Given that you mentioned earlier how China reacted to the tariffs imposed by the European Union, I'm interested in your perspective on the relationship between China and the European Union in the field of electric vehicles, for example, in the next five to ten years. Will the EU's relations with China become even more tense, will China tighten its relations with the EU?

**Answer:** It would be difficult to add anything more here given what we have already said. When it comes to predicting the future, we are essentially also talking about what the people will vote for. And we know that elections often indicate a certain division in society. We know that election results are rarely ten percent against ninety percent, usually they are sixty against forty, even fifty-fifty. I really cannot predict that. But I would stick to the factors that I mentioned in the previous question.

**Appendix 6: Transcription of the interview with Interviewee 5**

This participant sent written answers through e-mail. The answers received were in Slovene, translated with the help of DeepL translator.

**Question 1:** As an expert in the field of car and electric vehicle sales, what is your opinion on Chinese electric vehicles? Do you recommend them to buyers, or do you advise them to buy vehicles from European or American manufacturers instead?

**Answer:** Chinese electric vehicle manufacturers have significantly increased their presence in the European market in 2024, despite certain obstacles such as additional EU tariffs and reduced subsidies in some Member States. According to the data from the analytical company JATO Dynamics, Chinese brands achieved approximately 8% market share in the European electric vehicle market in the first three quarters of 2024. MG (owned by China's SAIC) remains one of the most successful "Chinese" players – in Europe, it sold more than 230,000 vehicles in 2024, including electric and classic models. The MG4 model has been one of the bestselling electric cars in several European countries.

**Question 2:** What is the demand for Chinese electric vehicles in Slovenia?

**Answer:** In 2024, 3,317 new electric vehicles were sold in Slovenia, representing a 19% decline compared to the previous year. If we go one step further and look at the year 2025, where we have data available for the first 5 months, we can see that 2,157 electric vehicles were registered in Slovenia in 2025, representing a 38% increase compared to the same period in 2024.

If we look back at 2024, we can see that a total of 193 electric vehicles were registered, which accounted for about 6% of the total electric vehicle market – the MG4 Electric model dominated with 138 vehicles sold. Compared to 2023, sales of Chinese electric vehicles have increased both cumulatively and in percentage, as in 2023, Chinese electric vehicles accounted for only about 3% of the total EV market.

**Question 3:** What are the customer responses to Chinese electric vehicles? Are they satisfied/unsatisfied/uncertain about the purchase, etc.?

**Answer:** Slovenian customers' reactions to Chinese electric vehicles are mixed. They appreciate the affordability and the extensive standard equipment. However, there are concerns about long-term reliability, after-sales support, and availability of spare parts. Some customers express uncertainty about the value of the vehicle on the secondary market and potential problems with resale. These are, of course, realistic concerns that will need to be addressed over the years.

**Question 4:** Do you know what makes customers decide to buy Chinese electric cars?

**Answer:** There are several reasons for this, and I will list the two main ones in my opinion:

Affordability: Chinese manufacturers offer electric vehicles at competitive prices, which is attractive to price-sensitive buyers. The reason here can be found in several things. The first is the ownership of the supply chain of all the necessary raw materials for battery production, which, according to the latest data, is over 90% owned by Chinese companies. The other reason can be found in lower energy costs, which are related to the country's energy policy (for comparison, a kilowatt-hour in China is up to three times cheaper than in Slovenia). The third reason, albeit a harsh one, is the absence of union movements, which is a result of the social hierarchy and structure of Chinese society in general.

Technological advancement: Chinese vehicles are often not just vehicles, but actual technological platforms – here are a few examples:

- Software-defined vehicle – in most new Chinese models, the main controllers (domain controllers) and central "supercomputer" are already designed for constant upgrades, so the model cycle is no longer 7 years, but 12–18 months. For example, XPeng releases a new software version every ~14 days (approximately 35 iterations in 70 days).
- Mass OTA (over-the-air) drives millions of vehicles – BYD (DiLink), XPeng (XOS 5.6), NIO (SkyOS), and SAIC (Z-One) are introducing the same logic as smartphones: bug fixes, new ADAS features, even battery range increases.
- AI cockpit and voice assistants: integration of large language models in infotainment (NIO ES8, XPeng G6) allows natural speech, real-time translation, even route creation based on conversation.
- Standardized "skateboard" platforms + battery as a structured part of the chassis – 800 V architecture and silicon carbide in series use (BYD Seal, XPeng P7+).

**Question 5:** Have the tariffs that the European Union imposed in October 2024 on imports of electric vehicles from China affected their price in Slovenia? Have sales decreased since then compared to the previous months?

**Answer:** In October 2024, the European Commission imposed provisional tariffs on imports of Chinese electric vehicles, ranging from 17% to 38%, depending on the cooperation of manufacturers in the subsidy investigation. Despite this, some manufacturers (e.g. SAIC - MG) have been able to maintain competitive prices by reallocating production, optimizing costs, or by importing vehicles in advance. A brief decline in sales in the last quarter of 2024 was mainly observed in smaller and less established Chinese brands. If we specifically talk about the MG brand, they are now sourcing their vehicles either from their own stock, pre-customs cleared vehicles, or from the central European warehouse in Zeebrugge, Belgium. If we look only at MG's best-selling model, the MG4 EV, the decline compared to 2024 is a mere 6 vehicles.