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FINANCE
VETERANS' AFFAIRS

United States Senate
WASHINGTON, DC 20510 - 3505

April 11, 2024

President Joseph R. Biden
The White House
1600 Pennsylvania Ave., NW
Washington, DC 20500

Dear President Biden:

Chinese electric vehicles (EVs) threaten our economic and national security, and the entire American auto industry. Allowing these automobiles into the United States would harm American manufacturing, American workers, American consumers, and American security. Chinese EVs, highly subsidized by the Chinese government, could decimate our domestic automakers, harm American workers – many of whom are represented by the United Autoworkers (UAW) – and give China access to sensitive personal data. There are currently no Chinese EVs for sale in the United States, and we must keep it that way. I implore you to take bold, aggressive action and to permanently ban EVs produced by Chinese companies or whatever subsidiaries they establish to conceal their origins. Further, I urge you to work with our allies to address these concerns in a wholistic manner that supports American jobs and innovation.

Allowing Chinese EVs into American markets is inconsistent with a pro-worker industrial policy. Time and again, we have seen the Chinese government dump highly-subsidized goods into markets for the purpose of undermining domestic manufacturing. With this approach, the Chinese Communist Party is playing a long game – identifying critical emerging sectors, treating them as mechanisms for large-scale domestic employment, and then subsidizing them to the detriment of foreign competitors. This monopolistic approach undermines critical manufacturing sectors in the United States, Canada, and Europe – from solar panels to batteries to steel.¹ We cannot let the same occur when it comes to EVs. American automakers and autoworkers need a level playing field – they cannot, and should not be expected to, compete with these heavily subsidized Chinese EVs. If Chinese electric vehicles are allowed to enter the U.S. market, it could decimate the American auto industry. According to the Alliance for American Manufacturing, doing so “could end up being an extinction-level event for the U.S. auto sector.”²

The cost of failing to act is clear and the crushing impacts on the U.S. auto industry will translate

¹ <https://www.ft.com/content/96dc71be-b795-47dc-a1cc-cccc7aa6a481>

² <https://www.americanmanufacturing.org/wp-content/uploads/2024/02/On-a-Collision-Course-FINAL-22024.pdf>

to its employees, in particular members of the UAW. But rendering the UAW powerless does not only impact UAW members through potential job losses and factory closures in communities across America. Unions are a pathway to the middle class, and if their power is undermined, impacts reach far beyond their members. UAW's decline would set back worker power and fairness in the country for decades, undermining wages, benefits, and the existence of the middle class along with it. When our workers succeed, industry succeeds. By standing up to foreign subsidized EVs, we can grow the domestic EV industry to the benefit of U.S. autoworkers, domestic automakers, and American consumers.

Moreover, the future of American manufacturing is linked to the future of the domestic auto industry. Each auto job in the United States supports 11 other jobs.³ A surge in Chinese EV sales would cripple the domestic manufacturing base, including critical inputs from parts suppliers to steel, tires, and glass producers. Given the increasingly complex nature of both EVs and internal combustion vehicles, Chinese autos could also undermine efforts to reshore semiconductor production, as well. Losing the automotive manufacturing base poses a major threat to our economic and national security. We know China has the playbook to threaten American industry from its heavily subsidized steel industry. Tariffs alone are insufficient.

The level of subsidization and resulting sale price differential between an EV produced by a Chinese entity and those manufactured in the U.S. using union labor presents extreme challenges to enforcing a level playing field. Currently, Chinese-built cars are subject to an extra 25 percent tariff on top of the regular 2.5 percent import duty that generally applies to imported vehicles. But Chinese automaker BYD, now the world's largest producer of electric cars, sells an electric hatchback named the "Seagull" for the equivalent of less than \$10,000 USD.⁴ In addition to China's heavily-subsidized, artificially low vehicle pricing, Chinese automakers are finding new ways to cheat by establishing factories in Mexico. China's persistence at skirting United States policies to enforce fair trade and a level playing field calls for strong action to stop the problem before it starts. When the goal is to dominate a sector, tariffs are insufficient to stop their attack on American manufacturing; instead, the Administration should act now to ban Chinese EVs before they destroy the potential for the U.S. EV market. For this reason, no solution should be left off the table including the use of Section 421 (China Safeguard) of the Trade Act of 1974⁵, or some other authority.

The EV market in the European Union provides a strong warning for what may happen in the United States if Chinese EVs are allowed to enter. In 2023, nearly 20 percent of all electric vehicles sold in Europe were built in China. While the European Commission is now investigating subsidies given to EV manufacturers in China, the damage has been done. China's heavily subsidized EVs are distorting the European market and will continue to harm workers and industry around the world without immediate, bold action. Chinese ambitions are global and for these reasons, it is imperative that our actions on EVs include engagement with not only auto

³ <https://www.americanmanufacturing.org/wp-content/uploads/2024/02/On-a-Collision-Course-FINAL-22024.pdf>

⁴ <https://www.cnbc.com/2024/03/22/byd-seagull-ev-puts-global-auto-execs-politicians-on-edge.html>

⁵ <https://www.usitc.gov/faq/faq-china-safeguards/what-section-421-china-safeguard-trade-act-1974>

producing allies but also emerging markets.

Lastly, allowing Chinese EVs on our roads could pose risks to our national security. The technology in EVs includes apps, sensors, and cameras. China should not have access to the data these technologies can collect – whether it be information about traffic patterns, critical infrastructure, or the lives of Americans. China does not allow American-made electric vehicles near their official buildings.⁶ To allow their vehicles freedom to travel throughout the United States would be foolish and highly dangerous. I appreciate the Department of Commerce’s initiation of an investigation into the technology embedded in EVs from China, but we must act expeditiously to ban these vehicles from the United States.

The automotive sector is undergoing rapid, dramatic changes. As these market- and technology-driven changes arise, it is imperative that American companies innovate and lead in the technologies of the future. American companies cannot compete against Chinese companies that are heavily subsidized. For this reason, the United States must ban Chinese-made EVs as soon as possible. This is a matter of economic and national security. Thank you for your attention to this critically important issue.

Sincerely,



Sherrod Brown
United States Senator

⁶ <https://www.cnn.com/2022/06/23/business/tesla-barred-china-suspicious-intl-hnk/index.html>