

## Distortions in China's Battery Industry

1. To further substantiate the arguments concerning a particular market situation in China set out in the Application for the anti-dumping (AD0075) and anti-subsidy (AS0076) investigations into boom lifts from China, the Applicant (Niftylift Limited) provides the following information on distortions in China's battery industry.
2. It is established that China currently holds the largest global production capacity for critical raw materials essential to battery manufacturing, particularly lithium-based batteries. In its Raw Materials Information System, the European Commission (the "**Commission**") notes that *"The supply of each processed raw material and components for batteries is currently controlled by an oligopoly industry, which is highly concentrated in China"*.<sup>1</sup>
3. Owing to this dominant position in the global market, the Chinese battery sector is also characterised by significant overcapacity.<sup>2</sup>
4. The development of upstream inputs used in battery production and the development of batteries themselves are closely interconnected.<sup>3</sup> They also underpin various downstream industries, notably those relying on battery-powered electric motors.
5. In the European Union's *Electric Vehicles* investigation (AS689), the Commission found that the PRC directly or indirectly controlled numerous suppliers of batteries and lithium.<sup>4</sup> The Commission further established that the Chinese public authorities exercised influence over these markets *"This framework shows how the GOC intervenes in the market so that input suppliers are not free market operators but entities which performed the assigned governmental functions."*<sup>5</sup>
6. The growth of the battery industry and its tight oversight by the Government of China are aimed at supporting the development objectives of several "new energy vehicle" industries by reducing production costs, thereby enabling the supply of cheaper batteries. The Commission's analysis concludes that Chinese public authorities prioritise domestic battery manufacturers, seeking to strengthen them and encourage their expansion into foreign markets.
7. As the Commission found, *"the Chinese public authorities set objectives aimed at ensuring a stable and substantial supply of batteries and inputs, at lower prices, for the benefit of EV producers, who therefore enjoy significant cost reductions enabling them to sell their EVs at cheaper prices, including on the Union market"*.<sup>6</sup>
8. These policies prevent the establishment of a free-market economy for these goods. The Commission further indicates that *"Chinese-owned battery manufacturers held*

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<sup>1</sup> European Commission, "RMIS – Lithium-based batteries supply chain challenges", available [here](#).

<sup>2</sup> European Commission, "Final commission staff working document on significant distortions in the economy of the People's Republic of China for the purposes of trade defence investigations (SWD(2024)) 91", 10 April 2024, ("**Commission Staff Working Document**"), p. 671, available [here](#).

<sup>3</sup> Commission Implementing Regulation (EU) 2024/1866 of 3 July 2024 imposing a provisional countervailing duty on imports of new battery electric vehicles designed for the transport of persons originating in the People's Republic of China, *OJ L*, 4 July 2024 ("**Regulation 2024/1866**"), recital 707, available [here](#).

<sup>4</sup> Regulation 2024/1866, section 3.7.2, recitals 702 e.a.

<sup>5</sup> Regulation 2024/1866, recital 707; Commission Staff Working Document, p. 671 e.a.

<sup>6</sup> Regulation 2024/1866, recital 759.

*over 88 % market share on the Chinese domestic market in 2021, leaving only 4 % market share to battery manufacturers that are foreign-owned ".<sup>7</sup>*

9. Given that lithium-ion batteries are materials used in the production of boom lifts and because their prices are distorted on the Chinese market, the Applicant has applied Brazilian prices of batteries and requests that the TRA applies Brazilian prices of batteries.

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<sup>7</sup> Regulation 2024/1866, recital 763.