

May 14, 2024

President Joe Biden  
The White House  
1600 Pennsylvania Avenue NW  
Washington, D.C. 20500

Dear Mr. President:

Today, your administration announced the conclusion of its Section 301 tariff review and levied a 100 percent tariff on electric vehicle (EV) imports from China, with no comparable duty increase for Chinese internal combustion engine (ICE) vehicles. It is imperative that any updated tariff regime adequately address the extinction-level threat that Chinese vehicles—both internal combustion engine and electric—pose to American automakers and the workers they employ. I urge you to reconsider this reckless, half-baked decision that will jeopardize the future of America's automakers.

In 2018, President Trump foresaw China's threat of flooding the U.S. market with cheap vehicles, and his tariffs have held the Chinese Communist Party (CCP) at bay for the past six years. But other countries were not as smart. They allowed the CCP to leverage massive state subsidies, financing incentives, tax breaks, slave labor, intellectual property theft, and preferential market access policies to become the world's largest exporter of automobiles. Today, there is widespread bipartisan consensus that China's threat to U.S. manufacturers has grown and that additional protective measures are necessary. You are correct to increase tariffs on EV imports from China. The BYD Seagull, for example, has an average starting price of about \$10,000 in China, less than half the price of any American EV. If EVs like these enter the American market, it will be an extinction-level threat to the American auto industry.

However, my concern is that your exclusive focus on Chinese EVs ignores China's biggest threat to the U.S. auto industry. Last year alone, gas-powered vehicles accounted for three-fourths of the People's Republic of China's (PRC) 4.9 million vehicle exports. In fact, exports of ICE autos from China increased from 2.4 million to 3.7 million cars between 2022 and 2023. This one-year *increase* represents more vehicles than China's *total* EV exports last year (1.2 million vehicles). Like EVs, Chinese-made ICE vehicles also enjoy a significant price advantage over American competitors due to subsidies and other unfair trade practices. All Chinese autos deserve a decisive response.

South of the U.S. border, Chinese automakers have captured a 20 percent share of Mexico's auto market in only six years by offering artificially low prices. For example, a customer looking to purchase a pickup truck in Mexico can buy a Frison T8, made by China's Anhui Jianghuai Automobile Group, for \$10,000 less than any comparable truck produced by Ford or Chevrolet, according to Bloomberg. Chinese automakers achieve these price advantages through a proven track record of trade abuses and anti-competitive behavior.

Policymakers should be particularly concerned about protecting ICE vehicles because these are the cars that most Americans prefer and drive. Setting aside your administration's radical climate agenda, it is still true that today—in the real world—a vast majority of American-made cars run on gas. Relatedly, ICE vehicles are the most valuable cars for American automakers. Last year, EVs accounted for fewer than four percent of Ford's auto sales and fewer than three percent of General Motor's auto sales. More importantly, ICE vehicles remain the most profitable vehicles for U.S. automakers. A report released by Bloomberg revealed that Ford is currently losing nearly \$100,000 on every EV it sells. In other words, a future, prosperous American EV industry depends on U.S. automakers continuing to profit from gas-powered cars *today*, so they can invest in new EV technology and increase profit margins in that sector.

Regrettably, this is not the first time your actions have threatened to make American automakers less competitive. Your administration's recently finalized rule on tailpipe emissions standards will greatly diminish America's industrial might if left in place. Given your Administration's reckless disregard for the cars most Americans drive to date, I'm not surprised you would allow unfair trade from China to further erode this important industry. However, I hope you will at least be persuaded that strong tariffs against Chinese ICE vehicles are needed to protect the *present* health of American automakers. Without such tariffs, the *future* of American dominance in EV production is in jeopardy.

Of course, even strong tariffs against imports of automobiles from China will not secure a long-term future for American automakers because Chinese automakers are actively establishing new manufacturing sites in Mexico to gain duty-free access to the U.S. market through the U.S.-Mexico-Canada Agreement. We must also close this back-door loophole, which threatens to unravel all of America's trade protections for auto manufacturers. I have introduced legislation to do just that.

It is not too late to remedy your mistake and protect the nearly three million workers employed by American automakers. This industry doesn't just help our country compete in the global economy, it also provides millions of workers and their families stable jobs with good benefits. A thriving auto industry unites communities and anchors families. It is a source of pride for the American people. If you do not protect the entire American auto industry, the consequences for our families, communities, and nation as a whole will be grave.

Thank you for your attention to this important matter.

Sincerely,



Marco Rubio  
U.S. Senator