

Watts the Excuse?

How the WTO Panel Struck Down Türkiye's Measures on Chinese Electric Vehicles, its Green Defence and its Import Permit Scheme

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On 28 July 2026, the WTO panel report in Türkiye – Measures Concerning Electric Vehicles and Other Types of Vehicles from China (DS629, WT/DS629/R) was circulated. The Panel found Türkiye's additional customs duties on Chinese electric vehicles (EVs) and certain hybrids, and its import permit licensing scheme (IPLS), inconsistent with its GATT 1994 obligations. Türkiye's environmental defence under Article XX(b) and its natural-resources defence under Article XX(g) both failed. The report is not yet adopted: on 15 September 2026, China and Türkiye jointly requested the Dispute Settlement Body (DSB) to extend the appeal window to 27 October 2026 (WT/DS629/5). This gives the parties additional time to consider their positions amid the continued paralysis of the WTO Appellate Body, as a standard appeal could place the dispute in the "appeal into the void" situation. This briefing summarises what the Panel decided, why the green defence did not work out, and what the ruling means for similar initiatives beyond Türkiye.

Background

Since 2023, Türkiye has introduced protective measures on Chinese vehicles: i.e., an additional 40% customs duty on Chinese EVs (on top of the 10% standard tariff) under Presidential Decision No. 3351, additional duties of up to 50% (or USD 9,500 per unit) on other Chinese passenger vehicles under Presidential Decision No. 9392, an exemption for producers holding a Turkish investment-incentive certificate, and the IPLS (originally Notification 2023/22, latest Notification 2025/7) conditioning market access on five cumulative after-sales requirements. In September 2025, Türkiye overhauled the regime through Presidential Decision No. 10436, replacing the China-specific EV duty with a broader measure on passenger vehicles originating from "countries other than the European Union (EU) and countries with Regional Trade Agreements (RTAs)". China requested consultations on 8 October 2024. The Panel was established on 24 February 2025 and reviewed whether the measures implemented by Türkiye were in line with the WTO rules.

Tariff bound rates matter

Upfront learning point for policymakers: adding extra duties based on origin is risky when those duties increase tariffs above a Member's WTO commitments. If the final tariff exceeds the bound rate, justification may be difficult even if the product is new or that tariff classifications have evolved over time.

A WTO Member's bound rate is the maximum duty it can apply to a product, no matter how convenient a higher rate might come politically or economically. The Panel found that Türkiye's additional duties on EVs broke this ceiling in violation of Articles II:1(b) and II:1(a). Türkiye argued that a WTO Member cannot bind itself with respect to vehicles that incorporate a technology that barely existed when the tariffs were agreed. The Panel rejected that argument, holding that the existing vehicle categories still covered EVs and many hybrids, even after customs classifications changed. A few hybrid categories were exceptions, while China did not provide enough evidence for conventional petrol and diesel vehicles).

Preferential trade is not a blanket cover

The Panel also found that the measure violated the WTO's most-favoured-nation (*MFN*) rule under [Article I:1](#). Türkiye exempted vehicles from RTA partners from the additional duties. That could be allowed, but only where the relevant RTA actually covers the products concerned. Türkiye's agreement with Venezuela did not cover all the vehicle tariff lines, so part of the exemption went a little too far. This decision shows that exemption for preferential trade partners is not a blanket cover for Member States: and the MFN exemption must match the actual scope of the RTA's tariff coverage, line by line.

This finding may become relevant also for the EU's new Steel Regulation ([EU Steel Regulation 2026/1384](#)). Around half of the tariff-rate-quotas (*TRQs*) is reserved for the EU's FTA partners, while out-of-quota imports are subject to a 50% duty. The key question may thus be whether each preferential TRQ is properly backed by the relevant agreement's actual tariff coverage.

No Green Free Pass

Upfront learning point for policymakers: a genuine environmental objective is not sufficient, in itself, to justify an origin-based duty at the WTO. To trigger Article XX defences, the responding Member must first prove the factual existence of the relevant risks or logical connections.

Türkiye argued that the additional duties were necessary to reduce CO₂ emissions in the transport sector by protecting a domestic EV industry that would, in turn, build charging infrastructure. The Panel accepted that cutting CO₂ emissions is a valid [Article XX\(b\)](#) objective and can justify a trade measure, but only if the country can prove the risk and every step linking the measure to that specific objective. The Panel also confirmed that the responding Member must demonstrate the factual existence of a risk to the protected interest as the very first step of justification under Article XX(b).

In the present case, Türkiye's environmental justification under Article XX(b) did not hold because the Panel did not see a genuine risk that needed to be addressed. Demand for EVs and hybrid vehicles was already growing and charging infrastructure was expanding quickly (i.e., 176 licensed operators, up from 5 before the measure was in force); and both domestic and foreign companies were competing in the market under the same incentive schemes. The Panel also noted that the three largest domestic EV producers accounted for less than 30% of the charging market. Thus, the alleged threat appeared speculative.

Türkiye's defence under Article XX(g) failed for similar reasons: i.e., the measure was not sufficiently connected to the conservation of natural resources and were not accompanied by equivalent restrictions on domestic production or consumption.

Consumer protection is not a life jacket

Upfront learning point for policymakers: a measure does not easily become WTO-compliant just because it is labelled as consumer protection. Violation likely exists as long as importers are required to meet conditions that domestic producers do not.

Türkiye's IPLS allowed imports of EVs and plug-in hybrid vehicles only if five conditions were met: 20 service stations across 7 regions; certified repair staff; a Turkish call centre with at least 40 employees per brand; an authorised representative in Türkiye; and government oversight of battery systems. The Panel found all five requirements, and the permit mechanism enforcing them, inconsistent with Article III:4 GATT, because comparable Turkish vehicles were not subject to the same conditions. Türkiye argued that these requirements were necessary to ensure compliance with its consumer protection and vehicle approval rules under Article XX(d). The Panel ruled that Türkiye did not establish a sufficient connection between the import restrictions and the enforcement of those domestic laws.

This lesson may also be interesting for the EU as it designs its proposed Industrial Accelerator Act (IAA) insofar as it requires certain investments in strategic sectors (e.g., cars and batteries) to meet conditions that create value in Europe, for instance, through local employment, supply, research and development, or even technology transfer. Unlike the IPLS, the IAA conditions apply only to approving an investment, not to importing products. But the WTO risks grow if non-EU stakeholders may be subject to tougher conditions than their EU counterparts to access the market.

What this means for Türkiye and other WTO Members

The panel report shows that although building green industrial capacity may be compatible with WTO law, doing so through origin-specific tariffs is not. Even in the electrified era, a legitimate environmental or industrial objective is not a blank cheque to justify

tariffs above bound rates, discriminatory import conditions, or market-access rules tied to local investment.

Policymakers designing the next generation of economic security and trade defence tools (such as overcapacity instruments, CO2 flexibilities, trusted-partner regimes) should invest early in a documented factual risk record, and in RTA coverage that matches the tariff carve-outs they intend to grant. Absent these, no amount of green rhetoric will hold in Geneva.

BLOMSTEIN will closely monitor further developments and keep you informed. If you have any questions on the topic, [Leonard von Rummel](#) and [Uğur Can Hekim](#) and the entire team is ready to assist you.

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