

# Tariff, Cell Cost & Export VAT Rebate Updates and Pricing Impact

## Dear Valued Customer,

2026 is expected to be a challenging year for the battery industry, with continued cell price increases, higher tariffs, and the phase-out of export tax rebate incentives. As always, Pytes is committed to keeping our partners informed so that business planning can be made with sufficient visibility.

### Rising Cell Costs

Following the market updates previously shared, cell suppliers have increased prices to Pytes, with price hikes ranging from 15% to 30% depending on the cell model, and further **increases** are expected. In addition, cell supply remains tight.

### Increased Tariffs on Lithium Batteries

Import-related costs have increased due to tariff adjustments. The tariff rate on non-EV lithium ion batteries has risen from 7.5% to 25%, effective January 1, 2026. <https://www.whitecase.com/insight-alert/united-states-finalizes-section-301-tariff-increases-imports-china>

Although the fentanyl-related tariff was reduced by 10% last year, the net impact on our industry is an effective 7.5% increase in total U.S. duties on non-EV lithium batteries imported from China.

### Phase-out of Lithium Battery Export VAT Rebates

We would also like to highlight upcoming changes to China's export VAT rebate policy for battery products, which will take effect in stages:

- From **April 1, 2026 through December 31, 2026**, the export VAT rebate rate will be reduced from 9% to 6%.
- Beginning **January 1, 2027**, the export VAT rebate for battery products will be fully phased out.

These adjustments represent a structural shift in export cost dynamics rather than a temporary measure.

### Commercial Implications

Due to upstream cost increases, higher tariffs, and export policy changes, battery prices will be adjusted upward.

We recommend early order planning to secure current Pytes inventory in US and existing pricing. Pricing for new full-container orders shipping from China has already increased.

We understand you may have questions regarding these changes. Please reach out to your Pytes sales representative or email [pytesusa@pytesgroup.com](mailto:pytesusa@pytesgroup.com). We will be happy to walk you through the details.

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