



## POLICY PAPER – TRADE AND MARKET ACCESS.

### FREE TRADE ON A GLOBAL LEVEL.

The BMW Group is a global operator with over 30 production sites worldwide and an extensive international sales and supplier network. Its products are sold in 140 countries. The automotive industry works with globally interconnected value chains, so free trade is fundamentally important. This is especially true for the transition to battery-electric vehicles, as the raw materials and technologies needed for them – cells for high-voltage batteries, for instance – are sometimes in limited supply locally.

Because of its global setup and interconnections, the BMW Group is committed to promoting cooperation, free trade and open market access.

### OVERCOMING TRADE BARRIERS.

Global trade is becoming more and more important and is characterised by a wide range of international interdependencies. At the moment, however, political actors worldwide have reached a turning point: either they succeed in finding common paths for international cooperation, or protectionist tendencies will gain traction.

From the BMW Group's perspective, barrier-free access to markets is key, not only for our own business success, but also for growth, prosperity and employment throughout the global economy. Global trade has historically been a driver of international cooperation and economic growth – and it should remain one.

The BMW Group is urging politicians to reconsider existing trade barriers – provided human rights, occupational health and safety standards, and sustainability aspects are unaffected. These must remain the top priority.

## THE OPEN AND RULES-BASED TRADING SYSTEM OF THE EU.

In the current legislative period, the EU is expected to present a comprehensive trade strategy aimed at reducing tensions in global trade relations.

At the same time, intensive efforts are needed to reach trade and investment agreements with partners worldwide. First of all, where negotiations are complete or nearing completion, free trade agreements (FTAs) should be ratified quickly. In addition to traditional FTAs, negotiations should take place for more flexible, sector-specific trade agreements as well, such as the Critical Minerals Agreement with Australia, signed in May 2024.

With issues where Europe is reliant on foreign countries, the EU should increase incentives for localisation and foreign direct investment. Trade barriers could be mutually reduced by technological cooperation. And European sustainability measures such as the CBAM (Carbon Border Adjustment Mechanism) and EUDR (European Deforestation Regulation) could play an important role in ensuring trading partners are aligned with the EU's political priorities. Essentially, the EU Commission should ensure that any measures taken at EU and national level do not result in unintended trade barriers.

## FREE TRADE AGREEMENTS.

The BMW Group is strongly in favour of the ratification of the following free trade agreements:

- EU-Canada Trade Agreement (CETA)
- EU-ASEAN Trade Agreement
- EU-India Trade Agreement
- EU-Mexico Trade Agreement (Update)
- EU-Australia Trade Agreement

Any free trade agreement should aim to dismantle tariffs on both sides completely, create equal market access conditions for all parties, eliminate existing trade barriers and prevent new ones from being instated. Special care must be taken to ensure that the elimination of tariffs does not cause other trade barriers to be introduced, such as local taxes or incentives for local production.

The BMW Group recognises that less developed countries need time to build up their domestic industrial base and accepts that in some cases, dismantling tariffs may be a lengthy process. How long this takes should depend on the level of development of the country.

### Conclusion

The BMW Group emphasises the importance of free trade and open markets for global growth and prosperity. It calls on the EU to develop a comprehensive trade strategy in the coming legislative period and to ratify trade agreements quickly.

BMW Group, November 2024

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