

The BMW Group is pleased to make the following submission in reference to the Public Consultation on the EU-U.S. High Level Working Group on Jobs and Growth.

We very much appreciate the opportunity to share our views on options for the further liberalization of trade between the EU and the U.S. The BMW Group expects the High Level Working Group to foster the removal of existing trade barriers, to deepen the transatlantic market integration and to create opportunities for economic growth and employment in both countries. Any transatlantic agreement should be ambitious, comprehensive and inclusive.

The BMW Group is a strong supporter of free trade and further liberalisation of global trade. The free flow of goods and the openness of foreign markets are essential to maintaining a strong industrial production base in the European Union and to protect employment. Therefore, we support the removal of all existing trade barriers between the U.S. and the European Union including all tariff and non-tariff measures.

Comprehensive agreement between the EU and the U.S.:

The BMW Group favours a comprehensive agreement on trade and investment between the EU and the United States. It would bring considerable gains for both the EU and the U.S. Independent studies indicate that free trade between both countries would lead to a considerable increase of GDP, thereby fostering production and employment on both sides of the Atlantic. We fully support the idea to engage in formal negotiations on all relevant issues. In our opinion, a comprehensive free trade agreement between the European Union and the United States should include:

1. The complete elimination of all industrial tariffs as well as non-tariff-barriers
2. A strong regulatory cooperation building on the work of the Transatlantic Economic Council (TEC)
3. Trade Facilitation
4. Protection of Intellectual Property
5. Protection of investment and broad market access for investment.

The first two points mentioned above are of the utmost importance for the BMW Group. The BMW Group would recommend the launch of negotiations especially in these two areas of interest.

1. Tariff elimination

Tariffs on both sides of the Atlantic are still high compared to other industrialized countries. This is especially true for the automotive sector. Whereas the car imports from the EU are subject to a tariff of 2.5% in the U.S., the EU still tariffs imports from third markets at a rate of 10%. In comparison, tariffs in Japan are 0% for automotive imports. Tariffs in South Korea will be removed gradually through the free trade agreements signed by the EU and the U.S. with South Korea. Bilateral trade between the EU and the U.S. is to a large degree composed of intra-company trade, suggesting potential gains of great magnitude. The existing trade barriers still bias trade flows between both countries and impose high costs on European companies exporting to the U.S. or sourcing parts and components in the U.S. A removal of these barriers would surely lead to a reduction of costs for companies on both sides

of the Atlantic and to direct benefits for consumers. The BMW Group supports the full elimination of all industrial tariffs without exception.

2. Regulatory cooperation

Different regulatory regimes on both sides of the Atlantic cause unnecessary transaction costs for companies and consumers. More harmonization and mutual acceptance would serve the vital interests of companies as well as consumers on both sides and would strengthen the global competitiveness and growth of the transatlantic economy.

Non-tariff measures have a major impact on automotive trade flows between the US and the EU. In this context aligning existing as well as future automotive regulations and standards is of high importance. For the BMW Group, progress on regulatory cooperation would be an important part of any negotiations.

Non-tariff trade barriers have a major impact on automotive trade flows between the U.S. and the EU. Aligning existing regulations and technical standards as well as future automotive regulations and standards is necessary.

For existing regulations and standards, the BMW Group supports the mutual recognition of standard on both sides of the Atlantic in order to facilitate the existing automotive trade between the EU and the U.S. For many standards, the difference between US regulation and European regulation are rather small. For technical standards where there are bigger differences between the US and the EU, compromises have to be found to remove any obstacles to trade. Today the EU essentially applies the UNECE 1958 Agreement and the U.S. the FMVSS standards. Both countries have signed the 1998 Agreement, but did not adopt any of the global technical regulations. An adoption of the global technical regulations would facilitate trade between both sides of the Atlantic.

For future automotive regulations, standards and technologies, close cooperation is needed, by which both the EU and the U.S. would agree to consult each other before introducing new technical legislation. Today the EU essentially applies the UNECE 1958 Agreement and the U.S. the FMVSS standards. The U.S. and the EU should work on harmonising in future both legislations. This cooperation would be in addition to that already existing in WP29 in Geneva and in the TEC. If the EU and the US can agree on common future standards, this would create a major opportunity to have a more international approach and to invite other countries such as Japan, South Korea, as well as the BRICS and ASEAN countries to join.

3. Customs Rules Convergence - Trade Facilitation

As a priority issue, the EU and the U.S. should cooperate more intensively on trade facilitation in order to reduce the transaction costs for transatlantic trade. This could include a uniform system of standardised customs processes, efficient customs clearance, mutual recognition of standardised customs and security-related standards. The implementation of the draft Trade Facilitation Agreement between the EU and the U.S. has already been negotiated in the Doha Round process.

4. Protection of Intellectual Property Rights (IPR)

The protection of Intellectual Property Rights (IPR) is vital for the transatlantic economy. The BMW Group welcomes efforts to create a level-playing field for both statutory law and the respective enforcement in the field of IPR.

5. Foreign Investment

Foreign direct investment is a very important element of the transatlantic economy. The EU is the most important source of direct investment in the U.S. and vice versa. Mutual investment creates jobs and stimulates innovation. It enhances the global competitiveness of the transatlantic economy. The BMW Group supports the “Statement on Shared Principles for International Investment” which the U.S. and the EU have agreed on recently. A strong investment protection with a clear commitment to respect the already agreed high level principles and rules for transatlantic investments with a state-of-the-art investor-to-state dispute mechanism is supported.