

## BMW Position on local content requirements in the EU and its member states

### Strengthen competitiveness of industrial production in the EU.

- The EU is our largest production base and most important sourcing hub globally.
- We support localizing critical value chains in the EU under a political framework that focuses on incentives and targeted support. We oppose mandates for private customers and fleet operators.

### Include value creation of exports, create balancing mechanism vs imports.

- Vehicles produced in the EU for export into markets outside of the EU have the same contribution to EU value creation compared to vehicles which remain in the EU.
- The EU value of exported vehicles must be included in any formula.
- To reward localization efforts, contingents of tariff-free imports could be granted as incentive.

### Calculate at OEM average fleet level, not vehicle-specific.

- We propose to calculate at fleet level to achieve an OEM average.
- This allows to include export-oriented EU value creation.

### Phase-in approach needed, especially for critical value chains such as batteries.

- We support localization efforts for battery value chains through an incentive-based model.
- This should be done through a phase-in approach that reflects current localization realities and the required lead-times to establish local production (5-8 years).

### Measure on Tier 1 level, based on WTO principles.

- Any calculation must be done at Tier 1 level, in accordance with formulas used in trade agreements. We propose to calculate the maximum value of non-originating materials (non-EU, EFTA and EU accession countries), and deduct the result from 100%:

$$\text{MaxNOM}(\%) = \frac{\text{VNM}}{\text{EXW}} \times 100$$

- "VNM" would mean the value of non-originating materials used in the manufacture of the product which do not have EU/EFTA/EU accession countries as non-preferential origin.
- "EXW" or "ex-works price" means the price paid for the product ex-works to the manufacturer in a country/party where the last working or processing was carried out and shall, in all cases, include the value of all the materials used and all other costs related to its production.