



## **BMW Group Position** on CBAM - Resource Shuffling.

In public debate, resource shuffling occurs when companies send their lower-carbon products to markets with green incentives, like the EU, and redirect higher-carbon products to other markets. This allegedly shifts, rather than reduces, global emissions and can undermine EU climate goals and the competitiveness of EU suppliers.

Decarbonization is yet not driven by the EU alone - climate action initiatives are advancing across the globe, and in some regions even outpacing Europe. At BMW, we welcome this worldwide momentum.

## Resource Shuffling in the context of CBAM.

BMW is committed to genuine CO2 reduction. Reliable access to key materials like steel and aluminum is essential. Blanket or rigid regulations, such as mandatory default values, risk distorting competition and undermining the true impact of climate measures. Less favorable conditions should apply only if rule-breaking is proven.

### Principles.

- Promote genuine emission reduction: **Every ton of CO2 saved counts.** Decarbonization incentives must remain strong.
- Consider global value chains: Clean production processes outside the EU are equally relevant and should remain accessible.
- Regulation with balance: distinguish between **the intended benefits and potential adverse consequences** of resource shuffling.
- Apply **mandatory default values only in proven cases of fraud or circumvention**, and always temporary and in line with WTO rules. Anti-dumping practices provide a useful reference.

### Recommendations to address Resource Shuffling.

- Precise measurement and verification of emissions: in perspective, carbon accounting is a practical solution.
- Robust, efficient default values: Default emissions should reflect the best production practices available to minimize incentives for resource shuffling.
- Prevent circumvention: Harmonized and streamlined reporting and control standards, including strict documentation by verifiers.
- Address energy price disparities: Differences in energy costs must be addressed (as already picked up by the EU Clean Industrial Deal).

### Conclusion.

Credible decarbonization requires fair rules and open markets. Effective emissions accounting, access to clean materials, and a balanced regulatory framework strengthen climate action globally and safeguard a competitive European industry.