

Beat: Business

BMW says U.S. tariffs on EU cars may hit investment there

Business Market

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USPA NEWS - U.S. tariffs on imported cars could lead BMW (BMWG.DE) to reduce investment and cut jobs in the United States due to the large number of cars it exports from its South Carolina plant, the German carmaker has warned.

President Trump's administration last month launched an investigation into whether auto imports posed a national security threat and Trump has threatened to impose a 20 percent tariff on all imports of EU-assembled cars.

"The domestic manufacture of automobiles has no apparent correlation with U.S. national security," BMW wrote in a letter to U.S. Secretary of Commerce Wilbur Ross this week, adding that imposing duties would not increase U.S. growth and competitiveness.

The BMW plant in South Carolina is its largest globally and ships more than 70 percent of its annual production to other export markets, the company said.

Chinese tariffs on U.S. passenger cars, imposed in retaliation for U.S. duties on Chinese goods, have already hiked up the cost of exporting to China, BMW said. Any U.S. tariffs would likely lead to further retaliatory measures from China and the European Union.

In addition, higher tariffs on components imported to the United States would make other production locations outside the country more competitive.

"All of these factors would substantially increase the costs of exporting passenger cars to these markets from the United States and deteriorate the market access for BMW in these jurisdictions, potentially leading to strongly reduced export volumes and negative effects on investment and employment in the United States," BMW said in the letter.

Two major auto trade groups, one representing BMW among others, had earlier this week said that imposing up to 25 percent tariffs on imported vehicles would cost hundreds of thousands of jobs, dramatically hike prices on vehicles and threaten industry spending on self-driving cars.

"By insulating the United States from foreign competition, there is less incentive for American companies to strive to raise their productivity and look for ways and means of producing ever better goods (and services) ever more cheaply," BMW said.

(This story corrects spelling of "Carolina" in first paragraph.)

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