

How to avoid the Brexit cliff Edge?

The importance of the automotive industry in driving economic growth in Poland and Europe

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ZWIĄZEK PRACODAWCÓW
MOTORYZACJI I ARTYKUŁÓW
PRZEMYSŁOWYCH



Automotive Industry - Europe's growth engine

- Europe's vehicles are the cleanest, safest and quietest in the world
- Turnover generated by the automotive sector represents 6.8% of EU GDP
- 3.3 million jobs represent almost 11% of EU manufacturing employment
- Strategic industry in the EU with 9.2 million vehicles manufactured / year
- Global player bringing in a €90 billion trade surplus
- €396 billion in tax contributions (old EU)
- Largest private investor in R&D in Europe, with €50 billion invested



United Kingdom

important part of European Automotive Industry

- United Kingdom is a major part of the EU automobile manufacturing supply chain
- The UK is home to over 30 production facilities, producing engines and vehicles, as well as suppliers to the auto industry, sector employs some 700,000 people in the United Kingdom
- 80% of the UK's automobile production is exported, of which 52.8% (worth €14.6 billion) goes to EU member states
- The EU represents 81% of the UK's motor vehicle import volume, worth €44.7 billion.
- Main EU partners are Germany, Spain, France, Belgium, Poland and Italy



Automotive industry a flywheel of Polish economy

Automotive industry represents:

- 8% of Polish GDP
- 12% of Polish industrial output sold
- 174,2 thousands employees of the automotive industry (10% of all Polish industry)
- 13% of Polish exports bringing over 6 billion EUR trade surplus

Total Automotive Exports of €23 billion in 2016 (YoY growth of 10,99%)

Parts and Components Exports of €10 billion (YoY growth of 12,78%)

PC and LCV €6,9 billion (15,93%)

Engines €1,9 billion (YoY decline of 8,75%)

Main export markets: D (30,23%), I (9,27%), CZ (8,05%), GB (7,25%)

Part of European and global automotive value chain within CE automotive cluster



BREXIT

Key Priorities

- Uncertainty around the future relationship between the UK and EU does not create the necessary environment for automotive business to operate within
- It is essential that we can remain competitive and benefit from tariff free trade without non-tariff barriers together with frictionless movement of goods.
- It is necessary that businesses are allowed sufficient time to prepare and review the impact of any future relationship and that the arrangements are fully resilience tested.



Transition

- Once the new trading environment is clarified will all need time to adapt to the new environment
- New systems and processes will be needed to operate in the new trading environment, these will need to be agreed, developed and tested to give all partners the security that they will work
- Business will have to work with all European supply chains to ensure their reediness for the new trading environment
- It is essential that time between the UK leaving the EU and the new trading environment is agreed, replicates the current arrangement, so continued access to single market and customs union



Trade

- Tariff-free trade
- We call on EU institutions, Member States and the UK to priorities a tariff-free trade.
- New customs agreement
- The free movement of parts and vehicles with common customs law mirroring the current customs rules and procedures will ensure the free flow of automotive goods and any cost increase associated with customs declarations and process changes are minimized
- Rules of Origin
- A solution is needed on how the UK can maintain cumulation with the EU
- For future trading relationships, especially outside of the EU, application of diagonal accumulation of origin with the EU needs to apply to ensure that the UK can reach originating content percentages.



Regulatory Divergence

The European automotive industry, and ultimately our customers, benefits from a system of harmonised and share regulations

It is important that going forward that the UK avoids divergence of standards, particularly in the following areas:

- Safety and type approval
- CO2, Emission and EURO standards
- End of Life Vehicles and recycling
- Data protection regulations
- Intellectual property rights, patents and designs
- Future technologies



Movement of People and Skills

- We understand that free movement of people is a critical issue for the EU institution's and member states
- We call for a practical way forward, so that our employees working in the UK from the EU will have their rights protected going forward and vice versa
- As a European business we rely on the ability to move skills and talent across the Union, sharing knowledge and best practice, which helps create a stronger, more competitive European automotive industry
- Having access to skills and talent is crucial for our supply chain who could be unable to access a wide employee base



Thank you