

AUTOMOTIVE

Trump pressures BMW with 35pc export tax for Mexican-built models

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BMW 3 Series

By STAFF REPORTS

German automaker BMW may have to pay a 35 percent border tax on vehicles exported from a Mexican manufacturing plant to the United States.

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President-elect Donald Trump has warned that his administration plans to heavily tax businesses that outsource labor and manufacturing outside the U.S. The President-elect has also made comments on the business practices of Ford Motor Co. and Toyota Motor Corp., urging both auto brands to avoid taking manufacturing outside the U.S.

Under pressure

President-elect Trump's comments on BMW is the first time he has singled out a brand from Europe.

BMW Group plans to build a \$1 billion manufacturing plant in San Luis Potosi, Mexico. The plant would produce the BMW 3 Series for global distribution beginning in 2019.

The German auto group operates a number of manufacturing plants. The automaker's 3 Series, for instance, is built in Germany and China in addition to the soon-to-be-built Mexican facility.

President-elect Trump warned of the 35 percent tax in an interview with German newspaper Bild. Excerpts of the interview and the President-elect's comments were released on Sunday, Jan. 15, according to Reuters.



BMW 3 Series

"I would tell BMW, if they want to build a factory in Mexico and sell the cars in the U.S. without paying a 35 percent tax, then they can forget about it," President-elect Trump is quoted saying.

BMW has operated a manufacturing facility in Spartanburg, SC for more than 20 years. The automaker plans to expand capacity in Spartanburg from 411,000 units annually in 2016 to about 450,000.

The plant, according to Bloomberg, produces almost all BMW SUVs sold globally and is one of the largest North American vehicle exporters.

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