

Auto industry warns EU of Brexit damage

European carmakers warned Thursday against the potential dangers of Brexit to the vital auto industry in both Britain and Europe.



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According to EU data, the auto industry employs a total 12 million people in Europe and accounts for a huge 4.0% of the bloc's gross domestic product.

Last year, some 1.7 million cars were assembled in Britain of which eight out of 10 were exported, mostly to the EU.

"Today, the automotive industries of the European Union and the United Kingdom are closely integrated, from the economic, regulatory and technical points of view," said Erik Jonnaert, secretary-general of the European Automobile Manufacturer's Association at a news briefing in Brussels.

Adverse impact on manufacturers

"Any changes to this level of integration will most certainly have an adverse impact on automobile manufacturers with operations in the EU or the UK, as well as on the European economy in general," he said.

The association fired the warning shot two days ahead of an EU summit dedicated to finalising the bloc's negotiation stance

in the divorce talks with Britain.

Ahead of the summit, Germany's Angela Merkel warned Britain it should have no "illusions" that it will keep EU privileges, hardening the tone ahead against London.

But the auto industry, a key sector of the German economy, urged caution and continued free trade between the EU and Britain.

"When dealing with Brexit, the aim must really be to mitigate its impact ... no tariff is an obvious starting point," said Sigrid de Vries, head of CLEPA, the European Association of Automotive Suppliers.

"Costs will have to somehow be recovered if there were tariffs imposed ... and that will affect demand, profitability and jobs," she said.

Source: AFP

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