



Fact Sheet AUTOMOBILE TARIFFS

OVERVIEW

The Trump administration announced in late May that it was initiating an investigation that could result in a tariff of up to 25 percent on imported auto and auto parts. The administration has not provided any further details, such as the affected vehicles or countries. NADA issued this [statement](#) after the announcement. The administrative process to evaluate the need to impose tariffs on autos and parts has just begun and is expected to take several months.

Under applicable law (Section 232 of the Trade Expansion Act of 1962), the president has broad authority to impose tariffs or import quotas if the Commerce Department concludes that the importation of autos and auto parts adversely impacts national security. This is the law under which the president recently imposed tariffs on steel and aluminum imports.

NADA has been engaged on the issue, co-signing a letter to Congress urging oversight and studies on the economic impact of the policy. NADA will also file comments with the Commerce Department, and testify at a public hearing on the issue. The association is also moving forward with a study on the potential impacts of tariffs, and is meeting frequently with lawmakers on the issue.

KEY POINTS

- The president is seeking to address large trade imbalances and job losses in the U.S. manufacturing sector. For example:
 - › European tariffs on U.S. vehicles entering the European market are 10 percent, compared to U.S. tariffs of 2.5 percent on autos imported in the U.S.
 - › The U.S. trade deficit in 2017 totaled more than \$568 billion, the highest in nearly 10 years.
- U.S. auto manufacturing is highly integrated with global markets, with supply chains routinely spanning international boundaries. Imposing tariffs or quotas on imports may create a variety of unintended consequences.
 - › More than 54 percent of U.S. auto sales are of international nameplate vehicles (*Wards Auto*).
 - › However, 44 percent of international nameplate vehicles are assembled in the United States (*Wards Auto* and [American Automotive Labeling Act Reports](#)).

EUROPEAN TARIFFS VS. U.S. TARIFFS



10%

TARIFFS ON U.S. VEHICLES ENTERING THE EUROPEAN MARKET



2.5%

TARIFFS ON AUTOS IMPORTED INTO THE U.S. MARKET

U.S. TRADE DEFICIT (2017)

\$568B



INTERNATIONAL NAMEPLATE VEHICLES



MORE THAN
54%

OF U.S. AUTO SALES ARE INTERNATIONAL NAMEPLATE VEHICLES

44%

OF INTERNATIONAL NAMEPLATE VEHICLES ARE ASSEMBLED IN THE UNITED STATES

- › The vehicles sold in the U.S. with the largest amount of domestic content for model year 2018 are Honda's Odyssey and Ridgeline.
- › Many domestic nameplates are actually manufactured abroad.
- A broad increase in U.S. tariffs would raise prices and restrict choices for American consumers.
 - › A 25 percent tariff levied on cars and trucks assembled abroad could result in average price increases in the thousands of dollars.
 - › Consumer choice could be restricted if manufacturers decide to no longer import various models, as these manufacturers have marketing opportunities in other countries.
 - › A tariff on imported parts could significantly increase consumers' costs of servicing and repairing vehicles.