

Amid tax and trade concerns, Detroit auto show offers nostalgia, glamor

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US Secretary of Transportation Elaine Chao highlighted President Donald Trump's tax cuts at the Detroit auto show

The Detroit auto show arrived Sunday with showman's flair, as the car industry tied its latest offerings to American nostalgia and Hollywood

glamor.

But on the sidelines, there were lingering questions about policy and politics.

Arnold Schwarzenegger emerged from a Mercedes-Benz G-Class SUV. The granddaughter of screen legend Steve McQueen arrived in the latest version of the Ford Mustang he immortalized on film.

In a keynote address, US Transportation Secretary Elaine Chao touted just-enacted US tax cuts, which reduced the US [corporate tax rate](#) from 35 to 21 percent, saying the move will attract more US investment.

There were also cautious statements about ongoing renegotiations of the North American Free Trade Agreement, on which the North American car industry heavily relies.

But the auto show is about the cars, and automakers did their best to stay focused on their products.

With Americans' appetite for trucks and SUVs expected to remain robust in 2018, brands highlighted a number of new offerings in that category.

Mercedes-Benz debuted a redesigned G-Class SUV, significantly updating the interior with new technologies. The vehicles were made to climb steep ramps as flames shot up from the ground and confetti cannons blasted. As one finally stopped, Schwarzenegger emerged from a passenger seat.



Actor and former California Governor Arnold Schwarzenegger (R) takes part in the unveiling of the new Mercedes G-Class at the Detroit auto show

Star-studded unveils

"I have driven G-Wagens now for 25 years," glowed the actor of Austrian heritage.

"I think this car became so historic," he said, "because of its look."

Ford unveiled its own nostalgic offering, showing off a new mid-sized Ranger pickup, redesigned and reintroduced to the North American market.

It also offered a new sports trim of its Edge SUV, as well a third iteration of a "Bullitt" special edition of its Mustang sports car.

Actor McQueen drove a 1968 Mustang in the thriller film "Bullitt," creating an indelible link between the car and American pop culture. His granddaughter Molly McQueen emerged from the latest special edition, comparing it favorably with the original.

"It is fun. It's fast and effortlessly cool," she said.

In a break from most of the big launches, Volkswagen highlighted a sedan, releasing its updated version of the Jetta, the German automaker's top-selling vehicle in the US.



US actress Molly McQueen presents the 2019 Ford Mustang Bullitt, inspired by the car driven by her grandfather Steve McQueen in the film "Bullitt"

The base price of \$18,545 won especially loud applause at a glitzy launch, and was a counterpoint to the pricey SUVs and trucks that can easily cost twice that amount and more.

"As a full-line automaker... you need to have a competitive, strong sedan," VW North American chief executive Hinrich Woebcken told reporters after the launch.

NAFTA

On the sidelines of the flashy announcements, industry insiders were taking a wait-and-see attitude toward talks to revamp the North American Free Trade Agreement, which has generated fears of huge tariffs on Mexican-made imports to the US.

Negotiations have been ongoing for months at the insistence of US President Donald Trump, who has threatened to abandon the agreement if a beneficial deal is not struck.

"There's good conversation going on to modernize NAFTA," said Mary Barra, CEO of General Motors. "We're going to continue to interact constructively to make sure people understand the very complex nature of our business."

Ray Tanguay, automotive advisor to the Canadian government, highlighted his country's close ties to the Michigan [car industry](#), and cautioned that losing NAFTA could cost American car buyers higher prices.

"The integration is so much that if you try to break that, you're going to hurt the consumer," he told AFP.



In a break from most of the big launches at the Detroit auto show, Volkswagen highlighted its Jetta sedan

Analysts were less certain about potential impacts.

'Post-peak' period

"There continues to be the debate—'Is the president using hyperbole to get something less severe because he's a skilled negotiator, or does he

seriously think that we need to be exiting NAFTA," said Cox Automotive economist Jonathan Smoke.

Meanwhile, the effects of the recently enacted \$1.5 trillion in tax cuts were expected to be varied by region and income level. Among the clearest winners will be luxury vehicles because of the tax bill's bounty to those with incomes over \$150,000 a year, said Smoke.

Highlighting the tax changes, which reduced corporate rates, Chao pointed to Fiat Chrysler's decision to move production of its Ram trucks from Mexico to an assembly plant near Detroit. The car maker said it would invest \$1 billion and add 2,500 jobs.

"This is just one example of the positive impact that the [tax cuts](#) and jobs act will have on workers, job creators, employers and our country," Chao said.

But analysts said many households still don't have a clear sense of how much they will benefit from the complex changes to tax laws.

"There's some people that are probably putting off purchases because they don't really know... what our paychecks are going to look like," industry analyst Rebecca Lindland of Kelley Blue Book told AFP.

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