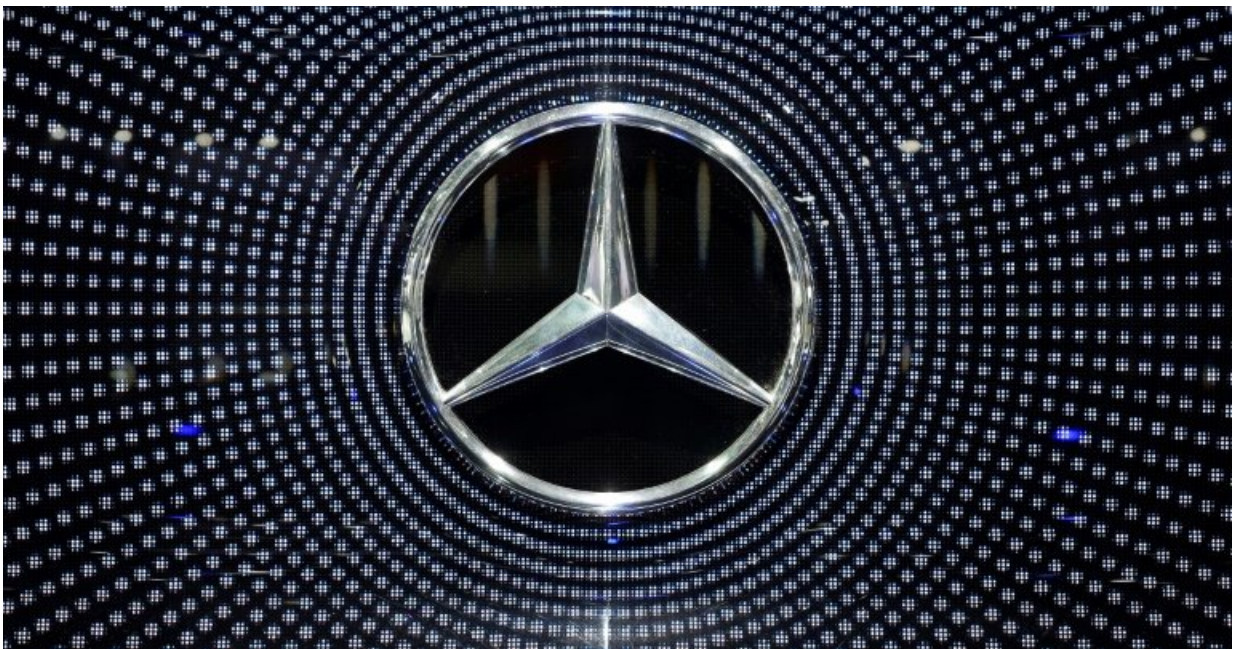


# Daimler cuts profit forecast, blaming US-China tariffs

June 21 2018

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German luxury carmaker Daimler has cut its forecast expectations for 2019

German luxury carmaker Daimler on Wednesday cut its profit forecast for 2018, blaming new tariffs on cars exported from the United States to China, amid lingering fears of a trade war between the world's biggest economies.

"Fewer than expected SUV sales and higher than expected costs -- not completely passed on to the customers -- must be assumed because of

increased import tariffs for US vehicles into the Chinese market," the Mercedes-Benz manufacturer said in a statement.

As a result, Daimler said it now predicts its underlying or operating profit, as measured by earnings before interest and tax (EBIT), will be slightly lower than last year, instead of slightly above as it previously expected.

Last week US President Donald Trump announced 25 percent tariffs on \$50 billion in Chinese imports, sparking trade war fears and prompting Beijing to retaliate with matching duties on American goods, including cars.

A study in April by asset managers AllianceBernstein (AB) showed that German carmakers with big US operations like Daimler would be worse hit by proposed Chinese [import](#) tariffs than American auto firms.

Daimler also warned that sales would be affected by stricter European fuel efficiency test procedures after a mass recall of some of its diesel vehicles.

Germany ordered the recall of some 774,000 Daimler vehicles across Europe last week, citing illegal "defeat devices" designed to conceal high levels of harmful emissions from regulators' tests.

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Citation: Daimler cuts profit forecast, blaming US-China tariffs (2018, June 21) retrieved 24 April 2024 from <https://phys.org/news/2018-06-daimler-profit-blaming-us-china-tariffs.html>

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