

# GM warns Trump tariffs could lead to 'smaller GM'

June 30 2018

---



GM, the biggest US automaker, said it employs about 110,000 people across 47 manufacturing facilities and 25 part facilities in the US and the company remains "committed to our home market"

General Motors warned Friday that it could be forced to cut jobs and raise prices on its cars if the President Donald Trump's confrontational

approach on trade spirals into a trade war.

In comments expressing concern over Trump's proposed 25 percent tariffs on imported cars, GM was joined by numerous [auto](#) and auto parts industry representatives worried about the direct and spillover effects.

"Overly broad" tariffs could "lead to a smaller GM, a reduced presence at home and abroad for this iconic American company, and risk less—not more—US jobs," the automaker said in written comments to the US Commerce Department.

GM, the biggest US automaker, said it employs about 110,000 people across 47 manufacturing facilities and 25 part facilities in the US and the company remains "committed to our home market."

But "broad brush trade barriers" could "promote a trade environment in which we could be retaliated against in other markets," which could force the company to raise prices or see lower profits, and that in turn would reduce investment and hiring.

The Commerce Department is soliciting public comment as part of a trade investigation launched in May on whether imports of auto and auto parts threaten US [national security](#), which this administration defines broadly to include economic security as well.

The move was the latest in a series of aggressive trade actions, including Trump's decision to impose steep tariffs on steel and aluminum imports, and 25 percent punitive duties on tens of billions of dollars in Chinese products.

The Trump administration has said the confrontational posture is needed to address trade agreements that have harmed the US and cost jobs.

Kansas Governor Jeff Colyer also objected to the tariffs, saying the auto industry brings \$1 billion in tax revenue to his state, and pointing to a recent GM investment of \$265 million in a Kansas plant to build a new Cadillac sport utility vehicle.

"While I understand the Administration's desire to achieve a level playing field when it comes to international [trade](#), I remain concerned about the continued growth of the automobile industry," Colyer said.

The Japan Automobile Manufacturers Association, which emphasized that the US has imported fewer vehicles from the country in the wake of nearly \$50 billion in Japanese investment in US plants and research centers.

"Imported vehicles do not threaten the United States national security," JAMA said. "Rather the increase the options for users' diversified needs with regard to vehicle supply while creating new demand in the market."

The United Steelworkers union, however, was one of the few who backed the tariffs.

"The auto and auto parts sector will be critical to our nation's continued defense," the union said.

© 2018 AFP

Citation: GM warns Trump tariffs could lead to 'smaller GM' (2018, June 30) retrieved 30 April 2024 from <https://phys.org/news/2018-06-gm-trump-tariffs-smaller.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--