

# US tariffs threat a headache for foreign automakers

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An employee works on the doors for a Mercedes-Benz C-Class, at the Mercedes-Benz US International factory in Vance, Alabama

US President Donald Trump's renewed threat to impose tariffs on auto imports will hit foreign automakers that export a large number of vehicles to the US market, but many also manufacture cars domestically.

After yanking his endorsement of a joint statement at the G7 summit in Canada, Trump tweeted that his administration taking a "look at Tariffs on automobiles flooding the US [market](#)."

Most of these brands, such as Mercedes and BMW as well as Nissan, Honda and Volkswagen, have at least one [auto](#) plant on US soil, where they employ tens of thousands of workers.

These automakers have invested billions of dollars in their US facilities. Toyota and Mazda announced at the start of the year plans to build a \$1.6 billion joint facility in Alabama that will be capable of producing 300,000 vehicles a year.

Volvo Cars, which plans to open a plant in South Carolina by the end of the year, has warned that new [import](#) duties would affect its investment plans.

## **US auto market**

In 2017, about 17.2 million vehicles were sold in the United States, according to AutoData, which compiles figures from manufacturers and dealers.

Nearly 8.7 million of these were imports, according to the Center for Automotive Research, mostly from Mexico and Canada— partners in the North American Free Trade Agreement—as well as from Japan, Germany and South Korea.

Since the start of this year, the share of domestically-manufactured autos sold in the US has fallen to 50.1 percent, down from 51.1 percent over the same period in 2017, according to Edmunds.com.

At least 82 percent of Volkswagens sold in the US were imports,

according to Edmunds, as well as 55 percent of Toyotas, 57 percent of Hyundais, 70 percent of Mercedes-Benz and 68 percent for BMW.

On the other hand, more than half the cars sold in the US by the "Big Three" in Detroit were made locally: 80 percent for Ford, 60 percent for General Motors and 55 percent for Fiat Chrysler.

Honda is the sole foreign automaker manufacturing a large majority of its locally made cars in Indiana, and South Carolina and has 4,900 local workers. In 2017, it produced more than 286,000 cars and sold 337,246.

BMW, which employs nearly 9,0000 workers, produced 371,284 automobiles in 2017 in the US, and sold 305,685.

Nissan maintains two factories in Mississippi in Tennessee and produced 930,000 autos, selling \$1.6 million. It employed 14,400 workers.

## **Auto imports**

Volkswagen luxury brands Audi and Porsche have no US factories and as a result import all the vehicles sold in the US market. In 2017, Audi sold 226,511 units while Porsche brought 55,420 to market.

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