



ADVANCING AMERICAN FREEDOM
FOUNDATION

Trump's Tariff Tax Could Shut Detroit Down

TOPLINE: Earlier this year, President Trump declared the importation of cars and car parts a national security threat. President Trump unilaterally imposed a 25% tariff on vehicles and certain vehicle parts from all countries. The president granted limited, temporary exemptions for parts imported from Canada and Mexico under USMCA along with a partial exemption (in the form of a tariff reimbursement) for parts used to assemble vehicles in the U.S.

Here's how Trump's Tariff Tax on cars is impacting American families:

Higher Costs for American Carmakers: Tariffs on imported vehicles, parts, or raw materials increase costs and decrease profit margins for American car manufacturers.

- **American autoworkers are already [bracing](#) for smaller profit-sharing checks.**

All Cars Will Cost More: Tariffs could ultimately raise the average price of a car by \$4,000.

- More than [1/3 of American vehicles are imported](#), including >50% of all BMWs and Toyotas.
- American brands such as [46% of GMs and 21% of Fords](#) are imported as well.
- Used vehicles already cost MORE. The used car value index [increased](#) by 2.7% in April.
- **Ford just announced [a \\$2,000 price hike on multiple models](#).**

Yes – Even American-Assembled Vehicles Will Cost More:

- 29% of a vehicle's value comes from assembly. The rest (71%) is from parts and materials.
- **American-assembled vehicles could increase 15% in cost, thanks to Trump's Tariff Tax.**

Repair Bills Just Got More Expensive: The average car repair bill is ~60/40 between labor and parts. Tariffs will increase 40% for parts of the equation and raise the overall repair cost.

- With imports accounting for [more than 44% of collision repair parts](#), tariffs could increase the overall cost of parts by 11%. Overall repair costs could grow by 4.4%.
- A \$2,000 transmission replacement just became \$2,500 overnight. The tariff impact will grow even worse as older vehicles remain in use longer, driving up the need for repairs.

American Exports Are Also Harmed by Tariffs: Retaliatory tariffs and pricier parts will result in fewer jobs and lower profits for American car manufacturers who want to sell overseas.

- Motor vehicles are among [the top three exports](#) in 14 states, including MO, MI, OH, and TN.

Hardworking Americans Are Losing Their Jobs: [Up to 30% of North American car manufacturing](#) may be temporarily halted due to tariffs.

- Stellantis and Volvo already announced layoffs.
- **Continued implementation of the auto tariffs could kill 165,000 jobs—up to 20% of those employed in the auto manufacturing sector.**

“Onshoring” Production Will Take Years. Eliminating the efficiencies generated from globally integrated supply chains will result in American families paying higher prices.

BOTTOMLINE: If you want to continue revitalizing America's auto industry, manufacturers need cheaper energy, investments in efficient raw material production, right-to-work laws, and lower business taxes – not implement 25% tariffs and throw the entire industry into chaos.

