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"Most of the vehicles that would be affected, I think, are made in Mexico. Some of them are made by American manufacturers," Becker said, noting that Ford Motor Co., Fiat Chrysler Automobiles NV and General Motors Co. all have operations south of the border.

"I assume that China is also a major target," Becker said. "Of course, at the moment, we don't import significant amounts of vehicles from China. There just aren't many Chinese cars in America, other than some Volvos."

"What a wild ride," he added.

Global confusion as Trump floats tariffs on car imports **By: Maxine Joselow**

President Trump late yesterday asked the Commerce Department to investigate whether tariffs on vehicle imports are necessary for national security, sowing global alarm and confusion.

"I instructed Secretary [Wilbur] Ross to consider initiating a Section 232 investigation into imports of automobiles, including trucks, and automotive parts to determine their effects on America's national security," the president said in a statement.

Trump was referring to a section in a 1960s-era trade law, which lets the president restrict imports that threaten "to impair the national security." He used the same provision in March to justify slapping tariffs on foreign-made steel and aluminum (E&E News PM, March 8).

The administration is considering an additional 25 percent tariff on imported vehicles, a senior administration official told the Wall Street Journal.

Trump's announcement drew swift and sharp rebukes from Japan, China and Germany.

In Tokyo, Economy, Trade and Industry Minister Hiroshige Seko said the decision could throw global markets into turmoil. Japan accounts for around 40 percent of U.S. vehicle imports.

"Imposing broad, comprehensive restrictions on such a large industry could cause confusion in world markets and could lead to the breakdown of the multilateral trade system based on WTO rules," he said.

In Beijing, Commerce Ministry spokesman Gao Feng said abusing national security provisions could "undermine the multilateral trade system and disrupt the order of international trade."

German Chancellor Angela Merkel said, "China and Germany are committed to multilateralism, and we are committed to free and fair trade."

The decision also ruffled feathers on American soil. John Bozzella, CEO of the international industry group Global Automakers, said the decision would only hurt U.S. consumers.

"If these reports are true, it's a bad day for American consumers," Bozzella said in a statement. "To our knowledge, no one is asking for this protection. This path leads inevitably to fewer choices and higher prices for cars and trucks in America."

Trade analysts said the move appeared to be aimed at pressuring Mexico during the final stages of negotiations over the North American Free Trade Agreement.

Mexico is the leading exporter of vehicles to the United States, followed by Japan, Canada and Germany, according to the Commerce Department. NAFTA talks with Canada and Mexico have recently stalled.

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China is a relatively minor player in the global race to export vehicles to the United States, falling in 10th place overall, though its car industry remains eager to expand overseas.

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