Safe Climate Campaign's Daniel Becker in comments to InsideEPA/climate is already citing the potential trade-related cost hikes to argue the Trump administration's expected safety and consumer claims are specious, and to put automakers on the spot for such claims to the extent they support them.

"Despite much higher estimates for the costs of the tariffs, they don't make an argument that they will harm safety," he says of Bainwol's op-ed. "They only cite safety problems with [fuel economy rules]. They don't find them with tariffs."

Tariffs Could Undermine Trump Promotion Of Vehicle GHG Rollback Benefits
By: Doug Obey

Several analysts are predicting steep increases in the price of automobiles from possible Trump administration tariffs on imported vehicles and parts, which could complicate Trump administration efforts to promote its upcoming fuel economy and greenhouse gas rule rollback as a cost savings to consumers purchasing new vehicles.

The analyses of the potential tariffs could provide fodder for defenders of Obama-era vehicle GHG rules as they seek to counter -- politically and substantively -- expected claims by Trump EPA and Transportation Department (DOT) officials that relaxing the rules will boost safety, including by lowering the upfront price of new cars and encouraging replacement of older, less-safe vehicles.

EPA and DOT in the coming days are expected to unveil a joint proposal to essentially gut the current vehicle GHG and fuel economy program after model year 2020. They are calling their effort the "Safer and Affordable Fuel Efficient (SAFE) Vehicles Rule," and saying it will apply to MY21-26 vehicles.

The rule's title -- as well as sources and press reports -- indicate one significant justification for the rule will be that loosening the GHG and fuel economy standards will improve safety, by boosting fleet turnover.

But that safety-related argument, even before the proposal's release, is already facing push back from critics of the rollback.

"As fuel efficiency has increased, new vehicles have become safer, sold more and are replacing older, less-safe vehicles in record numbers," says Consumer Federation of America in a July 24 press release touting an updated report on the issue.

New analyses of possible Trump administration imported vehicle tariffs -- showing significant induced vehicle cost increases -- could further complicate the administration's cost- and safety-related justifications for its vehicle GHG rule rollback.

At issue is the extent to which the costs of a trade war could swamp the cost reductions that EPA and DOT claim to justify their rollback, even as defenders of the current standards are poised to separately question technical and legal merit of the safety and consumer claims.

The trade issues are surfacing even as the emerging legal fight over the standards is likely to focus on whether the Trump administration's rollback is consistent with the Clean Air Act and fuel economy law. But the trade concerns could become increasingly relevant to the politics surrounding the deregulatory effort.

Two new reports -- a Center for Automotive Research (CAR) trade briefing on the consumer impacts of potential tariffs, and a policy brief from the Peterson Institute for International Economics -- outline significantly higher costs from the tariffs.

CAR's analysis includes a wide range of per-vehicle cost increases -- from $455 to $6,875, "depending on the level of tariff or quota." It analyzes scenarios including a 10 percent or 25 percent across-the-board tariff on all imports of automobiles and automotive parts.

The Peterson analysis, meanwhile, is based on President Donald Trump's May threat to impose a 25 percent tariff. It predicts that implementing such a policy, on top of existing steel and aluminum tariffs, would have major effects.

Specifically, it asserts that the average price of an entry-level compact could increase between $1,409 and $2,057; the price of a new compact SUV/crossover could rise by $2,092 to $3,066; and upscale versions of a compact SUV or crossover could rise between $4,708 and $6,971.

Cost Comparison
The reports find that nearly all cars -- not just those sold by brands typically considered as foreign car companies -- could see price increases, due to the increasing tendency for many automakers to rely on at least some level of imported auto parts.

"These [trade] costs could be far higher than what it costs to make our vehicles 25 percent more efficient," says one defender of the vehicle rules. This source cites Obama administration cost estimates of technologies to comply with current MY22-25 standards, finding increases of somewhat over $1,000 per vehicle, though the figures vary according to which years are used as a baseline for such calculations.

Direct comparison of such costs with the Trump vehicle plan cannot be made until the plan is formally released, but the trade analyses' conclusions are broadly consistent with claims by Alliance of Automobile Manufacturers President Mitch Bainwol in a July 18 op-ed in Politico, where he previewed testimony to Capitol Hill on trade.

He wrote that a 25 percent imported auto tariff could spur a price increase of up to $5,800 on an imported vehicle and at least $2,000 on a U.S.-produced vehicle. That would be a "massive tax on consumers," he wrote, adding it could cut annual vehicle sales by 1-2 million and "spark substantial job losses."

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More broadly, environmentalists and others are preparing to defend the current vehicle GHG rules as a savings for consumers, and will circulate analyses debunking safety-related arguments for weakening them.

That suggests that the trade arguments could become a louder component of such arguments, especially if the Trump administration continues to press for tariffs.process. The proposal is not a final proposal until it's sent to the Federal Register."

Susan Dudley, who served as administrator of OMB's Office of Information and Regulatory Affairs during the George W. Bush Administration, concurred.

"There are several ways the new acting administrator could change course," said Dudley, who now heads the George Washington University Regulatory Studies Center, in an email.

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