

AUTOMOTIVE

## Trump reportedly threatens to block German luxury auto imports

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*Daimler and Porsche were trading low in wake of the news. Image credit: Porsche*

By DANNY PARISI

President Donald Trump is allegedly looking to prevent the import of German cars into the United States, a move that would impact luxury marques such as BMW and Mercedes-Benz.

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According to a report from German newspaper WirtschaftsWoche, Mr. Trump told French president Emmanuel Macron that he would pursue trade policies that would hinder German luxury car exports. The news has already had an effect on the European automotive sector, which was trading lower in stock markets in the wake of the report.

### Auto import

Germany has one of the most powerful auto industries in Europe.

Brands such as Mercedes-Benz, Audi and Porsche are among the most sought-after cars in the world, taking up prize positions in many collectors' garages. In the first four months of 2017, German automakers sold nearly half a million cars to customers in the United States, according to Automotive News.

President Donald Trump has made no secret about using his position to exert influence on foreign markets. According to WirtschaftsWoche, President Trump has now set his sights on the German luxury auto industry.



*Audi is one of many brands that would be effected. Image credit: Audi*

Citing anonymous sources in the U.S. and E.U. diplomatic spheres, the newspaper claims that President Trump said he would use his office to "stop Mercedes-Benz models from driving down Fifth Avenue in New York."

This comes just two weeks after the Trump administration launched an investigation into whether imports of foreign cars pose a threat to national security or the health of the American economy.

That investigation led to claims of up to 25 percent tariffs on imported cars, although at the time luxury German cars were not singled out specifically.

After the report was published on May 31, German luxury auto brands such as Porsche and Daimler were trading lower than normal in response to the news.

#### President Trump

After walking back some of his more aggressive threats on tariffs, President Trump publicly contemplated placing heavy duties on imported cars on May 23.

While likely aimed at cars produced in China, a popular target for the president's ire, the proposed tariff would also affect luxury cars such as Rolls-Royce and Ferrari. The tariffs the president proposed would reach up to 25 percent, placing a significant toll on foreign exporters and the customers in the U.S. who desire foreign cars ([see story](#)).

This is not the first time the president has casually bandied out ideas that would have a major impact on huge industries.



*Trump's threats were reported from anonymous sources. Image credit: BMW*

For example, President Trump has repeatedly spoken of withdrawing the United States from the North American Free Trade Agreement, but this could severely harm the retail business, particularly in luxury.

NAFTA was signed in 1994 and has been in place ever since, guaranteeing free trade between the United States, Mexico and Canada. But as President Trump threatens to withdraw from the agreement, a report from A.T. Kearney found that leaving NAFTA would cost \$15.8 billion to the U.S. retail industry in the short-term ([see story](#)).

The report from WirtschaftsWoche does not contain any details about what exact policies President Trump might pursue to enact this goal nor any explanation for why German luxury cars are singled out so specifically.

Regardless, if the comments are more than just idle talk, then German luxury auto brands stand to lose a significant portion of their consumer base without the U.S.