

# U.S. SECTION 232 AUTO TARIFFS: UNWISE AND UNJUSTIFIED

There are no tariffs or non-tariff barriers on autos or auto parts between Canada and the U.S. In fact, our production and regulatory regimes are closely aligned making North America a global leader in the auto industry. **U.S. tariffs would harm U.S. automakers and U.S. allies, and cost U.S. jobs.**

## WE MAKE CARS TOGETHER

Automotive components may cross the U.S.–Canada border multiple times before being assembled into a vehicle. This is because our industries are interconnected throughout North America. Vehicles built in Canada contain, on average, over 50% U.S. parts. In the U.S., over 30 Canadian automotive firms operate 150 manufacturing plants employing 42,000 workers. Together, our auto industry can out-compete the world if our international trading rules remain free and fair.

## CANADA IS THE LARGEST CUSTOMER OF U.S. AUTOS

Canada is the United States' biggest customer for autos and auto parts—by a large margin. Canada bought almost 40% of U.S. automotive exports in 2017 alone. Since at least 1960, the U.S. has benefited from an auto parts trade surplus with Canada; and in the last decade has attracted 80% of global auto investment in North America.

## TARIFFS COST U.S. JOBS

U.S. auto jobs are well-paying middle class jobs and are increasing at triple the rate of the nation's total employment growth. Disrupting the free flow of goods in North America threatens this growth and these workers' livelihoods. The U.S. Rust Belt and Southeast would see significant job losses, just as auto manufacturers have been expanding operations. For example:

- Peterson Institute concludes tariffs would cost **195,000 U.S. jobs**. If countries retaliate, **624,000 additional U.S. jobs will be lost**.
- Trade Partnerships concludes consumers would bear the brunt: tariffs will add **\$6,400 to the price of a \$30,000 car**.

Tariffs on automotive goods would devastate the industry and supporting communities throughout the U.S.



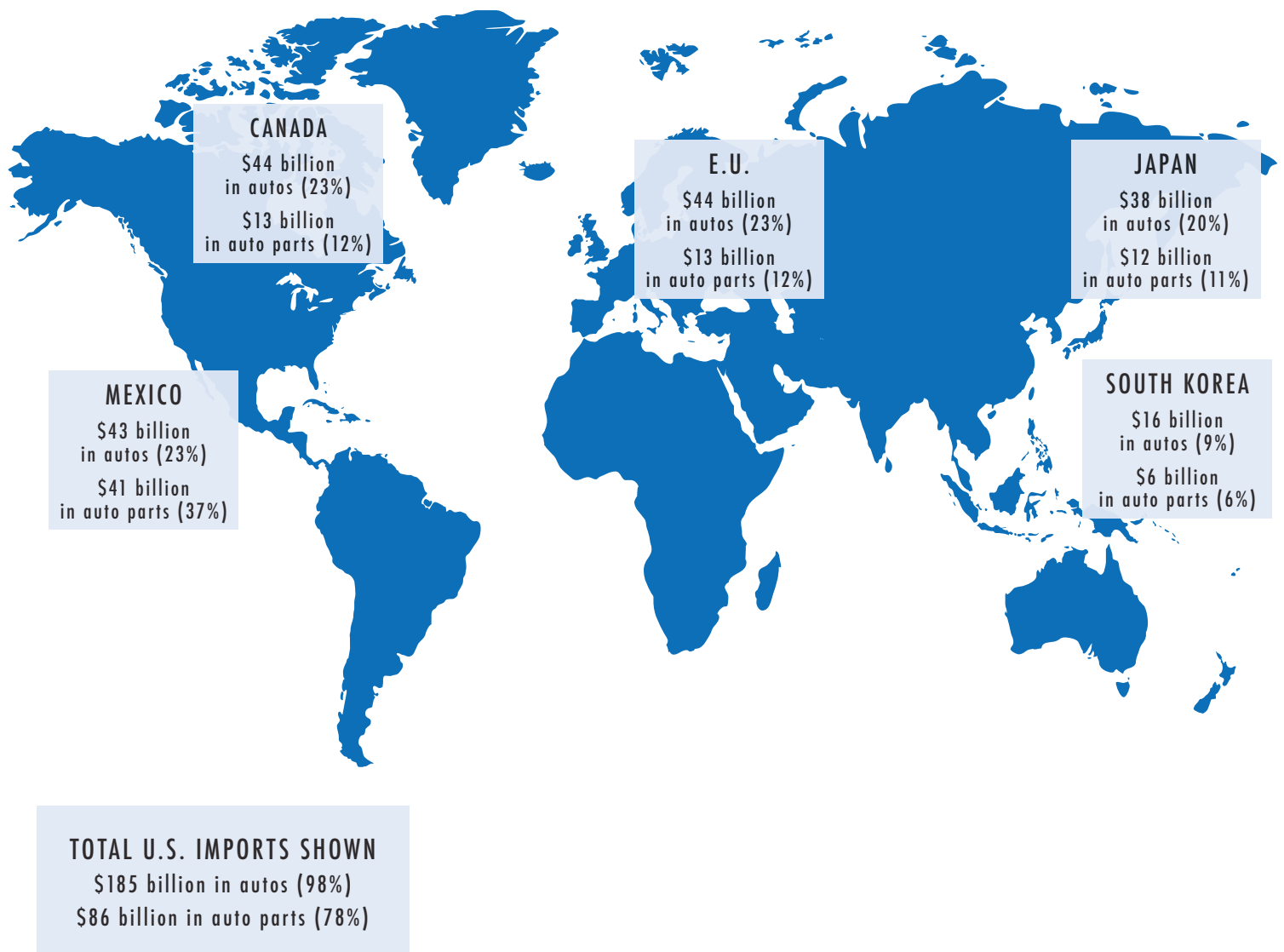
## WE ARE PARTNERS IN DEFENSE

Members of the Canadian Armed Forces fought and died with the U.S. in World Wars I and II and are partners in today's war on terror. Together, we have an exceptional integrated binational force at the North American Aerospace Command (NORAD), celebrating its 60<sup>th</sup> anniversary this year. Canada is recognized as a security partner in U.S. law as part of the U.S. National Technology and Industrial Base. It is inconceivable that Canada could be considered, in any way, a national security threat. Far from strengthening U.S. national security, imposing trade restrictions on Canada would deal a crippling blow to the U.S. auto industry.

**USING NATIONAL SECURITY TO JUSTIFY  
PROTECTIONISM IS INAPPROPRIATE.  
CANADA WILL RESPOND DECISIVELY.**

# RISK OF SECTION 232 AUTOS BACKLASH POTENTIAL FOR GLOBAL RETALIATION FOR AUTOS & AUTO PARTS TRADE

The United States exports and imports billions in autos and auto parts globally. Imports are predominately from close defense and security allies. Combined, these allies—depicted below—represent 98% of total U.S. auto imports and 78% of U.S. auto parts imports. Should the United States impose unilateral restrictions against trading partners, it risks facing retaliation on an equivalent value of U.S. exports.



Source: 2015–2017 average annual imports, U.S. Department of Commerce, Bureau of Census