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RESEARCH

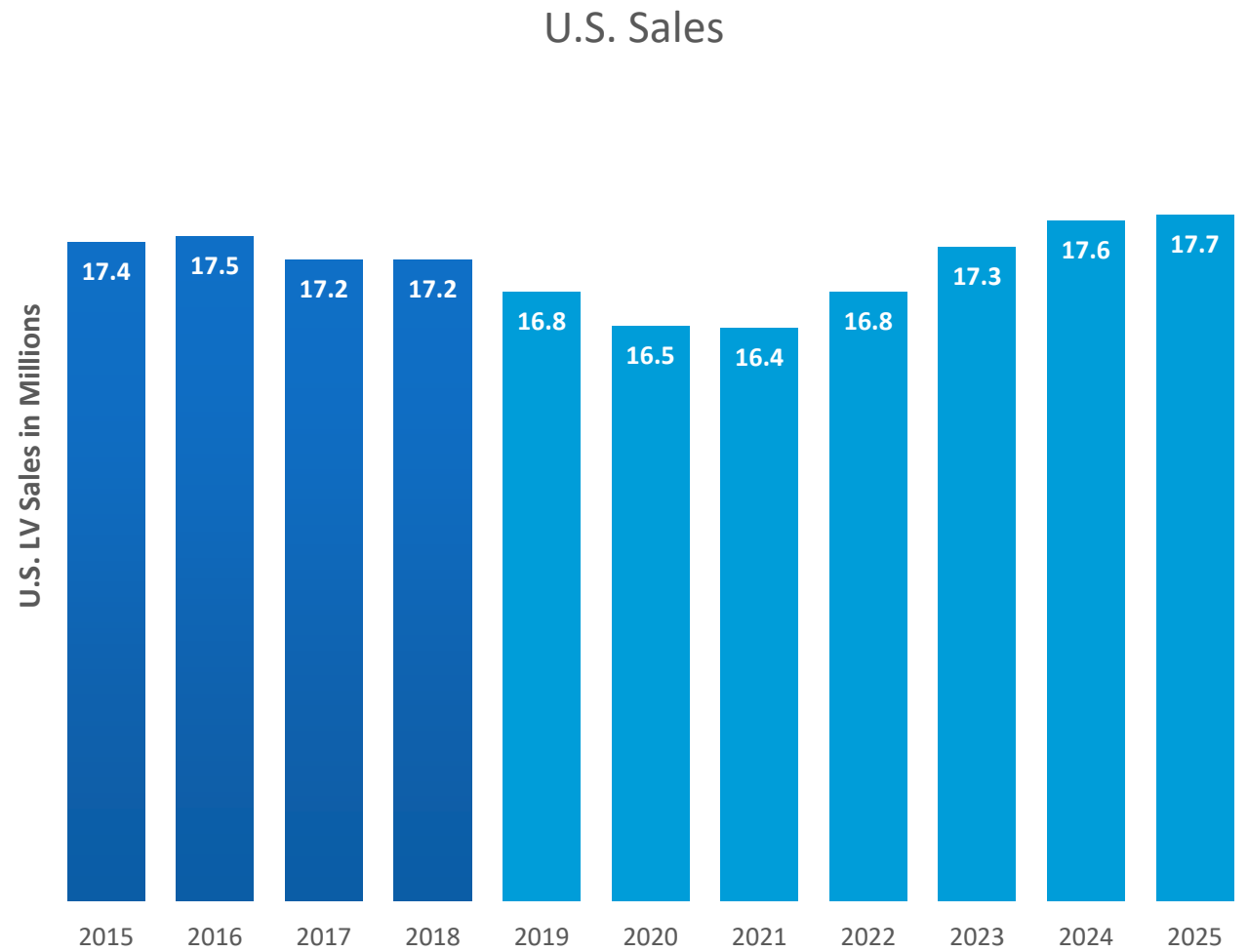
CAR's 2019 Forecasts & Trade Outlook

Kristin Dziczek

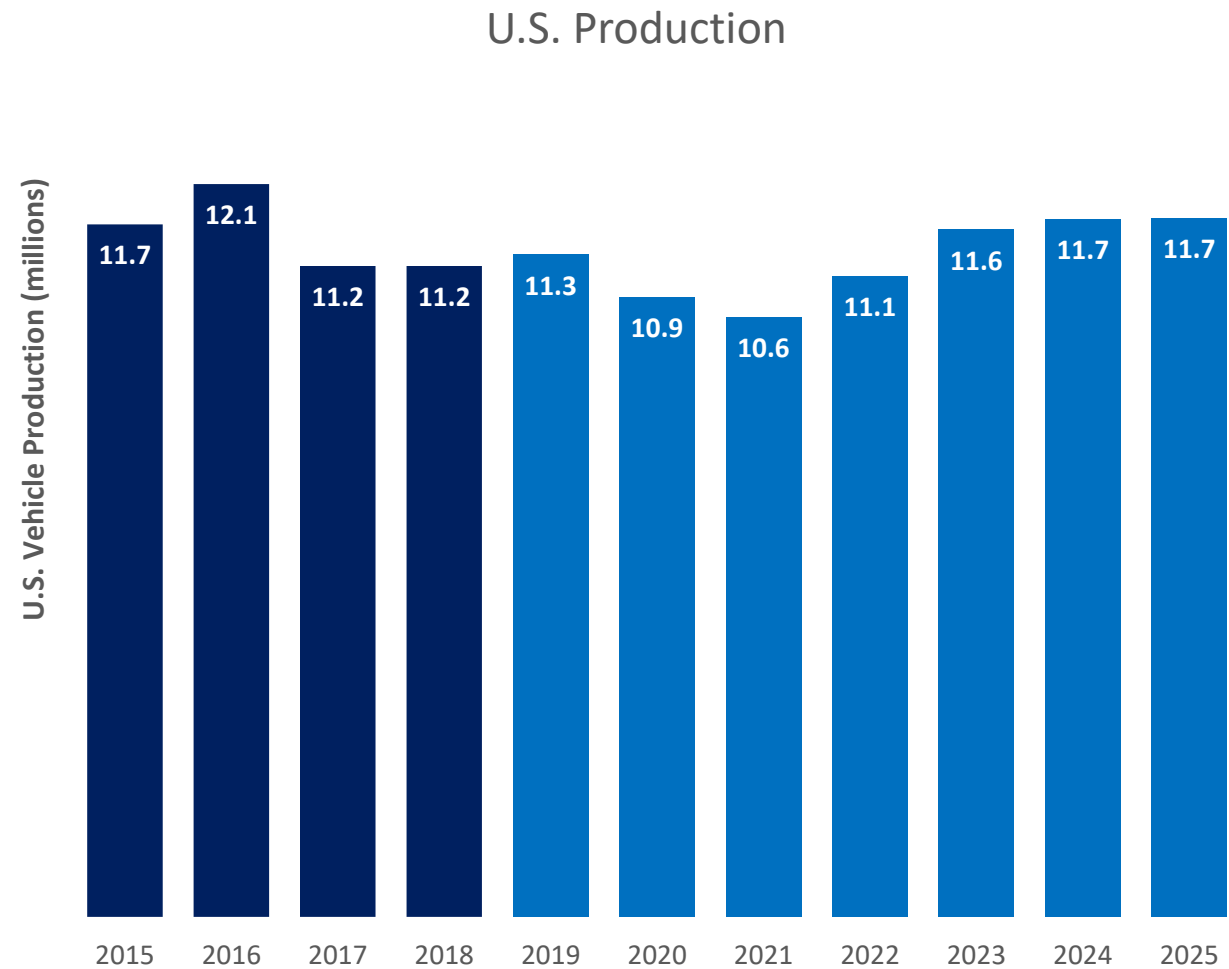
Vice President – Industry, Labor, & Economics Group

20 February 2019

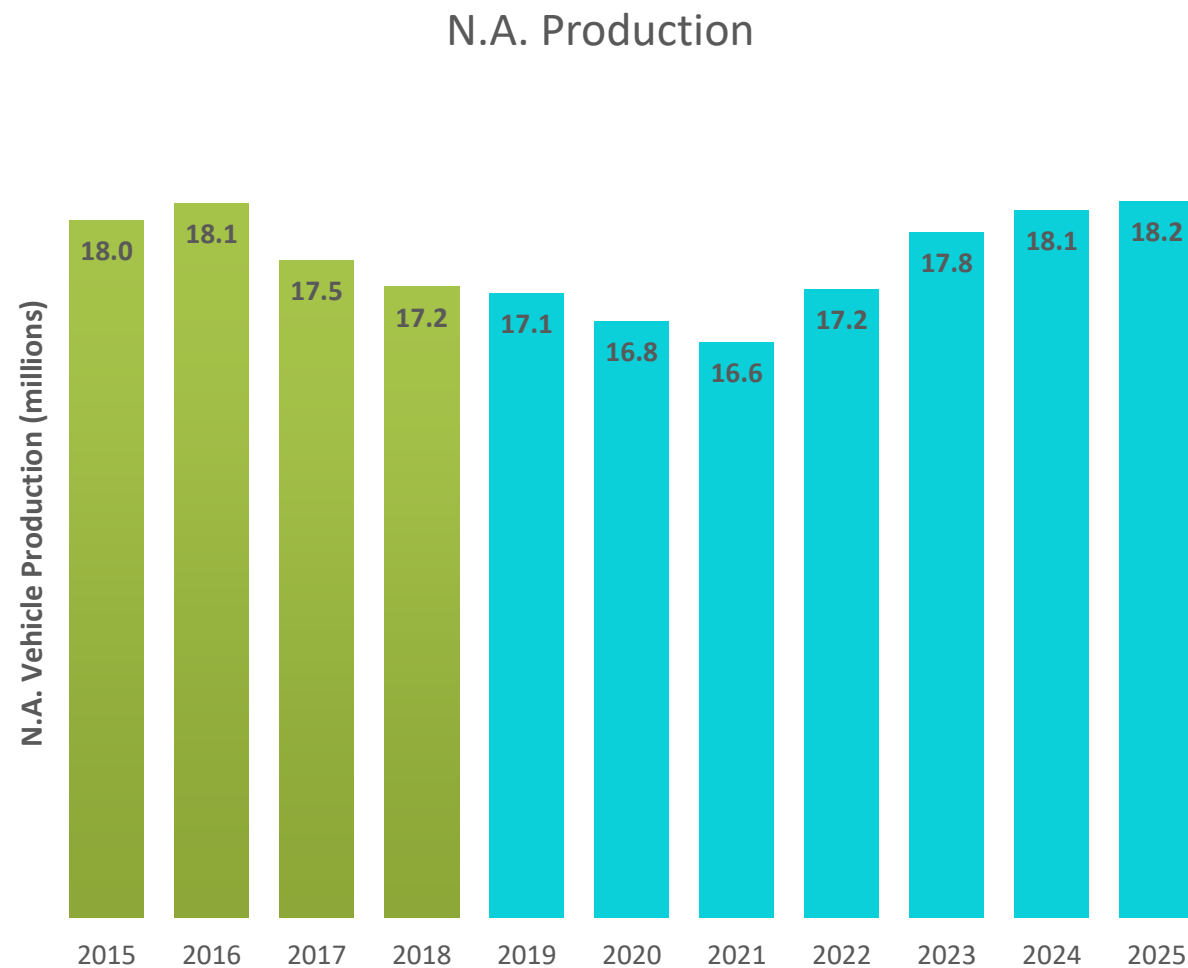
CAR's U.S. Light Vehicle Sales Forecast 2019-2025



CAR's U.S. Light Vehicle Production Forecast 2019-2025



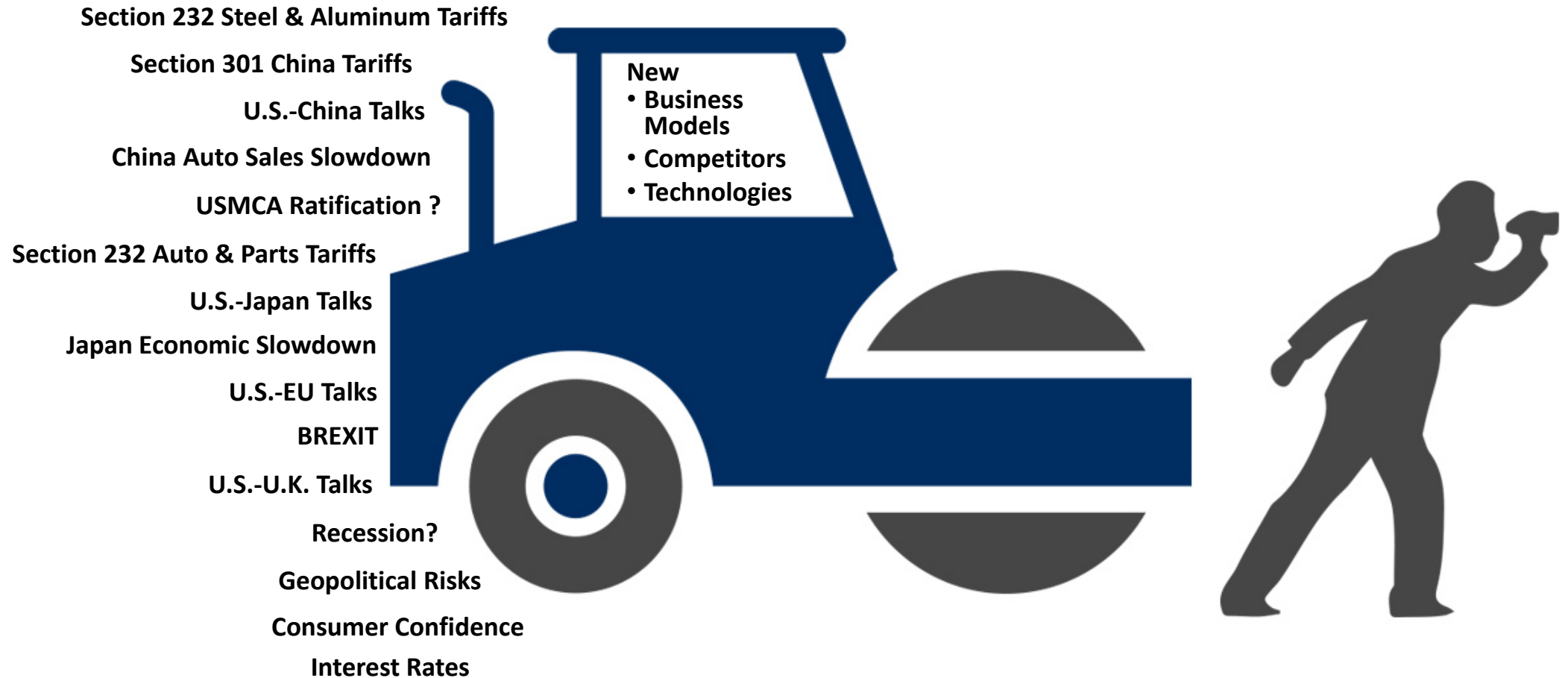
CAR's N.A. Light Vehicle Production Forecast 2019-2025



Positive Factors in the CAR Forecast

- Projected moderate U.S. economic output growth in 2019
- Historically low U.S. unemployment rates
- Relatively low oil prices continue through 2020
- Underlying nominal wage growth continues
- High levels of consumer confidence were reached in Q4 2018, and
- Solid new housing starts and home prices rebounding to pre-recession levels

Risks to the Forecast





“There is certainly a lot of
uncertainty.”

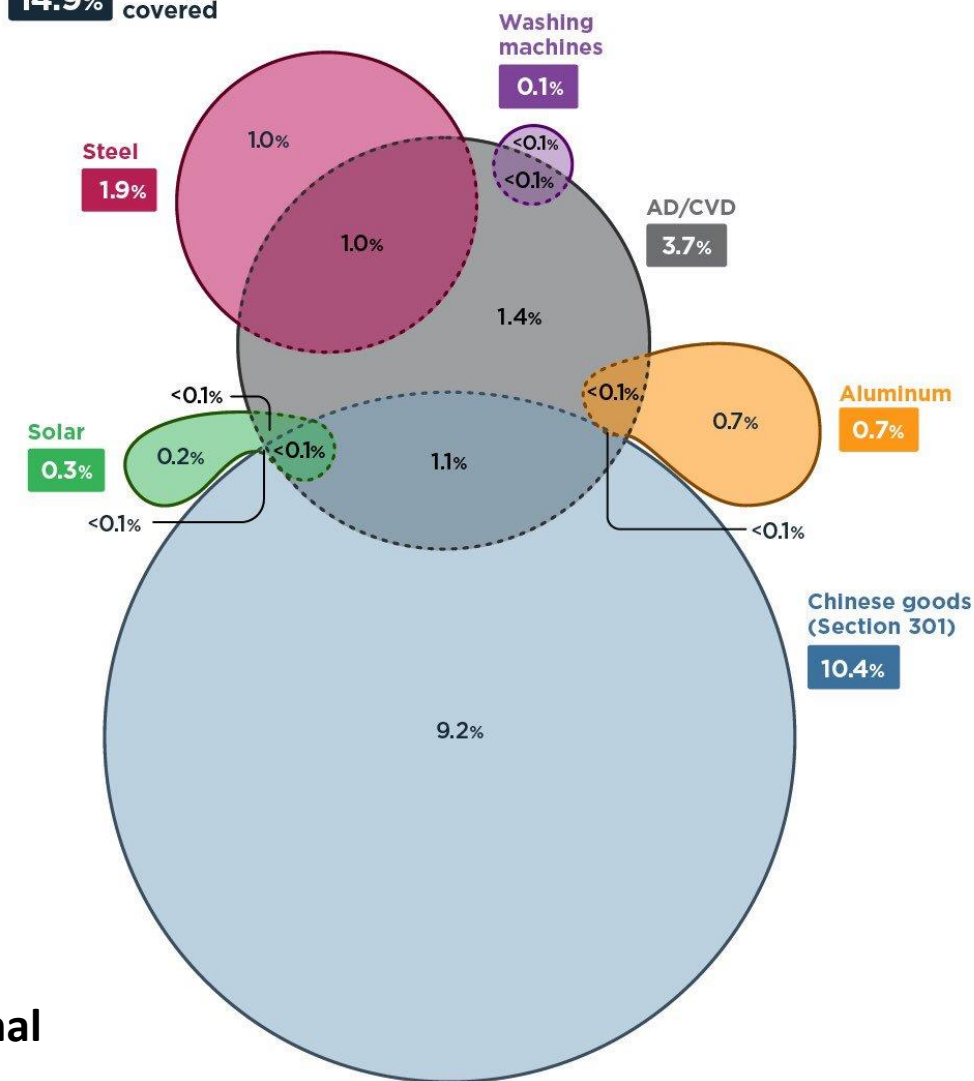
— Steve Kiefer
GM SVP Global Purchasing & Supply Chain

100

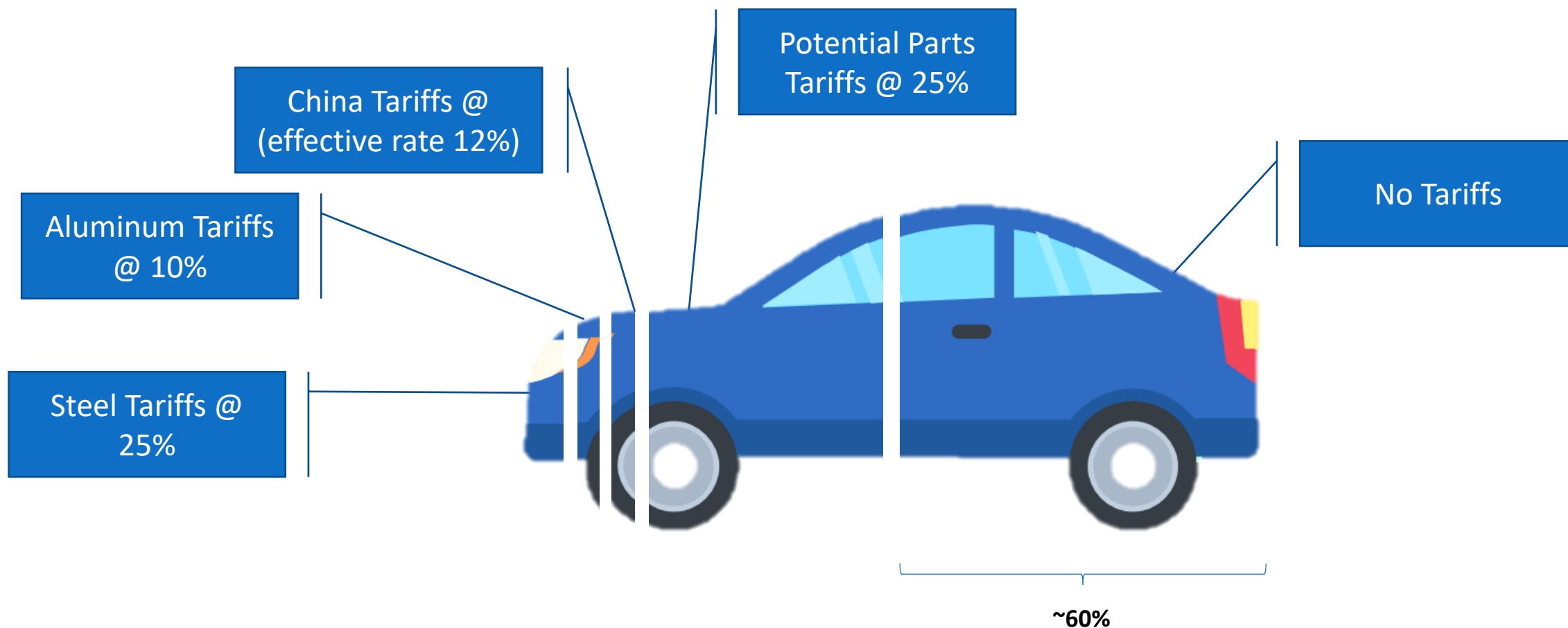
Measuring Trump's 2018 Trade Protection: Five Takeaways

Chad Bown & Eva Zhang
Peterson Institute for International
Economics

14.9% Total goods covered

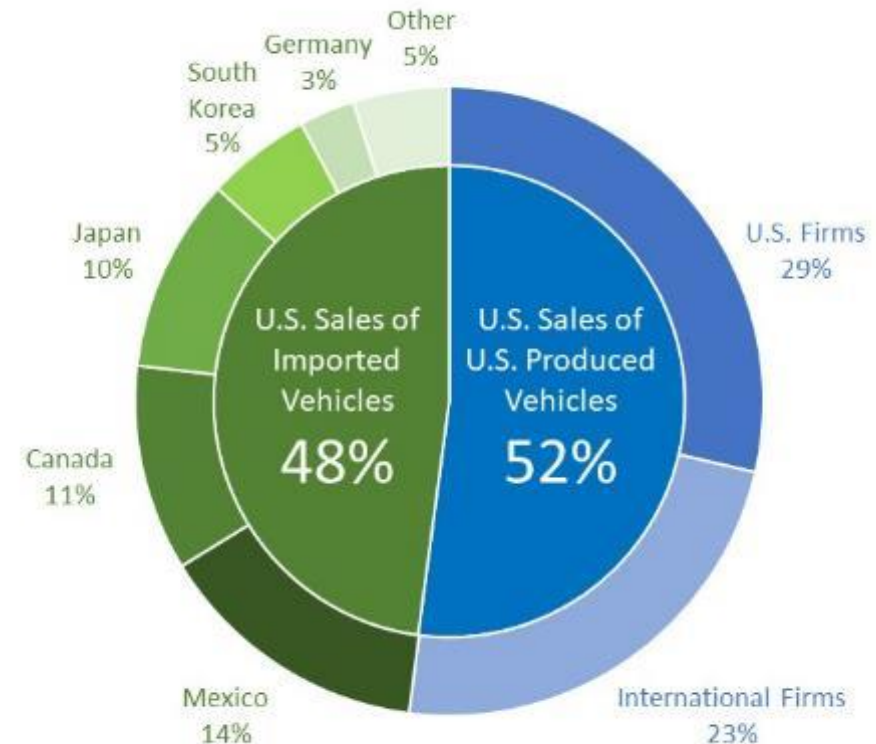


Tariffs are piling up on light vehicles



The United States cannot currently self-supply the vehicles American dealers sell to U.S. consumers.

Sourcing of U.S. Light Vehicle Sales 2017

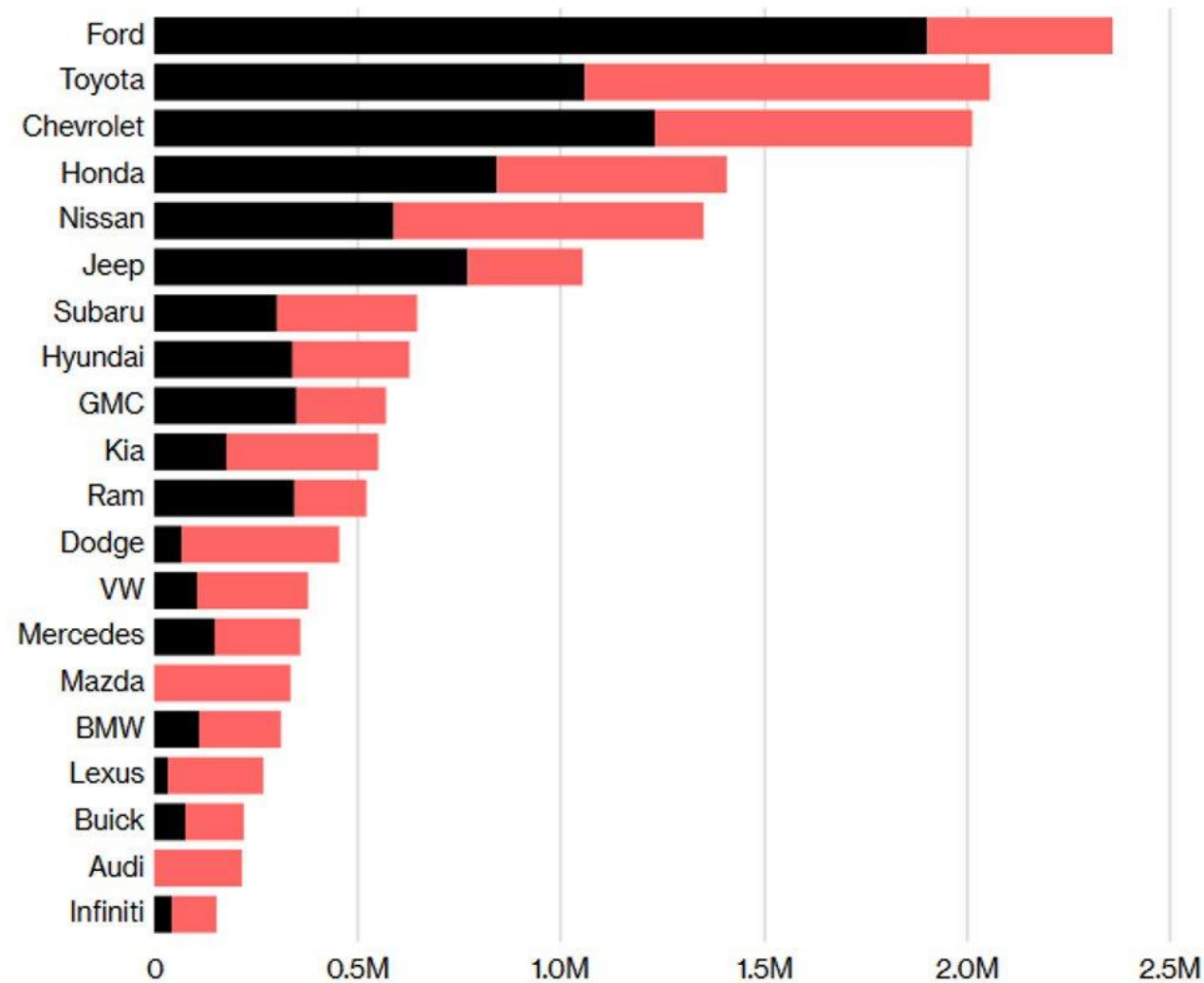


**FCA, Ford, & GM Represent HALF
of Canada & Mexico Imports**

Everybody's an Importer

The top 20 U.S. auto brands all sell vehicles built outside the country

■ 2018 U.S.-built vehicle sales forecast ■ Imported vehicle sales forecast



Source: LMC Automotive

[Trump Faces Tough
Sell to Car Dealers
Girding for Auto Tariffs](#)

Jenny Leonard
Bloomberg

U.S. Consumer & Economic Impacts of U.S. Automotive Trade Policies

- Assume:
 - USMCA is ratified,
 - Section 232 tariffs on steel & aluminum remain in place on all current countries,
 - Section 301 China tariffs remain at current levels, and
 - Section 232 auto & parts tariffs are levied at 25% on all trading partners except Canada, Mexico, & South Korea

Impact of USMCA, Section 232 Steel & Aluminum Tariffs, Section 301 China Tariffs & Potential Section 232 Auto & Parts Tariffs



+\$2,750 average
+\$1,900 U.S.-built
+\$3,700 imports



-366,900 jobs

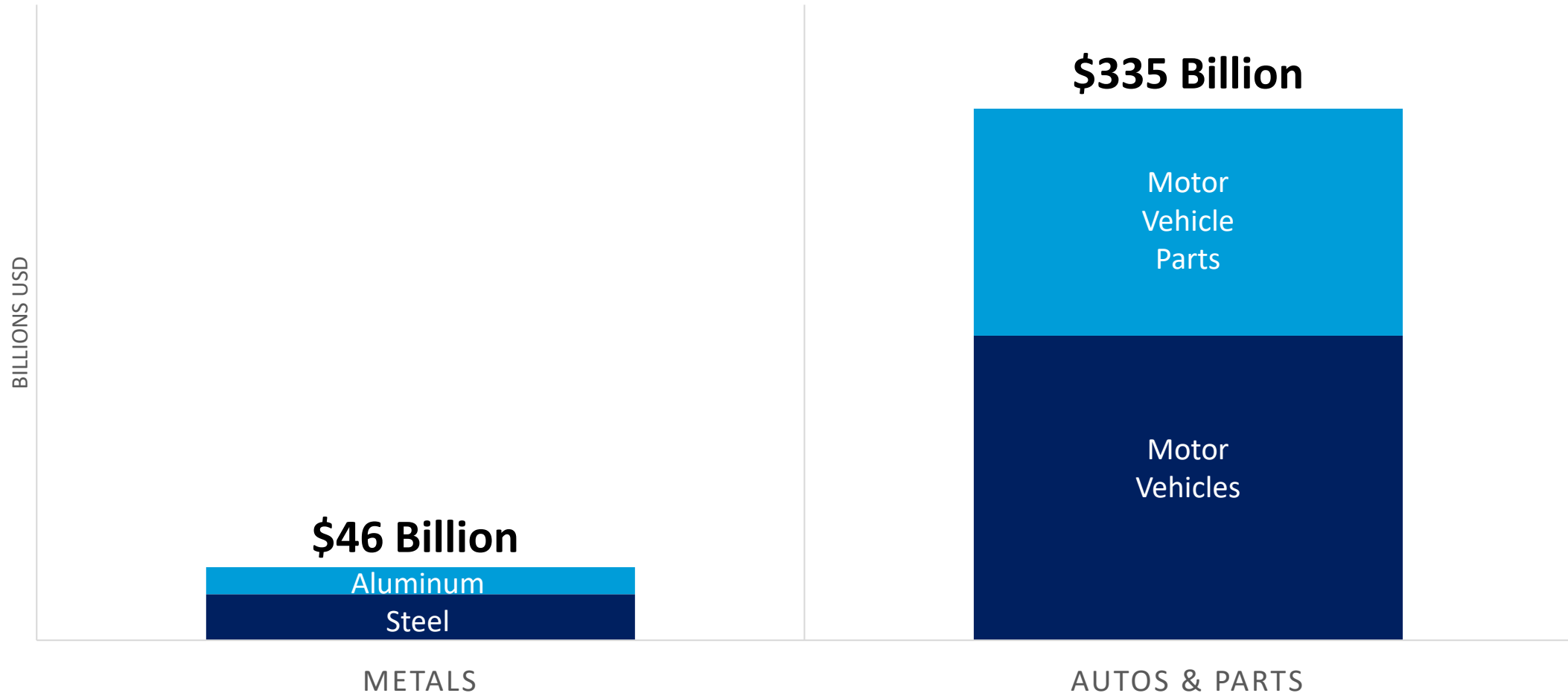


-\$30.4B GDP

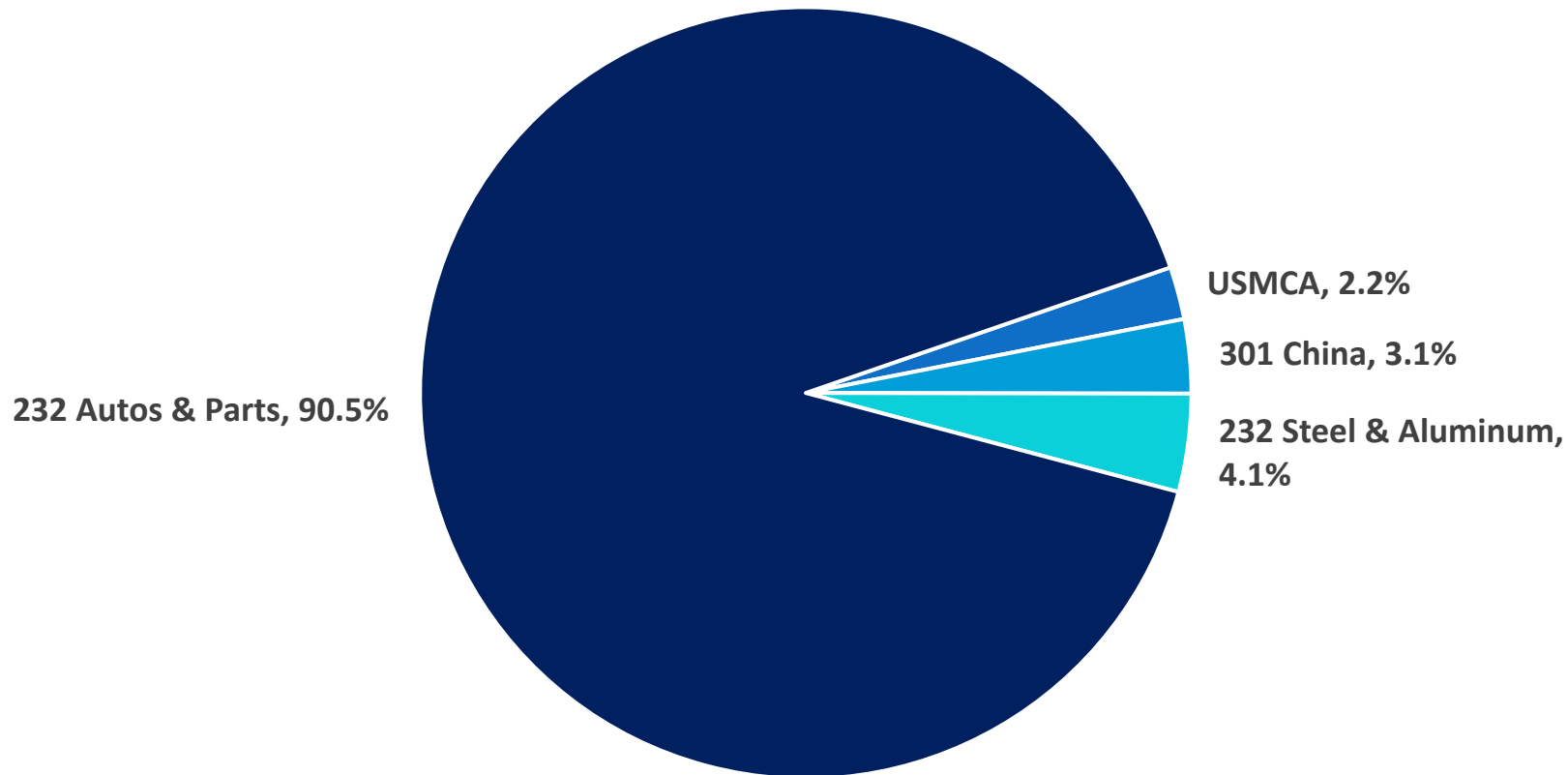


-\$43.6B dealership revenue
-77,000 dealership jobs

Relative Size of U.S. Steel, Aluminum, Motor Vehicles, & Motor Vehicle Parts Imports, 2017



Source of Trade Impacts on the Auto Industry





Thank you

cargroup.org