

Here's how much your next car could cost if Trump auto tariffs go through

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Peter Stollarz | AFP | Getty Images

Mercedes-Benz cars wait to be shipped at the harbor in Bremerhaven, northern Germany, on June 1, 2018.

The price of a new car could jump by between \$1,400 and \$7,000 for top-selling models, if the Trump administration moves ahead with tariffs on imported automobiles and auto parts, according to the Peterson Institute for International Economics.

In a forthcoming analysis, Peterson calculated the price impact on vehicles in three categories: compact cars; compact SUVs and crossovers, and luxury SUVs and crossovers, based on the 2017 bestselling brands. Using 2018 prices, they added 1 percent for aluminum and steel tariffs and another 25 percent tariffs on all foreign content of vehicles.

"All the cars in the U.S. market have some foreign components," said Jeremie Cohen-Setton, Peterson research fellow. Peterson said the average cost of all cars would rise because of that, whether they are imported or made in the U.S.

For instance, compact cars, such as the Chevy Cruz, Nissan Sentra or Honda Civic, average 51 percent foreign content. The \$16,381 base price of a Chevy Cruz could jump by \$2,140 if 100 percent of the tariffs were passed through to consumers. A Sentra could jump by \$3,075 to about \$19,300, based on the fact it has an 80 percent foreign content.

The biggest cost increases would be on some of the luxury models, which have the most foreign parts or are made abroad. For instance, the base price for a Mercedes-Benz GLC-class, with 100 percent foreign content, would jump from \$36,846 to more than \$45,400 if the proposed tariffs were passed on in their entirety to consumers.

President [Donald Trump](#) has said he may slap tariffs of 20 or 25 percent on auto imports, and he has asked the Commerce Department to study whether vehicle imports threaten national security, the same argument the U.S. used to impose steel and aluminum tariffs.

At the same time, the U.S. has imposed 25 percent tariffs on \$34 billion in Chinese goods, including the automotive sector, and China has retaliated with its own tariffs. China raised its tariffs on the U.S. automotive sector, and they are now 40 percent on vehicles that are mostly built by BMW, Daimler and Ford. The U.S. has also put tariffs on imported steel.

There have been signs that European leaders want to head off a trade clash on autos, and they may be willing to negotiate a deal that could cut existing European tariffs on American cars. European Union Commission President Jean-Claude Juncker is expected to [meet with Trump next week](#). Economists say current tariffs are having minimal impact, but a [full-blown trade war in the automotive sector could have far-reaching implications](#).

Average price increases expected from Trump's tariffs

	TOP FIVE SELLING MODELS		
	Compact cars	Compact SUVs/Crossovers	Luxury compact SUVs/Crossovers
Current price	\$16,852	\$22,516	\$35,020
Market share of top five models in category	57%	61%	49%
Foreign content (weighted by sales share)	51%	56%	84%
Estimated price increase from tariffs: 66% pass-through	\$1,408	\$2,093	\$4,708
Estimated price increase from tariffs: 100% passthrough	\$2,057	\$3,066	\$6,972

"So far this strategy hasn't produced very positive results," said Cohen-Setton. "That's the exact same kind of strategy that was supposed to work out in steel and aluminum in the negotiations ... and at the end of the day we got the tariffs. That's the track record of this administration. So unless there is a stronger pushback from the car lobby, I think it was an important precedent."

The Peterson study assumes manufacturers will not pass on the full brunt of tariffs to consumers, and it also calculated the increased sticker price using an approximate pass-through of two-thirds of the cost. That means a Ford Escape, with about 40 percent foreign content, would be hit with \$2,274 in tariffs, but the current price of \$22,300 might rise instead by \$1,571 if just a portion of the tariffs were passed through.

A car in the same category, the \$22,898 Nissan Rogue, could see full tariffs of \$4,393, based on the 80 percent of foreign content it includes, but its price might rise by just \$2,970. But the Honda CR-V, priced similarly at \$22,198, could see tariffs of just \$1,963 because it has only 35 percent foreign content, and at a reduced level, consumers might pay \$1,363 more.

If the tariffs were to go through, a top-selling Lexus NX, now priced at \$32,927, could jump to \$40,233 if Toyota passed on the full \$7,306 in potential tariffs, based on its 95 percent foreign content. But an Acura RDX, with just 35 percent foreign content, would see its sticker price rise to just under \$36,500 if the full cost of the tariffs were added to its \$33,464 price.

Peterson said it assumed that no countries would be exempted when it calculated tariffs, but it could not include Canada because the available data did not separate American and Canadian automobile content. As a result, the potential effects of tariffs could be underestimated.

WATCH: Aston Martin CEO: What we really want is tariff-free borders