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## **Hatch Opening Statement at Hearing on Impact of Tariffs on the U.S. Auto Industry**

**WASHINGTON** – Senate Finance Committee Chairman Orrin Hatch (R-Utah) today delivered the following opening statement at a hearing entitled *Impact of Tariffs on the U.S. Auto Industry*:

*I intend to focus this morning on the investigation that was self-initiated by the Department of Commerce under Section 232 of the Trade Expansion Act of 1962 to determine whether imports of automobiles and automotive parts threaten to impair our national security.*

*Many of us on the committee have already expressed our concerns about the administration's heavy reliance on tariffs. In June, Secretary Ross appeared before this committee to explain the department's finding that steel and aluminum imports threaten to impair our national security.*

*As a result of that determination, the United States is currently imposing tariffs of 25 percent on steel product and 10 percent on aluminum products. Combined, these tariffs directly affect almost \$50 billion worth of goods, while also affecting many billions of dollars more in downstream goods. These tariffs cause American manufacturers and farmers to pay more to conduct business and consumers to pay more to buy things.*

*One industry that has been harmed by the steel and aluminum tariffs is here before us today – the auto industry. The American Automotive Policy Council estimates steel and aluminum tariffs will cause a \$400 per car price increase. Auto suppliers and consumers are already suffering from Section 232 tariffs. That's one reason I was stunned that on May 23rd the Department of Commerce initiated another investigation under Section 232, this time into the national security threat from automobile and auto parts imports.*

*This investigation covers more than \$200 billion worth of trade, which is four times larger than that under the steel and aluminum investigations combined.*

*For most American families, a car is one of the most expensive purchases they make – often second only to the purchase of a home. It is a significant financial commitment for most families, often paid for with debt, and I'm shocked that anyone would consider making it more expensive. If the Department of Commerce were to recommend a 25 percent tariff on cars, it would effectively be recommending raising the cost of an average imported car for an American family by as much as \$6,400. According to the American Automotive Policy Council, if a 25 percent tariff is applied to auto parts, the cost to manufacture a passenger vehicle domestically would also increase by about \$2,000. That's why I call tariffs a tax on American families.*

*The Tax Foundation estimates that auto tariffs could result in a \$73 billion tax increase on American consumers and businesses, erasing some of the benefits of tax reform passed earlier this Congress. These taxes will hurt American families and put American jobs at risk. The Peterson Institute calculates that auto tariffs could cause 195,000 workers to lose their jobs. That's nearly 200,000 people out of work. And that's before other countries retaliate, which could put over 600,000 U.S. jobs at risk. These tariffs could cost the U.S. auto industry up to 2 million lost vehicle sales annually.*

*And it cannot be overlooked that international automakers and dealers significantly contribute to the U.S. economy. Together, they accounted for 47 percent of all U.S. vehicle production in 2017 throughout 31 manufacturing facilities, generating 2.47 million jobs in the United States. And this is just the automakers. Motor vehicle parts suppliers are the largest sector of manufacturing jobs in the United States. Suppliers directly employ over 870,000 Americans, and nearly 8,000 in my home state of Utah alone. Direct employment by parts suppliers has increased 19 percent in the last five years, and tariffs threaten the sectors' continued job growth.*

*In short, the U.S. auto industry is a major driver of the U.S. economy, supporting approximately 10 million American jobs and accounting for 3 percent of our GDP. Without question, any tariffs that are imposed will have a negative impact on the U.S. auto industry and our economy.*

*Our focus should be on building on the benefits from our historic tax reform achievement earlier this Congress. Our trade policy should strengthen our relationships with our allies while targeting China's most harmful trade practices. Tariffs on autos and auto parts are not going to help us achieve any of these things.*

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