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Contact:

Mark Garrison
VP Marketing & Communications
mgarrison@cargroup.org

CAR Analysis: Tariffs Could Add \$107.9 Billion to U.S. Auto Industry Costs

ANN ARBOR, MI – The Center for Automotive Research (CAR) today released a new analysis of the impact of potential tariffs on imported auto parts and light vehicles. The analysis addresses the critical question: What impact will a uniform 25% tariff on all trading partners have on the automotive industry overall?

Key findings of the analysis include estimated:

- Increased cost of \$107.9 billion to all U.S. Automakers.
- Increased cost of \$41.9 billion to the D3 Automakers.
- Impact D3 production volume of 6.8 million vehicles.

The analysis emphasizes the complexity of the modern automotive supply chain, noting that “the modern automotive supply chain is both global and complex, convoluting the seemingly simple question of the cost of 25% tariffs on the industry,” and that “automakers and their suppliers are often multinational companies with facilities spread out across the world, making it difficult to discern how much of a vehicle is domestically produced,” said Dr. K. Venkatesh Prasad, Senior Vice President of Research and Chief Innovation Officer at CAR.

The study utilizes both top-down and bottom-up approaches to estimate tariff impacts.

- The top-down approach used 2024 U.S. trade data, applying key assumptions to estimate light vehicle and OEM shares of auto parts imports.
- The bottom-up approach used MY 2025 American Automobile Labeling Act (AALA) Part 583 data, including “domestic” content and countries of origin, to estimate tariff impacts on U.S.-produced vehicles.



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The fundamental analysis, equations, and methodologies are time-tested and remain consistent. In contrast, the specific tariff values are dynamic, evolving with policy, and thus their accuracy is contingent upon the stated assumptions.

To learn more about the analysis from CAR, see www.cargroup.org/tariffs.

The rapidly evolving automotive policy landscape presents both urgent challenges and significant opportunities for industry stakeholders. CAR urges key stakeholders across the industry to engage in a crucial discussion at the 2025 Management Briefing Seminars (MBS), September 15-17 in Detroit. At MBS, automotive executives, battery industry leaders, federal policymakers, and other decision-makers will convene to shape the conversation on 'redefining global automotive leadership' and ensuring a competitive U.S. automotive industry. To join us, visit www.cargroup.org/mbs.

Center for Automotive Research

The Center for Automotive Research (CAR) is an independent, non-profit organization conducting industry-driven research and analysis. Focusing on critical areas like Energy & Sustainability, Technology, and Labor, Economics, and Policy. CAR has been a trusted resource for the automotive industry for over twenty years. www.cargroup.org

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