



**Statement of Governor Matt Blunt
President of the American Automotive Policy Council
Hearing on the Section 232 National Security Investigation of
Imports of Automobiles and Automobile Parts**

July 19, 2018

I am Matt Blunt, President of AAPC – the American Automotive Policy Council – which represents the common public policy interests of America’s automakers: FCA US (FCA), Ford Motor Company (Ford), and General Motors Company (GM).

We thank you for the opportunity to share our views on this Section 232 investigation. While AAPC and its member companies share the Administration’s goal of maximizing the economic contributions that America’s auto sector makes to the U.S. economy, we are opposed to any increase in import tariffs on automobiles and auto parts that could result from this investigation.

With their iconic brands and deep American roots, FCA, Ford, and GM produce more of their vehicles here in the U.S—and source more of their parts from American suppliers—than our foreign competitors. As a result, FCA, Ford and GM employ nearly two-out-of-three American autoworkers, and they operate three-out-of-five auto assembly plants in the U.S.

Since the industry’s restructuring a decade ago, FCA, Ford and GM have thrived—with significant growth in their investments, sales, production, exports, and employment. Over the past decade, FCA, Ford and GM’s domestic car and light truck production and sales shares have held steady at about 53% and 45%, respectively—and we hope to see our U.S. production number increase through expanded access to export markets and the removal of trade barriers that place American-made vehicles at a distinct disadvantage in key regions around the world.

President Trump and his Administration have clearly made the auto industry a priority, and we are thankful for this leadership in policy areas critical to the domestic industry, including successful corporate tax reform. We are, however, very concerned that the positive effects of these policies will be undermined by the imposition of tariffs on imported vehicles and parts.

Our companies are proud of the contributions they have made to the United States in peace and in war, and from our perspective, there is no evidence that automotive imports pose a threat to our national security. In addition, we believe there is sufficient capacity to meet any national security requirements. We fully understand that economic security is a vital part of our nation's national security—and, in fact, we have concluded that tariffs under Section 232 would diminish the economic contributions that FCA, Ford and GM make to our nation's economy—an outcome that is counter-productive to the Administration's intended goals for the domestic auto industry.

AAPC's analysis showed that a tariff increase under Section 232—coupled with existing tariffs on imported steel and aluminum, including from our North American allies—will result in a net loss of American jobs, lower capital investment and lower exports by the U.S. auto sector. By increasing the cost to manufacture a car, the tariffs will lead to higher vehicle prices for all automakers—foreign and domestic. These higher costs will, in turn, lead to lower demand, and lower U.S. auto sales and production. Ultimately, this will lead to fewer jobs in the auto industry.

AAPC's analysis also showed that America's automakers—along with their suppliers and strategic partners in the tech industry—are leading the way in the development and application of advanced vehicle technologies, including cutting-edge EV and AV capabilities. Other countries are attempting to close the innovation gap by increasing their R&D investments, but thanks to targeted investments by the U.S. government, the automotive sector, academia, and the tech industry—as well as the unparalleled innovation environment in the United States—we have created a strong foundation for further advancements and leadership in the coming years.

To help ensure a bright future for the U.S. auto sector—while at the same time avoiding the negative unintended consequences of higher tariffs—we strongly recommend a joint industry-government effort to support our global competitiveness and expand U.S. auto exports. To accomplish this, we urge the swift completion of a modernized NAFTA that includes, among other improvements, acceptance of vehicles built to U.S. auto safety standards and enforceable disciplines against currency manipulation. We also urge the Administration to consider new free trade agreements with our allies, while expanding U.S. auto export opportunities by knocking-down trade barriers our American automakers currently face abroad.

These suggestions, as well as several other recommendations, are described in further detail in the written comments AAPC submitted on behalf of America's automakers. We urge you to consider the analysis set forth in our written submission, and we look forward to working with you to advance our shared goals of further strengthening the U.S. auto industry and our nation's economy.