

Auto industry rocked by Trump's 25% tariffs on US imports

U.S. automakers and their global rivals were rocked on Wednesday by President Donald Trump's announcement that he would impose 25% tariffs on all vehicles and foreign-made auto parts imported into the United States.

The new levies, if kept for an extended period, could add thousands of dollars to the cost of an average U.S. vehicle purchase and impede car production across North America.

That will be because of the intertwined manufacturing operations developed by car makers across Canada, Mexico and the United States over the last three decades.

Nearly half of all cars sold in the U.S. last year were imported, research firm GlobalData says.

In response to the news, shares of General Motors (NYSE:GM) slumped 8% in after-market trading. Shares in Ford and U.S.-traded shares of Chrysler-parent Stellantis (NYSE:STLA) fell about 4.5% each.

In Asia, shares in Toyota Motor (NYSE:TM), Honda (NYSE:HMC) Motor and Hyundai Motor (OTC:HYMTF) all fell between 3% and 4%.

Shares in Tesla (NASDAQ:TSLA), which makes all the cars sold in the United States locally but with some imported parts, were down 1.3%.

Trump said the duties announced on Wednesday could be a net neutral or even good for Tesla, adding that its CEO, and his close ally, Elon Musk, did not advise him regarding auto tariffs.

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