



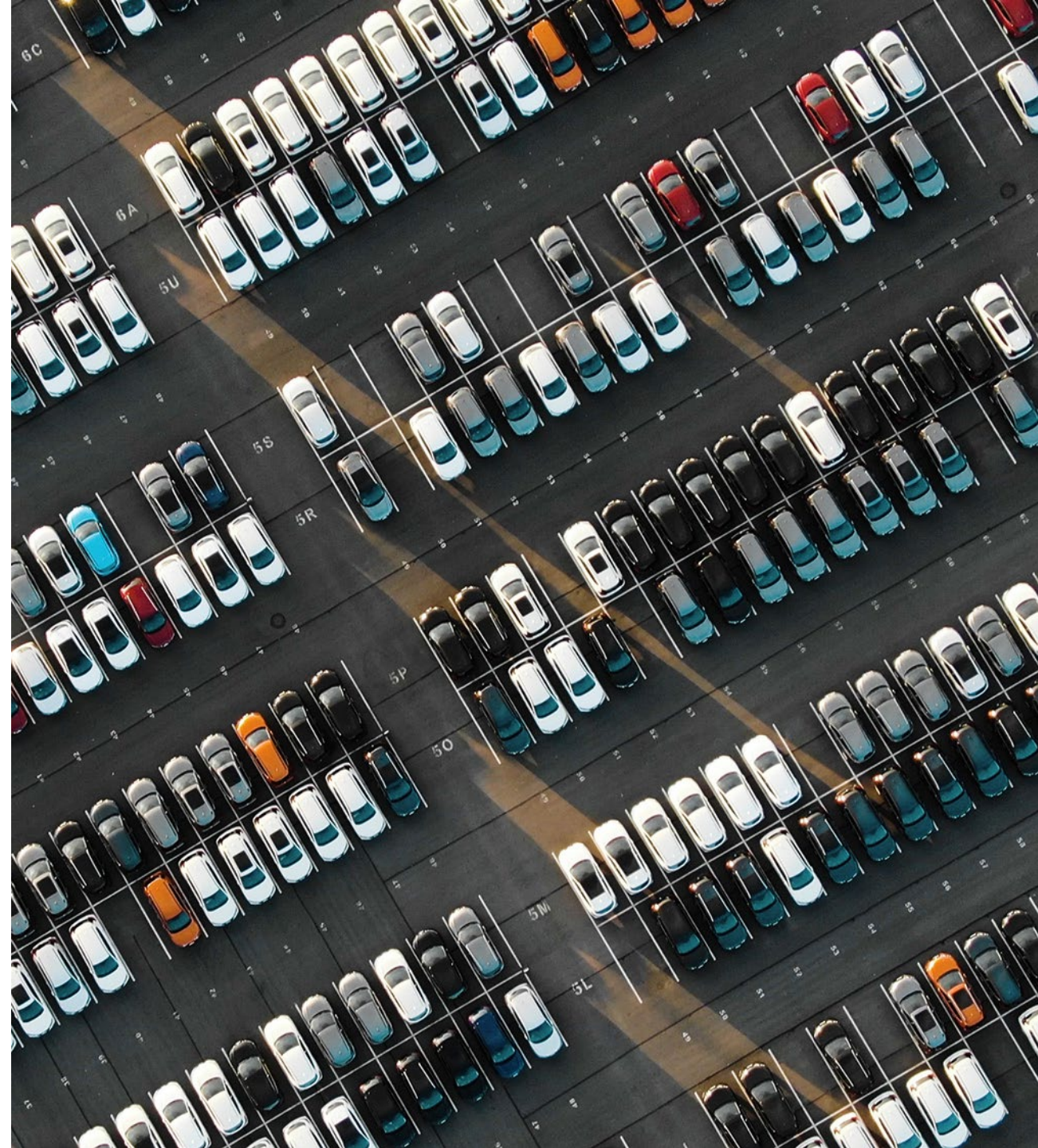
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# Automotive Outlook:

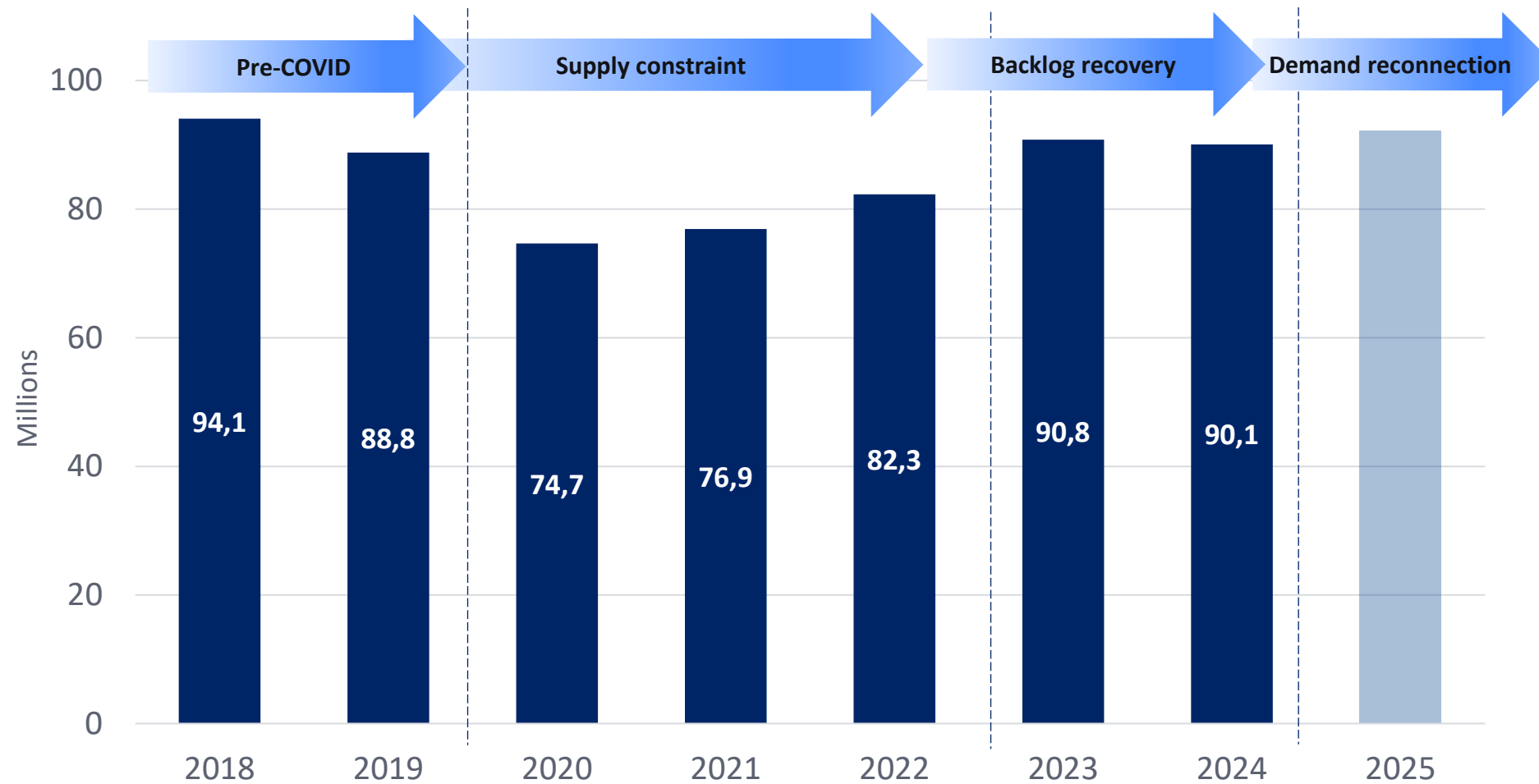
US Tariffs disruption : Europe focus.

ECG Spring Congress, Cascais  
23rd May 2025

Justin Cox, Director, Global Production  
Automotive



# Global Light Vehicle Full-Year production : *A Pre-Trump tariff view*

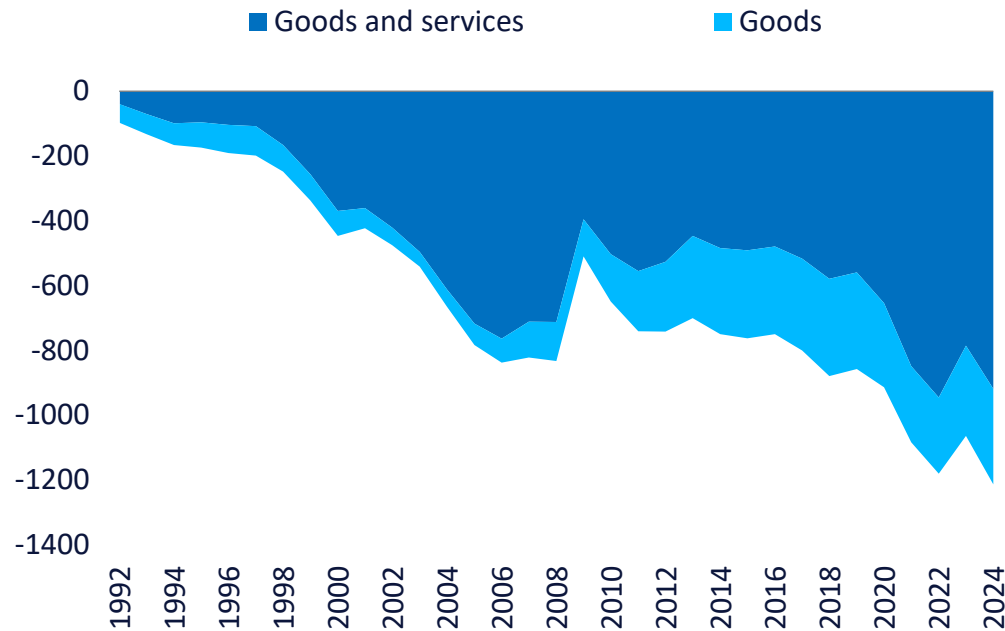


# 2025: The New Disruption - Intensified Tariff use



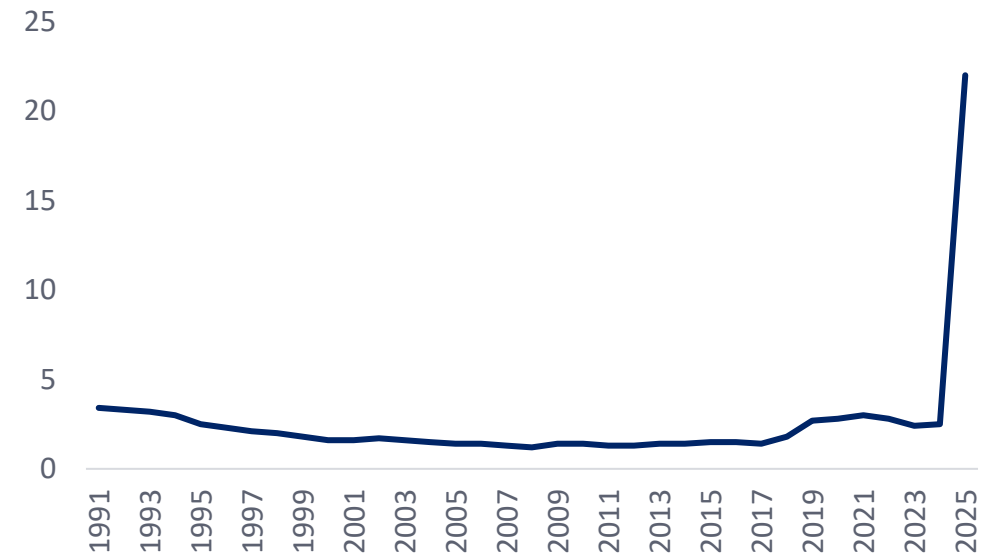
## US moves to improve trade imbalances

US trade balance, seasonally adjusted (\$ billion)



- US trade deficit in 2024 was over \$900bn (3.1% of GDP).
- Growth in China manufactured imports underpin the deficit surge through the late 90's and early 2000s
- US Administration is prioritizing widespread tariff policies which aim to reduce the US trade deficit.

Average tariff rate (%) on all imports in the United States  
*2025 estimated*

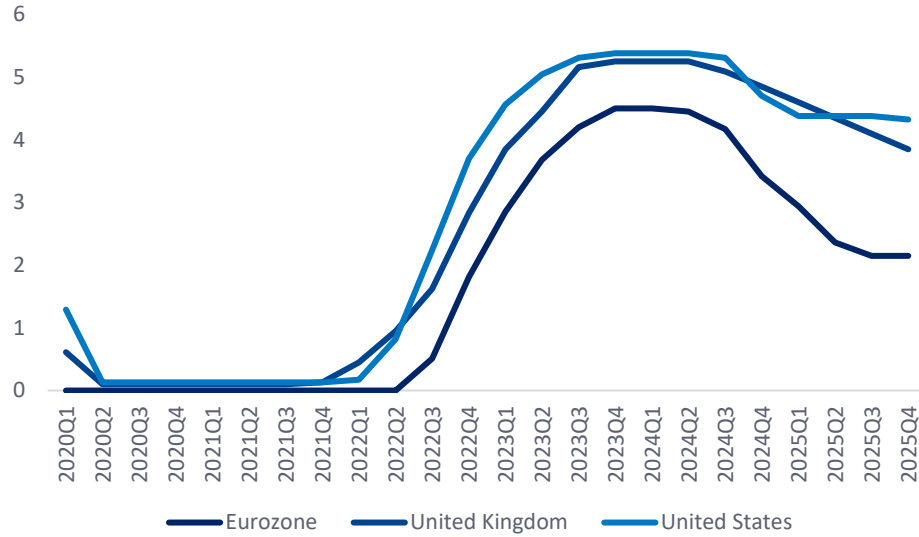


- Key focus is the Auto Sector : a blanket 25% additive tariff levied upon new vehicle and auto part imports into the US.
- Intense lobbying by auto-sector has provided potential carve-outs and delays to implementation of tariffs.
- However, uncertainty is heightened key tariffs remaining in place with core trading partners.

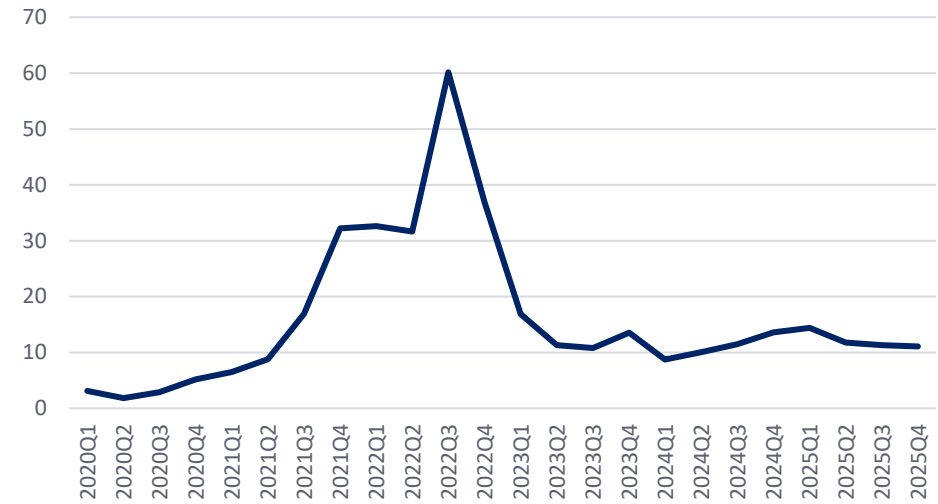
# Macro: Economic Indicators



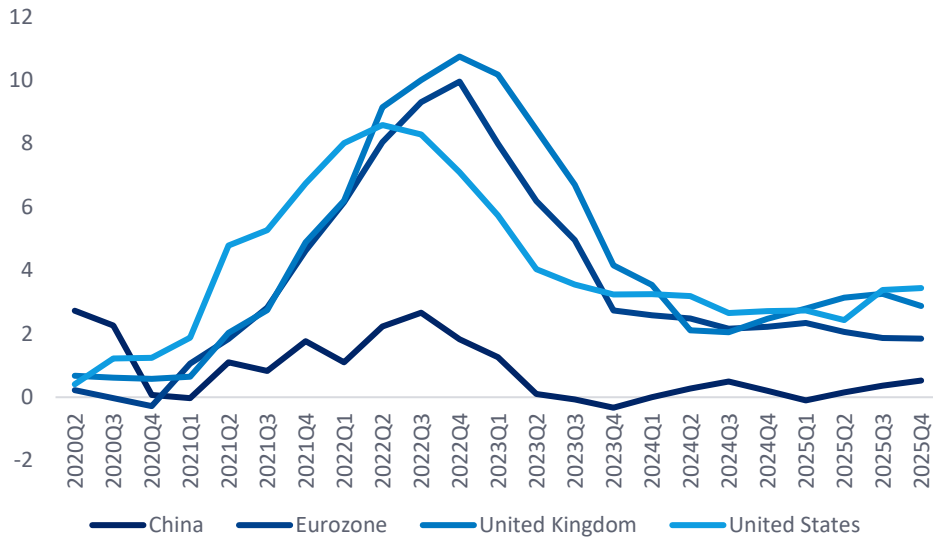
## Central Bank Interest Rates (%)



## European Gas Prices (US\$/Mil.BTU)



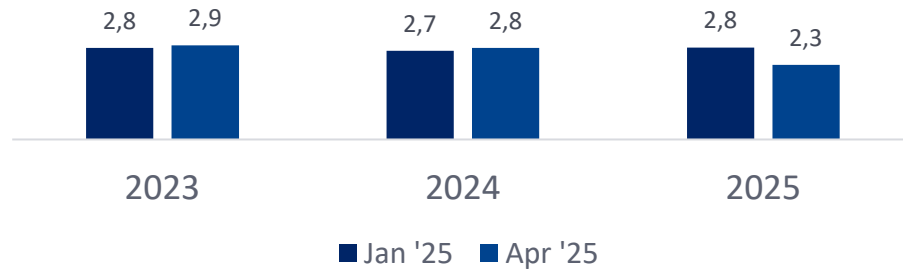
## Inflation (y/y%)



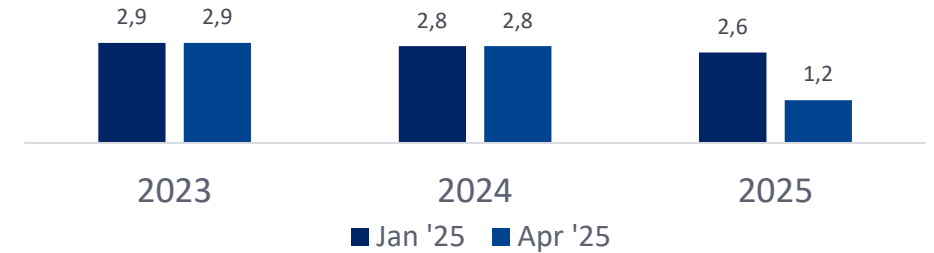
# Macro: GDP Growth – Economic growth downgrades across the board



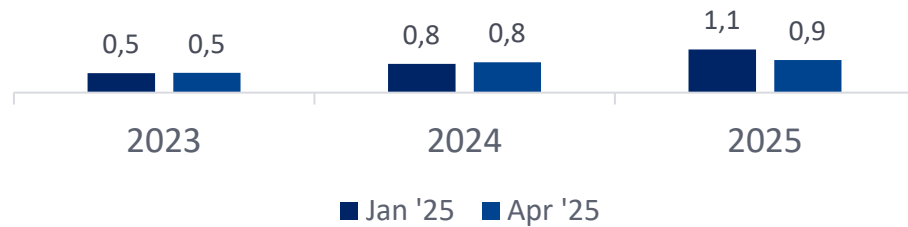
Global GDP Growth (%)



US GDP Growth (%)



Eurozone GDP Growth (%)



China GDP Growth (%)

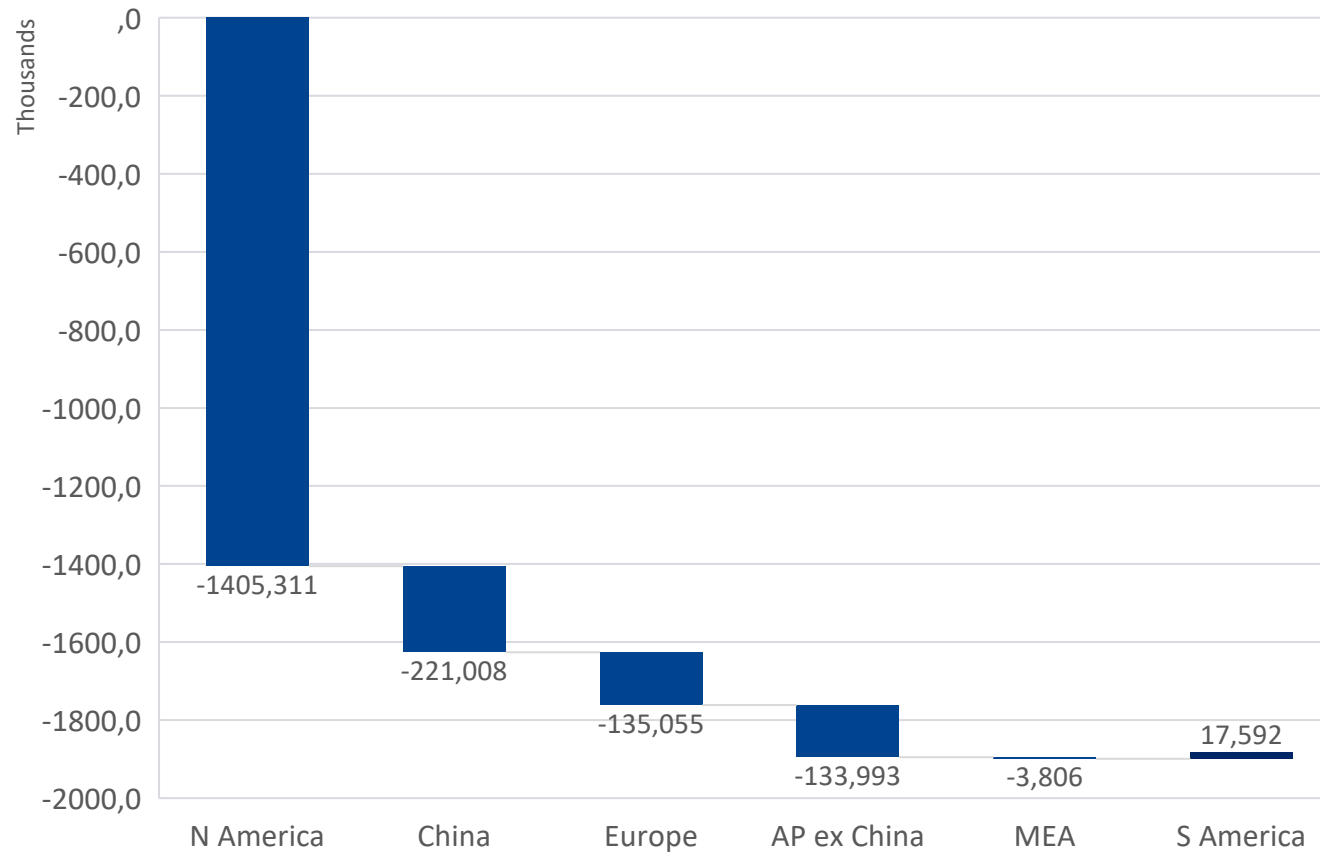




# Global LV Sales – 2025 Forecast Change



Global LV sales – March '24 v end-April '25 Forecast change (000s)  
*Regions*

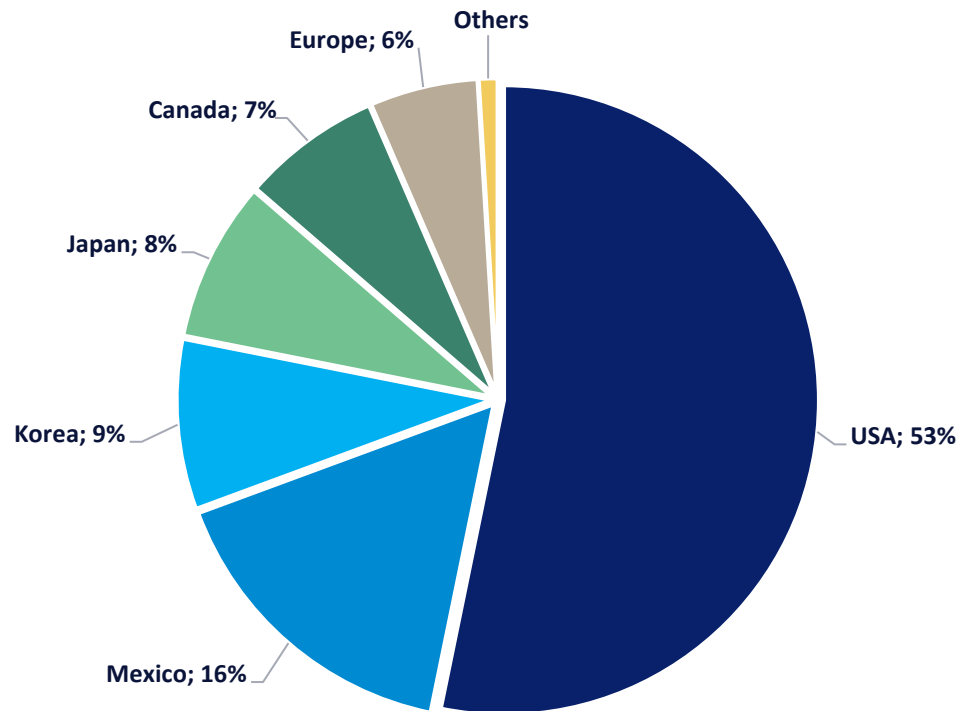


- The effect of weaker global economic activity will ripple through key vehicle markets in Europe, China and elsewhere.
- However, almost half of US LV market is supplied by imports with the remaining domestically assembled models often having significant import component content.
- Resulting price effects is expected choke off significant demand in the US market accounting for almost two-thirds of the global LV market downgrade in 2025.

# US Tariffs: Auto Production Exposure

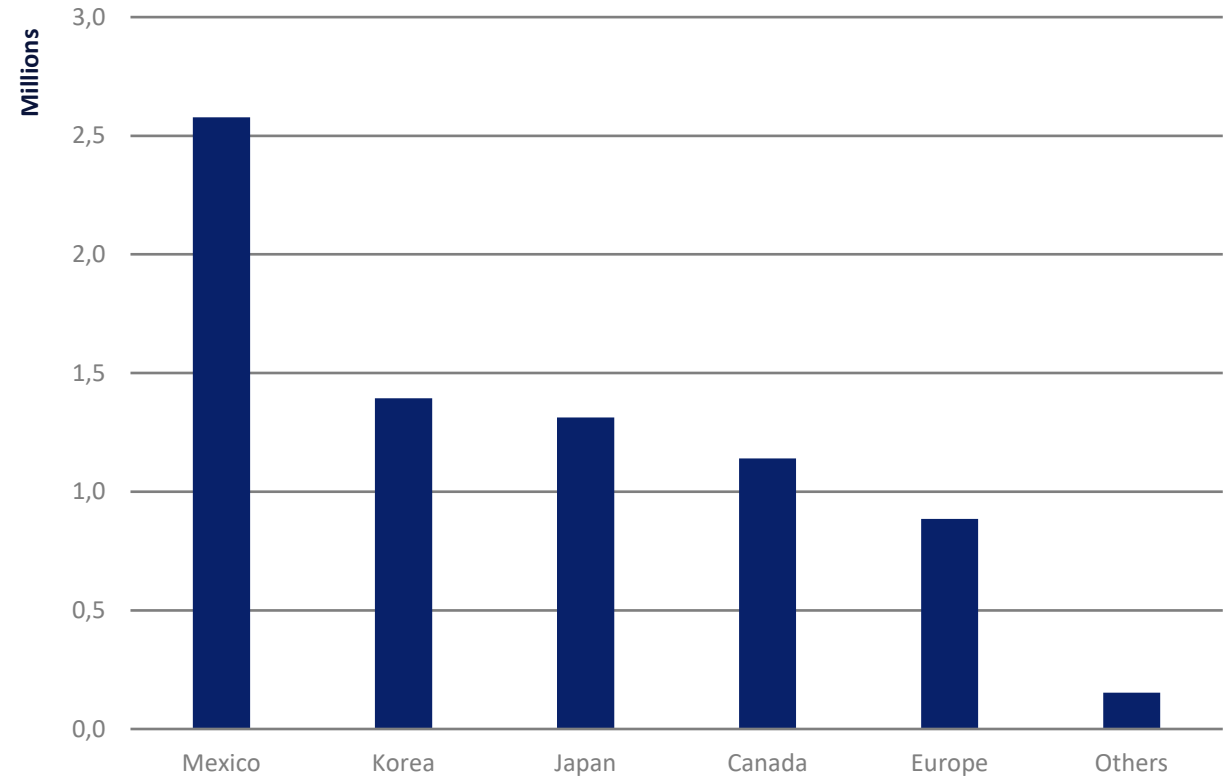


LV sales in the US by assembly origin (2024)



- Non-US assembled Light Vehicles (LVs) accounted for over 45% of the domestic market in 2024

LV imports to the US market by assembly origin (2024)

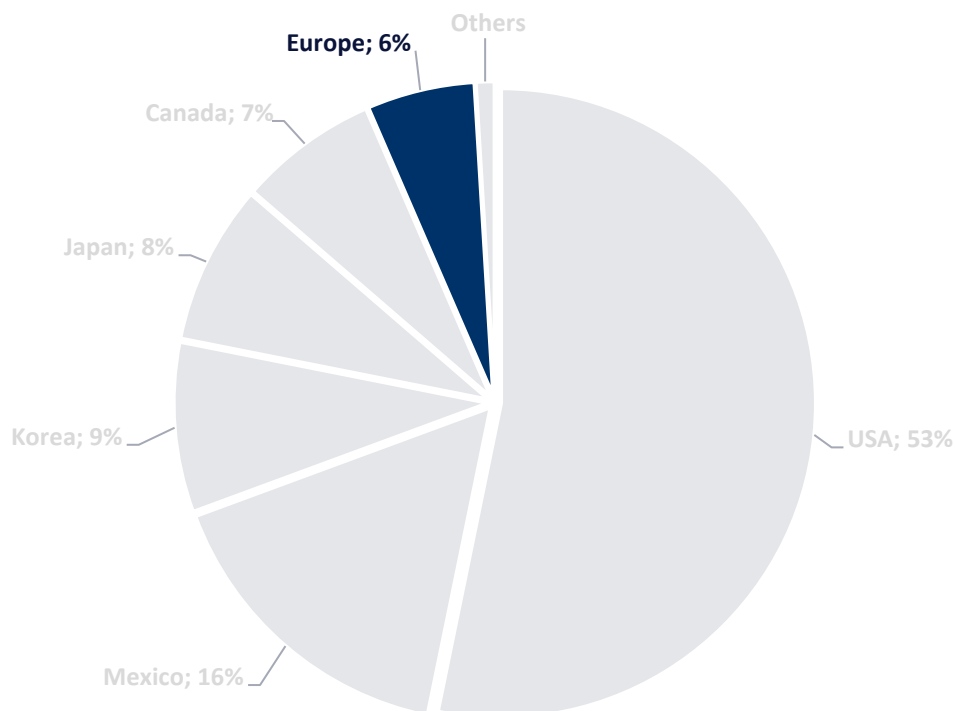


- In volume terms, imports reached 7.5mn units with Mexico accounting for over a third.
- Korea and Japan both supplied around 20% of US imports with Europe accounting for 12%. Canada: 15%.

# US Tariffs: Auto Production Exposure - Europe

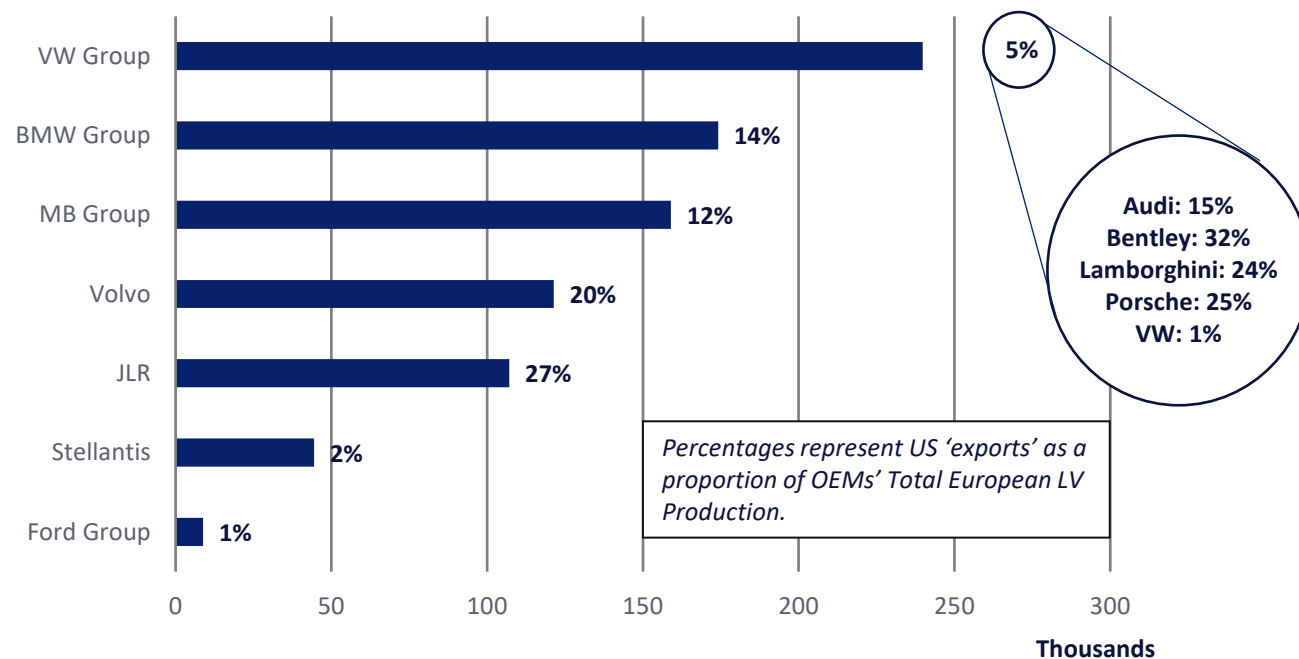


LV sales in the US by assembly origin (2024)



- European-sourced US LV sales amounted to almost 900k units in 2024.
- This represented 6% of the US market and accounted for over 6% of Europe's total LV output in 2024.

European OEM exposure to the US market  
*2024 European sourced LV sales to the US by OEM*



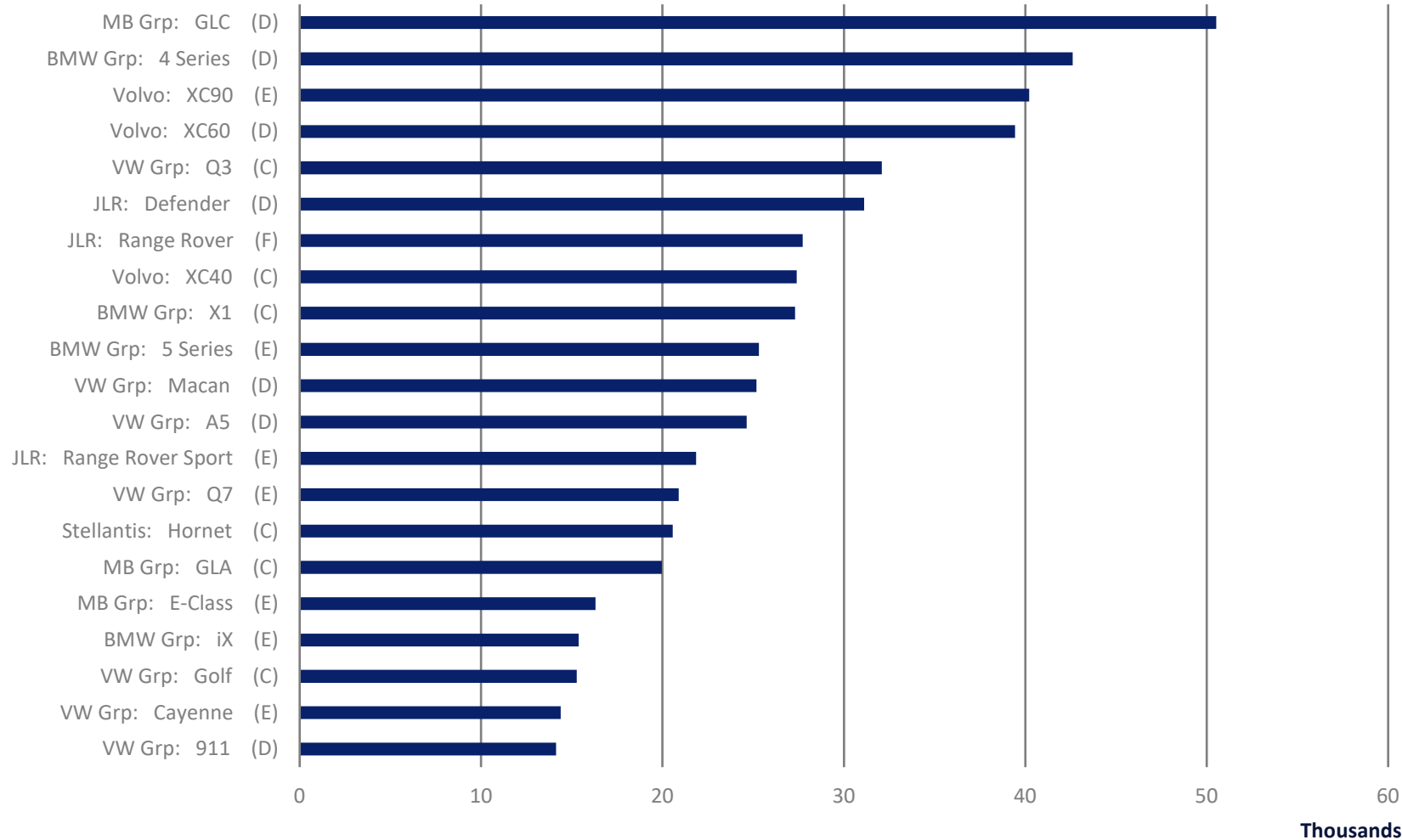
- Selling 240k units, the VW Group was the biggest exporter from Europe to the US market in 2024.
- Exports to the US are dominated by Europe's premium brands.
- While some - like BMW, Mercedes and Audi – are estimated to have exported between 10-15% of their annual European LV output to the US in 2024, others - like Porsche, Volvo and JLR - exported over a fifth.



# US Tariffs: Auto Production Exposure - Europe



Top 20 European-built US import models by volume, 2024  
*with Segment size (in brackets)*



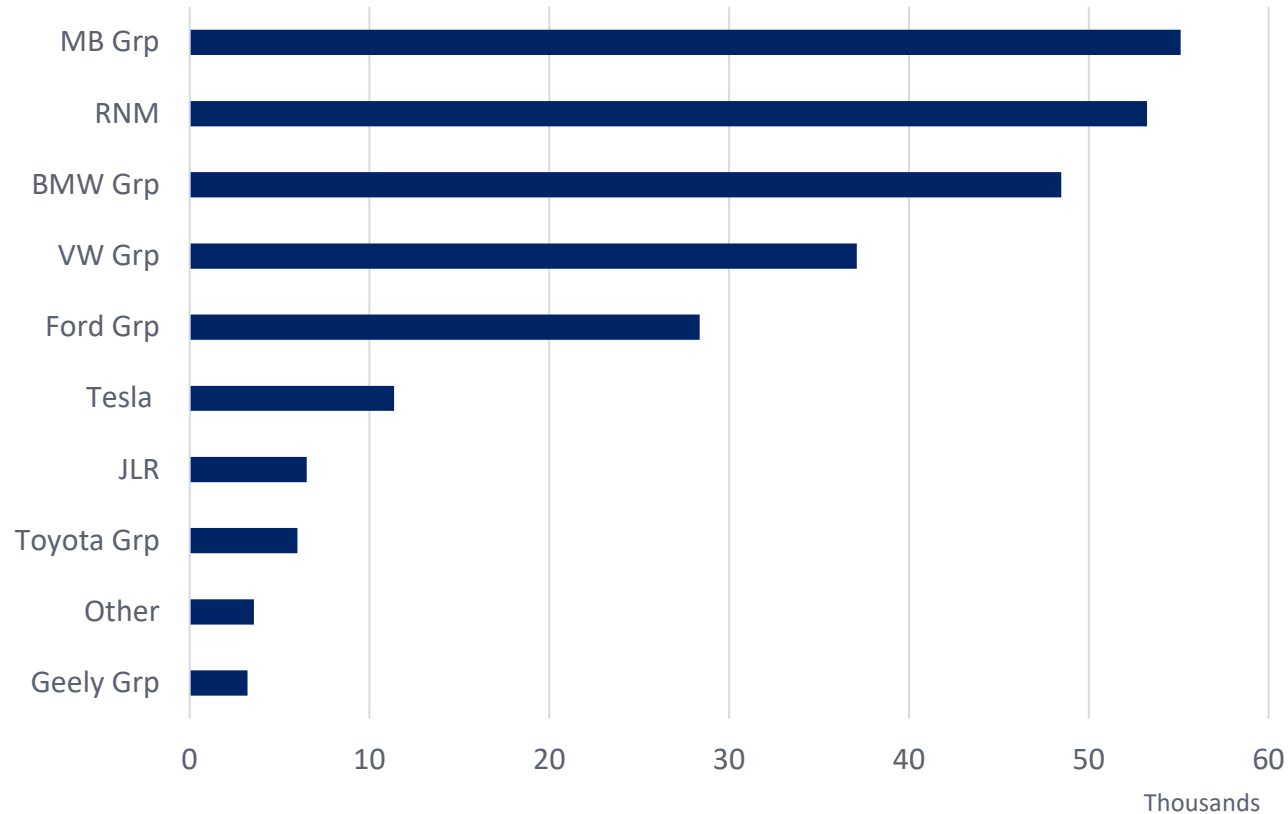
- Mercedes German-built GLC was the top selling European import into the US market in 2024.
- Potentially price-sensitive 'Segment C' models from Volvo (XC40), Audi (Q3), BMW (X1) and MB (GLA) also rank in the top 20.
- Stellantis' Italian-built 'non-premium' Dodge Hornet looks particularly vulnerable to price the impact of the new tariffs.

# US Tariffs: European LV Production : 2025 Forecast Cut



2025: European LV Production Downgrade (May 1st '25)

*Selected OEMs*



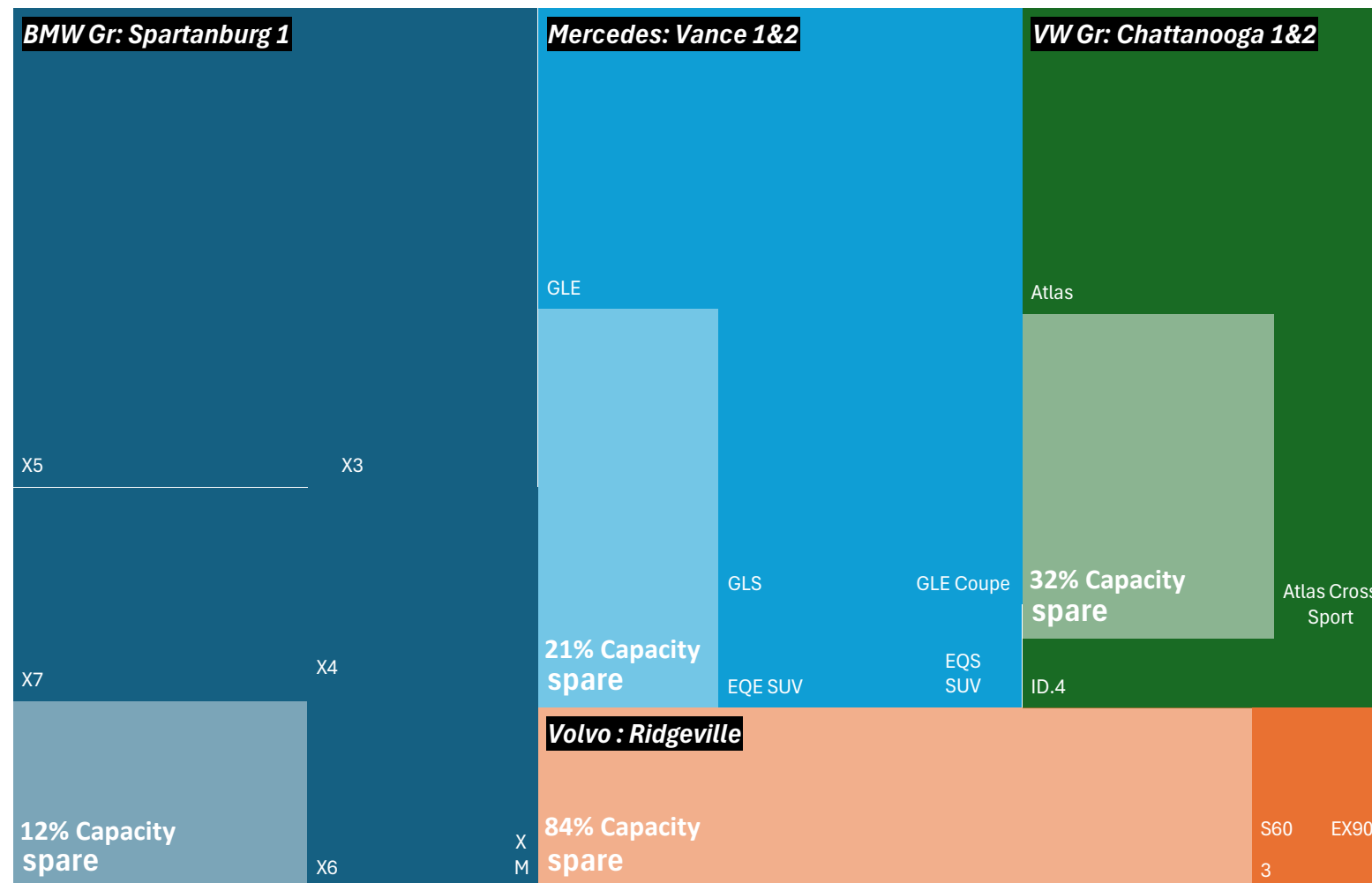
- Key Premium players undermined by export exposure to US market.
- MB exposed to US market undermines output. Additional cut due to decision to withdraw from small-LCV segment (T-Class)
- Aside from weaker domestic demand, Dacia sourcing shift to N Africa undermines RNM volume.
- JLR model renewals help support volume but risk on the downside.
- INEOS volumes (included in 'Others') hit by US tariffs.
- Some sourcing shift from China supports Volvo in Europe, but US impact to hit key export models.

# European OEMs : Key US Assembly Plants



2024: Production Volume Utilised by Model

Key US Plant Assets

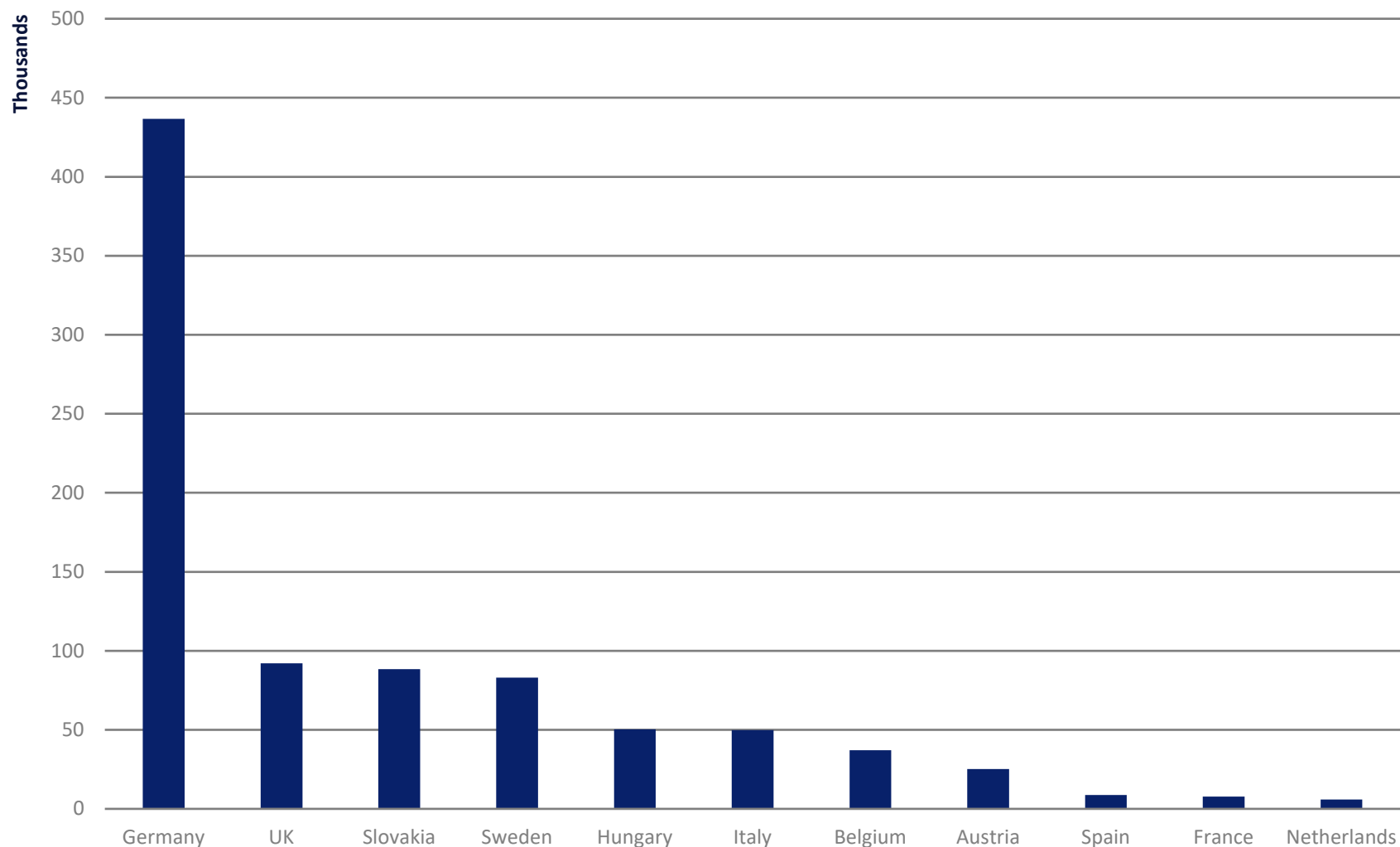


- BMW has the largest capacity in the US, with currently only limited scope for expansion.
- Mercedes has more spare capacity with reports of GLC volume resourcing by early 2027.
- Volvo (Geely) plant ramped up in 2017 with limited local production volumes. Future growth initially from new BEVs.
- VW Group has more manufacturing presence in Mexico than US, although scope US expansion/transfer exists. Additional plant planned (Blythewood) in 2027/8.
- Tariff retaliation affects outbound US export flows: large SUVs to China particularly affected.

# US Tariffs: Auto Production Exposure - Europe



US LV sales by European country of origin (2024)

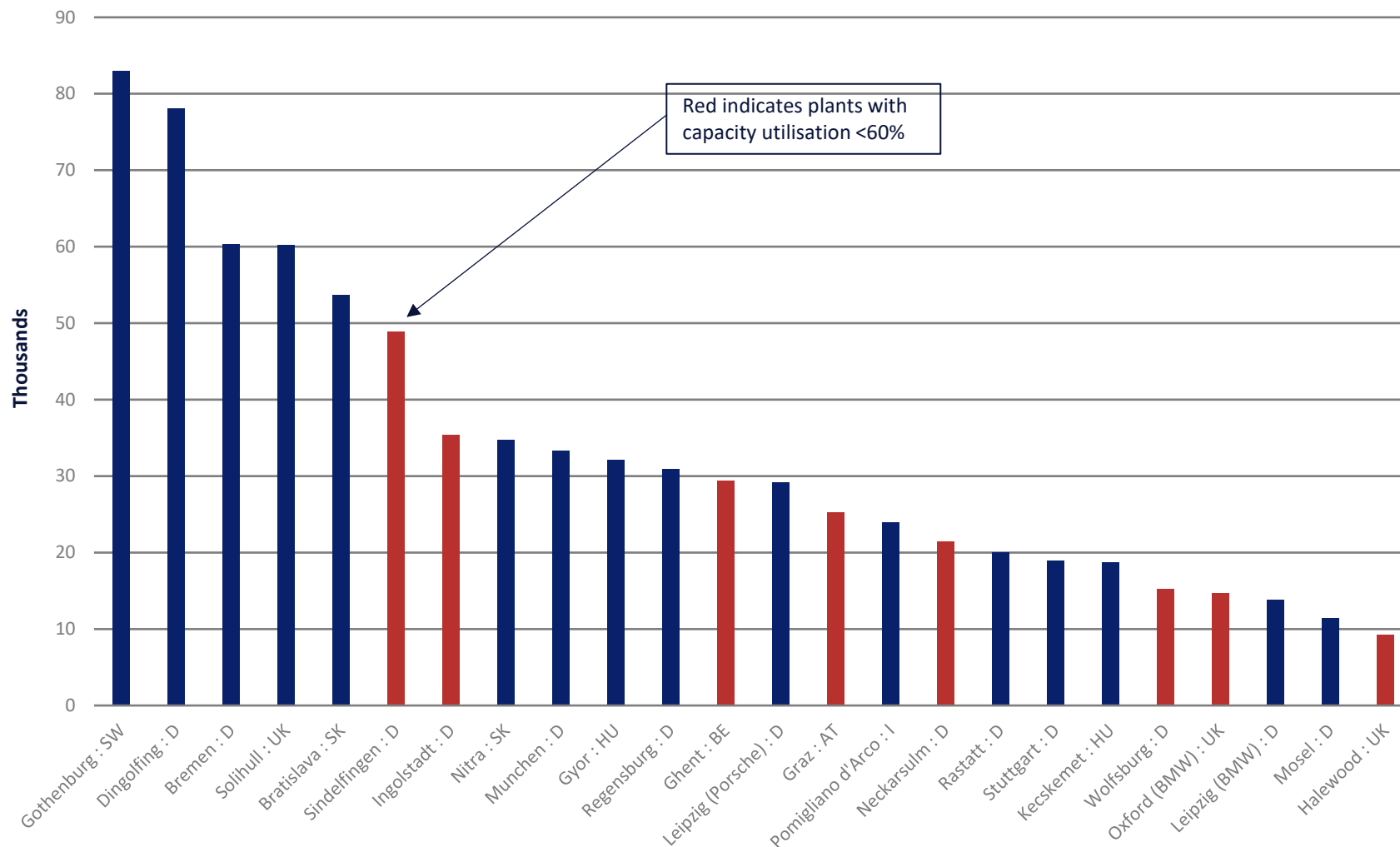


- Production of European LV Exports to the US are dominated by German plants.
- About 50% of all Europe's US destined LV exports are produced in Germany by the key Premium OEMs: VW Group, BMW and Mercedes-Benz.
- Their other European facilities in Hungary and elsewhere also support export volumes to the US.
- UK's Mini and JLR exports to the US account for around 10% of the country's total LV production volume – a similar share to that of Germany and indeed, Italy.
- Despite the scale of Spain and France's LV production volume, both countries' have limited exposure to the US market.

# US Tariffs: Auto Production Exposure - Europe



Top 25 European exporting plants to the US market  
*Ranked by volume exports to the US (2024)*

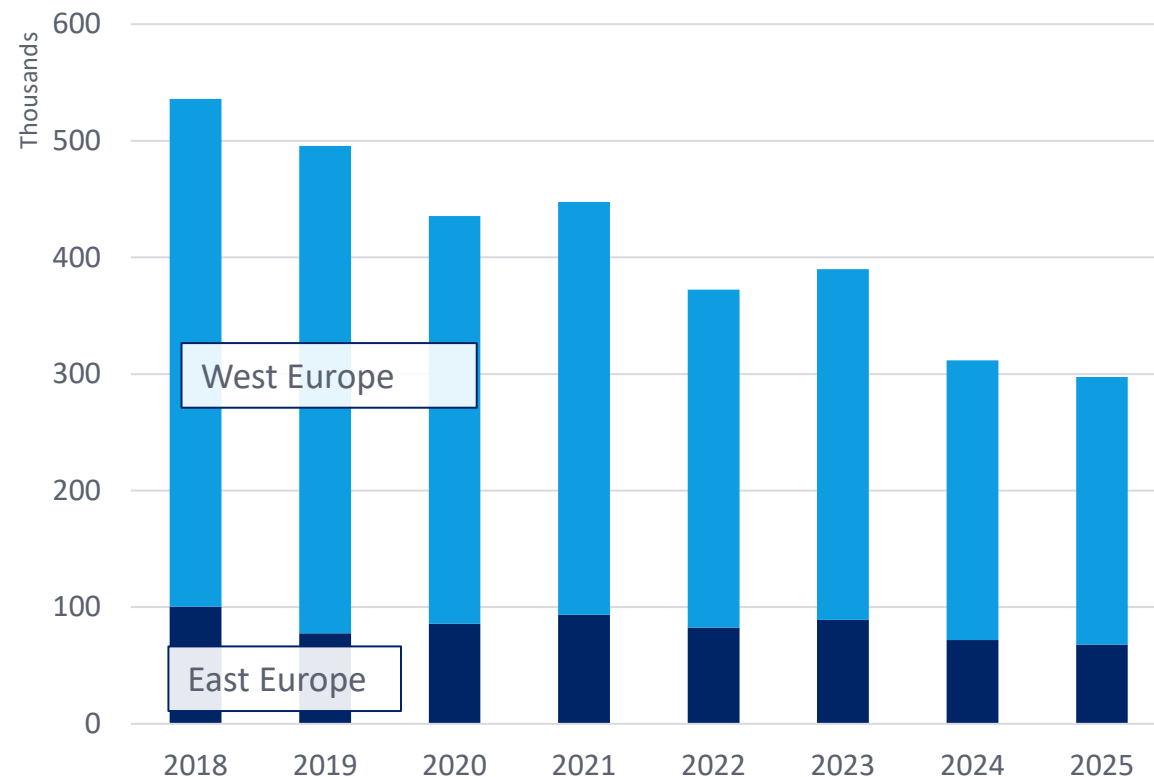


- Being the heart of Volvo's large-SUV output (XC90/XC60), production at Volvo's key Gothenburg facility in Sweden is the most exposed to the US market in Europe.
- BMW's Dingolfing plant in Germany is a close second, being a key source of popular BMW models including the 4, 5 and 7 Series models.
- Both Bremen and Sindelfingen, again in Germany, represent key Mercedes plants with high levels of output destined to the US – including the GLC.
- The UK's JLR plant at Solihull – home to the Range Rover and Range Rover Sport - as well as the group's plant at Nitra, Slovakia (producer of the Defender) rank high on the US market exposure list.
- Utilisation is currently an ongoing issue for many European plants. Tough export conditions place even greater rationalisation pressures on a number of particularly underutilised plants.

# Exports to China: European LV Exports to China Slow



## European LV Export Volume to China split by source region



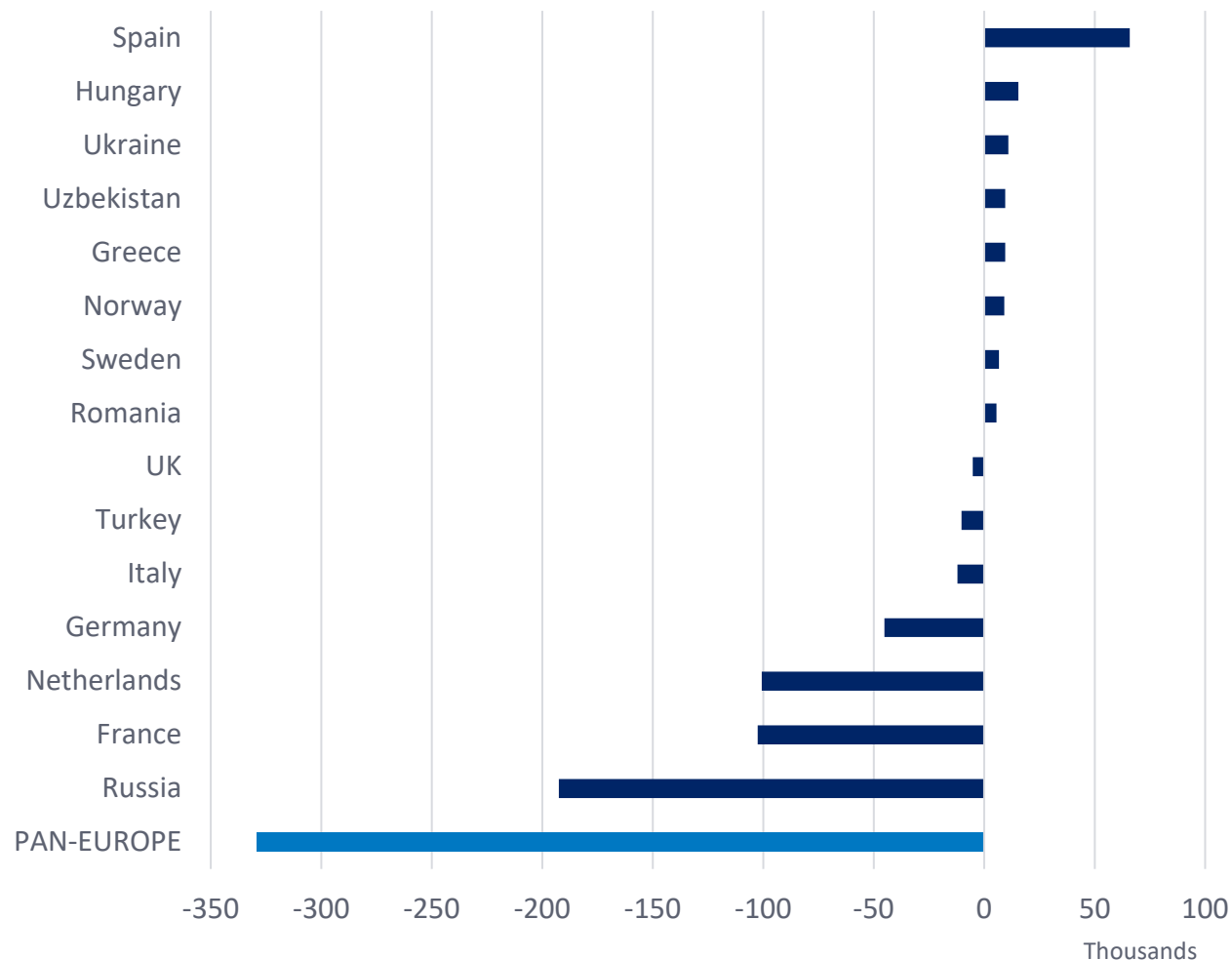
- Since 2021, Pan-European LV exports to China have fallen by almost a third (2024)
- Exports principally comprised of executive and premium positioned models.
- Competitive pressures – technological and cost - from domestic Chinese OEMs have eroded local appeal of European models.
- Model sourcing shifts from West to East Europe have helped temper the relative decline in export volume to China from Eastern European plants.



# European Light Vehicle Market: Tough 2025 outlook



## Pan-Europe LV Sales 2025f v 2024 – *Selected Markets*

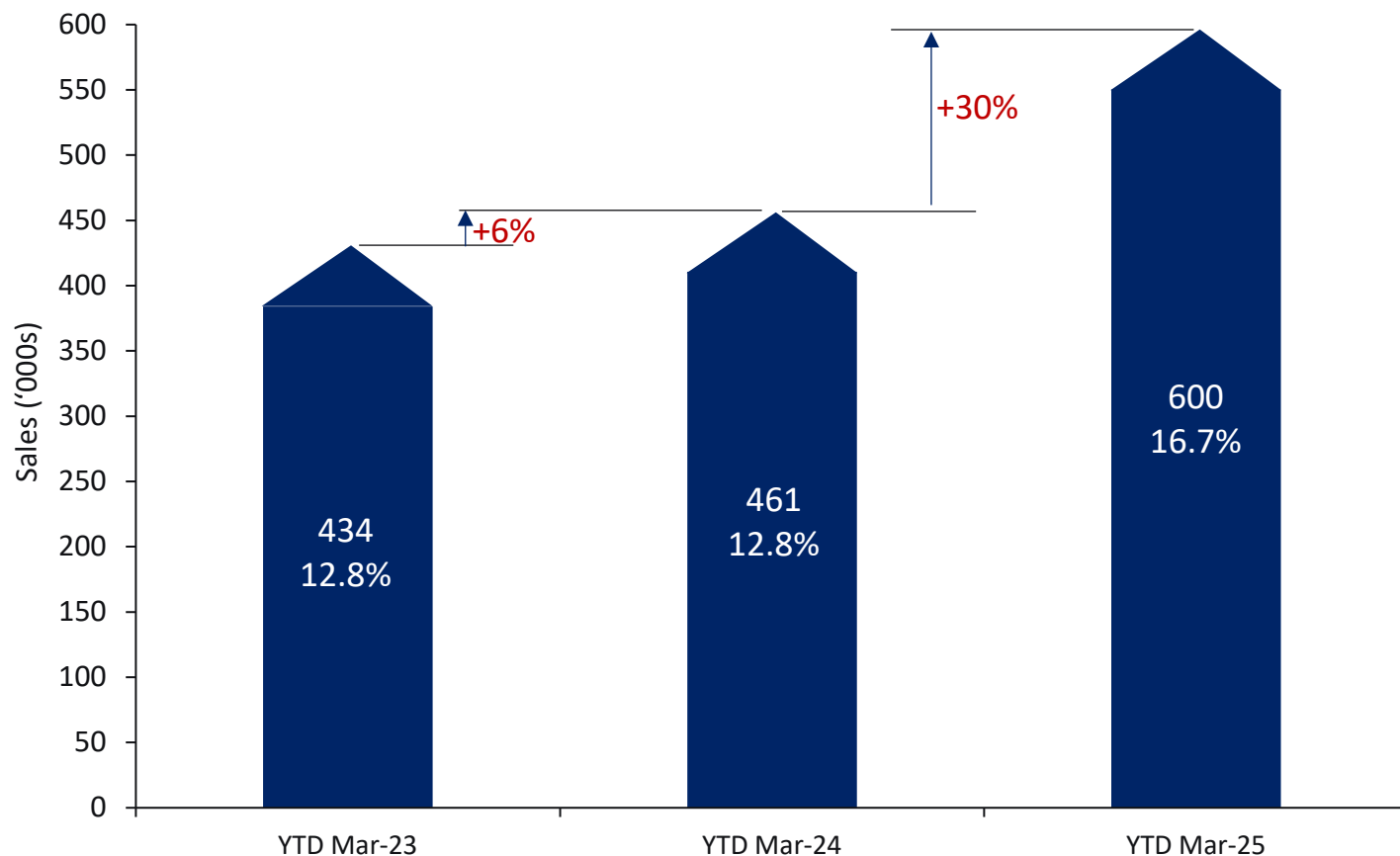


- Pan European LV Sales expected to contract by -1.7% YoY.
- Economic headwinds exacerbated by trade uncertainties expected to cool 2025 market outlook compared with 2024.
- Incentive distortions affect relative performance in some markets, such as Russia and the Netherlands.
- Spain provides some relief, underpinned by a robust economy and lower direct exposure to trade disruption.
- Turkey performs ahead of earlier expectations as persistently high inflation encourages 'pull-forward' sales.

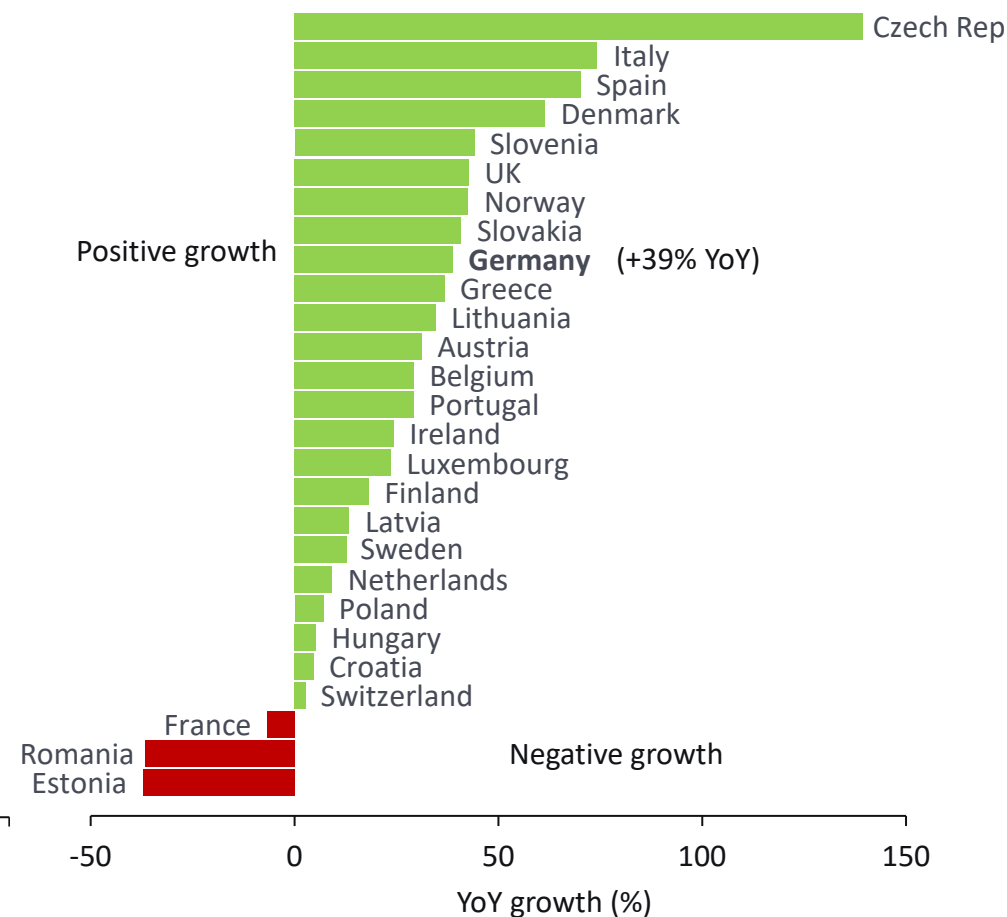
# BEV Market Europe: Push rather than Pull



## Pan-Europe PV BEV market YTD Mar 2025



## YTD Mar 2025 YoY PV BEV sales growth



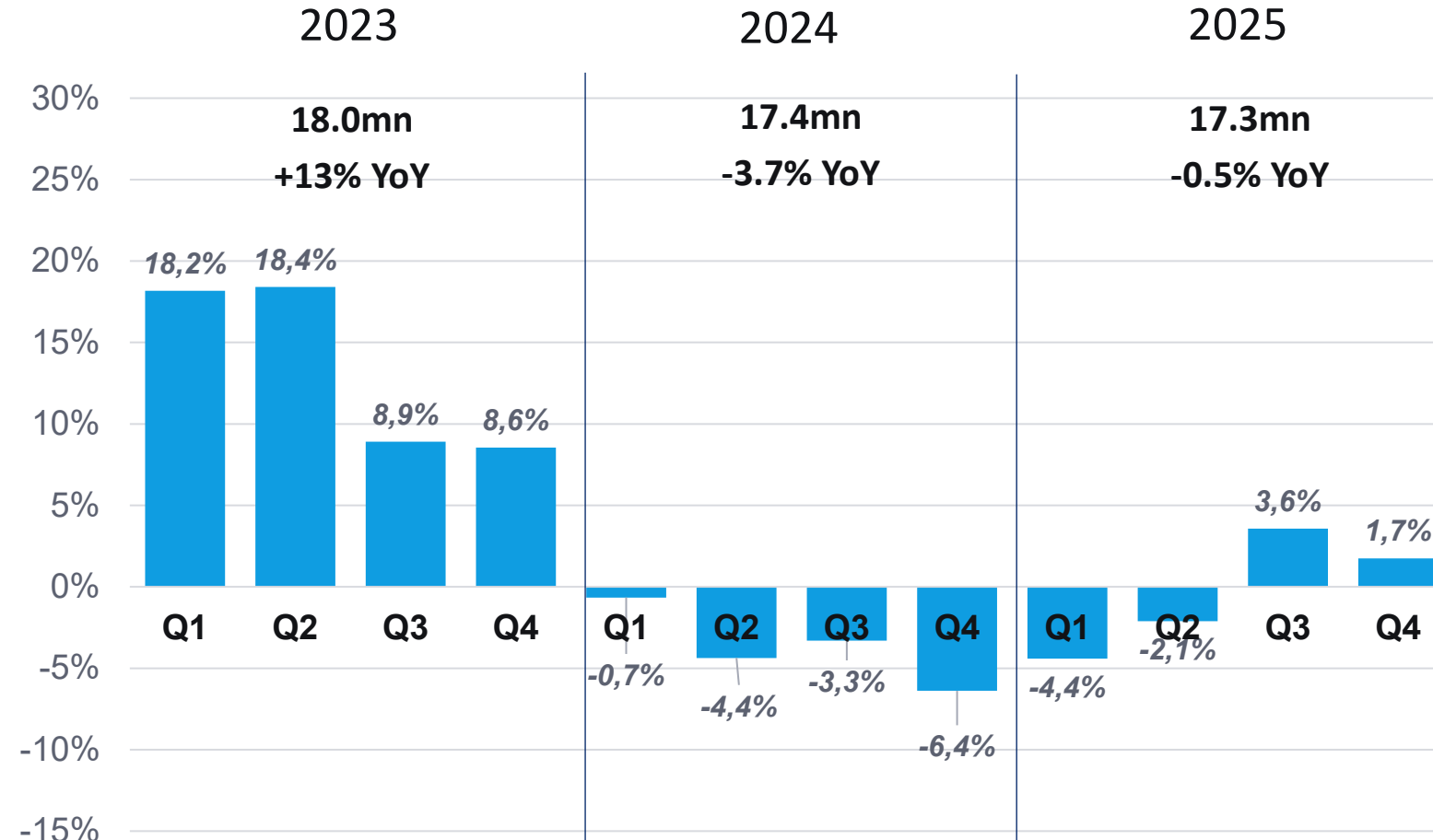
EU+EFTA+UK BEV share YTD Mar 2025: **17.0%**. Need **~17%** for revised CO<sub>2</sub> compliance

Source: GlobalData Global Hybrid & EV Bulletin

# European Light Vehicle Production: Near-Term YoY growth



Pan-Europe (Forecast: May 1<sup>st</sup>, 2025):

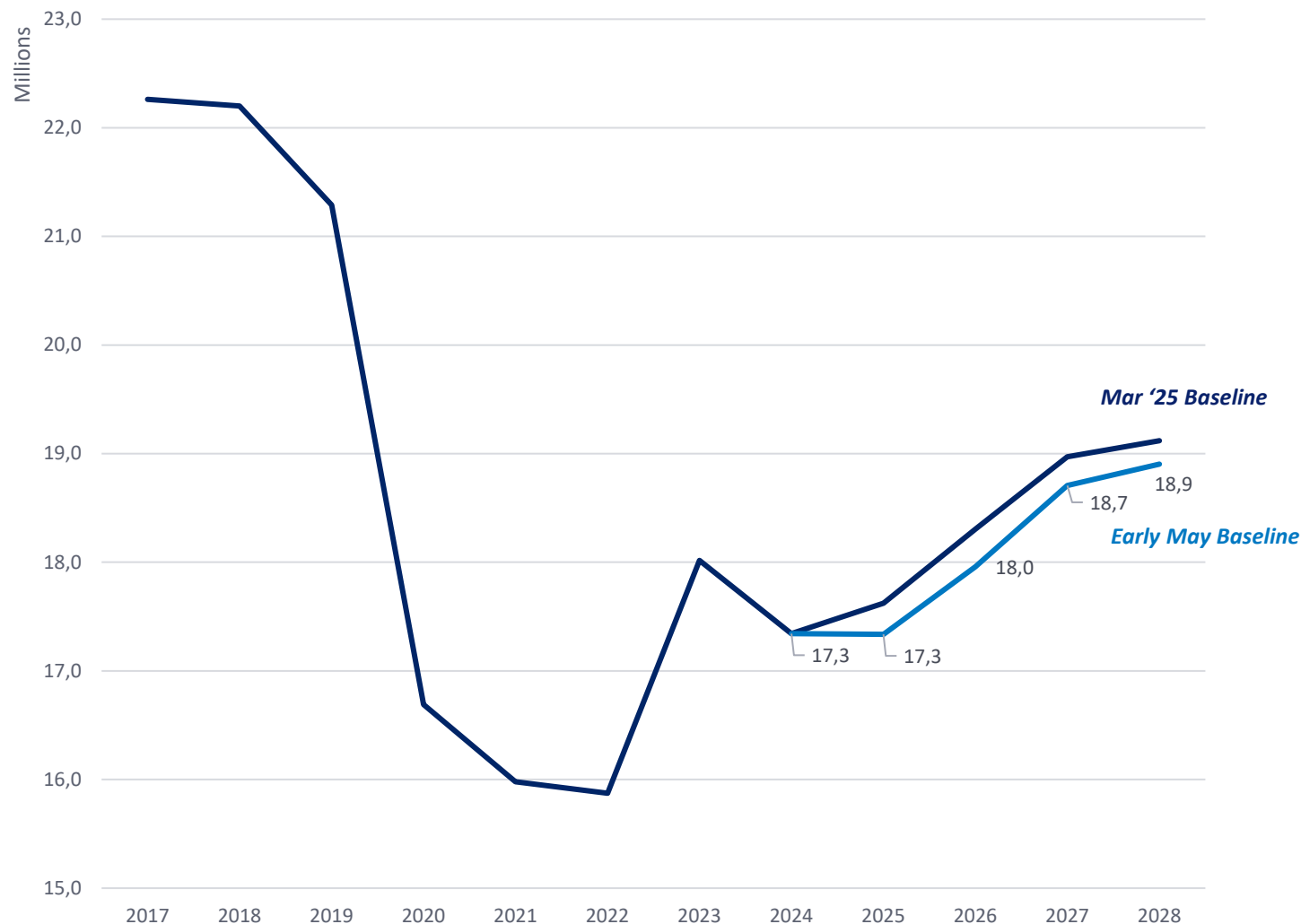


- Base effect shape development, although Q1 2025 performance was slightly ahead of expectations.
- Model activity, price cuts and mix changes expected to provide support.
- Tougher consumption environment and weaker exports undermine recovery.
- CY2025 LV production still over 20% lower than 2019 and over 5mn below the 2017 peak.

# European LV Production – Baseline Migration



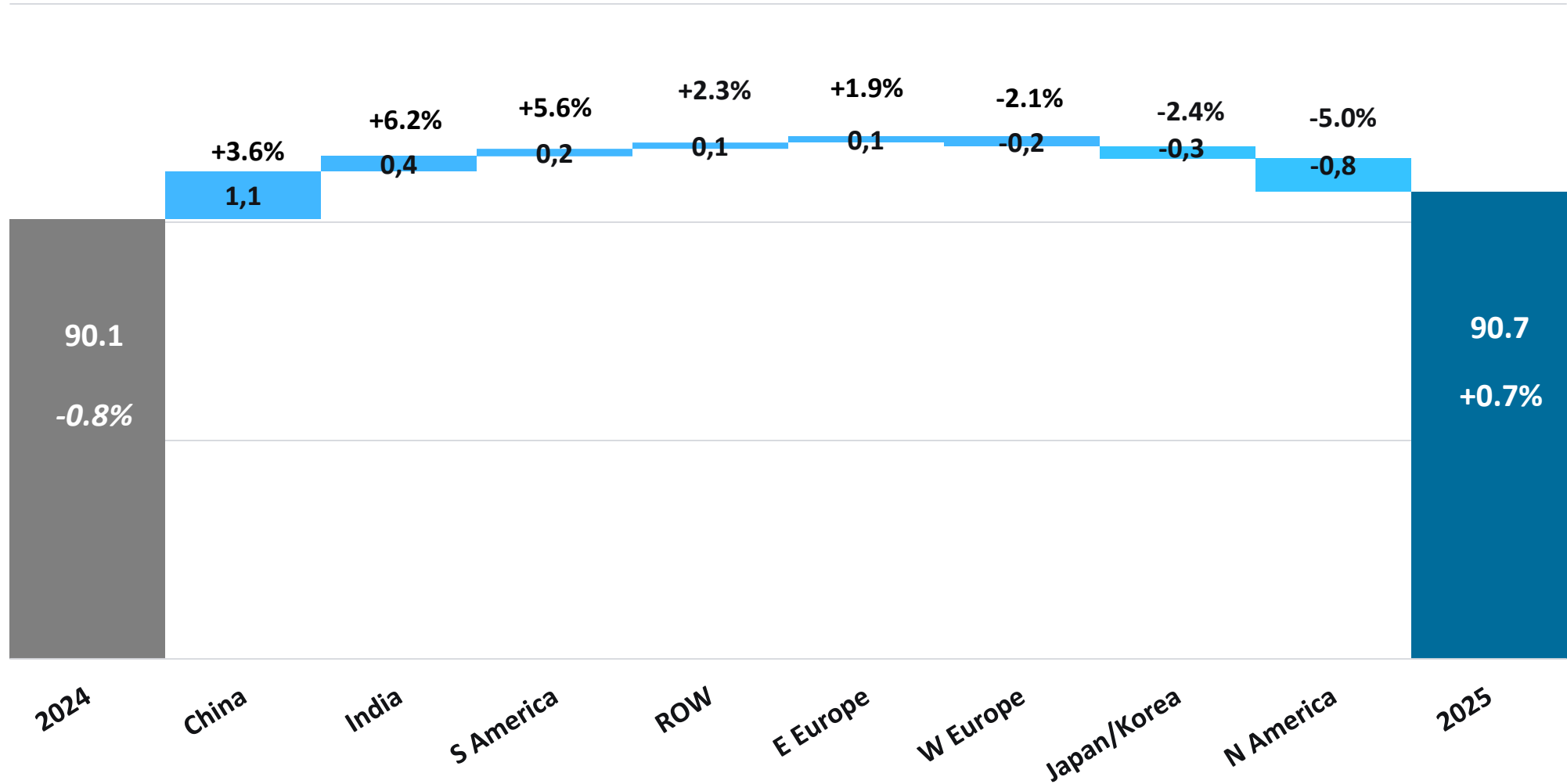
## Pan-European LV production Volume: *Medium Term*



- Lost exports from US tariff hit, an ongoing tough competitive position in China and slower world economic growth underpins the medium-term downgrade.
- Some affordability improvements, particularly in the electrification space is expected to help support market participation, while EU tariffs on Chinese imports support localization into the region.
- Downside risk to outlook from off-shoring to the US due tariff position. Uncertainty continues to cloud planning and investment decisions.
- Medium term recovery is expected to be limited. Pan-European LV Production volumes are still anticipated to remain around 3mn units below pre-pandemic levels by 2028.

# 2025 Global Production outlook 2024-2025.

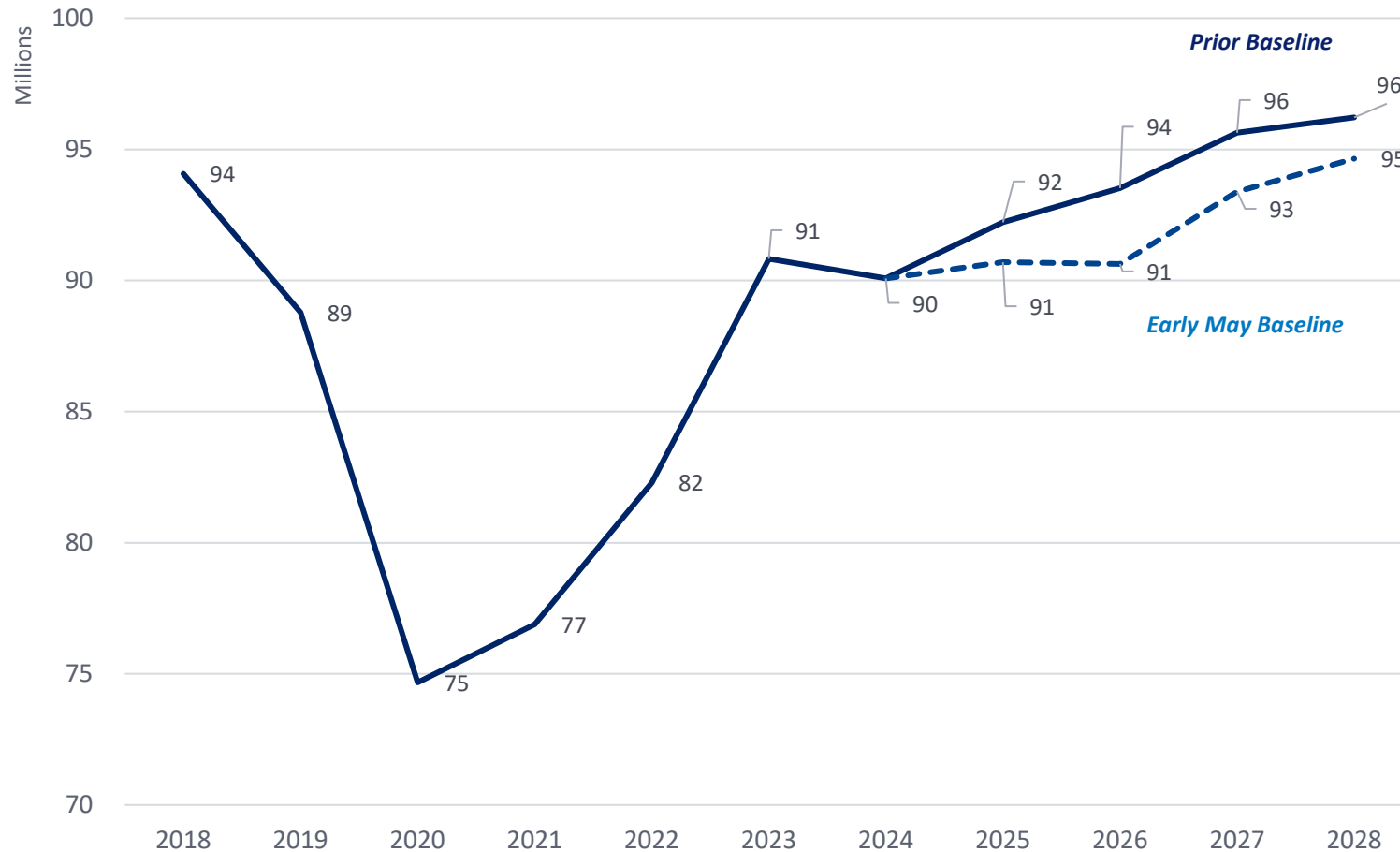
Global LV Production (mn) – growth 2024-2025 (Early May '25 Baseline)



# Global LV Production – Baseline, early May '25



## Global LV production – Baseline migration



- Medium Term global LV output recovery is stalled by the direct hit from new tariffs as well as the wider associated economic drag.
- Risks to determine recovery timing remain high but new 'carve-outs' and tariff relief generates some upside forecast risk.
- In general, we are assuming that tariffs will be wound-back following negotiation. A more benign trading environment could provide growth momentum from 2027.
- As before, non-mature economies underpin medium term growth in LV production.





## Contact Us



**For any questions or further enquiries please contact us at:**

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