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Donald Trump's tariffs could batter British drivers with more expensive cars amid warnings

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By [Felix Reeves](#)
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The UK Government told GB News it was 'always vigilant to international developments'

Donald Trump's proposed new tariffs could cause significant disruption to the automotive industry, with car prices potentially rising according to new data.

The automotive sector is expected to be the most affected within US manufacturing if the proposed tariffs are implemented, with research from Oxford Economics suggesting new car prices could jump by 3.7 per cent.

The impact comes at a challenging time for carmakers, who are already grappling with shrinking profits due to rising costs of electric vehicle development and increased competition from Chinese manufacturers.

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European manufacturers are particularly exposed to the proposed tariffs, with share prices of BMW and Mercedes-Benz dropping steeply in response to the plans.

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Donald

Trump is expected to launch a number of strong tariffs that could impact British motorists REUTERS/GETTY/PA

A former executive of a European car group told the Financial Times: "The bigger pressure point will probably be the German brands because they export quite a bit."

Companies may need to increase their US production to cope with the changes, following Tesla's example of boosting local manufacturing after Elon Musk paused plans in Mexico.

A UK Government spokesperson told GB News: "We are always vigilant to international developments and are very clear that any decision over the implementation of tariffs has to be the right one for our domestic automotive industry."

Trump's vision for an America-centric automotive industry includes a dramatic reshaping of German manufacturing presence in America.

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"I want German car companies to become American car companies," Trump declared at a recent rally. "I want them to build their plants here."

Volkswagen's subsidiaries Audi and Porsche could be particularly vulnerable to these changes, as they currently lack manufacturing facilities in the United States.

Mexico, which is currently the United States' biggest trading partner, faces significant threats from Trump's proposed policies, with car exports to the US having risen 13 per cent to 2.55 million last year. Honda has warned that US tariffs on Mexico would affect an estimated 160,000 of its vehicle exports.

The Japanese manufacturer's executive vice president Shinji Aoyama indicated the company would need to consider relocating production if tariffs were implemented.

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Major global manufacturers including Ford, Volkswagen and Toyota, all with substantial manufacturing presence in Mexico, could be impacted.

US carmakers would also feel significant impacts from the proposed tariffs, particularly General Motors and Stellantis, whose Mexican-made trucks sell in higher volumes than Ford's products.

Barclays analyst Dan Levy warns that imposing tariffs on Mexican-made goods would inevitably disrupt the US auto industry.

"If part of the mandate [of Trump] is to avoid inflation, putting in tariffs doesn't help on the inflationary side," Levy told the FT.

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Polestar

warned that it would be battered by plans to increase tariffs on Chinese-made connected vehicles POLESTAR

This follows an urgent warning from Swedish premium electric vehicle manufacturer Polestar who warned that it could be "effectively prohibited" from selling vehicles under tariffs on Chinese-made EVs.

Despite having a plant in South Carolina, the Commerce Department has put forward rules that could prohibit connected vehicles from China on American roads, citing national security concerns.





Polestar said 10 per cent of its workforce was in China, while a "substantial portion of its operations" are situated in China.

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