

Trump backs down a bit on auto industry tariffs—but only a bit

President Donald Trump is set to ease up slightly on the automotive industry this week. After being warned that his trade war will result in hiked prices and fewer vehicles being built, government officials over the past two days have signaled that Trump will sign an executive order today that will mitigate some of the pain the 25 percent import tariffs will inflict.

Trump's approach to tariffs has been nothing if not inconsistent. In this case, the White House is not dropping the 25 percent tariff on all imported vehicles, but the other tariffs imposed by the Trump administration—like the 25 percent tariff on steel and aluminum that went into effect in February—won't stack up on top.

The potential for multiple tariffs to have an additive effect on prices could have seen new car prices soar in the coming weeks; now, they are likely to just rise a lot instead. According to The Wall Street Journal, the move will be retroactive, and automakers who have (for example) paid aluminum or steel tariffs on top of the car import tariff can seek a refund for the former.

A separate 25 percent tariff on imported car parts is set to go into effect on Saturday. These are still planned to go into effect, but importers will be able to apply for small reimbursements—up to 3.75 percent of the value of a US-made car for a year, then 2.5 percent of the car's value for the second year.

How easy the government will make the reimbursement process, and where that money will come from, has yet to be made clear.

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