GENERAL MOTORS

Comments on U.S. Section 232 National Security Investigation of Imports of Automobiles and Automotive Parts
Inv. No. DOC-2018-0002
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General Motors appreciates the opportunity to submit comments to the U.S. Department of Commerce in response to "Section 232 National Security Investigation of Imports of Automobiles, including Cars, SUVs, Vans and Light Trucks, and Automotive Parts," pursuant to 83 Fed. Reg. 24735 (May 30, 2018). As a committed corporate citizen of the United States and one of the country's largest employers and global manufacturers of vehicles, we believe it is our responsibility to offer our perspective to the Section 232 investigation into automobiles.

We appreciate the connections between the economic welfare of a country, the strength of its key industrial sectors, and national security. The economic fortitude of companies like ours directly supports the economic strength of the nation, which, in turn, contributes to the security posture of the United States. For that reason, we want to explain how tariffs on auto imports may jeopardize them both.

GM's Global Scale Supports Jobs and Investments in the United States

In a globally competitive auto market, GM remains committed to our home market, our employees, and the communities in which we live and work. GM operates 47 manufacturing facilities and 25 service part facilities across the United States, employs approximately 110,000 people in the United States, buys tens of billions of dollars worth of parts from U.S. suppliers every year, and, since 2009, has invested over $22 billion in U.S. manufacturing operations. In addition, we conduct the majority of our technology innovation, research and development, design, product development, engineering, testing, information technology, purchasing and supply chain, finance, planning, customer service, corporate development and sales and marketing work in the United States. Preserving and growing the economic vitality of the U.S. economy is in our business interest.

The U.S. auto industry has grown increasingly competitive over the past decade, challenging automakers to produce world-class vehicles with maximum efficiency. Our industry is highly technical, relies on long manufacturing and product development lead times, and is incredibly capital intensive. In addition, efficiency for GM comes from our disciplined deployment of capital, our complex and highly-integrated global supply chain, and our ability to design, engineer, and manufacture at scale on a global level. Our competitors—operating in the U.S. and around the world—derive their efficiency from a similar approach.

The United States directly benefits from GM's ability to maintain a competitive edge and maximize the effectiveness of our operations on a global scale. The majority of the profits we earn from our global production and sales come back to the United States to support jobs, investments in our plants, and advanced R&D.

The auto industry also happens to be in the midst of a fast-paced transportation revolution led by cutting-edge technologies that promise to redefine the industry as we know it. If U.S. auto companies are to lead in this space—as we currently are—we absolutely must rely on our existing strengths and invest resources accordingly. As with most of our other R&D work, GM's investments in jobs and facilities to support these new technologies are predominantly here in the United States.

Overly Broad and Steep Import Tariffs Undermine Our Ability to Compete

If import tariffs on automobiles are not tailored to specifically advance the objectives of the economic and national security goals of the United States, increased import tariffs could lead to a smaller GM, a reduced presence at home and abroad for this iconic American company, and risk less—not more—U.S. jobs. The threat of steep tariffs on vehicle and auto component imports risks undermining GM's competitiveness against foreign auto producers by erecting broad brush trade barriers that increase our global costs, remove a key means of competing with manufacturers in lower-wage countries, and promote a trade environment in which we could be retaliated against in other markets. The penalties we could incur from tariffs and increased costs will be detrimental to the future industrial strength and readiness of manufacturing operations in the United States, and could lead to negative consequences for our company and U.S. economic security.

Combined with the other trade actions currently being pursued by the U.S. Government—namely the 232 Steel and Aluminum tariffs and the Section 301 tariffs against Chinese imports—the threat of additional tariffs on automobile imports could be detrimental to our company. At some point, this tariff impact will be felt by customers. Based on historical experience, if cost is passed on to the consumer via higher vehicle prices, demand for new vehicles could be impacted. Moreover, it is likely that some of the vehicles that will be hardest hit by tariff-driven price increases—in the thousands of dollars—are often purchased by customers who can least afford to absorb a higher vehicle price point. The correlation between a decline in vehicle sales in the United States and the negative impact on our workforce here, which, in turn threatens jobs in the supply base and surrounding communities, cannot be ignored. Alternatively, if prices are not increased and we opt to bear the burden of tariffs or plant moves, this could still lead to less investment, fewer jobs, and lower wages for our employees. The carry-on effect of less investment and a smaller workforce could delay breakthrough technologies and threaten U.S. leadership in the next generation of automotive technology.

Support and Protect U.S. Manufacturing with Productive Global Trading Relationships

We support the modernization of U.S. trade policy, but to remain globally competitive and sustain our leadership in the development of new technologies, U.S. auto companies need U.S. trade deals that recognize the strength that comes from global operations and a global supply chain. GM suggests prioritizing work with our adjacent trading partners to strengthen U.S. manufacturing and advance implementation of modernized NAFTA and KORUS agreements. The overbroad and steep application of import tariffs on our trading partners risks isolating U.S. businesses like GM from the global market that helps to preserve and grow our strength here at home.

GM appreciates the opportunity to submit comments for your consideration and stands ready to work with the Department of Commerce in its efforts to promote the growth of U.S. automotive manufacturing.