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## THE BIG PICTURE

# Global trade war: Impact on autos



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U.S. commerce head wants Japan to shift more auto production to U.S. >>



VW, Ford alliance borne out of need to adapt to fragmented markets >>



China's choreographed trade expo more "theater" than deal clincher >>



At China port, tariff drop a salve for hard-hit traders of American cars >>

The United States has made rethinking the terms of trade with its top global partners a high priority. But as new tariffs have led to trade disputes with China, Mexico, Canada and the European Union, the global automobile industry has been sent into a state of flux — forcing automotive companies to rethink their global business models and supply chains. The industry is also facing the threat of disruption from Brexit to international operations within the European Union. From traditional industry giants like Toyota and General Motors to innovative newcomers like Tesla, Reuters reporters around the world have delivered comprehensive coverage of the ramifications of changing trade policy on the automobile industry.

**THE BIG PICTURE:**  
**GLOBAL TRADE WAR**  
*Edition 4*

# THE BIG PICTURE

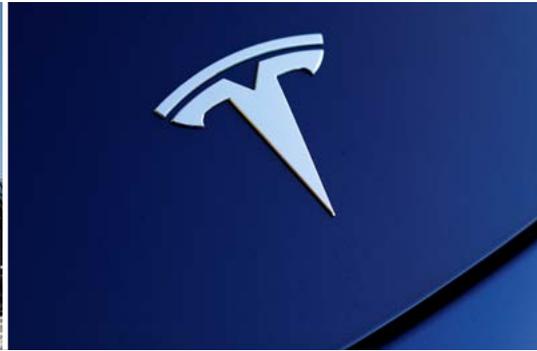


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## EXCLUSIVE NEWS

- Reuters was first to report that carmakers had started **executing on contingency plans they had drawn up to avoid disruption to their business because of Brexit**. Carmakers sought to have both EU and British agencies certify cars and also stockpiled critical parts, driving up costs.
- Reuters broke the story on how the **bilateral deal** between Mexico and the United States ahead of a new regional trade deal **included a cap on the number of autos Mexico can export** to its northern neighbor.
- Reuters exclusively reported how **U.S. automaker Ford was facing delays of up to two weeks in importing cars in China**, as tensions between Beijing and Washington grew ahead of the outbreak of a fully-fledged trade war.
- Reuters was first to report that the U.S. government was **planning to require that more U.S. steel and aluminum be used in car manufacturing** under the terms of a new NAFTA deal. The U.S. rules of origin proposal would put steel and aluminum on the North American Free Trade Agreement's auto parts tracing list for the first time.
- In an exclusive interview with Reuters, Canadian Prime Minister Justin Trudeau **criticized a move by the U.S. to consider tariffs on auto imports on national security grounds**, saying it was based on "flimsy logic."

- Reuters broke the news that Swedish carmaker Volvo is shifting production to **avoid tariffs imposed on the U.S. on cars made in China**. Volvo CEO Håkan Samuelsson told Reuters the firm would shift SUV production to Europe from China to supply the U.S. market.

**WATCH**  
Reuters  
Newsmaker,  
"North  
American  
Toyota CEO  
Jim Lentz"

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# THE BIG PICTURE



REUTERS/Albert Gea

**DISCOVER**  
Part 3 of the  
Big Picture's  
Global trade war  
series: Impact  
on metals

## UNPARALLELED INSIGHT

- Reuters [reported in detail](#) how **General Motors' need to please shareholders** overturned the work done by GM CEO Mary Barra to lobby the Trump administration and keep them onside with the company's plans – **including with investment in manufacturing plants abroad**.
- Trump's trade tariffs have made **life tough for some of the suppliers** caught up in the industries at the center of the trade wars. Reuters [shared insight](#) into how suppliers to the auto industry are **wrestling with how to absorb the extra cost, pass it on or find ways to cut their inputs**. Some of them have had to abandon U.S.-made parts in favor of foreign imports – negating the benefit of tariffs to U.S. industry.
- In an [analysis](#) of changes in the auto industry, Reuters showed that **the growing number of alliances** are one way that companies are dealing with the **fragmentation of the global market caused by trade tariffs, technology and tougher emissions standards**.
- The U.S. government's threats to block Chinese investment in U.S. companies could **hurt a number of U.S. auto and technology companies**, Reuters [revealed](#), because Chinese investors that have provided the funds for many start-ups will take their cash elsewhere.
- U.S. scrutiny of Chinese deals due against the background of increased trade tensions have **led Chinese auto investors to pour money into Europe instead**, Reuters [reporting showed](#).
- Early on in the trade war, Reuters provided [key reporting](#) into how **German automakers, plus Tesla and Ford**, who all make vehicles in the U.S. to supply China, would take the **biggest hit from retaliatory tariffs from China** if autos got dragged into the trade war.
- Reuters [provided insight](#) into how **China's car market, the world's largest, is on the brink of its first sales contraction in almost three decades**. The slowdown has been aggravated by a protracted trade war with the United States.

## TRUSTED VIEWS

Reuters **Breakingviews** offered unmatched, agenda-setting commentary. Highlights include:

- [EU's best bet is to indulge Trump on car tariffs](#)
- [Trump trade war risks European carmaker backfire](#)
- [Autos investors too quick to call Trump's bluff](#)
- [Car parts could be China's trade sledgehammer](#)
- [Auto industry exposes Nafta's blind spot](#)
- [BMW justifies carmakers' slow-lane valuation](#)
- [Nafta 2.0 signing is party for protectionism](#)
- [Tesla in pole position to win U.S.-China trade war](#)
- [U.S. threatens autos with scorched-earth gambit](#)
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- [Car-parts M&A starts looking more compelling](#)
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