



## Why don't Europeans buy more American cars?



Donald Trump is threatening to introduce big tariffs on EU car imports, unhappy that Europeans don't buy more American vehicles. But why are US cars, with the notable exception of Tesla, not more popular in Europe?

Italy's ancient towns and cities, with their narrow, cobble streets, offer an obvious explanation why, in the words of US President Donald Trump, Europeans "don't take our cars". Or as car industry analyst Hampus Engellau puts it: "Try to go around Italy in a big SUV. I've done it, and it's very difficult".

Add cost to the question, and it becomes obviously why you don't see too many American pick-up trucks on European roads, observes Mike Hawes, CEO of The Society of Motor Manufacturers & Traders, which represents the industry in the UK. We tend to have higher fuel prices than the Americans, so we prefer smaller, more fuel-efficient vehicles, while they generally prefer larger vehicles."

Mr Engellau, who works for Swedish investment bank Handelsbanken Capital Markets, also highlights petrol prices being substantially cheaper in the US. "They pay per gallon what we pay per litre," he says Yet these differences have done little to deter European carmakers from gaining market share in the US. Again, in the words of Mr Trump, the US has "millions of cars coming in - BMW, Mercedes, Volkswagen and many others".

In 2022, 692,334 new EU-made cars were exported to the US, worth €36bn (\$37bn; £30bn). While only 116,207 new US-made cars went in the opposite direction, for €5.2bn. This imbalance is caused by unfair trading rules and needs correcting, according to Mr Trump. "Mr Trump is concerned because the terms of trade are not really equal," explains Mr Engellau, pointing out that the EU's 10% tariffs on cars imported from the US