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The U.S. Automotive Industry: Selected Issues

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SUMMARY

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The U.S. Automotive Industry: Selected Issues

According to industry estimates, the U.S. automotive manufacturing industry accounts for 4.8% of gross domestic product and employs 10.1 million people through direct and indirect jobs. The federal government has supported this industry through various policies, with Congress passing laws on industry issues such as trade and financial assistance, vehicle powertrain development, vehicle safety, domestic labor, and vehicle costs. There are a variety of policy issues and considerations for Congress related to the industry.

Domestic market dynamics. From 1970 to 2024, the automotive industry underwent several changes as automotive manufacturers and suppliers from foreign countries entered the domestic market, new entrants with specialized product offerings emerged, and some traditional U.S. automotive manufacturers and suppliers changed ownership. Additionally, automotive manufacturers and suppliers both rely on international markets for sourcing and selling products, which has cultivated a dynamic environment. Both Congress and the executive branch have created policies—such as trade agreements, financial assistance programs, tariffs, and incentives for manufacturers—to support the viability of the automotive industry and, at points, foster integrated supply chains.

Electrification. Electrified vehicles—including electric, hybrid, and fuel cell vehicles—differ from vehicles with internal combustion engines. The automotive industry has developed and introduced electrified powertrains in vehicles, with plug-in hybrid vehicles first becoming commercially available in 2010. The development of vehicles with electrified powertrains was spurred by a variety of factors, including consumer demand, technological advances, environmental concerns, and federal incentives and regulations. Though domestic demand and production of this type of vehicle slowed in 2025, electrified powertrain development continues to change product planning in the industry. These changes may affect investments, labor, and vehicle prices. The federal government has introduced policies to influence powertrain development by offering various incentives and, recently, by repealing programs that the Trump Administration and some Members of Congress consider burdensome on the industry and consumers.

Vehicle safety. Vehicle safety remains a focus of Congress and federal regulators, as automotive vehicle-related fatalities are a leading cause of death. Automotive manufacturers have developed and incorporated safety technologies (e.g., seat belts, airbags, and advanced driver assistance systems) to promote vehicle safety. The federal government has standardized some of these safety technologies through regulations. Additionally, vehicle size has influenced vehicle safety, as some research indicates that heavier vehicles may improve passenger safety within that vehicle but increase traffic-related fatalities of passengers in other vehicles, pedestrians, and bicyclists. Federal laws and regulations may influence automotive manufacturers' decisions to produce heavier vehicles.

Domestic labor in the automotive industry. The automotive industry is a major employer in the United States, accounting for a sizeable proportion of the domestic manufacturing sector. Recent changes in the industry, such as a shift in concentration from the Midwest to other regions of the United States, the entrance of foreign automotive manufacturers into the market, and the introduction of new vehicle technologies, have caused fluctuations in domestic employment. Various federal programs and policies have affected the domestic labor base, including those created by Congress to incentivize domestic production of vehicles and components, provide financial assistance to automotive manufacturers, and set federal labor standards.

Vehicle costs. Both consumers and automotive manufacturers have been affected by increases in the costs of vehicles and their accompanying parts. Several factors may influence rising vehicle costs, including vehicles becoming more technologically integrated, automotive manufacturers altering their product plans and portfolios, inflation across the supply chain, and changes in vehicle financing. Several federal policies affect costs for manufacturers and consumers. Policymakers typically have considered a policy's influence on vehicle costs when analyzing its net impact (e.g., potential increase in lives saved, improvements to fuel economy, strengthening of the domestic labor force, or limiting of vehicle emissions). For example, policies such as safety standards, fuel economy regulations, tariffs, and emissions standards may increase vehicle costs. Additionally, Congress has explored several policies, such as financial assistance programs, manufacturing incentives, and consumer tax credits, that have sought to mitigate the high costs faced by the automotive industry and consumers.

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Introduction

The automotive industry is a central part of the U.S. economy, accounting for 4.8% of gross domestic product (GDP) and employing 10.1 million people in 2023 through direct and indirect jobs, according to some industry estimates.[1] The industry has undergone change during the 21st century attributed in part to new market entrants, more technologically advanced vehicles, vehicle powertrain development, labor force shifts, and vehicle cost increases.

Congress and certain federal agencies, such as the Department of Transportation (DOT), have developed policies that affect the dynamics and trends in the automotive industry. These policies cover a range of areas, such as vehicle safety, emissions, financial assistance, tariffs, trade agreements, and incentives for consumers and manufacturers. The federal government has developed and adapted these policies and used them as levers to promote various shifting congressional and DOT goals. This report provides a general overview, not an exhaustive representation, of these selected issues in the automotive industry and some federal policies that may affect these issues. Issues include domestic market dynamics presented as an overview of the U.S. automotive industry, vehicle electrification, vehicle safety technologies, the industry labor force, and U.S. vehicle costs.

Industry Overview

In the 1970s, domestic automotive manufacturers, such as Ford, General Motors (GM), and Chrysler, accounted for over 75% of domestic sales.[2] Since then, new entrants have increased competition in the U.S. automotive industry. In the 1980s, as foreign automotive manufacturers began producing and selling vehicles in the United States increasingly, the market share became increasingly diversified, with 14 companies accounting for over 90% of domestic sales in 2024 (see **Figure 1**).[3] These changes in market share were driven originally by factors such as inflation, higher gas prices, rising unemployment rates, and foreign automotive manufacturers offering cheaper and more fuel efficient cars.[4] Trade frictions and policies such as voluntary export restraints also contributed to foreign automotive manufacturers investing in American production facilities in the 1980s.[5] This investment has continued for decades. For example, foreign automotive manufacturers invested $124 billion in U.S. operations between the 1960s and 2025 and produced 4.9 million vehicles in the United States in 2024.[6]

[1] Alliance for Automotive Innovation (hereinafter Auto Innovators), "Alliance for Automotive Innovation Releases NEW Economic Data," press release, January 29, 2025, https://www.autosinnovate.org/posts/press-release/auto-innovators-data-driven-report-release.

[2] Wards Intelligence, "U.S. Vehicle Sales and Market Share by Company, 1970-2024," Omdia, February 20, 2025, https://omdia.tech.informa.com/om132492/us-vehicle-sales-and-market-share-by-company-19702024 (Wards Intelligence is part of Omdia, which hosts this dataset).

[3] Wards Intelligence, "U.S. Vehicle Sales and Market Share by Company, 1970-2024."

[4] Christopher J. Singleton, "Auto Industry Jobs in the 1980's: A Decade of Transition," *Monthly Labor Review*, U.S. Bureau of Labor Statistics (BLS), vol. 115, no. 2 (February 1992), pp. 18-27, https://www.bls.gov/opub/mlr/1992/02/art2full.pdf; and Nat Shulman, "Energy Crisis Aided Japanese Imports," *Wards Auto*, May 1, 2000, https://www.wardsauto.com/automakers/energy-crisis-aided-japanese-imports.

[5] Ana Aizcorbe, "Japanese Exchange Rates, Export Restraints, and Auto Prices in the 1980s," *Monthly Labor Review*, BLS, vol. 130, no. 2 (February 2007), pp. 17-22, https://www.bls.gov/opub/mlr/2007/02/art3full.pdf.

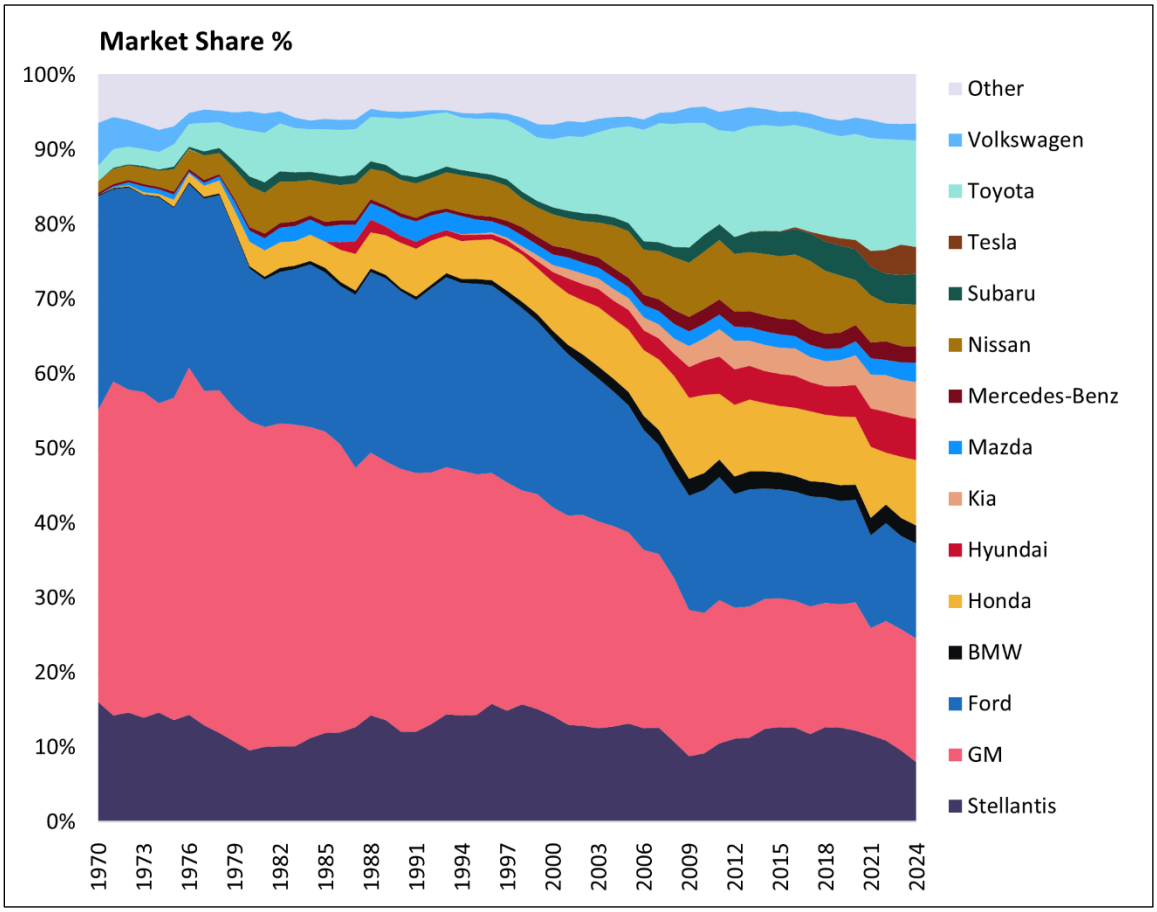
[6] Jennifer Safavian, "CEO Column: International Automakers Are Powering U.S. Manufacturing Growth," Autos Drive America, July 30, 2025, https://autosdriveamerica.org/international-automakers-are-powering-u-s-manufacturing-
(continued...)

Traditional American automotive manufacturers, such as GM, Ford, and the U.S. operations of Stellantis, were the top producers of vehicles in the United States in 2023.[7] Automotive manufacturers with specialized product offerings, such as electric vehicles, emerged in the 2000s (e.g., Tesla, Rivian, and Lucid) and have gained U.S. market share.[8]

Figure 1. Automotive Industry Market Share by Vehicle Sales

1970-2024

Figure is interactive in HTML report version.



Source: Adapted by CRS from Wards Intelligence, "U.S. Vehicle Sales and Market Share by Company, 1970-2024," Omdia, February 20, 2025, https://omdia.tech.informa.com/om132492/us-vehicle-sales-and-market-share-by-company-19702024 (Wards Intelligence is part of Omdia, which hosts this dataset).

Notes: Omdia provides Tesla data as estimates. Omdia (formerly Wards Intelligence) grouped together companies that merged or were bought; for example, Chrysler has undergone several iterations, including Daimler Chrysler and Fiat Chrysler Automobiles, and is currently owned by Stellantis. This market share figure is

growth/; and Autos Drive America and American International Automobile Dealers Association, *International Automakers and Dealers in America: Economic Impact Report 2025*, July 30, 2025, https://autosdriveamerica.org/wp-content/uploads/2025/08/ADA_8.5X11_2025_final_compressed.pdf.

[7] Stellantis is the European Union-based parent company of Chrysler. American Automotive Policy Council (AAPC), *State of the U.S. Automotive Industry 2025*, January 13, 2025, https://www.americanautomakers.org/sites/default/files/2025%20AAPC%20Economic%20Contribution%20Report_0.pdf (data from AAPC are limited to 2023 for domestic vehicle production).

[8] Laurence Iliff, "Quiet and Quirky: The Ups and Downs of Electric Vehicles Over More Than a Century," *Automotive News*, April 24, 2025, https://www.autonews.com/ev/an-100-ev-hybrid-timeline-0428/.

reliant on domestic sales data; however, domestic sales and production data are not analogous given the volume of vehicles that the United States imports. This is not a comprehensive list of automotive manufacturers in the United States but includes the manufacturers with a market share above 2% in 2024.

Varying tiers of suppliers (e.g., producers of parts, components, and technologies for vehicles) support the automotive industry. Domestic part, component, and technology suppliers are located across the country and accounted for 2.5% of GDP in 2023, according to one estimate.[9] Many automotive manufacturers, including those headquartered in the United States, rely on suppliers from foreign countries—particularly Canada and Mexico—for vehicle parts.[10] Factors that contribute to the globalization of automotive supply chains include cost competitiveness, economies of scale, and larger suppliers tending to be foreign.[11] Automotive manufacturers' reliance on foreign suppliers for components, parts, and technologies has resulted in ranging percentages of domestic content in vehicles. Legislation in the 102nd Congress amended the Motor Vehicle Information and Cost Savings Act to add labeling requirements for automobiles.[12] These provisions of law and related regulations require automotive manufacturers to label new cars with the proportion of domestic content (which includes Canadian content).[13] The regulations set out a purpose "to aid potential purchasers in the selection of new passenger motor vehicles by providing them with information about the value of the U.S./Canadian and foreign parts content of each vehicle, the countries of origin of the engine and transmission, and the site of the vehicle's final assembly."[14] Several entities have used these data to develop metrics to evaluate the American-made indices of new vehicles.[15]

Companies producing vehicles and parts in the United States rely on foreign markets to sell their products and exported over $150 billion in value in 2024.[16] Sales by automotive companies in foreign markets, such as Europe and Asia, may affect domestic production, investments, and staffing plans. In recent years, Chinese automotive manufacturers have increased the production and sales of their vehicles and components in China and in the global market (see **Figure 2**).[17] As Chinese automotive manufacturers increased their capacity in China and overseas, the presence of non-Chinese automotive manufacturers, including U.S. companies, decreased in some of these

[9] MEMA, The Vehicle Suppliers Association, "Original Equipment Suppliers Survey Reveals Supplier Base Feeling Impact of Industry Disruptions," press release, October 3, 2023, https://www.mema.org/news/mema-original-equipment-suppliers-survey-reveals-supplier-base-feeling-impact-industry.

[10] American University, Kogod School of Business, "2025 Made in America Auto Index," accessed December 2, 2025, https://kogod.american.edu/autoindex/2025; and Patrick Masterson, "2025 Cars.com American-Made Index: Which Cars Are the Most American?," Cars.com, June 17, 2025, https://www.cars.com/american-made-index/#article-top.

[11] Florian Badorf et al., "How Supplier Economies of Scale Drive Supplier Selection Decisions," *Journal of Supply Chain Management*, vol. 55 (April 2019), pp. 1-48, https://doi.org/10.1111/jscm.12203; and Maciej J. Grodzicki and Jurand Skrzypek, "Cost-Competitiveness and Structural Change in Value Chains—Vertically-Integrated Analysis of the European Automotive Sector," *Structural Change and Economic Dynamics*, vol. 55 (December 2020), pp. 276-287, https://doi.org/10.1016/j.strueco.2020.08.009.

[12] Title III, §355, of P.L. 102-388, the Department of Transportation and Related Agencies Appropriations Act, 1993.

[13] 49 U.S.C. §32304; 49 C.F.R. Part 583.

[14] 49 C.F.R. §583.2.

[15] American University, Kogod School of Business, "2025 Made in America Auto Index"; and Masterson, "2025 Cars.com American-Made Index: Which Cars Are the Most American?"

[16] U.S. Department of Commerce (DOC), International Trade Administration (ITA), "U.S. Exports of New Passenger Vehicles and Light Trucks," accessed January 6, 2026, https://www.trade.gov/data-visualization/new-vehicle-trade-data-visualization; and DOC, ITA, "U.S. Exports of Automotive Parts," accessed January 6, 2026, https://www.trade.gov/data-visualization/automotive-parts-trade-data-visualization.

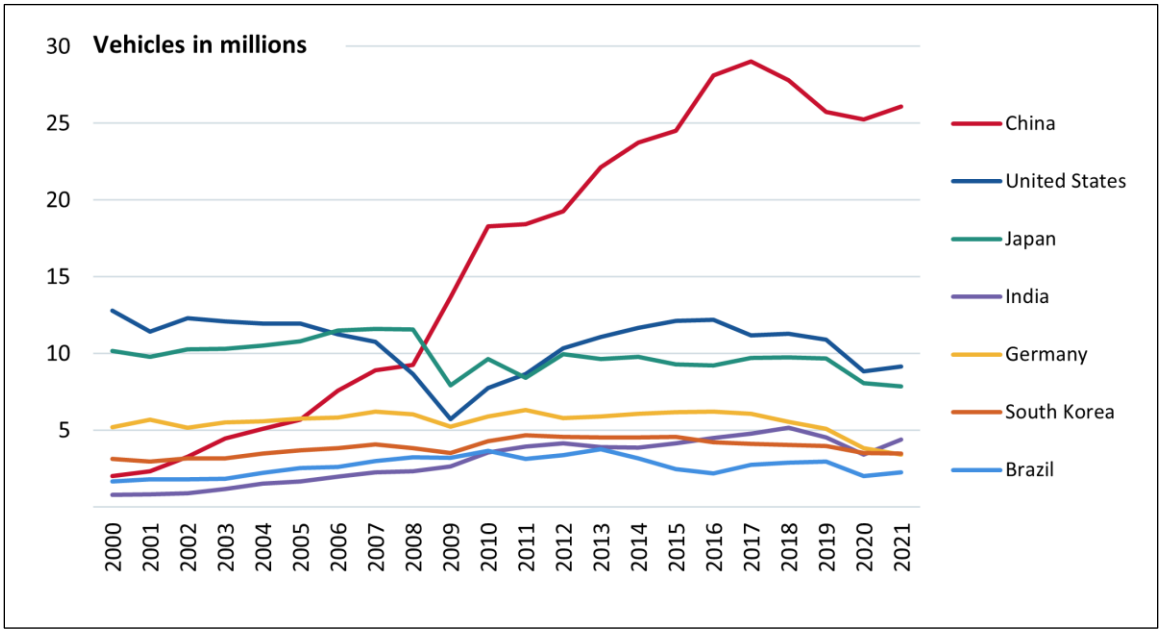
[17] David Dolan, "China Is Sending Its World-Beating Auto Industry into a Tailspin," Reuters, September 17, 2025, https://www.reuters.com/investigations/china-is-sending-its-world-beating-auto-industry-into-tailspin-2025-09-17/.

markets.[18] Consistent with these trends, Chinese automotive manufacturers have increased production while manufacturers in some other countries have decreased production volume.[19]

Figure 2. Annual Vehicle Production by Country

2000-2021

Figure is interactive in HTML report version.



Source: Adapted by CRS from Bureau of Transportation Statistics (BTS), "World Motor Vehicle Production, Selected Countries," accessed December 8, 2025, https://www.bts.gov/content/world-motor-vehicle-production-selected-countries.

Notes: BTS changed data classification for producing country in 2000, which made data from 2000 and later years incompatible with data from years preceding 2000. As of the publication of this report, 2021 is the most recent data available.

Policy Considerations

Federal policies on free trade agreements, tariffs, financial assistance programs, and manufacturing and production incentives, among other policies, have influenced automotive industry market entrants and supply chains. The North American Free Trade Agreement (NAFTA) is an example of a federal policy that fostered integrated automotive industry supply chains among the United States, Canada, and Mexico. Implementation of NAFTA correlated with increased investments in automotive manufacturing across all three countries.[20] NAFTA's successor, the United States-Mexico-Canada Agreement (USMCA), which is scheduled for joint review in 2026, altered rules for duty-free trade of motor vehicles, including rules of origin

[18] Ian Henry, "China's Automotive Industry: Global Expansion and Transformation," Automotive Manufacturing Solutions, November 18, 2025, https://www.automotivemanufacturingsolutions.com/editors-pick/chinas-automotive-industry-global-expansion-and-transformation/2130475.

[19] Bureau of Transportation Statistics, "World Motor Vehicle Production, Selected Countries," accessed November 17, 2025, https://www.bts.gov/content/world-motor-vehicle-production-selected-countries; and Yisong Chen et al., "A Review of China's Automotive Industry Policy: Recent Developments and Future Trends," *Journal of Traffic and Transportation Engineering (English Edition)*, vol. 11, no. 5 (October 25, 2024), pp. 867-895.

[20] CRS Report R42965, *The North American Free Trade Agreement (NAFTA)*, by M. Angeles Villarreal.

requirements.[21] Another trade agreement, the United States-South Korea Free Trade Agreement (KORUS FTA), facilitated South Korean automotive manufacturers' trade with the United States; these manufacturers also increased investments in U.S. operations after implementation of the agreement.[22]

In 2025, the Trump Administration levied tariffs on vehicles and components from various countries, including Canada and Mexico.[23] Some automotive manufacturers and suppliers have responded by investing more in domestic facilities to avoid tariffs, and other manufacturers have scrapped projects in the United States.[24] Other U.S. tariff policies that do not specifically mention the automotive industry may affect vehicle and component supply chains (e.g., vehicles, steel, aluminum, and automotive parts); therefore, they may also affect automotive industry market entrants and investments.[25]

Some financial assistance programs, such as the Troubled Asset Relief Program, have broadly affected the automotive industry.[26] This program supported GM and Chrysler in the form of over $60 billion in loans in 2009 before and during the two companies' bankruptcies.[27] The federal government provided financial assistance to these companies in an effort to protect the domestic industry, suppliers dependent on the industry, and employees of the industry during the global financial crisis.[28] Additionally, the Infrastructure Investment and Jobs Act (IIJA; P.L. 117-58) and the FY2022 budget reconciliation measure (P.L. 117-169, commonly referred to as the Inflation Reduction Act of 2022) provided several programs for the automotive industry in the form of grants, loan programs, and tax credits as a means of supporting domestic automotive production.[29] Funds for several of these programs were exhausted or expired, and some credits

[21] For more on the U.S.-Mexico-Canada (USMCA) Trade Agreement, see CRS In Focus IF10997, *U.S.-Mexico-Canada (USMCA) Trade Agreement*, by M. Angeles Villarreal, Kyla H. Kitamura, and Danielle M. Trachtenberg; and CRS In Focus IF12082, *USMCA: Automotive Rules of Origin*, by Liana Wong and Kyla H. Kitamura.

[22] For more on the U.S-South Korea Free Trade Agreement, see CRS In Focus IF10733, *U.S.-South Korea (KORUS) FTA and Bilateral Trade Relations*, by Liana Wong and Mark E. Manyin.

[23] For more on tariffs related to the automotive industry, see CRS Insight IN12545, *Section 232 Automotive Tariffs: Issues for Congress*, by Kyla H. Kitamura.

[24] Eric Stafford, "How Are Automakers Responding to Trump's Tariffs? What We Know So Far," *Car and Driver*, May 1, 2025, https://www.caranddriver.com/news/a64375899/automakers-trump-tariff-response/; Kurt Nagl, "Auto Supplier Scraps $50 Million Detroit Factory Plan as Tariffs Drive Up Costs," *Automotive News*, September 22, 2025, https://www.autonews.com/manufacturing/suppliers/an-trump-tariffs-lucerne-detroit-withdraw-0922/; and David Kennedy, "Automakers Weigh More U.S. Assembly, Price Out Onshoring Parts amid Tariffs, Canadian Suppliers Say," *Automotive News*, August 25, 2025, https://www.autonews.com/manufacturing/anc-trump-tariffs-reshoring-parts-0825/.

[25] Joshua P. Meltzer, "The Impact of U.S. Tariffs on North American Auto Manufacturing and Implications for USMCA," Brookings, May 13, 2025, http://brookings.edu/articles/the-impact-of-us-tariffs-on-north-american-auto-manufacturing-and-implications-for-usmca/.

[26] For more information on government assistance to the automotive industry, see CRS Report R43413, *Costs of Government Interventions in Response to the Financial Crisis: A Retrospective*, by Baird Webel and Marc Labonte.

[27] See CRS Report R43413, *Costs of Government Interventions in Response to the Financial Crisis: A Retrospective*, by Baird Webel and Marc Labonte.

[28] U.S. Department of the Treasury (Treasury), "Auto Industry Program Overview," accessed November 26, 2025, https://home.treasury.gov/data/troubled-assets-relief-program/automotive-programs/overview (hereinafter Treasury, "Auto Industry Program Overview").

[29] CRS Insight IN12612, *DOE's Vehicle Technologies Office in the 119th Congress*, by Melissa N. Diaz; CRS In Focus IF12600, *Clean Vehicle Tax Credits*, by Donald J. Marples and Nicholas E. Buffie; U.S. Department of Transportation (DOT), "Federal Funding Programs," updated January 31, 2025, https://www.transportation.gov/rural/ev/toolkit/ev-infrastructure-funding-and-financing/federal-funding-programs; and Electrification Coalition, "Federal EV Policy," accessed November 26, 2025, https://electrificationcoalition.org/work/federal-ev-policy/.

were terminated, which may affect industry investments in certain vehicle technologies.[30]

Electrification

Automotive manufacturers in the United States offer vehicles with alternative powertrains,[31] including battery electric vehicles, hybrid electric vehicles, plug-in hybrid electric vehicles, and fuel cell electric vehicles. These may be broadly referred to as "electrified vehicles." These types of vehicles differ from standard internal combustion engine vehicles supported by gasoline, as electrified vehicles are supported by alternative fuels, such as electricity and hydrogen, stored in batteries or tanks.[32]

Sales of electrified vehicles and their components generally have increased in the United States from 2010 to 2024.[33] For example, electrified vehicles accounted for 2.4% of domestic sales in 2010 and increased to 20% of domestic sales in 2024.[34] An increase in consumer demand combined with other factors, such as technological improvements, environmental concerns, federal regulations on fuel economy and emissions, federal incentives for electrified vehicles, and foreign market demand, drove increases in the production and sales of electrified vehicles in the United States.[35] This led automotive manufacturers to invest billions of dollars in production of electrified vehicles and their components, such as batteries.[36]

Automotive manufacturers and suppliers began to scale back electrified vehicle investments and product plans in 2025.[37] These most recent trends may be influenced by a variety of factors,

[30] For example, see CRS Report R48611, *Tax Provisions in P.L. 119-21, the FY2025 Reconciliation Law*, coordinated by Anthony A. Cilluffo.

[31] The National Academies define *powertrain* as, "the engine plus the drivetrain which kinematically couples it to the wheels." National Academies of Sciences, Engineering, and Medicine, "Powertrain Technologies," in *Reducing Fuel Consumption and Greenhouse Gas Emissions of Medium- and Heavy-Duty Vehicles, Phase Two: Final Report* (The National Academies Press, 2020).

[32] The electricity charging an electrified vehicle may come from differing energy sources (e.g., wind, solar, nuclear, and fossil fuels). U.S. Environmental Protection Agency (EPA), "Power Profiler," accessed February 12, 2026, https://www.epa.gov/egrid/power-profiler#/. For more information on electric vehicles, see CRS Report R48648, *Electric Vehicle Technologies and Selected Policy Issues for the 119th Congress*, by Melissa N. Diaz.

[33] Plug-in hybrid vehicles were first commercially available for sale in 2010. DOE, "Timeline: History of the Electric Car," accessed February 11, 2026, https://www.energy.gov/timeline-history-electric-car.

[34] See CRS Report R48648, *Electric Vehicle Technologies and Selected Policy Issues for the 119th Congress*, by Melissa N. Diaz.

[35] Susan Cosier, "As Demand Grows for Electric Cars, So Does the Market for Green Jobs in the EV Industry," Natural Resources Defense Council (NRDC), February 15, 2024, https://www.nrdc.org/stories/demand-grows-electric-cars-does-market-green-jobs-ev-industry; Hong Yang and Lewis Fulton, "Decoding U.S. Investments for Future Battery and Electric Vehicle Production," *Transportation Research Part D*, vol. 118, no. 103693 (May 2023), pp. 1-14, https://doi.org/10.1016/j.trd.2023.103693; and Sharyn Stein, *Analysis Finds U.S. Electric Vehicle Battery Manufacturing on Track to Meet Demand*, Environmental Defense Fund, January 3, 2024, https://www.edf.org/media/analysis-finds-us-electric-vehicle-battery-manufacturing-track-meet-demand.

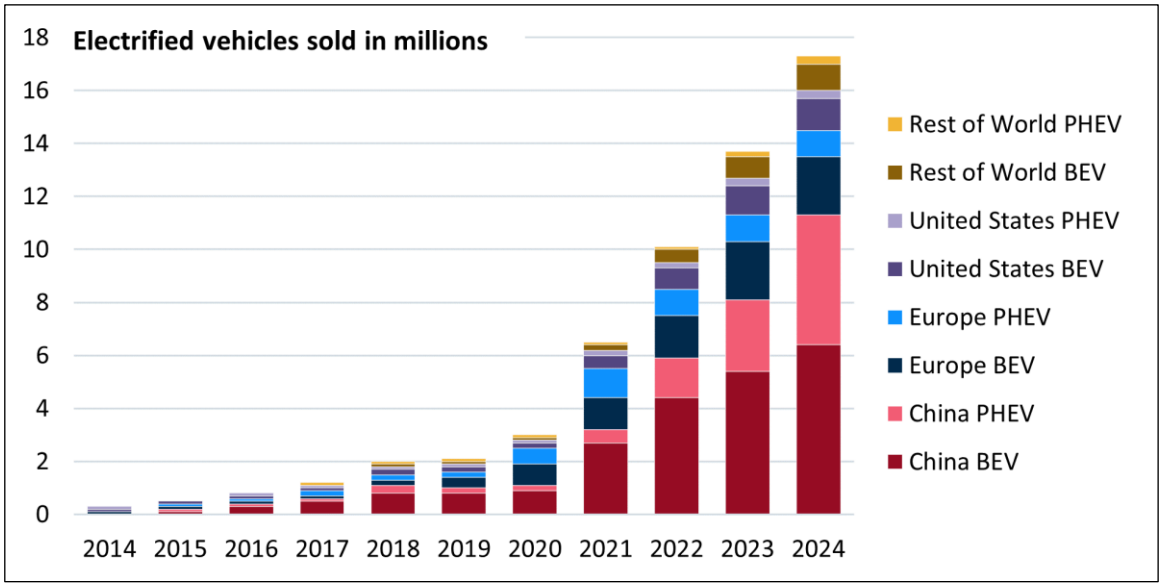
[36] Julia Bush, "Automakers Invest Billions in North American EV and Battery Manufacturing Facilities," Center for Automotive Research, July 21, 2022, https://www.cargroup.org/automakers-invest-billions-in-north-american-ev-and-battery-manufacturing-facilities/; and Nicole Lepre et al., *U.S. Investments in Electric Vehicle Manufacturing (2023)*, Atlas Public Policy, January 12, 2023, https://atlaspolicy.com/wp-content/uploads/2023/05/U.S.-Investments-in-Electric-Vehicle-Manufacturing-2023.pdf.

[37] E2 (Environmental Entrepreneurs) "E2: $14 Billion in Clean Energy Projects, 10,000 Jobs Cancelled So Far in 2025; $4.5 Billion Cancelled in April," May 29, 2025, https://e2.org/releases/april-2025-clean-economy-works/; Ford Motor Company, "Ford Follows Customers to Drive Profitable Growth; Reinvests in Trucks, Hybrids, Affordable EVs, Battery Storage; Takes EV-Related Charges," press release, December 15, 2025, https://www.fromtheroad.ford.com/us/en/articles/2025/ford-reinvests-trucks-hybrids-affordable-electric-vehicles; and John Irwin, "Supplier Distress (continued...)

including a decreased demand from domestic consumers, charging infrastructure not keeping pace with electrified vehicle adoption,[38] and a decline in some federal incentives.[39] Foreign markets, especially those in China and Europe, increased their sales (see **Figure 3**) and production of electrified vehicles outpaced the United States in sales and production from 2014 and 2024.[40]

Figure 3. Global Electrified Vehicle Sales by Region

Figure is interactive in HTML report version.



Source: Adapted by CRS from International Energy Agency, "Global Electric Car Sales, 2014-2024," updated April 1, 2025, https://www.iea.org/data-and-statistics/charts/global-electric-car-sales-2014-2024.

Note: PHEV = plug-in hybrid electric vehicles; BEV = battery electric vehicles.

Policy Considerations

Federal policy initiatives that contribute to the aforementioned trends in vehicle electrification include fuel economy standards, emissions regulations, and programs authorized by legislation that support the production of electrified vehicles and chargers. For example, National Highway

Tracker Reveals Deeper Structural Challenges Amid Tariffs, EV Pullback," *Automotive News*, December 17, 2025, https://www.autonews.com/manufacturing/suppliers/an-supplier-distress-tracker-1217/.

[38] For more on charging, see CRS Report R48351, *EV Charging Infrastructure: Frequently Asked Questions*, by Melissa N. Diaz.

[39] Larry P. Vellequette, "Bank of America Car Wars: Automakers Pull Back Hard on EVs, While Dealers Need to Tap Lost Service via Connectivity," *Automotive News*, June 4, 2025, https://www.autonews.com/manufacturing/an-2025-car-wars-0604/; and Michael Wayland, "What's the 'Natural Demand' for EVs in the U.S.? We're About to Find Out," *CNBC*, September 29, 2025, https://www.cnbc.com/2025/09/29/electric-vehicles-ev-demand-federal-incentives-tax-credit.html.

[40] The last year of available data from the given dataset is 2024. International Energy Agency (IEA), "Global Electric Car Sales, 2014-2024," updated April 1, 2025, https://www.iea.org/data-and-statistics/charts/global-electric-car-sales-2014-2024; IEA, "Production of Electric Cars and Location of Car Manufacturing Headquarters in China, 2021-2024," updated March 20, 2025, https://www.iea.org/data-and-statistics/charts/production-of-electric-cars-and-location-of-car-manufacturing-headquarters-in-china-2021-2024; and IEA, "Production of Electric Cars and Location of Car Manufacturer Headquarters by Region, 2021-2024," updated March 20, 2025, https://www.iea.org/data-and-statistics/charts/production-of-electric-cars-and-location-of-car-manufacturer-headquarters-by-region-2021-2024.

Traffic Safety Administration (NHTSA) sets Corporate Average Fuel Economy (CAFE) standards. These standards regulate average fuel economy for a manufacturer's fleet.[41] CAFE standards have generally increased in stringency, incentivizing manufacturers to develop more fuel-efficient vehicles or buy credits from other manufacturers that exceeded CAFE standards.[42] The FY2025 reconciliation law (P.L. 119-21, commonly referred to as the One Big Beautiful Bill Act) reduced civil penalties for violating CAFE standards to $0.[43] (This reduction in civil penalties did not remove CAFE standards altogether.) Additionally, DOT released an interpretive rule and a notice of proposed rulemaking in 2025 that signaled removing electrified vehicles from CAFE calculations and barring manufacturers from trading credits.[44] The agency stated that the inclusion of electrified vehicles in calculations and credit trading was beyond the CAFE program's statutory purpose to improve the fuel economy of internal combustion engine vehicles.[45] The removal of electrified vehicles from CAFE calculations and barring of credit trading may disincentivize manufacturers from developing electrified vehicles.

The federal government also regulates vehicle emissions. The Environmental Protection Agency (EPA) sets emissions standards for a variety of pollutants that vehicles emit.[46] These standards have been incrementally strengthened in rulemakings since introduced in 2010.[47] Recent actions and announcements from the Trump Administration have rolled back some aspects of these emissions standards and signaled future rollbacks to other emissions standards.[48]

FY2022 budget reconciliation measure and IIJA both created grant programs and tax credits that supported the production and sale of electrified vehicles, components to support electrified vehicles, and charging infrastructure.[49] As discussed in the previous section, changes to these

[41] National Highway Traffic Safety Administration (NHTSA), "Corporate Average Fuel Economy," accessed November 28, 2025, https://www.nhtsa.gov/laws-regulations/corporate-average-fuel-economy.

[42] NHTSA, "CAFE Public Information Center," accessed November 28, 2025, https://www.nhtsa.gov/corporate-average-fuel-economy/cafe-public-information-center.

[43] See §40006 of P.L. 119-21.

[44] DOT, "Trump's Transportation Secretary Sean P. Duffy Announces Key Step Toward Making Cars Affordable in America Again," press release, June 6, 2025, https://www.transportation.gov/briefing-room/trumps-transportation-secretary-sean-p-duffy-announces-key-step-toward-making-cars; and NHTSA, "The Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule III for Model Years 2022 to 2031 Passenger Cars and Light Trucks," 90 *Federal Register* 56438, December 5, 2025.

[45] NHTSA, "The Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule III for Model Years 2022 to 2031 Passenger Cars and Light Trucks," 90 *Federal Register* 56438, December 5, 2025.

[46] EPA, "Regulations for Greenhouse Gas Emissions from Passenger Cars and Trucks," updated July 29, 2025, https://www.epa.gov/regulations-emissions-vehicles-and-engines/regulations-greenhouse-gas-emissions-passenger-cars-and.

[47] EPA and NHTSA, "Light-Duty Vehicle Greenhouse Gas Emission Standards and Corporate Average Fuel Economy Standards; Final Rule," 75 *Federal Register* 25324, May 7, 2010.

[48] EPA, "Rescission of the Greenhouse Gas Endangerment Finding and Motor Vehicle Greenhouse Gas Emission Standards Under the Clean Air Act," 91 *Federal Register* 7686, February 18, 2026; EPA, "EPA Launches Biggest Deregulatory Action in U.S. History," press release, March 12, 2025, https://www.epa.gov/newsreleases/epa-launches-biggest-deregulatory-action-us-history; EPA, "Heavy-Duty Vehicles: Powering the Great American Comeback Fact Sheet," March, 2025, https://www.epa.gov/system/files/documents/2025-03/heavy-duty-vehicles-powering-the-great-american-comeback-factsheet.pdf; and EPA, "Reconsideration of 2009 Endangerment Finding and Greenhouse Gas Vehicle Standards," 90 *Federal Register* 36288, August 1, 2025, https://www.federalregister.gov/documents/2025/08/01/2025-14572/reconsideration-of-2009-endangerment-finding-and-greenhouse-gas-vehicle-standards.

[49] EPA, "Select Federal Tax Credits Under the Infrastructure Investment and Jobs Act and Inflation Reduction Act," updated July 28, 2025, https://www.epa.gov/inflation-reduction-act/select-federal-tax-credits-under-infrastructure-investment-and-jobs-act-and (hereinafter EPA, "Select Federal Tax Credits"). Also, see §§40205-40210 of P.L. 117-58 for relevant provisions, and see §§13401-13404 and §§13501-13502 of P.L. 117-169; for more on battery production, (continued...)

programs may influence automotive manufacturers' investments in electrified vehicles and related technologies.[50]

Collectively, the federal policy changes generally seek to provide more flexibility to automakers when product planning and assessing consumer demand for vehicles with varying powertrains. Some automotive manufacturers have cited inconsistency in certain federal policies, such as tariffs, CAFE, emissions standards, and tax credits, as a concern.[51] Typically, automotive companies have product plans for vehicles up to five years out, and policy changes at the federal level have led automotive companies to reevaluate and readjust some long-term product plans.[52]

Vehicle Safety and Design

Automotive companies designed vehicle technologies to mitigate crash frequency and traffic fatalities. Some technologies developed by the automotive industry later became standardized and required by federal regulators and adopted across the industry. Automotive manufacturers have innovated some safety technologies (e.g., the three-point seat belt), and other vehicle safety technologies have originated from federally and nonfederally supported research.[53] Automotive manufacturers continue to design and enhance additional safety technologies, such as automotive emergency braking, lane departure warning, and lane keeping assistance.[54]

Along with safety technologies, vehicle design and size affect traffic safety. From 1975 to 2017, sedans made up a higher proportion of domestic vehicle production than sport utility vehicles (SUVs). However, in 2018, SUVs made up a higher proportion of domestic vehicle production, and their share of domestic production has increased from then through 2024.[55] Research finds that heavier vehicles generally provide more protection for passengers than smaller vehicles,[56] though studies indicate vehicles on the road that are larger, heavier, and with higher front ends have contributed to increased roadway and pedestrian fatalities.[57]

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see CRS Report R48538, *Advanced Lithium-Ion Energy Storage Battery Manufacturing in the United States*, by Michael Alan Havlin; and for more on federal programs related to charging, see CRS Insight IN12556, *Status of Federal Implementation of EV Charging Infrastructure*, by Melissa N. Diaz and Corrie E. Clark.

[50] Chris Brown, "The Overlooked Fleet & Automotive Impacts of the Big Beautiful Bill," *Automotive Fleet*, July 7, 2025, https://www.automotive-fleet.com/10243509/the-overlooked-fleet-impacts-of-the-big-beautiful-bill.

[51] Larry P. Vellequette, "Auto Industry Confidence Index: Automakers See Future Prospects Degrading," *Automotive News*, August 17, 2025, https://www.autonews.com/manufacturing/automakers/an-auto-industry-confidence-index-automakers-0817/.

[52] Lindsay VanHulle and John Irwin, "Tariffs, Changing EV Demand Add Volatility to Automotive Product Planning," *Automotive News*, July 20, 2025, https://www.autonews.com/manufacturing/an-tariffs-policy-impact-product-planning-0721/.

[53] Karl Palmås, "Design in Marketization: The Invention of Car Safety in Automobile Markets," *She Ji: The Journal of Design, Economics, and Innovation*, vol. 9, no. 1 (Spring 2023), pp. 5-20, https://doi.org/10.1016/j.sheji.2023.04.001; and Matthew Kazaleh et al., "Motor Vehicle Safety – Has Technology and Legislation Made a Difference?," *Current Trauma Reports*, vol. 11, no. 10 (April 8, 2025), pp. 1-9, https://pmc.ncbi.nlm.nih.gov/articles/PMC11978691/.

[54] Partnership for Analytics Research in Traffic Safety (PARTS), *PARTS: 2024 Market Penetration of Advanced Driver Assistance Systems (ADAS)*, MITRE, September 2024, pp. 1-12, https://www.mitre.org/sites/default/files/2024-09/PR-24-2614-Market-Penetration-Advanced-Driver-Assistance-Systems.pdf (PARTS, *2024 Market Penetration of ADAS*). PARTS is a partnership between automakers and NHTSA.

[55] EPA, *The 2025 EPA Automotive Trends Report*, February 2026, https://www.epa.gov/system/files/documents/2026-02/420s26001.pdf.

[56] Samuel S. Monfort, "Vehicle Size and Weight," Insurance Institute for Highway Safety (IIHS), updated July 2025, https://www.iihs.org/research-areas/vehicle-size-and-weight.

[57] Monfort, "Crash Incompatibility Between Cars, SUVs, and Pickups in 2017-2022," *Journal of Safety Research*, (continued...)

Congressional Policy Considerations

Congress has passed legislation and federal agencies have implemented regulations that affect the adoption of vehicle safety technologies and vehicle size. NHTSA is the federal agency primarily responsible for passenger vehicle safety. NHTSA addresses traffic safety issues through several measures, including federal motor vehicle safety standards (FMVSS).[58] Through FMVSS, NHTSA may standardize safety technologies such as seat belts, airbags, and electronic stability control; the agency has attributed these safety technologies to decreases in roadway fatalities from the 1960s to the 2010s.[59] The standardization of vehicle safety technologies is typically done through the agency developing a rule on its own or as a response to legislation requiring a rulemaking related to FMVSS. Recent laws required rulemakings from NHTSA on technologies such as occupant detection technology, automatic emergency braking, and backup cameras,[60] and NHTSA finalized these aforementioned rules. Policies that may affect vehicle size and vehicle safety include NHTSA's CAFE standards, such as the changes to the civil penalty or addition of vehicle footprint. CAFE standards added "vehicle footprint" to their calculation for fuel economy, creating flexibilities in fuel economy standards for light-duty trucks.[61] This may have in part incentivized automotive manufacturers to produce larger vehicles, as such vehicles may not negatively affect their fleet calculation as much as they would have prior to the addition of vehicle footprint in the CAFE calculation.[62]

Domestic Automotive Employment

The automotive industry is a major employer in the United States. The industry accounts for 10.1 million direct and indirect domestic jobs, including those in fields such as manufacturing, sales, engineering, and management.[63] These jobs in the automotive workforce are supported by various entities, such as automotive manufacturers, suppliers, technology companies, dealerships, and repair shops.

In the manufacturing space, domestic automotive manufacturers and suppliers employ roughly 1,000,000 people (see **Figure 4**) and account for roughly 8% of manufacturing jobs in the United States.[64] The aggregate numbers of people employed in the manufacturing sector, including by

IIHS, December 2024, pp. 1-18, https://www.iihs.org/research-areas/bibliography/ref/2323; and Road to Zero Coalition (RTZ), *Massive Hazards: How Bigger, Heavier Light Trucks Endanger Lives on American Roads*, National Safety Council, October 2024, pp. 1-53, https://www.nsc.org/getmedia/18f9c2b1-eb20-4a3e-b916-8f96161a9a26/rtz-light-trucks-report.pdf (hereinafter RTZ, *Massive Hazards*).

[58] NHTSA, *Federal Motor Vehicle Safety Standards and Regulations*, DOT HS 808 878, March 1999, https://web.archive.org/web/20140507031818/http://www.nhtsa.gov/cars/rules/import/FMVSS/index.html.

[59] NHTSA, "Seat Belts," accessed December 1, 2025, https://www.nhtsa.gov/vehicle-safety/seat-belts; NHTSA, "Vehicle Air Bags and Injury Prevention," accessed December 1, 2025, https://www.nhtsa.gov/vehicle-safety/air-bags; and C. N. Webb, *Traffic Fact Sheets Research Note: Estimating Lives Saved by Electronic Stability, 2011-2015*, National Center for Statistics and Analysis, NHTSA, March 2017, https://crashstats.nhtsa.dot.gov/Api/Public/Publication/812391.

[60] P.L. 117-58 and P.L. 110-189.

[61] NHTSA, *Corporate Average Fuel Economy and CAFE Reforms for MY 2008-2011 Light Trucks: Final Regulatory Impact Analysis*, March 2006, https://www.nhtsa.gov/sites/nhtsa.gov/files/2006_friapublic.pdf.

[62] Kate S. Whitefoot and Steven J. Skerlos, "Design Incentives to Increase Vehicle Size Created from the U.S. Footprint-Based Fuel Economy Standards," *Energy Policy*, vol. 41 (November 17, 2025), pp. 402-411, https://doi.org/10.1016/j.enpol.2011.10.062; and RTZ, *Massive Hazards*.

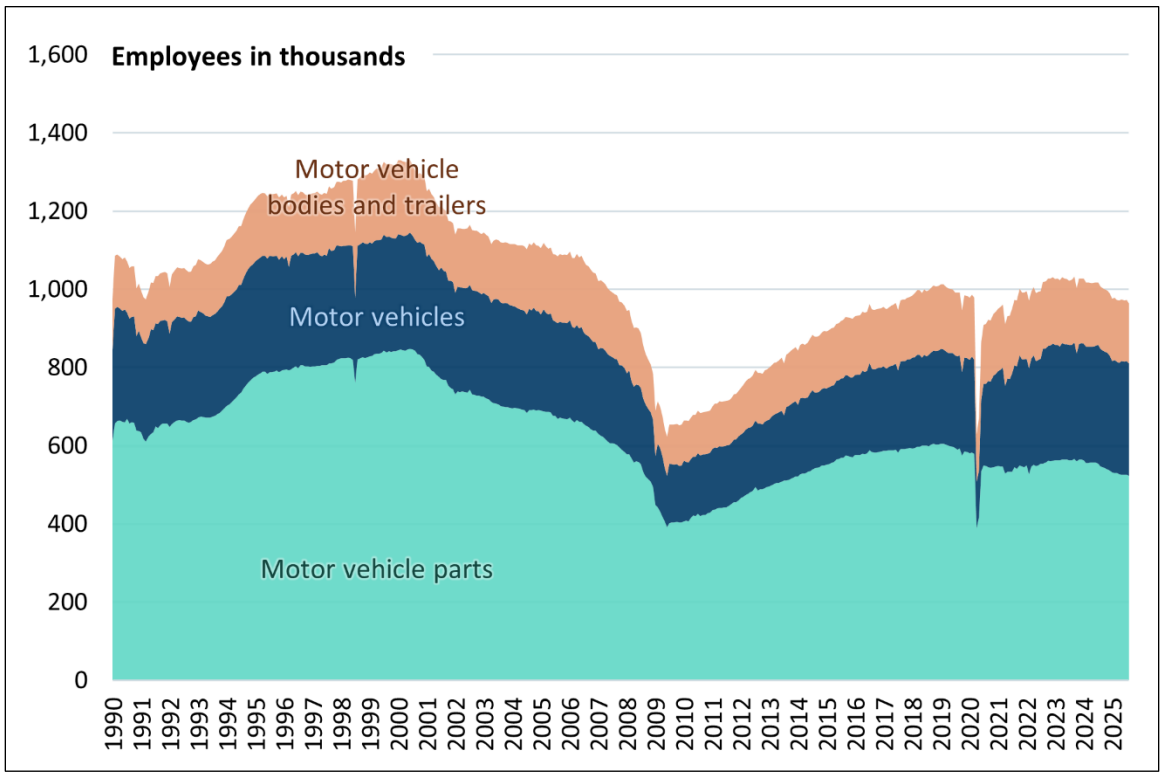
[63] Auto Innovators, "Alliance for Automotive Innovation Releases NEW Economic Data."

[64] See Employment, Earnings, and Hours: Automotive Industry at BLS, "Industries at a Glance," extracted December (continued...)

automotive manufacturers and suppliers, has decreased overall since the highs in the 1970s, with notable dips during recessionary periods.[65]

Figure 4. Domestic Employment in Automotive Manufacturing

Figure is interactive in HTML report version.



Source: Adapted by CRS from U.S. Bureau of Labor Statistics (BLS), "Employment, Hours, and Earnings from the Current Employment Statistics Survey (National) Series Id: CES3133610001, CES3133620001, CES3133630001, and CES3133600101," accessed September 26, 2025.

Note: Data from this BLS dataset on domestic employment in automotive manufacturing are first available in 1990.

Both domestic and foreign automotive manufacturers support manufacturing jobs in the United States, and the regional distribution of these facilities has changed over time. Automotive manufacturers, including those with domestic global headquarters and those with global headquarters in foreign countries (see **Figure 5**), have manufacturing facilities in regions across the United States. Historically, many automotive manufacturing jobs were supported by U.S. automotive manufacturers and concentrated in the Midwest;[66] over the last few decades, foreign

11, 2025, https://www.bls.gov/iag/tgs/iagauto.htm (not formally defined by North American Industry Classification System [NAICS]); and see Manufacturing: NAICS 31-33 at BLS, "Industries at a Glance," extracted December 11, 2025, https://www.bls.gov/iag/tgs/iag31-33.htm.

[65] Katelynn Harris, "Forty Years of Falling Manufacturing Employment," *Beyond the Numbers: Employment & Unemployment*, BLS, vol. 9, no. 16 (November 2020), https://www.bls.gov/opub/btn/volume-9/forty-years-of-falling-manufacturing-employment.htm.

[66] Timothy J. Sturgeon and Richard Florida, *Globalization and Jobs in the Automotive Industry*, Massachusetts Institute of Technology, Industrial Performance Center, November 2000, https://ipc.mit.edu/wp-content/uploads/2023/07/Globalization-and-Jobs-in-the-Automotive-Industry.pdf.

automotive manufacturers and suppliers have invested in production facilities in the South.[67] Differences in unionization culture and laws related to collective bargaining (e.g., "right to work" laws) between states are among the factors that may have contributed to automotive manufacturers' decisions of where to invest in facilities.[68]

Additionally, compared with internal combustion engine vehicles, electrified vehicles may require differing levels of labor and skills for production and assembly.[69] These labor transitions were considered in negotiations of the 2023 International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (United Auto Workers or UAW) with domestic automotive manufacturers, which included the placement of battery plants under the UAW national master agreement and reopening of a battery plant.[70]

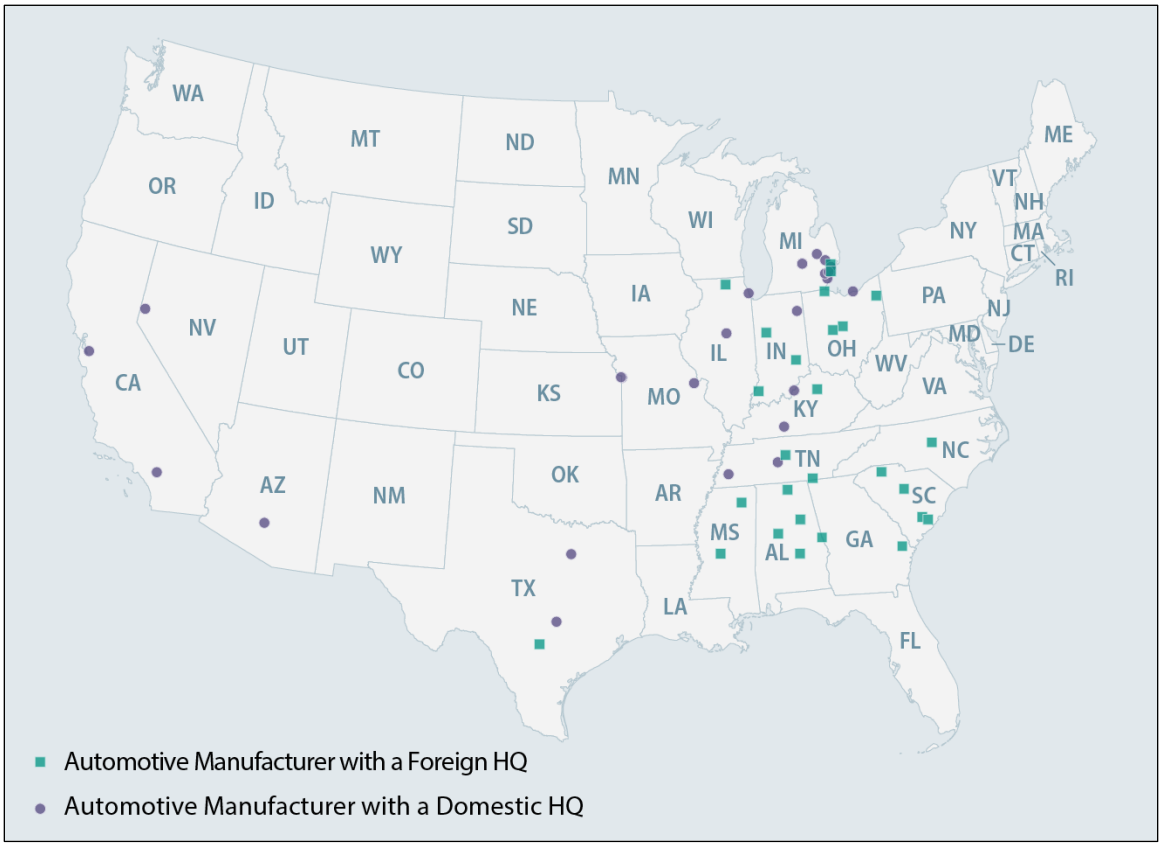
[67] Michael Wayland, "The Motor City Is Moving South as EVs Change the Automotive Industry," *CNBC*, August 14, 2022, https://www.cnbc.com/2022/08/14/automakers-investing-in-the-south-as-evs-change-the-auto-industry.html.

[68] Luis Feliz Leon, "The South, Where Automakers Go for a Discount," *Labor Notes*, February 2, 2024, https://labornotes.org/2024/02/south-where-automakers-go-discount.

[69] Turner Cotterman et al., "The Transition to Electrified Vehicles: Evaluating the Labor Demand of Manufacturing Conventional Versus Battery Electric Vehicle Powertrains," *Energy Policy*, vol. 188 (May 2024), pp. 1-27, https://doi.org/10.1016/j.enpol.2024.114064.

[70] United Auto Workers (UAW), "UAW Members Ratify Historic Contracts at Ford, GM and Stellantis," press release, December 2023, https://uaw.org/uaw-members-ratify-historic-contracts-at-ford-gm-and-stellantis/; UAW, "UAW Reaches a Tentative Agreement with Stellantis," press release, October 28, 2023, https://uaw.org/uaw-reaches-a-tentative-agreement-with-stellantis/; UAW, "UAW Wins Just Transition at General Motors," press release, October 6, 2023, https://uaw.org/uaw-wins-just-transition-at-general-motors/; and CRS In Focus IF12506, *The UAW-Automakers Labor Dispute and Taft-Hartley's National Emergency Provisions*, by Jimmy Balser and Jon O. Shimabukuro.

Figure 5. Vehicle Final Assembly Locations in the United States



Source: Adapted by CRS from "Auto Manufacturing Sites in Canada, the U.S. and Mexico," *Automotive News*, Research and Data Center, accessed November 24, 2025, https://www.autonews.com/data-center/manufacturing-data/an-north-american-vehicle-production/.

Note: There are no vehicle final assembly locations in Alaska, Hawaii, and the U.S. territories.

Policy Considerations

Several federal policies have influenced the labor force of the automotive industry. These include financial assistance programs, labor laws, manufacturing incentives, and provisions in laws with domestic production or content requirements. For example, the automotive industry's employment of a significant proportion of Americans was considered by federal policymakers when deciding to use the Troubled Asset Relief Program to provide automotive manufacturers with financial assistance.[71] Additionally, both federal and state labor laws and unionization are factors that may influence automotive manufacturers' decisions to invest in domestic labor and manufacturing.[72]

[71] Treasury, "Auto Industry Program Overview."

[72] Jim Schmidt et al., *Getting Under the Hood of Automotive Labor Cost Per Vehicle*, Oliver Wyman, May 2025, https://www.oliverwyman.com/content/dam/oliver-wyman/v2/publications/2025/apr/labor-cost-per-vehicle-report.pdf. For more on federal labor laws, see CRS Report R42713, *The Fair Labor Standards Act (FLSA): An Overview*, by Sarah A. Donovan; for more on federal policies relevant to unionization in the automotive industry, see CRS In Focus IF12506, *The UAW-Automakers Labor Dispute and Taft-Hartley's National Emergency Provisions*, by Jimmy Balser and Jon O. Shimabukuro.

As previously discussed, the IIJA and FY2022 budget reconciliation measure included incentives for the automotive industry in the form of grants, loans, and tax credits.[73] Many of these programs had requirements for American-made content, restricted the extent of foreign ownership by companies receiving these incentives, and sought to prioritize the domestic economy when awarding these incentives.[74] Another federal policy that may affect domestic labor is the rules of origin provisions in USMCA that set requirements for duty-free trade among the United States, Canada, and Mexico.[75]

U.S. Vehicle Cost Trends

As of March 2026, the marketed price of vehicles reportedly averaged around $50,000.[76] Vehicle prices increased from 2016 to 2024 (see **Figure 6**), with the new vehicle average selling price increasing roughly $15,000 over this time period. A variety of factors might have contributed to the price increases. They include the integration of new vehicle technologies, safety and emission regulation compliance, product planning changes from automotive manufacturers, inflation across the supply chain, markup changes at vehicle dealerships, and trends in vehicle financing leading to higher interest rates and longer loan terms.[77]

Many automotive manufacturers are integrating advanced driver assistance systems and connected technologies into their vehicles.[78] This technological integration may contribute to increased costs associated with vehicle ownership, including new vehicle prices, repair costs, and insurance rates.[79] Data from the U.S. Bureau of Labor Statistics estimate the dollar value attributable to vehicle quality changes, with recent estimates indicating that quality changes (e.g., changes to infotainment systems and vehicle safety features) contributed to some price increases.[80]

[73] CRS Insight IN12612, *DOE's Vehicle Technologies Office in the 119th Congress*, by Melissa N. Diaz; CRS In Focus IF12600, *Clean Vehicle Tax Credits*, by Donald J. Marples and Nicholas E. Buffie; DOT, "Federal Funding Programs"; Electrification Coalition, "Federal EV Policy"; and EPA, "Select Federal Tax Credits."

[74] For selected relevant provisions, see §§40205-40210 of P.L. 117-58 and §§13401-13404 and §§13501-13502 of P.L. 117-169. See also CRS Report R48358, *Domestic Content Requirements for Electricity Tax Credits in the Inflation Reduction Act (IRA)*, by Nicholas E. Buffie.

[75] CRS In Focus IF12082, *USMCA: Automotive Rules of Origin*, by Liana Wong and Kyla H. Kitamura.

[76] See the table found at "Cloud Theory's Vehicle Price Tracker," *Automotive News*, accessed March 5, 2026, https://www.autonews.com/retail/an-cloud-theory-new-vehicle-prices-0429/.

[77] National Consumers League, *Sticker Shock: Uncovering the Real Drivers of Rising Vehicle Prices*, February 2026, https://nclnet.org/ncl-sticker-shock-report/.

[78] Ghadeer Abdelkader et al., "Connected Vehicles: Technology Review, State of the Art, Challenges and Opportunities," *Sensors*, vol. 21, no. 7712 (November 19, 2021), pp. 1-31; and PARTS, *2024 Market Penetration of ADAS*.

[79] Eric Tingwall, "Electronics Account for 40 Percent of the Cost of a New Car," *Car and Driver*, April 2020, https://www.caranddriver.com/features/a32034437/computer-chips-in-cars/; Pete Bigelow, "Driver-Assist Technology Has Surprise Side Effect: Higher Insurance, Repair Costs," *Automotive News*, May 22, 2025, https://www.autonews.com/technology/an-adas-collison-repair-0522/; AAA, *Cost of Advanced Driver Assistance Systems (ADAS) Repairs*, December 2023, pp. 1-16, https://newsroom.aaa.com/wp-content/uploads/2023/11/Report_Cost-of-ADAS-Repairs-FINAL-23.pdf; and Benjamin Preston, "The Hidden Cost of Car Safety Features," *Consumer Reports*, January 30, 2020, https://www.consumerreports.org/car-repair/the-hidden-cost-of-car-safety-features/.

[80] See *Model Vehicles*, 2009-2025, at BLS, "Producer Price Indexes: Archived PPI Quality Adjustment Releases for Motor Vehicles," https://www.bls.gov/ppi/quality-adjustment/archived-ppi-reports-on-quality-changes-for-motor-vehicles.htm.

Another factor affecting vehicle prices is automotive product planning, which may determine the proportion of vehicle types, such as SUVs and sedans, in a manufacturer's portfolio. Many automotive manufacturers have increased the proportion of SUVs in their portfolios; SUVs tend to have higher price and profit margins than light-duty vehicles and are generally popular among U.S. consumers.[81] The proportion of SUVs sold in the United States historically outpaces other markets, such as Europe and China—these regions typically offer a higher share of light-duty vehicles (e.g., sedans) than the United States.[82] Supply chain disruptions and markup changes at vehicle dealerships can also contribute to price increases.[83] Financing of vehicles may also affect consumers, as interest rates were at 7% and automobile loans were up to 66 months on average for new vehicles as of December 2025.[84] Amid these higher interest rates and longer loan terms, in the third quarter of 2025, automobile delinquency rates among consumers saw their largest quarterly increase since the first quarter of 2024.[85]

[81] Jasmine Kiniklis, "SUV Market Share Hits Record Despite Affordability Crisis," *CBT News*, November 28, 2024, https://www.cbtnews.com/suv-market-share-hits-record-despite-affordability-crisis/; Andre Mayer and Emily Chung, "How the Automobile Industry Turned Us into SUV Drivers," *CBC*, updated June 24, 2024, https://www.cbc.ca/news/suv-small-car-affordable-1.7239768; and John Irwin, "Automakers Hope Pickup, SUV Sales and CAFE Savings Offset 'Extreme' Tariff Costs," *Automotive News*, August 21, 2025, https://www.autonews.com/manufacturing/an-trump-tariffs-costs-cafe-savings-0821/.

[82] IEA, "Share of SUVs in Total Car Sales in Key Markets, 2010-2019," updated May 27, 2020, https://www.iea.org/data-and-statistics/charts/share-of-suvs-in-total-car-sales-in-key-markets-2010-2019.

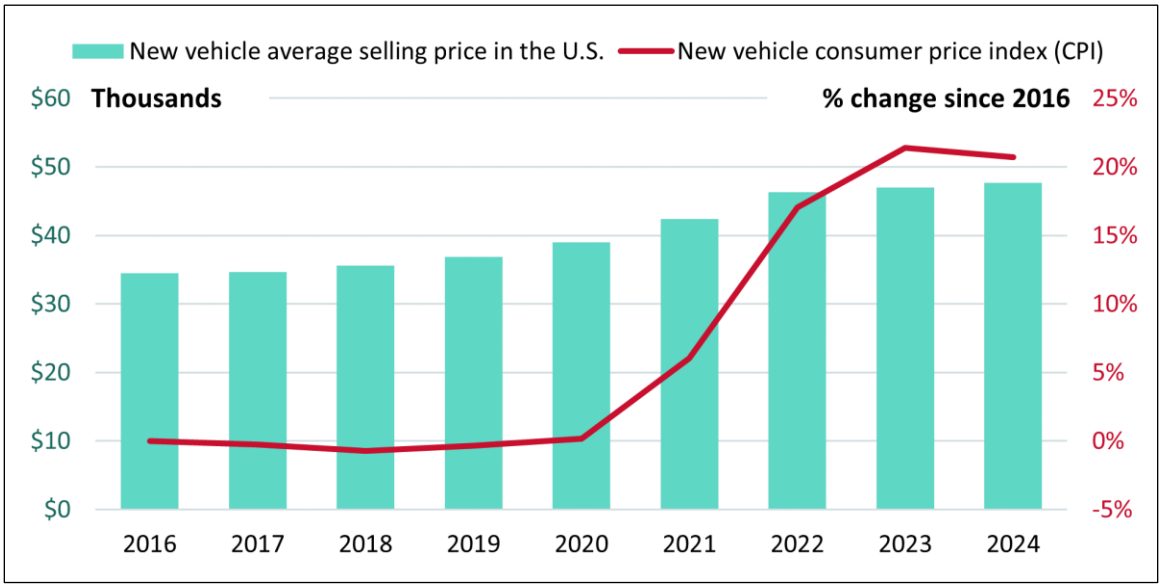
[83] For discussion of examples, see David Coffin et al., *The Roadblocks of the COVID-19 Pandemic in the U.S. Automotive Industry*, U.S. International Trade Commission, June 2022, https://www.usitc.gov/publications/332/working_papers/the_roadblocks_of_the_covid-19_pandemic_in_the_automotive_industry_final.pdf; and Michael Havlin, "Automotive Dealerships 2019-22: Dealer Markup Increases Drive New-Vehicle Consumer Inflation," *Monthly Labor Review*, BLS (April 2023), https://www.bls.gov/opub/mlr/2023/article/automotive-dealerships-markups.htm.

[84] Federal Reserve Bank of St. Louis, "Average Maturity of New Car Loans at Finance Companies, Amount of Finance Weighted," accessed December 2, 2025, https://fred.stlouisfed.org/series/DTCTLVENMNM; Federal Reserve Bank of St. Louis, "Finance Rate on Consumer Installment Loans at Commercial Banks, New Autos 60 Month Loan," accessed December 2, 2025, https://fred.stlouisfed.org/series/RIFLPBCIANM60NM; and Edmunds, "A Record 1 in 5 New-Car Shoppers Committed to a $1,000+ Monthly Payment in Q2 2025, According to Edmunds," press release, July 1, 2025, https://www.edmunds.com/industry/press/a-record-1-in-5-new-car-shoppers-committed-to-a-1000-monthly-payment-in-q2-2025-according-to-edmunds.html.

[85] Robert Adams et al., "A Note on Recent Dynamics of Consumer Delinquency Rates," *FEDS Notes*, Board of Governors of the Federal Reserve System, November 24, 2025, https://www.federalreserve.gov/econres/notes/feds-notes/a-note-on-recent-dynamics-of-consumer-delinquency-rates-20251124.html; and Erin Witte and Tara Mikkilineni, *Driven to Default: The Economy-Wide Risks of Rising Auto Loan Delinquencies*, Consumer Federation of America, September 9, 2025, pp. 1-12, https://consumerfed.org/wp-content/uploads/2025/09/Driven-to-Default-9.9.25-final.pdf.

Figure 6. Vehicle Price Changes

Figure is interactive in HTML report version.



Source: Adapted by CRS from Statista Research Department, "New Vehicle Average Selling Price in the United States from 2016 to 2024," November 29, 2025, https://www.statista.com/statistics/274927/new-vehicle-average-selling-price-in-the-united-states/; and U.S. Bureau of Labor Statistics, "Consumer Price Index for All Urban Consumers (CPI-U) Series Id: CUUR0000SETA01, Series Title: New vehicles in U.S. city average, all urban consumers, not seasonally adjusted," accessed September 26, 2025.

Notes: The consumer price index (CPI) measures price changes while controlling for vehicle characteristic or quality changes over time. The average price data is based on transaction prices. Both sources show similar trends. Average prices increased from 2023 to 2024 while the CPI decreased from 2023 to 2024; this indicates that the transaction price increase from 2023 to 2024 was due to vehicle quality changes. The first year of data made available by Statista Research Department is 2016.

Policy Considerations

Federal policies that may affect vehicle prices include vehicle safety regulations, emissions regulations, tariffs, and federal incentives. As previously discussed, safety regulations are typically regulated through FMVSS by NHTSA. Some vehicle technologies are used to comply with FMVSS and may improve passenger safety but can also lead to price increases as automotive manufacturers integrate new technologies to increase safety and comply with FMVSS.[86]

Vehicle emissions and CAFE standards regulated by EPA and NHTSA, respectively, require automotive manufacturers to develop more fuel-efficient vehicles and, in some cases, install technologies that limit emissions.[87] Regulatory impact analysis and research indicate that increased fuel efficiency and emissions reduction technologies may lead to some increases in

[86] James F. Simons, *Cost and Weight Added by The FMVSS for Model Years 1968 to 2019 for Passenger Cars and LTVs*, NHTSA, December 2024, https://crashstats.nhtsa.dot.gov/Api/Public/ViewPublication/813619.

[87] EPA, "Regulations for Greenhouse Gas Emissions from Passenger Cars and Trucks," updated February 13, 2026, https://www.epa.gov/regulations-emissions-vehicles-and-engines/regulations-greenhouse-gas-emissions-passenger-cars-and; and NHTSA, "Corporate Average Fuel Economy," accessed November 28, 2025, https://www.nhtsa.gov/laws-regulations/corporate-average-fuel-economy.

vehicle prices.[88] Some industry stakeholders raised concerns about the feasibility of CAFE standards issued during the Biden Administration. The NHTSA 2025 notice of proposed rulemaking that sought to revise CAFE standards issued under the Biden Administration[89] received some support from industry stakeholders.[90] In addition, some environmental advocacy stakeholders have come out against the proposed revisions to CAFE standards.[91]

Tariffs imposed during the Trump Administration generally have added costs for automotive companies and may increase costs for some consumers.[92] Automotive manufacturers' global supply chains may expose vehicles and components to tariffs.[93] Some automotive manufacturers, suppliers, and dealers have absorbed tariff costs and avoided passing on tariff costs to consumers, but several industry stakeholders anticipate consumer price increases in the near-term, either through increases in manufacturers' suggested retail prices or other fees.[94] As the tariff environment has evolved, some automotive manufacturers that have absorbed these costs have

[88] NHTSA, Final Regulatory Impact Analysis, Corporate Average Fuel Economy Standards for Passenger Cars and Light Trucks for Model Years 2027 and Beyond and Fuel Efficiency Standards for Heavy-Duty Pickup Trucks and Vans for Model Years 2030 and Beyond, June 2024, https://www.nhtsa.gov/sites/nhtsa.gov/files/2024-06/CAFE-2027-2031-HDPUV-2030-2035_Final-Environmental-Regulatory-Impact-Analysis.pdf; EPA, Multi-Pollutant Emissions Standards for Model Years 2027 and Later Light-Duty and Medium-Duty Vehicles, March 2024, https://nepis.epa.gov/Exe/ZyPDF.cgi?Dockey=P1019VPM.pdf; Jarod C. Kelly et al., Cradle-to-Grave Lifecycle Analysis of U.S. Light-Duty Vehicle-Fuel Pathways: A Greenhouse Gas Emissions and Economic Assessment of Current (2020) and Future (2030-2035) Technologies, Argonne National Laboratory, November 1, 2023, https://greet.anl.gov/publication-c2g_lca_us_ldv; and U.S. Energy Information Administration, "Fuel Economy and Average Vehicle Cost Vary Significantly Across Vehicle Types," July 22, 2014, https://www.eia.gov/todayinenergy/detail.php?id=17211#.

[89] NHTSA, "The Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule III for Model Years 2022 to 2031 Passenger Cars and Light Trucks," 90 *Federal Register* 56438, December 5, 2025.

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sought relief from the Administration.[95] Tariffs on Canada and Mexico (versus on other countries) generally could have more implications for domestic automotive manufacturers because of their regionalized supply chains.[96] Tariffs on other countries could have more implications for foreign automotive manufacturers, as these manufacturers have a higher proportion of imports outside the USMCA region.[97] Another federal policy that may influence vehicle prices is vehicle tax credits.[98] Tax credits, such as the clean vehicle tax credits from the FY2022 budget reconciliation measure, may support more affordability in vehicle prices (in this case, by lowering consumer prices up to $7,500).[99] Congress repealed the clean vehicle tax credits for vehicles acquired after September 30, 2025.[100]

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