

Trump doubles down on threat to Harley Davidson: They'll 'take a big hit' for moving production overseas as their customers are my voters

By: Emily Goodin

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- Harley-Davidson is shifting some production to Thailand and has already announced the closure of a Kansas City plant
- President Trump: 'Those are my voters. They don't want Harley Davidson getting cute to make \$2 more'
- Trump has criticized the decision to move, made in part to evade new European Union tariffs on motorcycles originating in the U.S.
- Trump warned last week that the company could face a 'big tax' - a new tariff - if it tried to ship foreign-made bikes back into the U.S. to sell here
- New EU tariffs include a 31 per cent penalty on motorcycles, amounting to a 25 per cent increase in costs
- Harley-Davidson said its bikes will cost an average of \$2,200 more apiece to export under those rules

President Donald Trump is doubling down on his threat against motorcycle manufacturer Harley Davidson for moving their production overseas, saying they'll 'take a big hit' as their customers are also his voters.

'I devoted a lot of time to Harley Davidson. I treated him good. I guarantee you everybody that ever bought a Harley Davidson voted for Trump,' the president said on 'Sunday Morning Futures' on Fox News.

He noted he didn't 'like that they're leaving' and that 'I don't think they should do it.'

He added: 'I think they're going to take a big hit. I just think it's a great American product and our people have more pride than they used to have. I really believe that Harley's going to take a - the people that are buying Harley Davidson, they don't want it built in another country.'

'Those are my voters. They don't want Harley Davidson getting cute to make \$2 more,' he noted.

And when asked if, as president, he should call out specific companies, Trump was quick to say: 'Yes, yes I should.'

Trump has blasted the company for its plans to produce some of its iconic motorcycles in Thailand.

'Harley-Davidson should stay 100% in America, with the people that got you your success. I've done so much for you, and then this,' a frustrated Trump tweeted last week.

'Other companies are coming back where they belong! We won't forget, and neither will your customers or your now very HAPPY competitors!

Trump had claimed Tuesday that the tough-guy brand had 'surrendered' to a hostile foreign government in a trade war and risked facing unprecedented tariffs on anything it ships into the U.S. from the Far East.

'A Harley-Davidson should never be built in another country - never! Their employees and customers are already very angry at them,' he vented on Twitter a day ago.

'If they move, watch, it will be the beginning of the end - they surrendered, they quit! The Aura will be gone and they will be taxed like never before!'

The president said Tuesday that he suspects Harley's customers will not be happy with the company's decision to engage in outsourcing after telling the motorcycle manufacturer on Monday that it needed to be patient.

Trump was in Harley-Davidson's home state of Wisconsin on Thursday for events that included at least one stop in the company's headquarters city of Milwaukee. There he warned them: 'Don't get cute with us.'

The firm said Monday in a statement to the Securities and Exchange Commission that it could lose as much as \$100 million per year if it doesn't shift more of its manufacturing abroad.

In a meeting with lawmakers later on Tuesday and tweets early that morning, Trump said Harley was just using his tariffs as an excuse.

'I don't like that. I've been very good to Harley,' he said. 'I think that the people who ride Harleys [are] not happy with Harley-Davidson.'

Trump said that the U.S. has become the 'bank that everyone wants to steel from and plunder' across the globe and so he had to implement the tariffs. 'Can't be that way,' he added.

He asserted that because of the tariffs, other nations are now coming around to the United States' position on some of the trade issues.

'Without tariffs, you would never do that,' he said.

During his first month in office Harley-Davidson came to visit Trump at the White House for an on-camera meeting at which Trump promoted his 'America First' trade agenda.

'It's great to have Harley-Davidson. What a great, great group of people and what a fantastic job you do,' he said in the Feb. 2, 2017 meeting. 'So thank you, Harley-Davidson, for building things in America. And I think you're going to even expand.'

Trump recalled his warm White House welcome for the company in tweets deriding Harley-Davidson for its plans to take that expansion out of the United States.

'When I had Harley-Davidson officials over to the White House, I chided them about tariffs in other countries, like India, being too high. Companies are now coming back to America,' Trump tweeted Tuesday.

'Harley must know that they won't be able to sell back into U.S. without paying a big tax!'

Trump claimed in a tweet that Harley-Davidson had already planned to move its Kansas City, Missouri operations overseas 'early this year,' before he announced a series of retaliatory tariffs.

In reality, Harley CEO Matthew Levatich has said the company's Thailand plant was built because of the president's 2017 decision to pull out of the Trans-Pacific Partnership trading bloc.

And it announced in January that its Kansas City plant would be shuttered - not because of tariffs, but because it was producing more motorcycles that it could sell in the United States.

Trump promised that ultimately, once he brings more balance to America's international trade equation, outsourcing will make less economic sense.

The president said his administration is 'getting other countries to reduce and eliminate tariffs and trade barriers that have been unfairly used for years against our farmers, workers and companies.'

'We are opening up closed markets and expanding our footprint. They must play fair or they will pay tariffs!'

Harley-Davidson's rationale for shifting some of its production to the Far East was an increase in taxes on products shipped into the European Union.

'Increasing international production to alleviate the EU tariff burden is not the company's preference,' it said in a regulatory filing, 'but represents the only sustainable option.'

The EU's latest tariffs will include a whopping 31 per cent penalty on motorcycles, amounting to a 25 per cent increase in costs. Previously tariffs on the bikes were fixed at just 6 per cent.

Harley-Davidson said its bikes will cost an average of \$2,200 more apiece to export under those rules.

Trump told the company on Monday that it should 'be patient' because 'ultimately they will not pay' those tariffs.

The president added that he was 'surprised that Harley-Davidson, of all companies, would be the first to wave the White Flag.'

Trump said Tuesday that Harley-Davidson's decision came 'long before' he engaged in a tit-for-tat exercise of tariff levies.

'Hence, they were just using Tariffs/Trade War as an excuse,' he said. 'Shows how unbalanced & unfair trade is, but we will fix it.'

Trump abruptly ended an exemption to the global tariffs for Europe, Mexico and Canada on June 1 after temporarily holding off on the 10 per cent tax for aluminum imports and 25 per cent penalty for steel.

The EU said Friday that it would counter the tariffs with penalties of its own on \$3.2 billion worth of American-made goods.

That list includes big-ticket products like motorcycles and motorboats, and lower-cost items like cigarettes and denim.

'The tremendous cost increase, if passed onto its dealers and retail customers, would have an immediate and lasting detrimental impact to its business in the region,' the company, according to CNN, said.

Harley-Davidson determined that the tariffs would therefore eat up \$30 million to \$45 million of the current year's profit. It projected that costs would rise \$90 to \$100 million annually after that.

Spokesman Michael Pflughoeft told CNN that as of Monday Harley-Davidson was still 'assessing the potential impact' on the company's 6,000-plus workforce that is mainly concentrated in Pennsylvania, Missouri and Wisconsin.

It also has production facilities in India, Brazil and Thailand.

Harley-Davidson's stock dipped 6 per cent on Monday as it became embroiled in a raging trade dispute between the U.S. and Europe, which accounts for a significant amount of its sales.

In 2017, the company sold 40,000 bikes in Europe, its second largest market, CNN reports, compared to the 148,000 customers who bought two-wheel vehicles in the U.S. from Harley-Davidson.

The United States says it is imposing the tariffs on steel and metal worldwide in order to protect America's metal industries.

Trump's economic and trade advisers have characterized the tariffs as a matter of national security, although even the president has said that they're also being imposed for other reasons.

In the case of Europe, the president has blasted trade imbalances with EU nations such as Germany.

Harley-Davidson Smashed With 56% EU Tariff, Will Appeal

By: [Michael Taylor](#) Forbes April 19, 2021

American motorcycle manufacturer Harley [HOG -0.2%](#)-Davidson will launch an immediate appeal after being stung by a crippling European Union tariff of 56%. Sales of the distinctively warbling two-cylinder bikes have been subject to a 6% tariff, but the Economic Ministry of Belgium notified Harley-Davidson that its tariff status has changed, effective from June this year.

The Milwaukee-based company's tariff rate has changed because the EU has revoked its Binding Origin Information (BOI) credentials, with immediate effect. "This is an unprecedented situation and underscores the very real harm of an escalating trade war to our stakeholders on both sides of the Atlantic," Chief Executive Jochen Zeitz said in a statement.

"The potential impact of this decision on our manufacturing, operations and overall ability to compete in Europe is significant.

“Imposing an import tariff on all Harley-Davidson motorcycles goes against all notions of free trade and, if implemented, these increased tariffs will pose a targeted competitive disadvantage for our products, against those of our European competitors.”

(Despite the impassioned statement, this is the same Harley-Davidson that applied to the US Tariff Commission for a 40% import tax on motorcycles in 1952.)

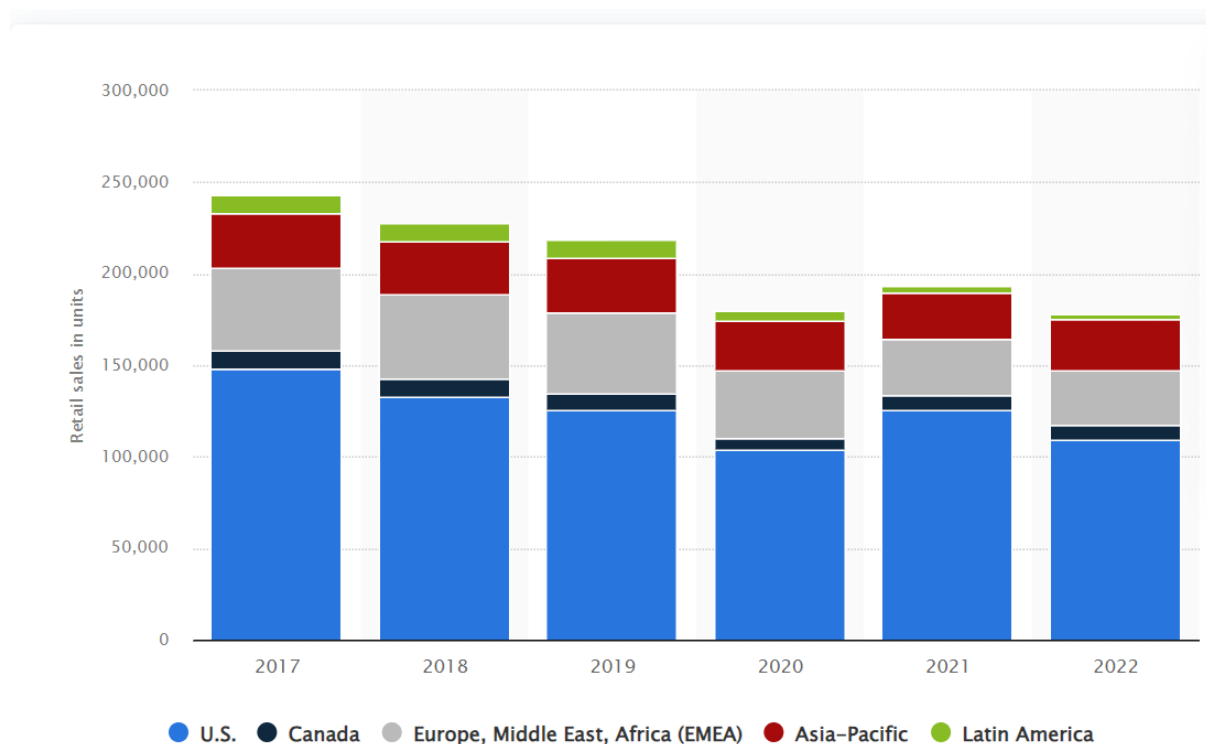
The BOI credentials allowed Harley to operate at the lower tariff with bikes from its international plants, but their removal creates a crisis for the brand.

In June, 2018, the EU levied a 25% incremental tariff on motorcycles imported from the EU. It now sits at 31% and is slated to reach 50% on June 1, 2021.

On the flip side, the United States import tariffs on European motorbike makers, ranging from Ducati to BMW, sit at 1.2% for engines of up to 800CC and 2.4% for larger engines.

<https://www.forbes.com/sites/michaeltaylor/2021/04/19/harley-davidson-smashed-with-56-eu-tariff-will-appeal/> (accessed 20/09.2023)

Harley-Davidson's worldwide motorcycle retail sales between FY 2017 and FY 2022, by country or region



<https://www.statista.com/statistics/252220/worldwide-motorcycle-retail-sales-of-harley-davidson/> (accessed 23/09/2023)

Harley Davidson Case study

1. How do the four drivers of globalisation impact on Harley Davidson's business?
2. Which of the four drivers do you think is the strongest for Harley Davidson and why?

Additional Tutorial Questions. Group Activity

- 1. What are the for challenges for organisations of going Global?**
- 2. Do the big Brands always get it right?**