

ALERT

Trump Imposes New 25% Duties on Automobiles and Auto Parts

March 28, 2025

On March 26, 2025, President Trump issued a Proclamation that the United States will impose an additional 25% import duty, pursuant to Section 232 of the Trade Expansion Act of 1962 (Section 232), on:

- Passenger vehicles (sedans, sport utility vehicles, crossover utility vehicles, minivans, and cargo vans);
- Light trucks; and
- Certain automobile parts (engines and engine parts, transmissions and powertrain parts, and electrical components).

According to the Proclamation, the new duties will be effective as of 12:01 a.m. (EDT) on April 3, 2025 as to passenger vehicles and light trucks, and no later than May 3, 2025 for parts.

Background: From 2018 to 2019, the U.S. Department of Commerce (Commerce) conducted an investigation under Section 232 into the national security effects of U.S. automotive imports. In its February 17, 2019 report in the investigation, Commerce concluded that imports of autos and certain parts impaired the ability of the domestic automotive industry to meet national defense requirements, and otherwise threatened to impair national security. The agency suggested several courses of action that the United States might take to counter these threats, including additional tariffs on passenger vehicles, light trucks, and parts. According to the newly issued Proclamation, Commerce has informed the President that the concerns underlying the 2019 report persist and have escalated in instances.

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Practice Areas

International Trade
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Treatment of Vehicles: Passenger vehicles and light trucks that qualify for preferential treatment under the U.S.-Mexico-Canada Agreement (USMCA) will not be eligible for a full reprieve, but no duties will be owed on the value of the U.S. content within each vehicle. The Proclamation defines “U.S. content” as components that are wholly obtained, produced entirely, or substantially transformed in the United States.

The order also states that if the declared value of U.S. content is found to be inaccurate, duties will be owed on the full value of the vehicle regardless of its actual U.S. content. Such treatment will then be applied retroactively and prospectively to all imports of the same model of vehicle by the same importer until the overstatement has been corrected, and the correction verified by U.S. Customs & Border Protection (CBP). Additional fees and/or penalties may also be applied.

Treatment of Parts: The new duties appear to cover the same parts with respect to which Commerce proposed imposing additional import duties in the original 2019 investigation report. That said, the final set of tariff codes subject to the new duties has yet to be issued. It is expected that CBP will publish a notice identifying those codes shortly.

Covered parts that are eligible for USMCA preferential treatment may enter free of the new duties, but only until such time as Commerce publishes notice in the *Federal Register* that a process has been established to apply the duties exclusively to the value of the non-U.S. content. Only individual parts subject to the duties are eligible for such treatment; it does not apply to knock-down kits or parts compilations. Additional parts may be made subject to the duties in the future.

Additional Information:

- Duty drawback will not be available for the new duties.
- Unless eligible for entry as “domestic status” products, covered passenger vehicles, light trucks, and parts may only be entered into U.S. foreign trade zones in “privileged foreign status.” As such, the duties in effect as of the time of their entry into such zones will apply upon their removal from the zone for U.S. consumption.

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