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Trump administration executive action alert

New tariffs on auto imports | 26 March 2025

[White House proclamation on auto imports](#); [White House fact sheet](#)

Key highlights

- On 26 March, the Trump administration announced tariffs on imports of all foreign-made automobiles and certain automobile parts.
- **Key elements of the 26 March proclamation include:**
 - **Tariff scope and amounts:**
 - A **25% tariff** will be applied to all **imported passenger vehicles** (sedans, SUVs, crossovers, minivans, cargo vans) and light trucks.
 - Importers of automobiles under the United States-Mexico-Canada Agreement (USMCA) will be given the opportunity to certify their US content and systems will be implemented such that the 25% tariff will only apply to the value of their non-US content.
 - A 25% tariff will be applied to **key automobile parts** (engines, transmissions, powertrain parts and electrical components) with processes to expand tariffs on additional parts if necessary.
 - USMCA-compliant automobile parts will remain tariff-free until the Secretary of Commerce, in consultation with US Customs and Border Protection (CBP), establishes a process to apply tariffs to their non-US content.
 - These tariffs will be in addition to other tariffs and duties placed on China, Mexico and Canada and may be in addition to the forthcoming reciprocal tariffs expected to be announced on 2 April.
- **Timing:**
 - The tariffs will be effective 3 April 2025 for vehicles and no later than 3 May 2025 for auto parts.
 - For auto parts that qualify for USMCA treatment, the tariffs will be effective when the secretary establishes a process to apply the tariff exclusively to the non-US content of such parts.
 - The Secretary of Commerce will have until 25 June 2025 to establish a process for including additional automobile parts articles within the scope of the tariffs.
- **Legal basis for tariffs:**

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- Trump is using authority granted to the president under Section 232 of the Trade Expansion Act, which authorizes tariffs and other trade barriers for goods or materials from other countries if the quantity or circumstances surrounding those imports are deemed to threaten national security.
- A Section 232 investigation was initiated in 2019 during the first Trump administration. Although this investigation did not result in any tariffs at that time, Trump is now referencing it to justify the imposition of the latest tariffs.

Additional

- The Trump administration's objectives for these tariffs include protecting and strengthening the US automotive sector with an eye toward increasing US manufacturing and increasing government revenues.
- **Retaliatory actions**
 - **Canada** – Prime Minister Mark Carney indicated that Canada would announce a comprehensive response to the new tariffs on 2 April, after the US releases its plans for reciprocal tariffs and following a conversation with US President Trump. Carney stated, “we have a number of measures that we can take in response to those initiatives.”
 - **EU** – While EU officials have not announced specific retaliatory actions, they may do so after the 2 April trade announcements. EU Commission President Ursula von der Leyen indicated it is prepared to respond and that “the EU will continue to seek negotiated solutions, while safeguarding its economic interests.”
 - **Mexico** – President Sheinbaum also indicated that Mexico will unveil a comprehensive response to the new tariffs on 2 April, after the US releases its plans for reciprocal tariffs.
- **Business considerations**
 - Nearly 50% of vehicles sold in the US are imported, as well as nearly 60% of the parts in vehicles assembled in the US.¹
 - By some estimates, **Mexico, Japan, South Korea, Canada** and the **EU (Germany)** account for over 80% percent of US vehicle imports and are the exporting countries set to be most impacted by these tariffs.
 - While the administration has indicated that higher tariffs on the auto sector will be permanent, it remains to be seen whether pressure from trading partners, US car manufacturers and civil society will lead to modifications.
 - It also remains unclear how these tariffs will factor into the forthcoming review and renegotiation of the USMCA.
 - American Automotive Policy Council President Matt Blunt urged the administration to ensure that “tariffs are implemented in a way that avoids raising prices for consumers and that preserves the competitiveness of the integrated North American automotive sector that has been a key success of the President’s USMCA agreement.”²
 - United Auto Workers (UAW) president Shawn Fain praised the tariffs, stating, “These tariffs are a major step in the right direction for autoworkers and blue-collar communities across the country, and it is now on the automakers ... to bring back good union jobs to the US.”³

¹ “Auto Stocks Rattled as Investors Assess Hit From Trump’s Tariffs,” The New York Times website, www.nytimes.com/2025/03/27/business/auto-trump-tariffs-stocks-futures.html, 27 March 2025.

² “American Automakers Statement on Trump Administrations Announcement of Automotive Tariffs,” American Automotive Policy Council website, www.americanautomakers.org/american-automakers-statement-trump-administrations-announcement-automotive-tariffs, 26 March 2025.

³ “In a Victory for Autoworkers, Auto Tariffs Mark the Beginning of the End of NAFTA and the ‘Free Trade’ Disaster,” United Auto Workers website, uaw.org/tariffs-mark-beginning-of-victory-for-autoworkers, 26 March 2025.

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