

PUBLICATION

President Trump Orders Tariffs on All Imported Automobiles and Certain Parts: What Importers Need To Know

Authors: Prentiss Lee Smith, Matthew W. McGee

March 28, 2025

On March 26, 2025, President Trump imposed 25 percent tariffs on practically all automobiles and automobile parts not manufactured in the U.S. The automobile tariff is effective April 3, 2025. The automobile parts tariff must be placed into effect no later than May 3, 2025. Each tariff is imposed indefinitely. The Proclamation provides for limited exceptions under the United States-Mexico-Canada Agreement (USMCA) but generally applies to all foreign-manufactured automobiles and parts. Companies in the automobile and automobile parts industries must evaluate their operations to determine potential exposure from this sweeping action. They should confirm compliance with the USMCA rules of origin to take advantage of the limited exceptions and further analyze their supply chains to understand exposure to these new duties. As we previously discussed, President Trump is expected to announce significant action under his America First Trade Policy in April but he took a significant implementation step by imposing tariffs on all foreign automobiles and certain automobile parts. Specifically, on March 26, 2025, President Trump signed a Presidential Proclamation (the Proclamation) styled **Adjusting Imports of Automobiles and Automobile Parts into the United States**.

The tariffs are imposed pursuant to an investigation under Section 232 of the Trade Expansion Act of 1962 (Section 232) conducted during President Trump's first term. The then-Secretary of Commerce investigated and concluded that the imports of passenger vehicles, light trucks, and certain automobile parts may threaten the national security of the United States. Pursuant to the investigation, President Trump signed Proclamation 9888 of May 17, 2019, wherein he concurred with the Secretary's conclusions but took no further action.

President Trump has now further exercised his authority granted by the investigation. Specifically, Section 232 empowers the President to take necessary action to adjust the imports of the relevant article so that such imports will not threaten to impair national security. To take the announced action, President Trump included additional justification for the action: supply chain issues posed by the COVID-19 pandemic and, generally, declining domestic automobile-related manufacturing and employment, and ineffectiveness of free-trade agreements such as the USMCA and United States-Korea Free Trade Agreement and legislative efforts.

The tariff on automobiles will be effective as of Thursday, April 3, 2025, at 12:01 a.m. ET. The tariff on automobile parts will be effective as of the date specified in the *Federal Register* notice for automobile parts, but no later than May 3, 2025.

Tariff Framework

As it stands, the 25 percent automobile tariff will apply to all imports of automobiles and automobile parts that are specified in Annex I to the Proclamation. Additional automobiles and automobile parts may be added to Annex I by subsequent action. Annex I has not been released as of publishing, but the [White House fact sheet](#) indicates the tariffs will likely cover imports of:

- Passenger vehicles;
- Light trucks;
- Engines ;

- Engine parts;
- Transmissions;
- Powertrain parts; and
- Electrical components.

What Can Importers Do?

USMCA Exceptions

For automobiles: The Proclamation provides that the tariff will not apply to the "U.S. content" or "value of the automobile attributable to parts wholly obtained, produced entirely, or substantially transformed in the United States" of automobiles that qualify for preferential tariff treatment under the USMCA.

- To obtain this relief, the importer must submit documentation to the Secretary identifying the amount of U.S. content in each automobile imported into the United States.

It is essential that importers taking advantage of this exception are accurate in reporting the U.S. content of imported vehicles. To deter misreporting, the Proclamation provides that the 25 percent tariff shall apply to the full value of the automobile should any overstatement of U.S. content occur. This 25 percent tariff will apply from April 3, 2025, until the date the importer corrects the overstatement, as verified by Customs and Border Patrol (CBP), as to all vehicles of the same model imported.

For automobile parts: The tariff will not apply to automobile parts that qualify for preferential treatment under the USMCA until such time that the Secretary of Commerce, in consultation with CBP, establishes a process for collecting tariffs on only the non-U.S. content of the parts. However, this exception does not apply to automobile knock-down kits or parts compilations.

Requests for Public Participation

The Proclamation directs the Secretary of Commerce to establish processes for adding additional automobile part articles to Annex I of the Proclamation. The process will empower the Secretary of Commerce himself to add articles to Annex I. It must also include procedures for third parties to request that parts are added.

The requests from third parties must demonstrate how the import of the parts threatens to impair national security or otherwise undermines the objectives set forth in any proclamation issued on the basis of the Section 232 investigation. The Secretary of Commerce, with the United States International Trade Commission and CBP, must decide whether to include the articles within 60 days of receiving the request. The tariff, as applied to any added goods, will become effective no later than 14 days after inclusion.

Other Provisions

- Automobiles or automobile parts entering into a Foreign Trade Zone (FTZ) must be entered with "privileged foreign status," demonstrating that duties will apply even to goods entering an FTZ within the United States.
- No drawback shall be available with respect to the duties imposed pursuant to this Proclamation.
- The Executive Orders do not discuss [Temporary Importation under Bond \(TIB\)](#), which suggests importers using TIBs may not be required to pay the duty so long as the merchandise is ultimately exported pursuant to the provisions of the bond.

Our International Trade and National Security team will continue to monitor developments and provide updates as warranted. If you have any questions or would like to discuss this in further detail, please reach out to [P. Lee Smith](#), [Matthew McGee](#), or any member of Baker Donelson's [International Trade and National Security](#) team.