

U.S. 25% Tariffs on automobiles and auto parts

Mexico City, March 27, 2025

We bring your attention to recent developments in foreign trade measures that could impact commercial operations with the United States of America (hereinafter, the "U.S.")

On March 26, 2025, the President of the U.S. issued an Executive Order imposing a 25% tariff on all imports of automobiles and auto parts entering the U.S., regardless of their country of origin or source.

This measure was implemented under Section 232 of the "*Trade Expansion Act of 1962*", which authorizes the President of the U.S. to impose measures regulating the importation of goods that represent a threat to the national security.

In this regard, the 25% tariffs imposed under the Executive Order will become effective on the following dates and shall remain in force on a "permanent" basis, unless and until it is demonstrated that such imports no longer represent a threat to the national security of the U.S.:

- For automobiles: on April 3, 2025.
- For auto parts: on the date to be determined by the Federal Register, but no later than May 3, 2025.

Automobiles

It is important to note that the Executive Order provides that, for automobiles that comply with the rules of origin under the United States-Mexico-Canada Agreement (USMCA), the importer may demonstrate the value of the U.S. content of the vehicle in order to exempt such value from the 25% tariff.

The tariff would then apply only to the non-U.S. content (including the value from Mexico and Canada). The importer must submit the corresponding documentation and obtain an authorization from the U.S. authorities to apply this benefit.

Furthermore, it is specified that, if the U.S. content is found to have been overstated or inaccurately reported, the 25% tariff will apply retroactively as of April 3, 2025, and prospectively to the full value of that vehicle model.

These tariffs will apply to passenger vehicles such as sedans, SUVs, crossovers, minivans, and cargo vans, as well as light trucks.

Auto parts

With respect to auto parts, the Executive Order specifies that those qualifying as originating under the USMCA will be exempted from the new tariff until the U.S. trade and customs authorities establish a process to identify the U.S. content value, so that the 25% tariff applies only to the non-U.S. content.

In this regard, the 25% tariff will apply to key auto parts such as engines, transmissions, powertrain components, and electrical components.

Additionally, the Executive Order states that within 90 days, a mechanism will be established to allow for the inclusion of additional auto parts under the scope of the tariffs if it is demonstrated that such parts threaten national security.

The Executive Order further provides that vehicles and parts admitted into U.S. foreign trade zones after the effective date must enter under "*privileged foreign status*" and will be subject to the applicable tariff upon entry into the domestic market.

Finally, no drawback mechanisms will be allowed with respect to the tariffs paid under this Executive Order.

For further information related to the content of this update, please consult with the specialists in our Customs & International Trade practice.

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