



Fact Sheet: President Donald J. Trump Adjusts Imports of Automobiles and Automobile Parts into the United States

COUNTERING TRADE PRACTICES THAT THREATEN TO IMPAIR U.S. NATIONAL SECURITY: Today, President Donald J. Trump signed a proclamation invoking Section 232 of the Trade Expansion Act of 1962 to impose a 25% tariff on imports of automobiles and certain automobile parts, addressing a critical threat to U.S. national security.

- President Trump is taking action to protect America's automobile industry, which is vital to national security and has been undermined by excessive imports threatening U.S. domestic industrial base and global supply chain vulnerabilities.
- The 25% tariff will be applied to imported passenger vehicles (sedans, SUVs, crossovers, minivans, cargo vans) and light trucks, as well as key automobile parts (engines, transmissions, powertrain parts, and electrical components), with processes to expand tariffs on additional parts if necessary.
- Importers of automobiles under the United States-Mexico-Canada Agreement will be given the opportunity to certify their U.S. content and systems will be implemented such that the 25% tariff will only apply to the value of their non-U.S. content.
 - USMCA-compliant automobile parts will remain tariff-free until the Secretary of Commerce, in consultation with U.S. Customs and Border Protection (CBP), establishes a process to apply tariffs to their non-U.S. content.
- The President is exercising his authority under Section 232 of the Trade Expansion Act of 1962 to adjust imports to protect our national security.
 - This statute provides the President with authority to adjust imports being brought into the United States in quantities or under circumstances that threaten to impair national security.

MAINTAINING A RESILIENT DOMESTIC INDUSTRIAL BASE: President Trump is taking action to end unfair trade practices that jeopardize U.S. national security.

- The COVID-19 pandemic exposed critical vulnerabilities and choke points in global supply chains, undermining our ability to maintain a resilient domestic industrial base.
- Legislation, pre-existing trade agreements like the USMCA, revisions to the U.S.-Korea Free Trade Agreement, and subsequent negotiations have not sufficiently



mitigated the threat to national security posed by imports of automobiles and certain automobile parts.

- These new tariffs aim to ensure the U.S. can sustain its domestic industrial base and meet national security needs.

STRENGTHENING AMERICA'S MANUFACTURING INDUSTRY: President Trump's decision to implement tariffs on imports of automobiles and automobile parts will protect and strengthen the U.S. automotive sector.

- Foreign automobile industries, bolstered by unfair subsidies and aggressive industrial policies, have expanded, while U.S. production has stagnated.
- In 1985, American-owned facilities in the United States manufactured 11.0 million automobiles, representing 97% of overall domestic (American- and foreign-owned) production of automobiles.
- In 2024, Americans bought approximately 16 million cars, SUVs, and light trucks, and 50% of these vehicles were imports (8 million).
 - Of the other 8 million vehicles assembled in America and not imported, the average domestic content is conservatively estimated at only 50% and is likely closer to 40%.
 - Therefore, of the 16 million cars bought by Americans, only 25% of the vehicle content can be categorized as Made in America.
- The United States trade deficit in automobile parts reached \$93.5 billion in 2024.
- Currently, the U.S. automobile and automobile parts industry (American-owned and foreign-owned firms) employs approximately one million U.S. workers.
- Employment in automotive parts manufacturing totaled approximately 553,300 jobs in 2024, a decline of 286,000 jobs or 34% since 2000.
- In 2023, Research and Development (R&D) by American-owned automobile manufacturers amounted to only 16% of global R&D spending. R&D by American-owned firms lagged behind the EU, which controlled 53% of global R&D.

TARIFFS WORK: Studies have repeatedly shown that tariffs can be an effective tool for reducing or eliminating threats to impair U.S. national security and achieving economic and strategic objectives.

- A 2024 study on the effects of President Trump's tariffs in his first Administration found that they "strengthened the U.S. economy," and "led to significant reshoring" in industries like manufacturing and steel production.



- A 2023 report by the U.S. International Trade Commission that analyzed the effects of Section 232 and 301 tariffs on more than \$300 billion of U.S. imports found that the tariffs reduced imports from China and effectively stimulated more U.S. production of the tariffed goods, with very minor effects on prices.
- According to the Economic Policy Institute, the tariffs implemented by President Trump during his first term “clearly show[ed] no correlation with inflation” and only had a temporary effect on overall price levels.
- An analysis from the Atlantic Council found that “tariffs would create new incentives for US consumers to buy US-made products.”
- Former Biden Treasury Secretary Janet Yellen affirmed last year that tariffs do not raise prices: “I don’t believe that American consumers will see any meaningful increase in the prices that they face.”
- A 2024 economic analysis found that a global tariff of 10% would grow the economy by \$728 billion, create 2.8 million jobs, and increase real household incomes by 5.7%.