

Section 232 Automotive Tariffs: Issues for Congress

April 17, 2025

On March 26, 2025, President Donald Trump announced [25% tariffs on U.S. imports of automobiles and certain automobile parts](#) under Section 232 of the Trade Expansion Act of 1962 ([19 U.S.C. §1862](#), as amended). On April 3, tariffs went into effect on vehicle imports from most trading partners, with limited exceptions for vehicles traded under the [U.S.-Mexico-Canada Agreement](#) (USMCA). Tariffs on auto parts are [scheduled](#) to go into effect on May 3.

Section 232 [authorizes](#) the President to impose trade restrictions—such as a tariff or quota—if the Secretary of Commerce determines that imports of a good “threaten to impair” U.S. national security. President Trump imposed auto tariffs based on a [2019 Section 232 investigation](#), which concluded that U.S. auto imports were a threat to U.S. national security.

Congress may consider exercising its prerogatives over trade policy to monitor positive and negative implications of auto tariffs for the U.S. economy, oversee U.S. commerce with key auto trade partners, and legislate regarding presidential trade authorities.

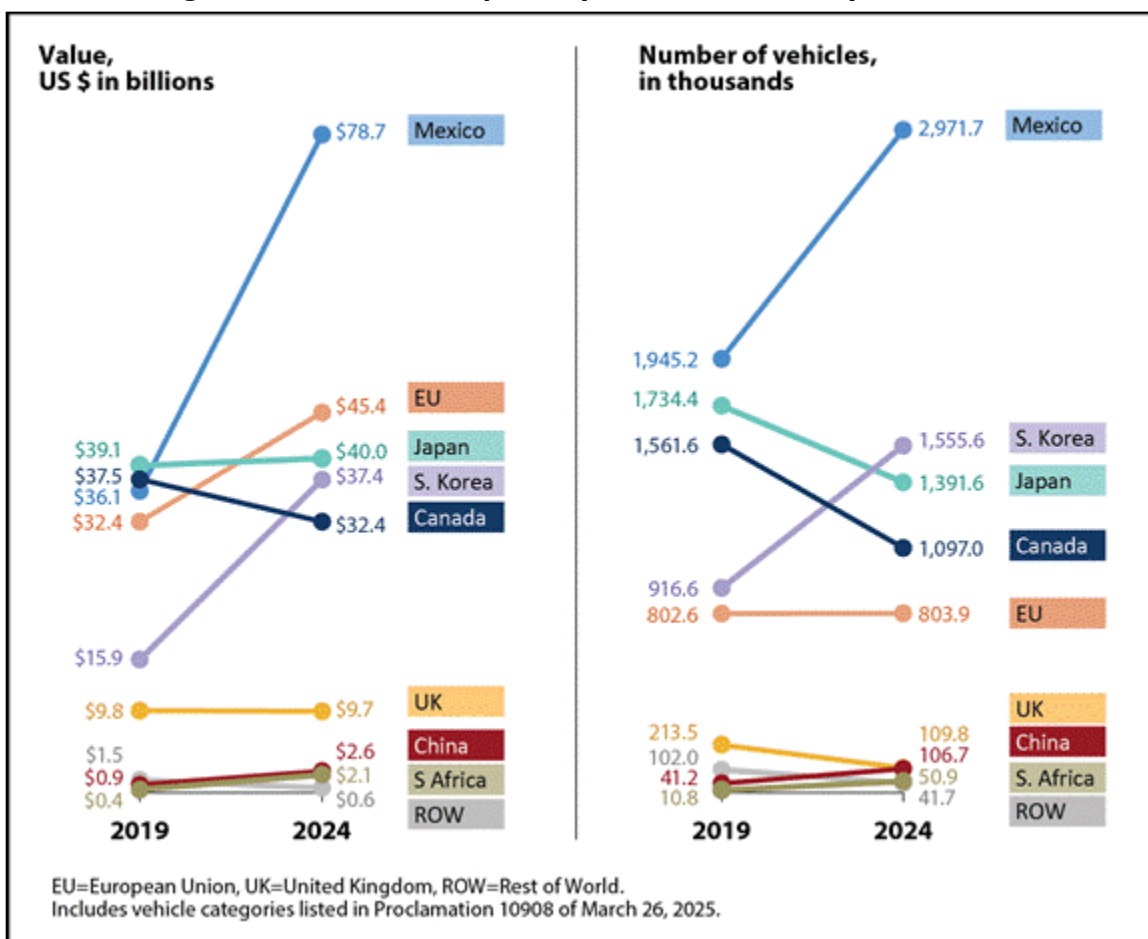
Background

In 2024, the United States imported 8.1 million vehicles (\$248.8 billion), primarily from [Mexico](#), the 27-member [European Union](#) (EU), [Japan](#), [South Korea](#), and [Canada](#) (see **Figure 1**). In 2024, these five partners collectively provided 94% of U.S. vehicle imports by value and 96% by quantity. As of 2023, [foreign automakers](#) have invested \$109 billion in U.S. operations, and in 2023, produced 4.9 million vehicles (out of [10.3 million](#) total) in the United States.

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Figure 1. U.S. Vehicle Imports by Value and Quantity, 2019-2024

Source: CRS based on U.S. Census Bureau data, as presented by Trade Data Monitor, accessed April 2025. Harmonized Tariff Schedule (HTS) vehicle codes from Proclamation 10908 of March 26, 2025.

For most vehicles not traded under a comprehensive [U.S. free trade agreement](#) (FTA), which sets terms for reduced or duty-free trade among agreement parties, the United States has imposed a most-favored-nation (MFN) [tariff](#) of **2.5%** on passenger vehicles and **25%** on light trucks. The United States traded largely duty-free with Canada and Mexico under USMCA, and South Korea under the [United States-Korea Free Trade Agreement](#) (KORUS). Under KORUS, the U.S. light truck tariff is scheduled to phase out in 2041. The United States does not have a comprehensive FTA with Japan or the EU. Japan eliminated import tariffs on vehicles in 1978. The EU imposes a **10% MFN tariff** on passenger vehicle imports and **22%** on certain light trucks.

As part of USMCA negotiations during the first Trump Administration, the United States entered into side letters with [Canada](#) and [Mexico](#) providing that, for each of the countries, the United States would exclude certain amounts of vehicles and auto parts from potential Section 232 tariffs. The side letters also specified that automotive goods falling under this exclusion would be subject to either duty-free treatment under USMCA (if meeting [USMCA rules](#)) or the U.S. MFN rate applied on August 1, 2018.

March 2025 Presidential Proclamation

President Trump did not implement tariffs or other trade restrictions on automotive goods during his first term, but [directed](#) the Office of the U.S. Trade Representative (USTR) in 2019 to pursue negotiations with trading partners, including Japan and the EU. In his [March 2025 proclamation](#) on auto imports, President Trump stated that USTR's negotiations "did not lead to any agreements of the type contemplated by [S]ection 232." He stated that national security concerns "remain and have escalated" since the 2019 report, noting that "only about half" of vehicles sold in the United States are manufactured domestically, and the U.S. share of global automobile production has "remained stagnant." He asserted that USMCA and revisions to KORUS "have not yielded sufficient positive outcomes," and "investments resulting from other efforts, such as legislation," have also not been effective.

The [proclamation](#) mandates: (1) 25% tariffs on all vehicle imports effective April 3, 2025, with exemptions for the U.S. content of USMCA-compliant vehicles; (2) 25% tariffs on certain automobile parts from May 3, 2025, with exemptions for USMCA-compliant auto parts until the Administration "establishes a process to apply the tariff exclusively to the value of the non-U.S. content" of such parts; and (3) the establishment of a process for including additional auto parts within the scope of the tariffs within 90 days of the proclamation date. The tariffs are in addition to other duties (e.g., MFN tariffs), except for [10% tariffs](#) on nearly all goods and trading partners from April 3 and country-specific tariffs announced on April 2 that are under suspension. The proclamation does not address USMCA side letters.

The White House [argues](#) that tariffs could reduce auto imports and strengthen the U.S. industrial base. Some groups, such as labor unions, [support](#) the auto tariffs. Some observers, including groups representing U.S. and foreign automakers [cautioned](#) that [tariffs](#) could negatively affect the U.S. auto industry, as well as U.S. [manufacturers](#) and [consumers](#). Such groups also warn about potential retaliation. To date, only [Canada](#) has retaliated and [disputed](#) the tariffs at the World Trade Organization (WTO).

Issues for Congress

Congress is deliberating whether to support, curb, or bolster oversight of Section 232 auto tariffs. Some Members assert that tariffs could [increase revenues](#) and [bolster U.S. manufacturing investment](#), with some advocating for expanding presidential trade authorities (e.g., H.R. 735). Others call for limiting presidential tariff authorities (e.g., 119th Congress, S. 1272/H.R. 2665, H.R. 1903), [asserting](#) that Congress should play a stronger role in setting and approving U.S. trade policy.

Some Members have called for [exemptions](#) for certain products or countries, like those [previously](#) in place for other tariff actions, to mitigate potential impacts on the U.S. economy. President Trump has argued that exemptions may "[undermine](#)" the objectives of tariffs.

Others favoring oversight call for commissioning a report on the potential economic benefits and costs of tariffs, including on the auto sector (e.g., S. 959, H.R. 2287). Other [oversight proposals](#) include urging Congress to require a new Section 232 investigation before determining whether to support or oppose auto tariffs.

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