

Section 232 Automotive Tariffs: Issues for Congress

Updated May 14, 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). Tariffs went into effect for vehicles on April 3 and auto parts on May 3, with partial exceptions for goods complying with [certain rules](#) under the [U.S.-Mexico-Canada Agreement](#) (USMCA).

Section 232 [authorizes](#) the President to take action 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 whether to support, curb, or bolster oversight of Section 232 auto tariffs. Some key issues include positive and negative implications of auto tariffs for the U.S. economy, relationships with key trade partners, and congressional authorities over trade policy.

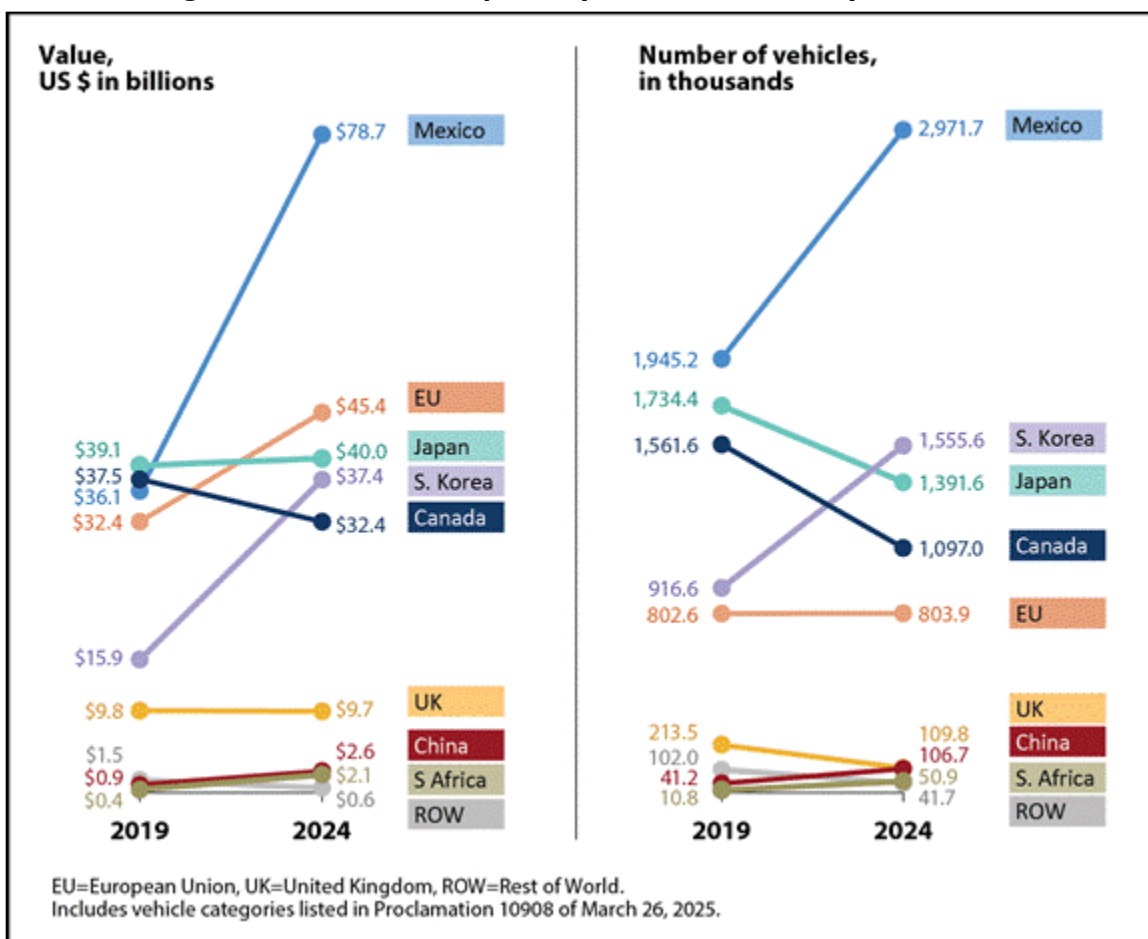
Background

In 2024, the United States imported 8.1 million vehicles (\$248.8 billion), primarily from [Mexico](#), the [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.

Congressional Research Service

<https://crsreports.congress.gov>

IN12545

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 tariffs 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 to be eliminated 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 vehicles and [22%](#) on certain light trucks.

2025 Presidential Actions

In his first term, President Trump did not implement auto tariffs, but [directed](#) the Office of the U.S. Trade Representative (USTR) to pursue negotiations with trading partners, including Japan and the EU. In March 2025, 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 investigation](#), 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.

In March 2025, President Trump issued a [proclamation](#) mandating: (1) 25% tariffs on all vehicle imports effective April 3, with exemptions for the U.S. content of USMCA-compliant vehicles; and (2) 25% tariffs on certain automobile parts effective May 3, 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.

On April 29, President Trump issued [guidance](#) to prevent certain goods from being subject to multiple tariff actions. The following do not apply to goods subject to Section 232 automotive tariffs:

- [Section 232 steel and aluminum tariffs](#);
- Tariffs on [Canada](#) and Mexico under the [International Emergency Economic Powers Act](#) (IEEPA); and
- Universal [10% IEEPA tariffs](#) and higher country-specific tariffs (suspended until July)—exemption announced April 2.

Section 232 automotive tariffs are to be added to:

- MFN tariffs;
- [20% IEEPA tariffs on China](#);
- [Antidumping and countervailing duties](#); and
- Tariffs under [Section 301 of the Trade Act of 1974](#).

President Trump also [announced](#) a two-year “import adjustment offset” applicable to Section 232 duties on auto parts. President Trump asserted that this would “more effectively eliminate” the threat to U.S. national security. An auto manufacturer may apply for an offset equal to **3.75%** of the aggregate Manufacturer’s Suggested Retail Price (MSRP) value of all its vehicles assembled in the United States from April 3, 2025 to April 30, 2026. The following year, the offset is to decrease to **2.5%**. The Commerce Secretary is to issue regulations and procedures related to the offset’s implementation.

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. Auto industry groups have [cautioned](#) that [tariffs](#) could negatively affect the U.S. economy, and they have [supported](#) the abovementioned efforts to mitigate the effects of tariffs on the auto industry. Such groups have also warned about potential retaliation from trading partners. For example, [Canada](#) has retaliated and [disputed](#) the tariffs at the World Trade Organization.

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., 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/updated Section 232 investigation into auto imports.

Author Information

Kyla H. Kitamura
Analyst in International Trade and Finance

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.