

# CLIENT ALERTS

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## USMCA Lives...Or at Least has Some Life Left for Suppliers of Automotive Parts

### Client Alert

5.1.2025

"Tis but a flesh wound!" A pithy Monty Python and the Holy Grail quote which may be most appropriate when describing the fight left in United States-Mexico-Canada Agreement (USMCA). Even if it seemingly has no legs left to stand on, it continues to provide some level of safe haven for auto parts suppliers.

On March 26, 2025, President Trump issued the Executive Order Adjusting Imports of Automobiles and Automobile Parts into the United States, imposing a 25% ad valorem tariff on parts of passenger vehicles (sedans, sport utility vehicles, crossover utility vehicles, minivans, and cargo vans) and light trucks from all countries, under Section 232 of the Trade Expansion Act of 1962, to become effective May 3, 2025, published in the Federal Register Notice (FRN) on April 3, 2025 (90 FR 14705). In that Order, the President instructed:

*The ad valorem tariff of 25% described in clause (1) of this proclamation shall not apply to automobile parts that qualify for preferential treatment under the USMCA until such time that the Secretary, in consultation with U.S. Customs and Border Protection (CBP), establishes a process to apply the tariff exclusively to the value of the non-U.S. content of such automobile parts and publishes notice in the Federal Register.*

That time has not yet come. Today, Customs issued guidance which provides continued exception for auto parts suppliers that satisfy USMCA. For now, USMCA-compliant automotive parts continue to have a 0% tariff.

As always, please contact the authors of this Alert or your Butzel attorney for further assistance.

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