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ISSUE ALERT

What's new: On March 26, President Trump [announced](#) the imposition of a 25% tariff on imports of automobiles and certain automobile parts:

- The 25% tariff will be applied to imported fully-assembled passenger vehicles including sedans, SUVs, crossovers, minivans, and cargo vans as well as light trucks. The U.S. will start collecting the new tariff on automobiles on April 3.
- The 25% tariff will also be applied to certain imported automobile parts, specifically engines, engine parts, transmissions, powertrain parts, and electrical components. The tariff on these automobile parts will take [effect](#) no later than May 3, 2025. Additional auto parts may be added to the list of those subject to the tariff after 90 days.
- Entities that import completed automobiles duty-free under the United States-Mexico-Canada Agreement (USMCA) will have the opportunity to certify their U.S. content so that the 25% tariff will only apply to the value of their non-U.S. content.
- Similarly, automobile parts that are compliant with the USMCA will not be subject to the tariff until the Secretary of Commerce creates a process to apply the tariff to parts' non-U.S. content.

In addition to the auto-specific tariffs announced on March 26, a number of other existing tariffs apply to autos or auto parts, including the 25% tariff on imported steel and aluminum and, for non-USMCA compliant vehicles, the 25% tariff on imported light-duty trucks and the 2.5% tariff on passenger cars.

On Wednesday, April 2, the administration also announced 10% “reciprocal” tariffs on all imported goods as well as higher tariffs tailored for each of about 60 countries that have the largest barriers to U.S. exports. The newly announced reciprocal tariffs, however, do not apply to “all automobiles and automotive parts subject to the additional duties imposed” on March 26, nor do they apply to steel and aluminum imports that are subject to existing tariffs.

U.S. customs authorities assess tariffs and collect them from the importing party at the point of entry -- that is, when the goods physically cross the border.

What it means: Sustained tariffs will almost certainly increase the cost of vehicles, with estimates ranging from an additional \$2,000 to \$12,000 per vehicle – although tariffs will affect each OEM and vehicle model differently.

What NADA is doing: NADA has expressed its concerns about tariffs with the White House, Office of the U.S. Trade Representative, Department of Treasury, Congress, and other government agencies. NADA continues to communicate with government agencies regarding the impact of ongoing tariffs. Upon the announcement of the auto tariffs, NADA issued the following [statement](#):

"Matching customers with vehicles they can afford has been a continuing challenge for America's new car and truck dealers. The tariffs announced Wednesday could put the purchase of a new car out of reach for an increasing number of American consumers. It is essential that the potential impact of tariffs on consumers and main street businesses be fully considered."

Go Deeper:

- [NADA Statement on Tariffs on Canada and Mexico](#) (March 4, 2025)
- [NADA Statement on Auto Tariffs](#) (March 26, 2026)
- [Presidential proclamation on Auto Tariffs](#) (March 26, 2025)
- [White House Fact Sheet on Auto Tariffs](#) (March 26, 2025)
- [Presidential Order on Reciprocal Tariffs](#) (April 2, 2025)