

MEMA, The Vehicle Suppliers Association

Trade Working Group

9.4.2025



A large, dark grey, stylized 'S' shape is positioned on the left side of the slide. A red line starts from the left edge, passes through a red dot, follows the curve of the 'S', passes through another red dot, and then continues horizontally across the bottom of the slide.

International Trade Landscape

MEMA Efforts: Critical Trade Developments

Active Tariff Regimes:

IEEPA tariffs on Canada and Mexico

IEEPA tariffs on China

Section 232 tariffs on Steel and Steel Derivatives

Section 232 tariffs on Aluminum and Aluminum Derivatives

Reciprocal Tariffs

Section 232 Tariffs on Automobiles and Select Automotive Parts

Section 232 tariffs on copper and copper derivatives

Pending Section

232

Investigations:

Medium Duty and Heavy Duty Vehicles and Related Components

Semiconductors, Semiconductor Manufacturing Equipment and Derivatives

Processed Critical Minerals and Derivatives

Technical Implementation

Concerns:

USMCA Post Importation Claims under IEEPA

Issues related to the “inclusion process” for the Sec. 232 tariffs on Steel and Aluminum Derivatives as well as the Sec. 232 tariffs on auto parts

Refund of IEEPA tariffs paid on USMCA-qualifying items between March 4-6, 2025

Clarification on Tariff Stacking Executive Order – Reciprocal tariffs and Section 232 tariffs

Inconsistencies in tariff application by CBP

Additional Topics:

Tariff relief for suppliers

Restrictions on the export of Rare Earth Elements and Magnets

Bilateral Trade Frameworks – provisions of relevance to the vehicle sector and related refund opportunities for Section 232 tariffs on auto parts

Tariff mitigation for necessary machinery and equipment

Tariff mitigation for inputs that are not available in the U.S.

CBP: Trade Remedies Collected as of 8/24/25

Trade Remedy ¹ Enforcement	Imported Products	FY 2022	FY 2023	FY 2024	FY 2025
Section 232 Duties Assessed	Steel ³	\$2.61 billion	\$1.57 billion	\$1.22 billion	\$4.1 billion
	Aluminum ⁴	\$721.96 million	\$459.69 million	\$389.23 million	\$2.38 billion
Section 301 Duties Assessed - China	China Products ⁵	\$49.45 billion	\$38.37 billion	\$38.19 billion	\$32.76 billion
IEEPA - China and HK	All Goods ⁶	-	-	-	\$24.71 billion
IEEPA - Mexico	All Goods ⁷	-	-	-	\$5.35 billion
IEEPA - Canada	All Goods ⁸	-	-	-	\$1.77 billion
IEEPA - Reciprocal 10%	All Goods ⁹	-	-	-	\$34.01 billion
Section 232 - Automobiles	Automobiles ¹⁰	-	-	-	\$16.69 billion
IEEPA Reciprocal - China	China Products ¹¹	-	-	-	\$4.85 billion
Section 232 - Automobile Parts	Automobile Parts ¹²	-	-	-	\$5.93 billion
Section 232-Copper	Copper Products ¹³	-	-	-	\$202.99 billion
IEEPA-Brazil	Brazil Select Products ¹⁴	-	-	-	\$46.19 billion
Original Reciprocal - Country Specific	Country Specific Products ¹⁵	-	-	-	\$91.79 billion
Adjusted Reciprocal - Country Specific	Country Specific Products ¹⁶	-	-	-	\$1.46 billion

Trade Remedy Duties Assessed = trade remedy duties due on imported goods.

- Section 232 duty requirements for steel and aluminum products were effective March 23, 2018.
- Section 301 China duty requirements were effective July 6, 2018.
- IEEPA China and Hong Kong duty requirements were effective February 4, 2025.
- IEEPA Mexico and IEEPA Canada duty requirements were effective March 4, 2025.
- IEEPA Reciprocal 10% duty requirements were effective April 5, 2025.
- Section 232 Automobiles duty requirements were effective April 3, 2025.
- IEEPA Reciprocal China duty requirements were effective April 9, 2025.
- Section 232 Automobile Parts duty requirements were effective May 3, 2025.
- Section 232 Copper duty requirements were effective August 1, 2025.
- IEEPA Brazil duty requirements were effective August 6, 2025.
- IEEPA Reciprocal Country-Specific duty requirements were effective April 9, 2025.
- IEEPA Reciprocal Country-Specific duty requirements were effective August 7, 2025.

Source: [Trade Statistics](#) | [U.S. Customs and Border Protection](#)

A large, dark grey, stylized 'S' shape is positioned on the left side of the slide. A thin red line starts from the left edge, passes through a red dot, follows the curve of the 'S', passes through another red dot, and then continues horizontally across the bottom of the slide.

Section 232 Investigations

Pending DOC/BIS Section 232 Investigations

- Section 232 Investigation on Trucks and Truck Parts
 - The Department of Commerce initiated a Section 232 investigation to examine the imports of medium-duty trucks, heavy-duty trucks, and medium- and heavy-duty truck parts, and their derivative products. MEMA has been in regular contact with the DOC on this concern. Members met with a series of Republican members of Congress on July 17, 2025 to highlight the industry's position.
- Section 232 Investigation on Semiconductors and Derivatives
 - The Trump Administration initiated a Section 232 investigation, which focuses on the imports of semiconductors and semiconductor manufacturing equipment (SME), and their derivative products. MEMA has been in discussions with DOC and Congressional offices on this issue. We have requested that the Administration consider flexibility for suppliers.
- Section 232 Investigation on Critical Minerals and Derivative Products
 - A formal notice was issued on April 25, 2025. From the Administration announcement: "The term "derivative products" includes all goods that incorporate processed critical minerals as inputs. These goods include semi-finished goods (such as semiconductor wafers, anodes, and cathodes) as well as final products (such as permanent magnets, motors, electric vehicles, batteries, smartphones, microprocessors, radar systems, wind turbines and their components, and advanced optical devices)."

Section 232 Steel and Aluminum Tariffs

- On February 10, 2025, President Trump signed two Proclamations which imposed a 25% tariff on all steel imports and a 25% tariff on all aluminum imports.
- All current exemptions for other nations and Tariff Rate Quotas were terminated on March 12, 2025.
- On June 3, 2025, President Trump signed a Proclamation which increased the Section 232 tariffs on steel and steel derivatives and aluminum and aluminum derivatives from 25% to 50%. This change took effect on June 4. The Proclamation added a tariff to the non-steel/aluminum content in a derivative product. This content will now be subject to the relevant reciprocal tariff.
- On August 15, the Administration took action to add another 428 HTS codes to the list of covered steel and aluminum derivatives.



Source: Brookings Institution



Trade Frameworks and Bilateral Negotiations

Reciprocal Tariffs: White House Announcements

Reciprocal Tariff Rates Imposed on August 7, 2025



Photo Source: Francis Chung/POLITICO

- On April 2, 2025, President Donald J. Trump announced the imposition of an across the board 10% tariff on all goods coming from all countries. The White House indicated that select countries would be subject to a custom reciprocal tariff rate.
- On April 9, the White House published an Executive Order and indicated that the reciprocal tariff rates would be set at 10% for all nations (except Canada, Mexico and China) through July 9, 2025. In July, the White House terminated the temporary pause and announced that the updated tariff rates would go into effect on August 7.

Baseline tariff rates

- Trump named new tariff rates on nearly 70 countries in his recent executive order, "Further Modifying the Reciprocal Tariff Rates"
- The tariff rates build upon Trump's initial "Liberation Day" tariffs, finding that the US trade deficit is an "unusual and extraordinary threat to national security and the economy"
- **All countries that were not named in the executive order will be subject to an additional ad valorem rate of 10%**

TARIFF UPDATES

- On July 31, President Trump signed two executive orders addressing international trade
- The first **order increased tariffs on Canadian imports that are non-compliant with the USMCA from 25% to 35%** due to the flow of fentanyl; the second order introduced a slew of tariffs on countries as a follow up to Trump's April 2 "Liberation Day" tariffs, taking effect on August 7



Sources: National Journal Presentation Center, White House

Trade agreements negotiated by the Trump administration

Country	Total Trade 2024	Deal
European Union	\$975.9B	Agreement announced July 28
Mexico	\$839.9B	No deal yet (USMCA applies to 50% of trade)
Canada	\$762.1B	No deal yet (USMCA applies to 38% of trade)
China	\$582.4B	Extended to November 10
Japan	\$227.9B	Agreement announced July 22
South Korea	\$197.1B	Agreement announced July 30
Taiwan	\$158.6B	Talks in progress
Vietnam	\$149.7B	Agreement announced July 22
UK	\$148.0B	Framework signed May 8
India	\$129.2B	Talks in progress

FACT SHEET

Top 10 U.S. trading partners account for about 78% of all U.S. trade (2024)

Agreements to date with top 10 trading partners cover about 57% of total trade with top 10 countries.*

All Trump administration trade agreements to date** overall cover about 46.3% of total U.S. trade

*This calculation includes existing USMCA agreements, which apply to about 50% of current trade with Mexico and 38% of trade with Canada

**Deals with the Indonesia (#23) and the Philippines (#29) account are included in this calculation



The Administration has announced several trade deals or frameworks with a number of other nations. However, the specific details of these agreements and the text have not yet been released. This process has generated many questions as to the timing and the implementation of the deals. The business community continues to voice concerns over the need to have a deeper understanding of the individual provisions impacting certain sectors.

SOURCE US Census, National Journal analysis.
PRESENTATION CENTER 8/6/25

U.S. – EU Cooperation Agreement

- On July 27, 2025, President Trump announced that the U.S. and the European Union (EU) had brokered a landmark agreement (the Cooperation Agreement on Reciprocal, Fair and Balanced Trade).
- On August 21, the U.S. and the EU issued a formal joint statement which provided more details as to the contents of the agreement.
 - [Joint Statement on a United States-European Union Framework on an Agreement on Reciprocal, Fair, and Balanced Trade – The White House](#)
- On August 28, the EU released the legislation necessary to reduce tariffs on U.S. industrial goods. The expectation is that the U.S. would respond by formalizing the reduction of the Sec. 232 tariffs on autos and auto parts to 15% and making it retroactive to August 1, 2025.



Sources: White House; European Commission - [Press corner](#) | [European Commission](#)

US-EU Joint Statement

- “The United States intends to promptly ensure that the tariff rate, comprised of the MFN tariff and the tariff imposed pursuant to Section 232 of the Trade Expansion Act of 1962, applied to originating goods of the European Union subject to Section 232 actions on pharmaceuticals, semiconductors, and lumber does not exceed 15 percent. *When the European Union formally introduces the necessary legislative proposal to enact the tariff reductions set forth in Section 1 of this Framework Agreement, the United States will reduce tariffs on automobiles and automobile parts originating from the European Union subject to Section 232 tariffs as follows: No Section 232 automobile or automobile parts tariffs will apply to covered European Union goods with an MFN tariff of 15 percent or higher; and for covered goods with an MFN rate lower than 15 percent, a combined rate of 15 percent, comprised of the MFN tariff and Section 232 automobile tariffs, will be applied. These tariff reductions are expected to be effective from the first day of the same month in which the European Union’s legislative proposal is introduced. The United States expects the European Union’s legislative proposals will be consistent with this Framework Agreement and enacted by the necessary legislatures.*”
- “All modifications to U.S. Section 232 tariffs will be executed in a manner that reinforces and is consistent with U.S. national security interests. With respect to steel, aluminum, and their derivative products, the European Union and the United States intend to consider the possibility to cooperate on ring-fencing their respective domestic markets from overcapacity, while ensuring secure supply chains between each other, including through tariff-rate quota solutions.”

Source: <https://www.whitehouse.gov/briefings-statements/2025/08/joint-statement-on-a-united-states-european-union-framework-on-an-agreement-on-reciprocal-fair-and-balanced-trade/>

U.S.- China Relations



Source: Politico

One of the dominant issues in the U.S.-China dialogue has been the export of rare earth magnets from China. MEMA has been directly engaged with the White House, USTR and other agencies on behalf of members.

- Tensions have cooled to a degree. The U.S. has maintained the 20% IEEPA tariffs as well as a 10% reciprocal tariff rate on goods from China (in addition to any existing Section 301 duties, Section 232 tariffs, the MFN rates and any relevant Antidumping and Countervailing Duties (AD/CVD)).
- U.S. and Chinese officials have established a more regular dialogue.
- On August 11, President Trump [extended](#) the reciprocal tariff pause with China until November 10, 2025. The original pause was slated to expire on August 12, 2025.

A large, dark grey, stylized letter 'S' is positioned on the left side of the slide. A red line starts from the left edge, passes through a red dot, follows the curve of the 'S', passes through another red dot, and then continues horizontally across the bottom of the slide.

IEEPA Litigation

Litigation Over IEEPA Tariffs

- On August 29, the U.S. Court of Appeals for the Federal Circuit ruled 7-4 and upheld the Court of International Trade's original decision concerning the IEEPA tariffs.
- Summary from the Court of Appeals: "The Government appeals a decision of the Court of International Trade setting aside five Executive Orders that imposed tariffs of unlimited duration on nearly all goods from nearly every country in the world, holding that the tariffs were not authorized by the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. § 1701 et seq. we agree that IEEPA's grant of presidential authority to "regulate" imports does not authorize the tariffs imposed by the Executive Orders, we affirm."

TARIFFS THAT MAY BE IMPACTED

- 10% baseline tariff, and reciprocal tariffs on foreign nations
- 25% tariffs on non-compliant USMCA goods from Canada and Mexico
- 20% tariff on goods from China
- De minimis tariffs on goods from China valued below \$800

TARIFFS NOT IMPACTED BY COURT DECISION

- 25% tariffs on all automobiles and auto parts
- 50% tariffs on steel and aluminum, recently raised by the Trump administration
- 10% tariffs on Canadian potash fertilizer and energy not compliant with the USMCA
- 25% secondary tariff on countries that import Venezuelan oil

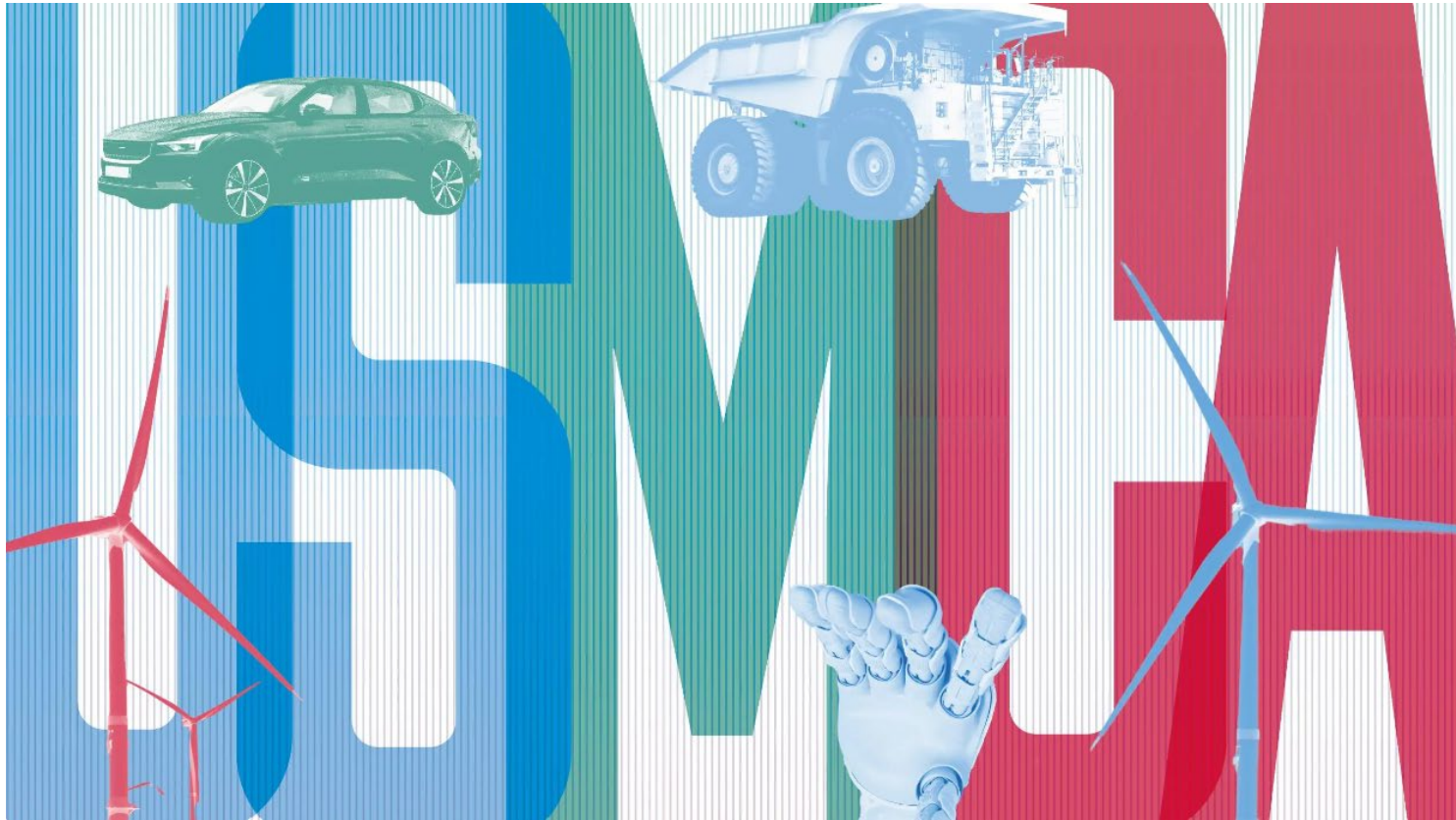
SOURCE: NBC News, Washington Post, Axios
PRESENTATION CENTER 6/4/25

- On Sept. 3, the Administration submitted a request to the Supreme Court to expedite the review of this decision. The Solicitor General asked the Supreme Court to accept the case next week.
- The IEEPA tariffs remain in place for now.



U.S.-Mexico-Canada (USMCA) Agreement

U.S.-Mexico-Canada Agreement (USMCA)



Source: Brookings Institution

- Agreement went into effect in July 2020.
- The agreement includes a provision which requires the partners to convene a review of the agreement in July 2026.
- The U.S. Trade Representative's office is expected to commence the stakeholder engagement process very soon.
- MEMA will release a critical survey for member companies tomorrow.
- The next MEMA USMCA Working Group meeting will take place on Sept. 8, 2025.

A large, dark grey stylized number '5' is positioned on the left side of the slide. A red line starts from the left edge, passes through a red dot, follows the top curve of the '5', passes through another red dot, and then continues horizontally across the bottom of the slide.

Tariffs on India

India – Additional Duties Imposed on Aug 27

- The Administration imposed additional tariffs, based on “India’s direct or indirect importation of oil from the Russian Federation,” on select items from India on August 27, 2025.
- These tariffs stack with the original 25% reciprocal tariffs on goods from India.
- There is an “on the water exemption” which states that the additional 25% tariff will not apply to “goods that are loaded onto a vessel and in transit to the United States before 12:01 a.m. eastern daylight time on Aug. 27 and are entered or withdrawn in the US before 12:01 a.m. on September 17, 2025.”
- Certain items are exempt from these additional tariffs, specifically: items listed in “Annex II of Executive Order 14257” and articles which are subject to active Section 232 tariffs.
- Duty drawback is available.
- Specific details and instructions are provided in the CBP guidance: [CSMS # 66027027 – Guidance-Additional Duties on Imports from India](#)

A large, dark grey, stylized 'S' shape is positioned on the left side of the slide. A thin red line starts from the left edge, passes through a red dot, curves around the top of the 'S', passes through another red dot, and then continues horizontally across the bottom of the slide.

Department of Justice Trade Fraud Task Force

DOJ Announces Trade Fraud Task Force

- The Department of Justice has initiated a cross-agency Trade Fraud Task Force. The Task Force is intended to “augment the existing coordination mechanisms within the Department of Justice and leverage expertise from both the Civil and Criminal Divisions, as well as the Department of Homeland Security, to aggressively pursue enforcement actions against any parties who seek to evade tariffs and other duties, as well as smugglers who seek to import prohibited goods into the American economy.”
- Excerpt: “This Task Force will advance the America First Trade Policy by pursuing those who violate customs laws through duty and penalty collection actions under the Tariff Act of 1930, actions under the False Claims Act, and, wherever appropriate, parallel criminal prosecutions, penalties, and seizures under Title 18’s trade fraud and conspiracy provisions.”
- Additional information is available at: [Office of Public Affairs | Departments of Justice and Homeland Security Partnering on Cross-Agency Trade Fraud Task Force | United States Department of Justice](#)



Extension of Section 301 Exclusions

USTR Extends Sec 301 Exclusions

- The U.S. Trade Representative's (USTR) office has extended the current exclusions under the Section 301 tariffs on imports from China until November 29, 2025.
- Additional information is available at the following links:
 - Official notice from USTR: [FRN to Extend Exclusions to Nov 2025 – Final 08272025.pdf](#)
 - CBP Guidance: [CSMS # 66077997 – GUIDANCE: Extension of Section 301 China Product Exclusions](#)



Termination of De Minimis Treatment

Termination of De Minimis Treatment

- Pursuant to President Trump's July 30th Executive Order, goods of all countries entering the U.S. will no longer be eligible for the administrative exemption from duty and certain tax at 19 U.S.C. § 1321(a)(2)(C) effective 12:01 am on August 29, 2025.
- "Effective Aug 29, 2025, imported goods from all countries that are valued at or below \$800 will no longer be eligible for de minimis treatment and will be subject to all applicable duties, taxes, and fees."
- CBP Guidance: [CSMS # 66065494 - GUIDANCE: Suspension of Duty-Free De Minimis Treatment for All Countries](#)
- CBP Fact Sheet: [Factsheet Suspension of Duty-Free De Minimis Treatment](#)
- CBP has posted additional FAQs on the De Minimis termination: [E-Commerce Frequently Asked Questions | U.S. Customs and Border Protection](#)

Trump suspends de minimis exemption, reshaping US trade logistics and customs infrastructure



EXECUTIVE ORDER SUMMARY

The Trump administration is **suspending the \$800 duty-free import threshold** for most countries effective August 29, requiring full customs processing for billions of low-value shipments; the change could **increase port and airport congestion, strain customs infrastructure, and shift freight patterns** across U.S. transportation networks

More than 90% of all packages currently coming into the US enter via “de minimis”

> Tax-free channel

Goods under \$800 enter the US duty-free with minimal inspections, enabling fast delivery but limited screening



> Explosive growth

Driven by online retail, de minimis shipments surged to nearly 1.4 billion in 2024—over 90% of all US inbound packages



> China's dominant role

Roughly 60% of de minimis packages come from China, led by direct-to-consumer platforms such as Temu and Shein



What do the new rules mean for U.S. companies and consumers?

- Importers must now pay either a percentage levy based on the US “reciprocal” tariff rate or, for the first six months, a flat duty of \$80–\$200 per item, **raising landed costs that may be passed to consumers**
- All small parcels will require customs clearance, with higher costs likely pushing many shipments from air freight to slower sea transport, **extending delivery times from days to weeks**
- Platforms like Temu, Shein, and AliExpress face higher costs and operational changes, with potential price increases hitting low-income shoppers hardest, while **US-based sellers may gain a competitive edge**



SOURCE White House, Reuters, Bloomberg
PRESENTATION CENTER 8/19/25

Source: National Journal Presentation Center

A large, dark gray stylized 'S' shape is positioned on the left side of the slide. A thin red line starts from the left edge, passes through two red dots, and then curves around the 'S' shape before extending horizontally across the bottom of the slide.

Section 232 Tariffs on Steel and Aluminum - Derivatives

Steel and Alum Derivatives Inclusion Process

- Background: “Each inclusion request will be assessed for: (1) whether the described product at the eight- or ten-digit HTSUS classification is a derivative steel or aluminum article; and (2) whether such derivative article imports have increased in a manner that threatens to impair the national security or otherwise undermine the objectives set forth in the Section 232 investigation reports or related Inclusions Proclamations.”
- The first inclusion process from May 2025 added 428 HTSUS to the list of steel and aluminum derivatives subject to Section 232 tariffs.
- The second inclusion process is set to begin during September 2025, and a third is set to begin in January 2026.

Sec. 232 Tariffs on Steel and Aluminum

- Are cast iron products and/or derivatives subject to the Sec 232 tariffs?
- Steel and aluminum derivative products, including the recently expanded list, may not be made entirely of steel or aluminum materials, but will generally be subject to the 232 steel and aluminum tariff when such derivative product is made with steel or aluminum content.
- Concerning cast iron products, it is a product-by-product review dependent on whether the derivative has “cast iron” that is comprised of steel content. CBP has previously noted that if a product on the steel derivative list only consists of iron and does not consist of steel, then it would not be subject to the Section 232 steel tariffs (See FAQ below). However, we understand that this distinguishment between iron and steel can be very technical and would advise review of this issue with counsel.

When an imported product is classified in a HTS subject to Section 232 duties based on the steel content; and the product has no steel content; and the product has iron content; is the imported product subject to the Section 232 steel derivative duties? —

No.

Source: [Section 232 Tariffs on Steel and Aluminum Frequently Asked Questions | U.S. Customs and Border Protection](#)

CBP FAQ: Sec 232 Steel and Aluminum Tariffs

How are the Section 232 duties assessed in respect to “sets” covered by the Section 232 duty? —

- When importing goods in sets for retail sale, pursuant to General Rule of Interpretation (GRI) 3 of the Harmonized Tariff Schedule of the United States (HTSUS), that contain articles subject to an ad valorem duty pursuant to Sec. 232, if the product that imparts the essential character to the set (i.e., the HTSUS subheading under which the entire set is classified) is subject to Sec. 232 duties, then the entire set will be subject to the additional ad valorem duty.
- If the HTSUS provision under which the entire set is classified is not subject to Sec. 232 duties, even though the set contains components that are classifiable under Chapter 99 of the HTSUS, in accordance with an applicable Proclamation, then no additional ad valorem duty will be assessed on the individual components.

Sec. 232 Tariffs on Steel and Aluminum

- What level of evidence is required for U.S. Customs and Border Protection to substantiate the amount of steel or aluminum in an imported item?

How to determine the value of aluminum or steel content for derivative products outside of CH. 76 or 73? —

The value of the steel/aluminum content should be determined in accordance with the principles of the Customs Valuation Agreement, as implemented in 19 U.S.C. 1401a. Thus, the value of the steel/aluminum content is the total price paid or payable for that content, which is the total payment (direct or indirect, and exclusive of any costs, charges, or expenses incurred for transportation, insurance, and related services incident to the international shipment of the merchandise from the country of exportation to the country of importation) made/to be made for the steel/aluminum content by the buyer to, or for the benefit of, the seller of the steel/aluminum content. Normally, this would be based on the invoice paid by the buyer of the steel/aluminum content to, or for the benefit of the seller of the steel/aluminum content.

Sec. 232 Tariffs on Steel and Aluminum

- Is the non-U.S. steel and aluminum content for USMCA-qualifying products subject to the Section 232 tariffs, or will the full USMCA-qualifying product continue to be imported tariff free under USMCA?
- The non-U.S. steel and aluminum content for a USMCA-qualifying product would not be subject to Section 232 tariffs, nor would it be subject to MFN duty, or IEEPA Fentanyl Tariffs on Canada/Mexico if claimed at entry. To the extent other tariffs or duties are applicable would need to be reviewed on a case by case basis.

Sec. 232 Tariffs on Steel and Aluminum

- How does the country of origin play a role in determining the final tariffs for a steel or aluminum derivative product?
- The country of origin could impact the Section 232 tariff rate applicable to the entered good. For example, the UK-US Economic Prosperity Deal has a lower rate of 25% established through a quota system for UK-origin products, while Russian (or unknown origin) aluminum has a Section 232 tariff rate of 200%.
- The country of origin will also impact the rate applicable to the non-steel and non-aluminum content in a Section 232 steel/aluminum derivative product.



The Vehicle Suppliers Association

Strong by Association

CONNECT WITH US

WEB: MEMA.ORG
EMAIL: INFO@MEMA.ORG

