INTERNATIONAL TRADE POLICY COMMITTEE

TRUCK TARIFFS, NEW NAM 232 SUBMISSIONS & CRITICAL MINERALS DEAL

Dear NAM members,

On October 17, 2025, the President issued a proclamation imposing Section 232 tariffs on **medium- and heavy-duty vehicles and related parts, and buses.** The proclamation also extends a **tariff offset credit** for light vehicles. Details below.

And thank you to members for providing valuable input into the NAM comments on the Section 232 investigations into imported **industrial machinery and medical technologies.** The final submissions are linked below for your use and reference as well as posted to NAM.org/trade.

Section 232 Tariffs on Trucks and Parts

Scope of New Section 232 Tariffs: The President issued a proclamation on October 17 to impose new global Section 232 tariffs on trucks and parts. New tariffs will apply to Class 3 through 8 vehicles, which include **medium- and heavy-duty vehicles (MHDVs), parts used to make those vehicles, as well as buses** that include school buses, city buses, motor coaches and similar vehicles. The full list of applicable HS codes is found in Annex I to the proclamation.

We encourage your trade compliance teams to look closely at the Annex which appears to include some specialty purpose vehicles, road tractors and work trucks in warehouses and factory settings – we would appreciate hearing your feedback.

Two Tariff Rates:

- **MHDVs and MHDV parts** will be assessed a **25% ad valorem** rate.
- **Buses** and other vehicles under HS 8702 will be assessed a **10% ad valorem** rate.

Timing: Tariffs will apply to goods entered for consumption or withdrawn from warehouse for consumption on **November 1.**

USMCA-Qualifying Goods:

- Trucks (not buses) that qualify for USMCA treatment can provide documentation to Commerce identifying the amount of U.S. content in each imported truck or bus model in order to **subtract the value of the U.S. content from the total value of the truck for the purpose of assessing the 25% Section 232 tariff.**
- For **MHDV parts** that qualify for USMCA treatment, no Section 232 tariff will apply until such time that Commerce, with CBP, can establish a process to exclude U.S. content from the 25% calculation. Note that this process has not been established for auto parts subject to a separate 232 tariff – **in practice, non-USMCA qualifying light vehicle auto parts are paying either the 232 tariff or an IEEPA Reciprocal tariff while USMCA-qualifying auto parts are duty-free.**
- The Section 232 tariff **will apply to MHDV knock-down kits** regardless of USMCA qualification.

Tariff Offset on Parts: Parts accounting for 15% of the value of an MHDV assembled in the U.S. are eligible to receive "an import adjustment offset" wherein the MHDV manufacturer (an OEM) may apply to Commerce for a tariff offset in an amount equal to 3.75% of the aggregate annual value of all MHDVs assembled in the U.S. by that manufacturer.

- This offset mechanism is **available for five years** from November 1, 2025 through October 31, 2030.
- For autos, this has yet to be fully implemented. Commerce has reviewed OEM requests to approve the credit total which can accrue and roll over year to year. OEMs are now providing Commerce with their suppliers' importer of record information. A similar process may be established for truck parts.
- This proclamation separately establishes a process for **MDHV engine manufacturers** to apply for and use a similar tariff offset credit.
- Imports of MHDV **knock-down kits** or "other equivalent parts compilations" are **not eligible** for a tariff offset credit.
- **Automakers' Offset Extended:** The proclamation extends a 3.75% U.S. production offset credit that automakers can apply against a 25% tariff on auto parts until 2030. It previously was set to be reduced to 2.5% in 2027 and then be eliminated the following year.

Inclusions Process: The Secretary of Commerce is directed to establish an inclusions process for expanding the scope of covered MHDV parts listed in Annex I.

De-Stacking: Following the same order of operations as autos and auto parts, if a MHDV or bus is subject to this Section 232 tariff, it will not be subject to a Section 232 copper, aluminum or steel tariff or IEEPA Fentanyl tariffs. For auto parts, the Annex specifies these are not subject to 232 tariffs on wood products.

Steel and Aluminum for U.S. Auto and Truck Production: The October 17 proclamation modifies the March 8 proclamations imposing Section 232 tariffs on steel and aluminum products:

- The Secretary of Commerce can **reduce steel and aluminum tariffs by up to half the applicable rate, but no lower than 25%** for aluminum and steel producers that operate production facilities in Canada or Mexico and that supply U.S. auto or MHDV producers.
- Aluminum and steel must **qualify for USMCA preferential tariff treatment** and meet “smelting and cast” or “melted and poured” in Canada or Mexico rules.
- Tariff adjustments must **be limited to quantities of aluminum or steel “equal to newly committed U.S. production capacity”** as determined by the Secretary. How this will be calculated in not elaborated in proclamation.

NAM Files Comments on Section 232 Investigations

Thank you to our highly engaged ITP members for sending examples and input for the NAM comments on Industrial Machinery and Robotics and Medical Technologies.

Please access the final submissions here:

- NAM Robotics and Industrial Machinery Submission
- NAM Medical Technologies Submission

U.S., Australia Sign Critical Minerals Deal

Joint Projects Worth $8.5 Billion: The U.S. and Australia announced a critical minerals framework agreement with a projected pipeline of $8.5 billion. In a White House fact sheet:

- The U.S. and Australian governments intend to invest more than $3 billion together in the next six months, with recoverable resources in the projects estimated to be worth $53 billion.
- The EXIM Bank is issuing seven Letters of Interest for more than $2.2 billion in financing.
- The U.S. Department of War will invest in the construction of a 100 metric ton-per-year advanced gallium refinery in Western Australia.

Timing: The deal comes weeks before the President is set to meet China’s President Xi. China recently announced a significant expansion of its rare earth export controls regime to cover 12 out of 17 rare-earth metals, as well as imposed new controls on processing technologies for mining, smelting, separating, and recycling rare earth elements. The expanded controls are set to **go into effect December 1**.

NAM Critical Minerals Comments: In the NAM's May 16 comments to the Commerce Department on Section 232 tariffs on critical minerals, we advocated to expand and accelerate EXIM Bank and Development Finance Corporation Financing earlier in the mining project lifecycle and to give these agencies greater flexibility to work with higher income countries like Australia. NAM also called for the Defense Department to expand international partnerships as one of the fastest ways to scale all facets of the mining and critical minerals supply chain.

Please contact Andrea Durkin at adurkin@nam.org or Anne Collett at acollett@nam.org for questions or feedback.

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