

Editor's Note

Welcome to the April 2025 edition of *Plugged In*! As EV manufacturers face delays, funding dips, and shifting policies, the industry is recalibrating to weather short-term turbulence and gear up for long-term growth. From factory slowdowns to battery breakthroughs, Matthew Miller of Cascade Partners lends his industry expertise to address how major players and investors are navigating the road ahead. Next, we continue our two-part interview with industry expert John McElroy who offers his outlook on the EV landscape, predicting slower adoption, shrinking automakers, and a global realignment of market power. But amid the storm, he believes bold product innovation could still ignite the next great automotive turnaround. Finally, DW attorneys Hezi Wang and Michael Gillum highlight recent industry developments in their recurring column, including widening charging access as automakers plug into Tesla's supercharger network as well industry reaction to tariffs on their impact on vital supply chains.

Heather Frayre | Member Partner

Capitalizing on Change: EV Investment Dynamics

The growth of electric vehicles (EVs) has encountered several significant obstacles. Despite automakers' efforts to make EVs more affordable, the high costs remain a formidable barrier for many consumers. Additionally, persistent concerns about limited driving range and inadequate charging infrastructure continue to undermine consumer confidence. Compounding these challenges, the Trump administration's removal of incentives and support for EVs has created

further uncertainty. As a result, automakers are pursuing greater flexibility for their investments to navigate these turbulent times and drive the industry forward.

- **Ford:** The \$7 billion EV campus in Stanton, Tennessee, delayed vehicle production until October 2027 but remains on track for battery manufacturing in late 2025.
- **General Motors:** The Orion Assembly plant in Michigan, part of a \$7 billion investment, delayed EV production to mid-2026.
- **Hyundai:** The \$7.4 billion "Metaplant" in Savannah, GA, produces the all-electric Ioniq 5, but will diversify to include hybrid and ICE vehicles by 2026.
- **Rivian:** Paused construction of its \$5 billion Georgia site, prioritizing its Illinois facility, with plans to restart in 2026.
- **VinFast:** Delayed production at its \$4 billion North Carolina site to 2028 to manage spending amid global EV market challenges.

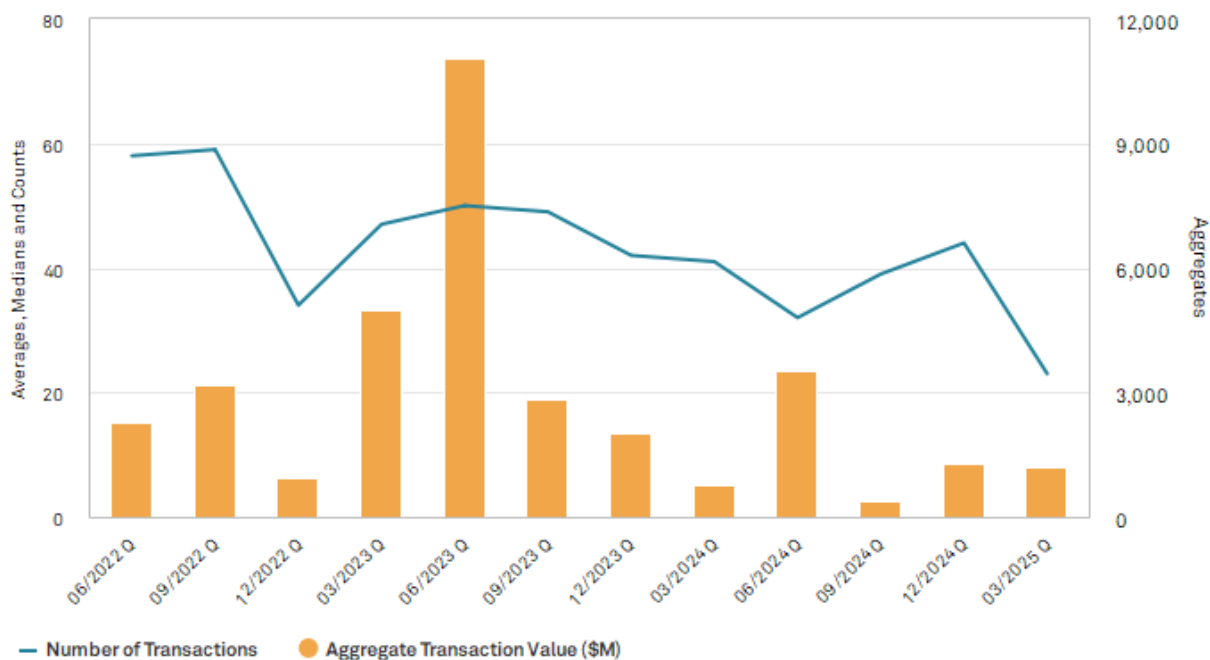
Funding Trends in the EV Sector

Over the twelve months ending in March 2025, 138 EV-related funding rounds were announced or completed in the United States and Canada, representing a 7% decrease from the 148 transactions in the same period ending in March 2024. Moreover, the total disclosed transaction value dropped significantly to \$6.4 billion, down from \$15.6 billion in the previous year.

During the quarter ending in March 2025, some of the largest funding rounds were directed towards integrated EV charging, solar energy, battery storage, and drone-integrated electric vehicles.

- Catalyze Holdings, LLC announced \$400 million in non-convertible debt from new lender ATLAS SP Partners, L.P. Catalyze develops, builds, owns, and operates solar, battery storage, and EV charging systems for C&I real estate.
- Workhorse Group Inc. completed a private placement in the original principal amount of \$35 million. Workhorse Group engages in design, manufacture, and sale of zero-emission commercial vehicles in the United States.
- MN8 Energy, Inc. received \$612 million in non-convertible debt from Natixis Corporate & Investment Bank. MN8 develops, owns, and operates renewable energy generation facilities, storage facilities, and electric vehicle charging stations.

Chart: Rounds of Funding Announced and Completed in the United States and Canada



Source: S&P Capital IQ

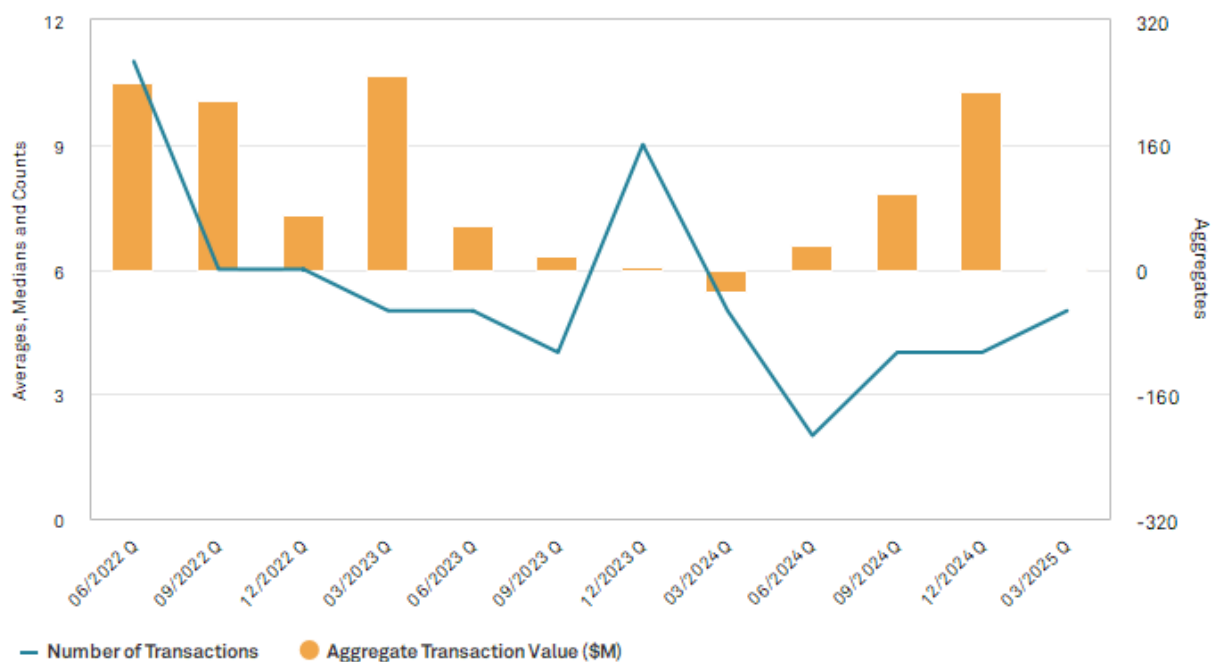
A Mixed Year for EV Mergers and Acquisitions

During the twelve months ending in March 2025, only 15 EV-related mergers and acquisitions were announced or completed in the United States and Canada, marking a 21% decrease from the 19 transactions in the same period ending in March 2024. However, the total disclosed transaction value surged to \$357 million, up from \$29 million in the previous year.

Battery technology and charging infrastructure were prevalent themes.

- Meter Solutions acquired the remaining stake in EVStart Inc from Elexicon Group. EVSTART develops and offers electric vehicle (EV) charging solutions.
- Willdan Group acquired Alternative Power Generation which offers electric power solutions for EV charging, solar, AI data centers, microgrids/battery energy storage systems (BESS), and substations.
- Battery X Metals agreed to acquire the remaining 51% stake in Li-ion Battery Renewable Technologies which operates as a lithium mineral exploration and battery technology company.

Chart: M&A Announced and Completed in the United States and Canada



Source: S&P Capital IQ

Powering Ahead

The EV industry is at a pivotal moment, facing significant challenges but with immense potential for transformation. China is leading the way in EV sales and innovation, rapidly expanding its global presence with cost-effective vehicles. In the U.S., the market is shifting towards more affordable, mass-market EVs and hybrids, making electric mobility accessible to a broader audience.

M&A activity is set to increase, driven by necessary restructuring and supplier consolidation, which will strengthen the industry's foundation. Despite a temporary slowdown in demand, investments in EV infrastructure are expected to remain robust, ensuring the sector's long-term growth.

Global competition, customer demand, and the urgent need to reduce greenhouse gas emissions will propel the industry forward. This momentum will lead to the development of more efficient, affordable, and eco-friendly vehicles, paving the way for a greener, more sustainable future.

The automotive industry is no stranger to global trade dynamics, but a series of tariffs initiated and/or threatened by President Trump—spanning from Canadian and Mexican tariffs to tariffs on Chinese goods, reciprocal tariffs, and the impact of steel and aluminum tariffs—have created

a perfect storm of uncertainty for the sector. These trade measures threaten to disrupt supply chains, inflate production costs, and challenge the global interconnectedness that the auto industry relies on. With so many potential tariffs in play, the question arises: Which tariff threat will have the most significant impact on the auto industry, and how can suppliers navigate this uncertainty?

Canadian and Mexican Tariffs: The North American Trade Challenge

The auto industry is highly integrated across the United States, Canada, and Mexico, with many manufacturers relying on seamless cross-border supply chains. The renegotiation of NAFTA into the United States-Mexico-Canada Agreement (USMCA) – an updated version of NAFTA that President Trump signed into law during his first term – had already created ripples, and the recent imposition of tariffs between these countries only exacerbates the situation. In fact, it could be reasonably argued that the U.S.'s recent imposition of tariffs on these trading partners for non-commercial reasons (i.e., Fentanyl) was a violation of that trade agreement and signals tougher times ahead as the USMCA comes up for review in 2026. As we have seen over the last two weeks, even the threat of such tariffs has caused major disruptions to trade between the U.S., Canada, and Mexico and, should the next 30 days' pause in enforcement come and go, will result in increased production costs, delays, and ultimately, higher prices for consumers. While the risk of trade friction remains present, these tariffs primarily threaten companies that rely heavily on North American supply chains and manufacturing. And, while the U.S. Commerce Department reminded us last week that these tariffs were only about drug interdiction, President Trump has also signaled that his moves are also about reshoring jobs.

The reaction in the auto industry to the on again and off again Canadian and Mexican tariffs was notable. After the first announcement and pause by President Trump in February, suppliers and OEMs alike were signaling that each of them would not bear the added costs to their bottom line. While tough talk persisted, most in the industry believed that because the Administration had suggested Canada and Mexico were stepping up their efforts to prevent Fentanyl from coming into the U.S., the first 30-day pause would become permanent. But, to the surprise of many, President Trump doubled down and inexplicably determined the tariffs were back on, only to be paused 24 hours later after U.S. automakers lobbied for another delay. In pausing the tariffs once again, the Administration suggested that the automakers and parts makers could adjust their supply lines over the next 30-day pause – a suggestion that may play well in political circles but is simply undoable for a variety of reasons.

Chinese Tariffs: The Global Supply Chain Shake-Up

Tariffs on Chinese goods, particularly parts and raw materials used in car manufacturing, represent another significant risk to the auto industry. China is not only a major supplier of critical auto components like electronics and semiconductors but also a key player in the global supply chain for raw materials such as lithium and rare earth metals. Higher tariffs on Chinese goods could lead to price increases for these essential parts and materials, which would subsequently inflate production costs and delays in manufacturing. In a highly competitive market, this could hurt automakers' profit margins and disrupt the delivery of new vehicles to the consumer market. As with the Canadian and Mexican tariffs, the legal basis for these tariffs was initially Fentanyl, but quickly and again without much factual basis, the Administration increased these tariffs from 10% to 20%. And, with the already 25% tariffs placed on Chinese goods under President Trump's first term, many Chinese goods are now no less than a combined 45% and could go higher with President Trump's tariffs on steel and aluminum articles and derivatives that went into effect on March 12.

Reciprocal Tariffs: The Escalation of Trade Wars on April 2

Reciprocal tariffs, where countries respond to trade measures by imposing tariffs of their own to match the other countries' tariffs, add another layer of unpredictability for the auto industry. These tariffs can set off a chain reaction of retaliatory measures, increasing tensions between trading partners and further complicating the global flow of goods. The automotive supply chain, which relies on just-in-time production and the movement of goods across borders, would face even greater strain as tariffs rise. Automotive manufacturers will likely encounter disruptions in sourcing key materials or parts, potentially leading to production slowdowns and inventory shortages. This escalation could be particularly damaging to automakers that operate on a global scale, relying on the efficient movement of parts and completed vehicles across multiple borders. During President Trump's first term, after imposing Section 301 tariffs on many Chinese goods, including almost all automotive parts, many companies attempted to transition manufacturing outside of China, to places like Mexico, Southeast Asia, and Eastern Europe. With the threat of reciprocal tariffs coming in April, those companies that may have transitioned to places like India, Thailand, and Vietnam may have guessed wrong. President Trump has already signaled that many of these countries, regardless of their geographically strategic importance to U.S. interests may feel the brunt of the Administration's American First Trade policy. Even tried and true allies such as Japan and South Korea may feel the impact of these reciprocal tariffs.

These tariffs could have a profound impact on the U.S. – OEM's reliance on battery related products, for example. For years, both the Trump and Biden Administrations were increasingly putting pressure on Chinese battery and component suppliers with tariffs and other trade

restrictions – with the hope that domestic suppliers could fill the market space (at least that was the goal of the Biden Administration). And, while domestic battery suppliers struggled, Korean battery makers filled the gap. Given Korea’s free trade status with the U.S. and Korean suppliers’ ability to qualify for the IRA, Korean battery makers had a distinct economic advantage. But, it can’t be lost on some that Korea’s days for free trade may be numbered, and with Chinese battery makers almost blocked from importing into the U.S. with 45% tariffs, the goal of making affordable EVs in the U.S. seems even farther away.

Steel and Aluminum Tariffs: The Cost of Materials

Steel and aluminum are two of the most critical materials in car manufacturing, and tariffs on these metals have already had a significant effect on the industry. Steel, used in everything from vehicle frames to engine parts, and aluminum, vital for lightweight designs and fuel efficiency, have seen increased costs due to tariffs imposed by the U.S. government. This has already inflated production costs for automakers, who must either absorb these costs or pass them on to consumers. Furthermore, with the auto industry pushing toward electric vehicles (EVs), there’s a growing demand for additional metals like lithium, cobalt, and nickel—each of which could be subject to its own tariff threats, further compounding material cost challenges.

U.S. Automakers Transitioning to Electric Vehicles: Additional Disruptions

As U.S. automotive manufacturers increasingly pivot toward electric vehicles (EVs), the potential impact of tariffs adds another layer of complexity to their transition. The shift toward EVs is heavily dependent on a variety of specialized materials, many of which are sourced from abroad, especially from China and other key global suppliers. These materials include lithium, cobalt, nickel, and graphite—critical for battery production and essential for the performance and longevity of EVs. If tariffs are imposed on these raw materials, U.S. manufacturers could face even steeper costs in the production of electric vehicles. The price of electric cars could rise, which may hinder their widespread adoption and slow down the shift from internal combustion engines to electric drivetrains.

Moreover, key components such as electric motors and advanced batteries are often sourced from countries with lower labor and production costs, including China. The imposition of tariffs on these parts can significantly inflate the cost of EVs, making it difficult for automakers to keep EVs competitively priced against traditional gasoline-powered vehicles. For manufacturers aiming to meet ambitious production goals set by both governments and investors, these increased costs could slow the pace of EV adoption, especially for mass-market vehicles that consumers are more likely to purchase.

Additionally, U.S. manufacturers are under pressure to create localized supply chains for EV production to meet regulatory requirements. However, the tariffs could complicate these efforts by increasing the cost of sourcing critical materials domestically or from alternative countries. And, while both Democrats and Republicans have rung the bell on domestic manufacturing, with historically low unemployment, the costs of manufacturing in the U.S. being much higher than other parts of the world, and an economy driven by what Wall Street thinks, the challenges for actually reshoring substantial segments of the automotive industry in the U.S. is much more complex than either Party is willing to acknowledge, especially at the supplier level.

Risks and Reactions: Navigating Uncertainty

For the auto industry, these tariffs represent more than just rising costs—they present a major risk to the stability and flexibility of global supply chains. Tariff-related uncertainties make it harder for suppliers to forecast demand, pricing, and production schedules. Supply chain disruptions could lead to delays, and automakers may find themselves scrambling to source materials or parts that were previously accessible at a lower cost.

As these risks continue to mount, suppliers must adapt by diversifying their supply chains. One way to mitigate the impact of tariffs is to identify alternative suppliers in countries less affected by tariffs or to invest in reshoring some manufacturing processes. But, given President Trump's unpredictable tariff agenda and ever changing focus on country-specific tariffs, gaming which countries to transition to is dangerous and certainly will not be done until the dust settles and the winners and losers in this tariff war are decided. Additionally, automakers may need to explore long-term contracts with suppliers to lock in prices and avoid unexpected hikes due to tariff changes. Collaboration across the supply chain, with clear communication on pricing strategies and risk-sharing, will be crucial in weathering the storm. The days of sticking it to just the supplier, or the OEM picking up the cost are gone. New ways of collaborating and cost sharing will be critical if the North American automotive industry is to survive.

Conclusion: The Road Ahead

As tariffs continue to evolve and reshape the global trade landscape, the auto industry must prepare for a period of profound disruption. Whether it's through higher costs on essential components, strain on cross-border supply chains, or retaliatory tariff measures, the impact on manufacturers, suppliers, and consumers will be significant. For U.S. automakers focused on transitioning to electric vehicles, the tariffs on key materials and components add a layer of uncertainty that could slow their efforts to lead in the EV market. Moving forward, the key for suppliers and manufacturers will be to remain agile, diversify supply chains, and plan for the unexpected. But, importantly, suppliers and OEMs alike must work together if they are to survive.

these new market conditions. In an era of trade tensions, flexibility, and foresight may be the most valuable tools in ensuring long-term success for the auto industry.

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Cascade Partners is a boutique investment banking and restructuring firm headquartered in Detroit. Services include buy- and sell-side M&A advice, debt and equity capital raises, and financial and operational turnaround consulting. Cascade Partners serves clients in a variety of industries across the manufacturing, distribution, and services sectors, especially industries like automotive, healthcare, metals, and plastics.

Interview with John McElroy – Part II

January 30, 2025

Bob: Welcome back to Part 2 of our discussion. When we spoke about a year ago, we were talking about EV adoption and how the earlier adoption forecasts through 2030 were unduly optimistic. You divided the consuming public in the U.S. into 4 categories: (1) early adopters – those who, for a variety of reasons, were eager to participate in the EV transition; (2) the willing but hesitant; (3) those on hold – they don't have a philosophical objection to EVs, but they are waiting for wider adoption; and (4) anti-EV – those that have philosophical/political objections. Have you seen a material shift among these 4 groups over the last year?

John: No. 1.3 million EVs were sold in the USA last year. That's pretty good. But the next two years, 2025 and 2026 are going to be difficult for a variety of reasons, including, but not limited to, the elimination of the \$7,500 tax credit, which, at a minimum, will cause the rate of adoption to decline, if not total sales. Things should improve starting sometime in 2027. Although there were those projecting that 50% of cars sold in the U.S. would be electric by 2030, my prediction all along was that by 2030, one-third of all vehicle sales in the U.S. would be electric. I now think that my prediction may be overly optimistic.

Bob: Is your prediction premised on the Trump campaign promises to eliminate the \$7,500 tax credit and IRA grants/subsidies for the construction of new battery plants?

John: The premise of my prediction is that the tax credits will remain in effect for some time to help eliminate the 7 billion dollars of EV inventory sitting on dealers' lots. Once that inventory is substantially reduced, the tax credits will be eliminated. However, since many of the battery plants that are receiving subsidies are located and creating jobs in Red States and have lower visibility to the MAGA public, I believe those subsidies will not be cancelled. This is my hope and belief and I believe my opinion is shared by many within the industry.

Bob: Let's shift the discussion to another hot topic –Volkswagen's turnaround plan. Is VW's existence under existential threat?

John: Short answer – Yes. I think it is absolutely an existential threat to the company. The original plan called for the closing of 3-4 assembly plants, which would result in the closing of an additional number of VW plants that supply those plants. This would ultimately affect approximately 35,000 employees in Germany alone.

Bob: Doesn't the recent agreement between VW and its unions affect those closings?

John: Yes, to an extent. The agreement doesn't provide that the plants won't be ultimately closed; but rather that they won't be closed before 2030. So it is more of a delay factor than an agreement that will somehow save those plants and avoid those layoffs. I would note that after the agreement was announced, VW's board came out and said that the short term cuts didn't go far enough.

Bob: What were the contributing factors to the situation that VW is facing?

John: Among several factors is that VW, like other foreign OEMs, put too many eggs in the China basket. They didn't anticipate the incredibly quick transition of the Chinese domestic market to EVs and how competitive the Chinese manufacturers would be in terms of providing the Chinese domestic market with high quality and low priced products. VW, which was getting 50% of its profits out of China, is seeing those profits evaporate in front of its eyes.

Bob: Is it likely that VW can regain its prior position?

John: I don't think it has a chance. The Chinese are just too far ahead of VW and frankly the other foreign manufacturers for VW and others to effectively compete in China. The Chinese companies and frankly the Chinese government are focused and committed to retaining their competitive edge.

Bob: So, in your opinion, given the challenges in its markets in and out of China, will VW survive?

John: I don't think that VW is going out of business. However, I do think that it will emerge as a much smaller company. In addition to the erosion of its participation in the Chinese domestic market, I believe there will be continued erosion in its European market. The Chinese are coming into the European market. Remember, the European import tariffs only apply to BEVs and don't apply to Hybrids and ICE vehicles. I think at the end of this decade, VW will remain in the top 10 automotive companies in terms of sales; but rather than occupy its historic position at or near the top of list, it will be at the mid to conceivably lower tier of the manufacturers and likely surpassed by BYD, Hyundai and other up-and-coming Asian manufacturers. VW does have some quality brands. Porsche is the gem of the VW group.

Bob: You mentioned that it is unlikely that VW will regain market share in China. Is that true for the balance of the foreign competition?

John: I don't think it is a lost cause across the board. For example, I think Tesla will continue to do decently in China. As far as GM, it hasn't given up. Some of the latest GM sales data is encouraging in terms of sales and market share in China. I think they claim an equity profit in the 4th quarter in China. So, China is no longer a significant drain on GM's profitability. But the days when GM sold more cars in China and made more money in China than in the U.S. are gone forever. Ford is focusing its China-based operations as a source of exports to its U.S. market and Mexican markets, which is a strategy that can generate profits. GM to a certain extent is doing the same. In summary, GM, Ford and others will remain in China, but on a smaller scale, with less profitability and with a focus to export their Chinese manufactured products.

Bob: Do you see the Chinese manufacturers coming to the U.S. anytime soon?

John: I do not. The reason I say that is that they are taking the world by storm. They know getting into the U.S. market, especially with the Trump administration in place, is going to be very, very difficult, if not impossible in the short to mid-term. So if you can go out and conquer the world, do it. And then worry about getting into the U.S. market later. Now, Trump has hinted that he would welcome them building cars in the U.S. I talked to one of the Chinese executives about that possibility and she told me that they have no interest in coming to the U.S. now for the reasons I mentioned. Tariffs are a contributing factor; but in my opinion, a bigger issue is that the Department of Transportation is enacting a rule that no car can be sold in the U.S. using connected hardware or software that comes from China. Since every car today is a connected car, any car, whether imported or manufactured in the U.S. would have to source its connected car technology

from the U.S. or other non-Chinese countries. The Chinese technology is the best and lowest cost in the world and the Chinese are unwilling to give up their supply chain. This ban on China-sourced car connectivity technology will hit U.S. manufacturers exporting from China as well. They will have to develop new sources that can be competitive in quality and cost with the Chinese technology, which is not a simple task.

So for now the U.S. is on the back burner; but make no mistake about it, ultimately, the Chinese want to come to the U.S. because although the China market is larger in terms of sales volume, the U.S. is a more profitable market.

Bob: Do you think the Chinese government will retaliate in response to the tariffs and restriction of import of Chinese technology and, if so, in what ways?

John: It's already started. China has started to cutoff critical materials, such as neodymium, which is used in magnets. These materials are also used in critical components in the U.S. defense establishment. One of my favorite stats is that a U.S. fighter in a combat zone has something like 18 pounds of batteries as part of his/ her gear for communication devices, night vision and stuff like that. A good number of these batteries come from China and most, if not all, are made with materials processed in China. For obvious reasons, there is a mad scramble going on to source those materials in the U.S. or at least among our allies. Although the U.S. has achieved some success (e.g. lithium), right now the Chinese are in the proverbial driver's seat.

Bob: We have covered a lot of ground. Before we wrap up is there any topic that we missed that would be of interest to our readers?

John: In my view, the U.S. auto industry is nearing a breaking point for a number of reasons and is on a long term downward trajectory in terms of vehicle sales based on demographics, economics, technological advancements and competition.

Demographics

First, populations in the developed world are shrinking. Demographic trends are signaling population declines in all major markets – China, Europe, Japan and South Korea. The only thing that has kept U.S. population growing is immigration. Car sales have not grown at all in the last decade. In China, in 2024, fewer cars were sold than 10 years ago. So even China has seen its sales peak. So we have a trajectory indicating fewer consumers and therefore fewer car sales worldwide. In addition, the U.S. population is aging. The Baby boomer generation are all retiring. A lot of them on fixed incomes. They are not going to buy cars.

Economics

Second, in addition to the demographics, I believe that pricing has peaked as well. For the average American household a new car is out of reach and will remain out of reach until U.S. manufacturers can figure out how manufacture EVs profitably by developing centralized computer platforms at a competitive cost.

Technology

Third, as autonomous driving services (Robotaxis, Waymo, ZOOX, etc.) gain wider acceptance, they will reduce the need for privately owned vehicles. Although the EV segment is gaining, it is still not profitable and won't be until the centralized computer platforms are developed with an acceptable cost structure.

Competition

Fourth, as mentioned before, China is taking over the rest of the world, limiting the opportunities for its competitors and will eventually directly or indirectly test the U.S. market.

Bob: When you say "breaking point", what exactly do you mean?

John: Look, the suppliers are at single digit profit margins and are not getting a return on the billions of dollars invested in the transition to EVs. Although the analysts are still predicting 16.1 or 16.2 vehicles sold in the U.S. this year, what if it doesn't happen? You are going to see suppliers operating in the red. It's already happening in Europe. Bosch has announced that its operating margin fell 33% and Continental announced its laying off 7,500 employees in Germany and we already discussed VW and the U.S. is only two steps behind Germany.

Bob: You paint a pretty bleak picture of the future of the U.S. auto industry based on the factors we discussed, not to mention the imposition of tariffs on China, Mexico, and Canada and resultant retaliation against the U.S.? Are there any bright spots or at least glimpses of hope on the horizon?

John: There's nothing wrong with this industry that exciting, compelling product can't fix. And it can happen overnight. That's the key. Where's the next 1965 Ford Mustang? The next 1984 Chrysler minivan? The next 1998 Lexus RX300? Whoever hits on a breakthrough product can turn their company around in no time.

Bob: John, thanks so much for your time and sharing your insights with our readers.

John McElroy | President, Blue Sky Productions
Robert Weiss | Of Counsel | Co-Chair, EV Initiative

In Case You Missed It

(1) [Expanding Charging Access](#)

- As of April 1, 2025, Ford, GM, Hyundai and Mercedes Benz have joined the growing list of manufacturers who have access to the Tesla EV supercharger network. This expansion of charging access is expected to boost EV adoption. Particularly in the U.S., the charging infrastructure is a major obstacle inhibiting the growth of EV sales. In addition, current EVs on the market could have one of several charge ports, which further limits their applicability. To combat these issues, rather than set up an entirely new charging infrastructure, auto industry leaders seem to be willing to rely on the extensive network of Tesla superchargers and equip their EVs with North American Charging Standard (NACS) charge ports to make that happen. Industry moves forward on technical advancements for EVs despite regulatory uncertainty.

(2) Auto Tariffs Rev Up Ahead of Trump's Liberation Day

- At the beginning of April 2025, the world is shaken by Trump's sweeping reciprocal tariff order issued on Liberation Day—but fewer people realize that his auto tariffs were quietly announced a few days earlier. Starting April 2, a 25% tariff applies to imported passenger vehicles, including EVs built overseas.
- Consumers are rushing to make quick purchases before prices rise from the tariffs, while [automakers scramble to adjust](#). Ford offers discounts, GM boosts truck production in Indiana, and Stellantis pauses operations in Canada and Mexico, leading to layoffs. Foreign brands like Toyota and Honda are cutting overtime or slowing exports.
- On April 14, 2025 in the Oval Office, President Trump told reporters he is exploring possible [exemptions](#) to give auto companies more time to shift supply chains. "I'm looking at something to help car companies with it. They're switching to parts that were made in Canada, Mexico and other places, and they need a little bit of time, because they're going to make them here," he said. Whether the May 3 auto parts tariffs will take effect as scheduled remains an open question.

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To learn more about our EV practice, visit our website at <https://www.dickinson-wright.com/practice-areas/electric-vehicles?tab=0>.

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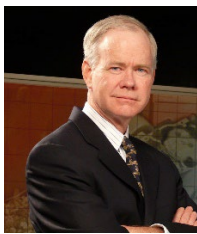
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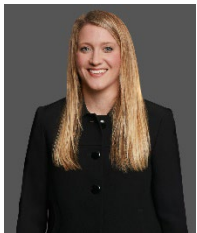
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