

Editor's Note

Welcome to the May 2025 edition of Plugged In! As tariffs continue to dominate headlines—and create headaches—in the auto world, Mark Heusel and Hezi Wang offer a Tariff Tracker to help businesses navigate the ever-shifting landscape. Plus, in a roundup of recent headlines, Michael Gillum and Hezi Wang highlight a bold new EV startup making waves with early reservations for its budget pickup, explore the latest developments in rare earth exports as China's new controls collide with easing U.S.-China tariffs, and note proposed legislation that may significantly impact EVs.

Heather Frayre | Member Partner

Tariffs: Is it really the most beautiful word in the dictionary?

President Trump has repeatedly stated that tariffs are the “most beautiful word in the dictionary.” While those in and around the auto industry may disagree with the President's choice of adjectives, most will agree that “complexity,” “complicated,” and even “confusing” are all attributes of the term – and perhaps more descriptive of its impact on the marketplace. In fact, ever since tariffs roared back into our psyche in February, most of the calls we have received are from small American companies trying to navigate overlapping, interweaving, and multi-layered tariffs that change constantly and confound even the most dedicated student. Seeing first-hand how this has befuddled importers and the customs community alike, importers have often under-estimated the total tariff bill, especially when it comes to goods imported for the auto industry.

In this environment of uncertainty, it is not surprising that importers frequently ask questions aimed at clarifying how these tariffs apply to their specific situations. Does this tariff apply under these circumstances, or is it excepted because another applies? What about the original 301s? Where do I find the amount of the tariffs, and when does a new rate apply? These questions and many more have been the constant chatter for weeks, going on months. While we have reported on tariffs now for just about a year, it seems that we are often only adding to the concerns and impacts already felt in the market. And, honestly, there has been no shortage of attempts to bring sense to understanding the tariffs, only to be frustrated by a new social media post, Executive Order, or incomplete news article. This has left the auto industry in general, and the EV community in particular, in a state of confusion.

Therefore, rather than pen another article that highlights the impact of the tariffs or promises how to mitigate your risk, our task force thought we would offer up a more constructive tool to understanding the current state of tariffs: Our Tariff Tracker. We are crossing our fingers that there is not another “new” development before we go to press and that the information will be up to date for at least a few weeks. Our goal is to remove some of the confusion and help our readers understand where the state of tariffs stand today, and we mean that literally. Our Tracker looks at a broad range of automotive products and highlights batteries as a way of demonstrating the complexity associated with calculating tariff rates. We hope you find this tool useful in shedding further light on the current tariffs.

Tariff Tracker
Chart by Country of Origin (As of May 14, 2025)

Tariff Types / Country		China	Mexico/Canada	Global	Notes
General Rates	HTSUS		HTSUS	HTSUS	
301 Tariffs	√		N/A	N/A	
232 Auto Tariffs	25% on passenger vehicles and light trucks from April 3, 2025 25% on selected auto parts of passenger vehicles and light trucks from May 3, 2025	25% on passenger vehicles and light trucks from April 3, 2025, except that vehicles qualifying under USMCA’s preferential treatment rules are charged a tariff only on non-US qualifying content 25% on selected auto parts of passenger vehicles and light trucks from May 3, 2025; except that parts qualifying under USMCA’s preferential treatment rules are exempt until such time when the Department of Commerce establishes a process to apply the tariff exclusively to the value of the non-US content of such automobile parts. ¹	25% on passenger vehicles and light trucks from April 3, 2025 25% on selected auto parts of passenger vehicles and light trucks from May 3, 2025.	<ul style="list-style-type: none">• Applies to automobiles and automobile parts listed by HTSUS in Federal Register.• The most current list is here.²• Pending Trade Agreement with England that proposes to fix this rate at 10%	
232 Aluminum / Steel Tariffs	25% on specific aluminum/steel products and aluminum/steel derivatives listed by HTSUS and product descriptions in Federal Register. The latest Aluminum List is here . The latest Steel List is here . If products are subject to 232 Auto Tariffs, then no 232 Aluminum/Steel Tariffs (Non-Stacking Measures) ³				
IEEPA Fentanyl Tariffs	20%	25% if products do not qualify under USMCA’s preferential treatment rules If products are subject to 232 Auto Tariffs or 232 Aluminum/Steel Tariffs, then no IEEPA Fentanyl Tariffs (Non-Stacking Measures)	N/A		

¹ USMCA requires that automotive parts undergo either a tariff shift and/or meet minimum regional value content requirements (e.g., most parts require between 65% -75% North American content).

² As of May 12, 2025.

³ On May 15, 2025, CBP issued a [guidance](#), clarifying the application of the Executive Order 14289 Addressing Certain Tariffs on Imported Articles ("Non-Stacking Measures").

IEEPA Reciprocal Tariffs	<p>If none of the six exclusions applies (see Exclusion list in the right column), then 10% for imported products of PRC, including Hong Kong and Macau, entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 am eastern daylight time on May 14, 2025.⁴</p>	<p>N/A</p> <p>See IEEPA Fentanyl Tariffs for Mexico/Canada.</p> <p>If IEEPA Fentanyl Tariffs are terminated, then 12% IEEPA Reciprocal Tariffs on products not qualifying as originating under USMCA.</p>	<p>The country-specific rates (see Annex I) that became effective on April 9, 2025 are suspended.</p> <p>none of the six exclusions applies, 10% reciprocal tariffs on the value of non-US content of the products from April 10, 2025.</p>	<p>Applies to all products, except the following:</p> <ul style="list-style-type: none"> • 50 U.S.C. 1702(b) articles; • all products subject to 232 aluminum/steel tariffs; • all products subject to 232 auto tariffs; • products enumerated in Annex II of Reciprocal Tariffs, including April 15, 2025 amendment to exemptions for certain electronic products; • all articles from a trading partner subject to the rates set forth in Column 2 of the HTSUS; and • all articles that may become subject to duties pursuant to future actions under section 232 of the Trade Expansion Act.
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⁴ As announced by the White House on May 12, 2025, the previous 125% reciprocal tariff has been decreased to 10% for 90 days. As of May 12, 2025, no additional exemptions have been announced. Prior to the May 12, 2025 announcement, China faced up to a 245% tariff on imports to the United States. This included a 125% reciprocal tariff, a 20% tariff to address the fentanyl crisis, and Section 301 tariffs on specific goods, between 7.5% and 100%. The reciprocal tariffs have been reduced to 10% for 90 days.

Lithium-ion Batteries from Different Countries, entering after May 3, 2025

(8507.60.00)

8507.60.00		Lithium-ion batteries.....		3.4% ^{10/}	Free (A, AU, B, BH, C, CL, CO, D, E, IL, JO, KR, MA, OM, P, PA, PE, S, SG)	40%	
	10	Of a kind used as the primary source of electrical power for electrically powered vehicles of subheadings 8703.40, 8703.50, 8703.60, 8703.70 or 8703.80.....	No. kg				
	20	Other.....	No. kg				

China

If the batteries will be used in passenger vehicles and light trucks:

General Rate: 8507.60.00 = 3.4%

301 Tariffs:

9903.91.10 (for 8507.60.0010)= 25%*

** Section 301 Tariff increases announced by former President Biden on September 27, 2024 on a range of products from China, including lithium ion batteries.*

9903.88.15 (for 8507.60.0020)= 7.5%**

*** Section 301 Tariff increases announced by former President Biden on September 27, 2024. Increase to 25% effective on 1/1/2026.*

IEEPA Fentanyl: 9903.01.20 = 20%

232 Auto Tariffs: 9903.94.05 = 25%

IEEPA Reciprocal: 9903.01.33 = exempted

Total: 55.9-73.4%

Japan

If the batteries will be used in passenger vehicles and light trucks:

General Rate: 8507.60.00 = 3.4%

232 Auto Tariffs: 9903.94.05 = 25%

IEEPA Reciprocal: 9903.01.33 = exempted

Total: 28.4%

South Korea

If the batteries will be used in passenger vehicles and light trucks:

General Rate: 8507.60.00 = free (column 1 special rate **KR**)

232 Auto Tariffs: 9903.94.05 = 25%

IEEPA Reciprocal: 9903.01.33 = exempted

Total: 25%

USMCA Compliant Batteries (Products of Mexico/Canada)

If the batteries will be used in passenger vehicles and light trucks:

General Rate: 8507.60.00 = free (column 1 special rate **S⁵**)

232 Auto Tariffs: 9903.94.06 = exempted until *"such time that the Secretary of Commerce, in consultation with CBP, establishes a process to apply the tariff exclusively to the value of the non-US content of such automobile parts and publishes notice in the Federal Register."*

IEEPA Fentanyl: 9903.01.14 and 9903.01.04*** = exempted

*** 9903.01.14: product of **Canada** qualifying for USMCA; 9903.01.04: product of **Mexico** qualifying for USMCA

IEEPA Reciprocal: 9903.01.26 and 9903.01.27**** = exempted

**** 9903.01.26: Articles the product of **Canada**, including those products of Canada entered free of duty as under the United States-Mexico-Canada Agreement ...

9903.01.27: Articles the product of **Mexico**, including those products of Mexico entered free of duty as under the United States-Mexico-Canada Agreement ...

Total: 0%

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In Case You Missed It

(1) [Slate Auto](#)

A new startup company, Slate Auto, is making a bold entrance into the burgeoning EV market in the U.S. by securing more than 100,000 reservations for its new low-cost electric pickup truck in just over two weeks. The company claims the truck will start below \$27,500. It is to be manufactured at a former printing plant in Warsaw, Indiana, with deliveries beginning at the end of 2026. The truck itself is bare bones compared to its rivals and designed primarily with manufacturing and cost efficiency in mind.

The focus on serving the mass market with this low-cost option seems to have garnered the initial attention from consumers that is crucial in the competitive EV manufacturing

⁵ Articles that qualify under the USMCA are eligible for special tariff treatment and are designated with an "S" in Column 1 – Special of the HTSUS.

environment. 16 investors, one of whom is reported to be Jeff Bezos, have committed more than \$111 million in support of this new market entry. Only time will tell if this no-frills EV option will continue to capture the attention of the U.S. consumer.

(2) [Rare Earth Exports in the Spotlight after U.S.-China Tariff Suspension](#)

In early April 2025, China imposed [export controls](#) on several rare earth metals critical for various industries, including electric vehicle (EV) production. The new regulations require exporters to apply for permits, making it more difficult for U.S. companies to access these essential resources. The White House subsequently in late April 2025 launched a [Section 232 investigation](#) into the national security risks posed by U.S. reliance on imported processed critical minerals and their derivative products.

However, following the recent suspension of the U.S.-China tariffs, there are signs that U.S. customers may have an easier time securing export licenses. While a complete removal of the restrictions is unlikely, sources within the industry suggest that the Chinese Ministry of Commerce could expedite the approval process, which normally takes up to 45 days. This shift is expected to benefit [U.S. companies](#) as they face mounting pressure to secure critical inputs for electric vehicle production.

(3) [The One-Big-Beautiful-Bill](#)

Last week, the House Ways & Means Committee introduced its anticipated tax cut bill. The bill introduces severe and profound changes to the Inflation Reduction Act's 30D clean vehicle credits and the advanced manufacturing credits. Importantly, the bill proposes phasing out the \$7,500 consumer credits for clean new vehicles by December 31, 2025, with limited exceptions, and the bill dramatically impacts the ability of U.S. companies to cooperate with prohibited foreign entities (including those from China) in the development of the EV sector in the U.S. While changes to the bill are anticipated, it does appear that the IRA is under siege.

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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>.

All views presented in this newsletter are those of the authors and do not necessarily reflect the views of Dickinson Wright.

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