



Oil and Autos: Another Round of Tariff Activity

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President Trump issued two major tariff-related executive orders in the past 48 hours. The [first](#), pursuant to the International Emergency Economic Powers Act (IEEPA), authorizes the Secretary of State to impose tariffs on imports from any country that imports Venezuelan oil (the White House Fact Sheet is [here](#)). The [second](#), pursuant to Section 232 of the Trade Expansion Act of 1962 (the same law serving as the basis for the Administration’s steel and aluminum tariffs), imposes a 25% tariff on automobiles (effective April 3, 2025) and certain auto parts (effective starting no later than May 3, 2025), from all countries (the White House Fact Sheet is [here](#)).

These actions are taken in advance of two key dates next week: April 1, when numerous interagency reports are due to the President pursuant to his January 20, 2025 America First Trade Policy (which we discussed [here](#)); and the titular “Liberation Day” of April 2, when the Administration is expected to announce [reciprocal tariffs](#) on numerous countries’ imports, as well as possible other sectoral tariffs covering imports of agricultural goods, semiconductors, and pharmaceutical products.

Let’s break down this week’s announcements.

Tariffs on Countries Importing Venezuelan Oil

- President Trump’s March 24, 2025 executive order authorizes Secretary of State Marco Rubio to determine, in his discretion, to impose 25% tariffs on all goods from any country that directly or indirectly imports Venezuelan oil. Oil is defined as crude or refined petroleum products, regardless of the entity involved in the extraction or sale of the products.
- The tariffs may be imposed any time on or after April 2, 2025. In making the determination to impose imports, Secretary Rubio must consult with Treasury, Commerce, Homeland Security, and the U.S. Trade Representative (USTR).
- Whether a country imported Venezuelan oil and is, thus, eligible for application of this tariff, is a factual determination to be made by Secretary of Commerce Lutnick in consultation with Secretary Rubio and Attorney General Pam Bondi. Commerce is also authorized to issue regulations and guidance, and to coordinate enforcement of the order.
- If and when imposed, these tariffs will remain in effect for one year from the date of the last importation of Venezuelan oil by the country at issue. Secretary Lutnick, however, is authorized to remove the tariffs at an earlier date in his discretion. In making such a decision, he must consult with State, Treasury, Homeland Security, and USTR.

- The tariffs are designed to address the threat to U.S. national security and foreign policy posed by the presence and proliferation of Tren de Aragua gang members in the United States, as well as policies of the Nicolas Maduro regime including suppression of free and fair elections; economic mismanagement; measures that have led to humanitarian and public health crises; and regional destabilization leading to forced migration of millions of Venezuelans.
- China is, by far, the largest buyer of Venezuelan oil, accounting for over half of Venezuelan oil exports in recent years. If tariffs are applied on Chinese imports under this order (in addition to the several other tariff measures on Chinese imports in effect), it will apply to Hong Kong and Macau as well to deter evasion. Other countries expected to be impacted by potential tariffs under this order include Brazil, Cuba, India, Singapore, Spain, Turkey, Russia, and Vietnam. The United States imported Venezuelan oil in 2024, but this is expected to end after expiration of the sole U.S. license at the end of May 2025 (a two-month extension of the wind-down period for the license granted in conjunction with the March 24th tariff announcement).

Tariffs on Autos and Auto Parts

- President Trump’s auto tariff proclamation, issued on March 26, 2025, imposes a 25% tariff on autos and auto parts from all countries pursuant to a six-year old Section 232 investigation that Commerce self-initiated during the first Trump Administration. Commerce’s February 2019 [investigation report](#) concluded that “the impact of excessive imports on the domestic automobile and automobile parts industry and the serious effects resulting from the consequent displacement of production in the United States is causing a ‘weakening of our internal economy [that] may impair the national security’ as set forth in section 232.” In concurring with the Secretary of Commerce’s findings in [Proclamation 9888](#) of May 17, 2019, President Trump directed USTR to negotiate agreements with major auto exporters such as Japan and the European Union to address the threat to national security, and instructed the Secretary of Commerce to continue to monitor imports of autos and auto parts.
- This week’s proclamation picks up where the Section 232 auto investigation left off in 2019. As stated in the order, USTR’s negotiations did not result in “any agreements of the type contemplated by section 232.” The proclamation further notes that the national security threat posed by auto imports has only “escalated,” as evidenced by “numerous supply chain challenges” and stagnating employment impacting American auto makers, while foreign auto industries “have grown substantially.” The President, therefore, determined that it is “necessary and appropriate to impose tariffs . . . to adjust imports” of autos and certain auto parts “so that such imports will not threaten to impair national security.”
- Passenger vehicles (sedans, SUVs, crossovers, minivans, and cargo vans) and light trucks, as specified in Annex I to the President’s proclamation, from all countries will be subject a 25% tariff as of 12:01 am eastern time on April 3, 2025. Key auto parts, as specified in Annex I (including (engines, transmissions, powertrain parts, and electrical components), from all countries will be subject to a 25% tariff as of a date set forth in the [Federal Register](#), but no later than May 3, 2025. Annex I will be published with the proclamation in the [Federal Register](#) in the coming days.
- The proclamation also directs Commerce to establish a process for including – at the request of a domestic producer or industry association – additional auto parts within the scope of the tariffs. The process will be established within 90 days of the proclamation and Commerce will be required to issue a determination on any requests for additions to the Annex within 60 days of

receiving such a request. This instruction echoes the directive that Commerce establish a process adding additional steel and aluminum derivative products under those Section 232 tariff measures.

- The proclamation offers some potential limited relief for imports of automobiles that qualify for preferential treatment under the United States-Mexico-Canada Agreement (USMCA). Importers of such qualifying automobiles are permitted to submit documentation establishing the value of the “U.S. content” in “each model” and apply the 25 percent duty to the remaining value only. U.S. content defined as “the value of the automobile attributable to parts wholly obtained, produced entirely, or substantially transformed in the United States.” The proclamation, however, requires strict compliance in calculating the value of the U.S. content, indicating that failure to comply will result in a retroactive application of the 25 percent duty to the full value of the automobile and the prospective application as well until the U.S.-content declaration is corrected. Additionally, auto parts that are USMCA-compliant will remain tariff-free until Commerce “establishes a process to apply tariffs to their non-U.S. content.”
- In noting with particularity that certain free trade agreements entered into by the United States with Canada and Mexico (i.e., USMCA) and Korea (i.e., KORUS) have not yielded sufficient positive outcomes, the proclamation further signals that the rules of origin for automobiles will be a high priority issue in upcoming USMCA negotiations.
- The new tariffs are in addition to any other applicable duties, fees, exactions, and charges, and they have no end date. Duty drawback is not available.

Kelley Drye’s International Trade and Government Relations teams are staying on top of Trump Administration trade actions. Please reach out if you have questions about the impact to your company from these or other announcements.