

DEPARTMENT OF COMMERCE

International Trade Administration

[Docket No. ____]

RIN 0625-XC055

Procedures to Administer Import Adjustment Offset Amounts for Certain Imports of Automobile Parts Under Proclamation 10908, as Amended

AGENCY: International Trade Administration, U.S. Department of Commerce.

ACTION: Notice

SUMMARY:

This notice announces the procedures for automobile manufacturers to apply for and use the import adjustment offset amount established by Presidential Proclamation 10925 of April 29, 2025, “Amendments to Adjusting Imports of Automobiles and Automobile Parts Into the United States,” (Proclamation 10925) to incentivize domestic automobile production and reduce American reliance on imports of foreign automobiles and their parts. Eligibility for the import adjustment offset amount is based on domestic final assembly of automobiles during an approximately two-year period. Import adjustment offset amounts awarded for qualifying automobiles assembled between April 3, 2025, and April 30, 2027, may be carried forward beyond that period until the full approved import adjustment offset amount is exhausted. No new import adjustment offset amounts will be granted for automobiles assembled after April 30, 2027. The intent of this program is to strengthen the U.S. automobile assembly operation capabilities and ensure national security objectives are met by reducing reliance on foreign automobile production and parts sourcing.

DATES: Applications can be submitted starting [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Applications must be submitted electronically to: autooffset@trade.gov

FOR FURTHER INFORMATION CONTACT: Emily Davis, Director for Public Affairs, International Trade Administration, U.S. Department of Commerce, 202-482-3809, Emily.Davis@trade.gov.

SUPPLEMENTARY INFORMATION

I. Background

On March 26, 2025, the President issued Proclamation 10908 (90 FR 14705), “Adjusting Imports of Automobiles and Automobile Parts Into the United States,” (Proclamation 10908) finding that imports of automobiles and certain automobile parts continue to threaten to impair the national security of the United States and imposing specified tariffs to adjust imports of automobiles and certain automobile parts so that such imports will not threaten to impair national security pursuant to Section 232. Proclamation 10908 imposed a 25 percent tariff on certain imports of automobiles, effective April 3, 2025, and certain imports of automobile parts, effective May 3, 2025.

On April 29, 2025, the President issued Proclamation 10925 (90 FR 18899), which allowed for automobile manufacturers assembling automobiles in the United States to apply for an import adjustment offset amount, which would offset certain tariff liability under Proclamation 10908 on imports of automobile parts. Proclamation 10925 required the Secretary of the Department of Commerce (Commerce) to establish a process by which automobile manufacturers could submit documentation supporting eligibility for an import adjustment offset amount. This notice announces procedures for administration of the import adjustment offset

amount program, including application, documentation, and certification requirements, eligibility conditions, and coordination with U.S. Customs and Border Protection (CBP).

II. Application Process

A. Import Adjustment Offset Amount Structure and Duration

Proclamation 10925 provides that automobile manufacturers are eligible for an import adjustment offset amount calculated as a percentage of the aggregate Manufacturer's Suggested Retail Price (MSRP) value of automobiles assembled in the United States, as follows:

- 3.75% of aggregate MSRP for eligible automobiles assembled between April 3, 2025, and April 30, 2026; and
- 2.5% of aggregate MSRP for eligible automobiles assembled between May 1, 2026, and April 30, 2027.

Import adjustment offset amounts may be used to reduce Section 232 tariffs on automobile parts and may be carried forward indefinitely until fully exhausted, provided they were granted based on qualifying automobiles assembled between April 3, 2025 and April 30, 2027. While Proclamation 10925 limits the import adjustment offset to vehicles assembled in the United States between April 3, 2025 and April 30, 2027, it does not include a deadline for use of the offset amount, and providing manufacturers flexibility in this regard is consistent with the Proclamation's goals (which include to "strengthen United States vehicle assembly operations by encouraging companies to expand domestic production capacity, which is critical to a strong domestic defense industrial base" (Proclamation 10925 preamble, Section 7)) and with the flexibilities the Proclamation expressly provides to manufacturers (e.g., to determine the importer of record eligible to decrement against that manufacturer's import adjustment offset

amount (Proclamation 10925, Section 1)). Section 3 of Proclamation 10925 provides that the Secretary shall issue regulations, guidance, or procedures necessary to carry out the provisions of the Proclamation, and the Department has determined that such flexibility is necessary to effectively carry out the Proclamation. This notice establishes that no offset amounts will be granted for automobiles assembled after April 30, 2027.

For purposes of this notice, “automobile parts” means the articles classified under the subheadings of the Harmonized Tariff Schedule of the United States (HTSUS) that were made subject to Section 232 duties pursuant to section B of the Annex to Proclamation 10908, and any amendments thereto.

B. Application Requirements

Manufacturers seeking an import adjustment offset amount must submit the following documentation for each period for which an import adjustment offset amount is sought (*i.e.*, one set of documentation for the period of April 3, 2025 through April 30, 2026; and a separate set of documentation for the period of May 1, 2026 through April 30, 2027):

1. **Production Forecast:** The number of automobiles (*i.e.*, passenger vehicles (sedans, sport utility vehicles, crossover utility vehicles, minivans, and cargo vans) and light trucks) projected to be produced in the United States by make and model and the plant locations where the projected automobiles will undergo final production during each reporting period.
2. **MSRP:** The aggregate MSRP value of all such automobiles assembled in the United States during each reporting period.
3. **Tariff Liability Estimate:** Projected automobiles and automobile parts tariff liability under Proclamation 10908, broken down by Proclamation 10908 tariff costs the

manufacturer will incur directly and Proclamation 10908 tariff costs the manufacturer's suppliers will incur.

4. **Offset Calculation:** Requested total import adjustment offset amount for each reporting period, including details of how such amount was calculated.
5. **Importers of Record:** A list of authorized importers of record eligible to decrement against the manufacturer's import adjustment offset amount. This list must include the importer's Importer of Record number and the amount of the import adjustment offset amount allotted to each importer of record. Updates to this list may be submitted electronically to Commerce at autooffset@trade.gov. Commerce will inform CBP of list updates on December 1, 2025; June 1, 2026; and December 1, 2026. At its discretion, Commerce may update this list at other times during the program period.
6. **Certification:** A sworn statement from a senior officer of the manufacturer confirming that the submission is true, accurate, and complete to the best of the manufacturer's knowledge under penalty of perjury, and confirming that the manufacturer has conducted reasonable diligence to verify the accuracy of the assertions and facts contained in its submissions.
7. **Additional Information:** Any other information the applicant feels is necessary to facilitate decision making.

C. Review and Approval Process

Commerce will review applications for completeness. Commerce may request, in writing, supplemental documentation or clarification. Approved manufacturers will be notified in writing of approval and amount of offset granted, and relevant import adjustment offset amount data,

including amounts and importer of record numbers, will be transmitted by Commerce to CBP.

CBP will administer the offset at the time of entry summary filing and may request additional documentation to validate entries.

D. Usage and Enforcement

Import Adjustment Offset amounts:

- May be used only by approved importers associated with the approved manufacturer;
- May be applied only to reduce tariff liability under Proclamation 10908 on eligible automobile parts;
- May not exceed the manufacturer's total tariff liability on covered parts; and
- May not be traded, sold, or transferred.

E. Oversight and Adjustments

Commerce will monitor manufacturer and importer compliance and communicate information regarding noncompliance to CBP, where appropriate. CBP may exercise its authority to conduct audits to ensure compliance with this regulation. If it is determined that inaccurate, incomplete, or false information, has been submitted, penalties may be imposed.

Under Proclamation 10908, Commerce, in consultation with the United States International Trade Commission and CBP, shall determine the modifications necessary to the HTSUS to effectuate this proclamation and shall make such modifications to the HTSUS through notice in the *Federal Register*. The HTSUS is modified as set forth below.

Effective with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. eastern daylight time on May 3, 2025:

Subdivision (g) of U.S. note 33 to subchapter III of chapter 99 of the HTSUS is modified by deleting the first paragraph, and inserting the following in lieu thereof: "Subject to a

manufacturer's import adjustment offset amount that may be determined by the Secretary of Commerce under Proclamation 10925 of April 29, 2025 (90 Fed. Reg. 18899), the rates of duty set forth in heading 9903.94.05 applies to parts of passenger vehicles (sedans, sport utility vehicles, crossover utility vehicles, minivans, and cargo vans) and light trucks classifiable in the provisions of the HTSUS enumerated in this subdivision: ”

III. Paperwork Reduction Act

In accordance with section 3507(d) of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.), and the Office of Management and Budget (OMB) implementing regulations at 5 CFR 1320.13, ITA is requesting emergency processing for this information collection. In Proclamation 10925 of April 29, 2025, “Amendments to Adjusting Imports of Automobiles and Automobile Parts Into the United States,” the President determined it was necessary and appropriate to modify the system of monetary fees and related measures imposed to adjust imports of automobiles and certain automobile parts pursuant to Proclamation 10908 to more effectively eliminate the threat imports of automobiles and certain automobile parts pose on the national security of the United States. Proclamation 10925 provided that for automobiles assembled in the United States, automobile manufacturers shall be eligible to receive an import adjustment offset amount applicable to section 232 duties on automobile parts by reducing duties assessed on automobile parts accounting for 15 percent of the value of an automobile assembled in the United States for an opening period and equivalent to 10 percent of that value for an additional year after the initial period closes. Because the Proclamation requires timely implementation of the offset mechanism to support domestic automobile production and reduce the national security risk posed by automobile part imports, ITA cannot reasonably comply with the normal clearance procedures. Delaying this collection would impede the ability of

manufacturers to claim offset amounts and compromise the effectiveness of the Proclamation's implementation. Therefore, ITA is requesting emergency PRA processing under 5 CFR 1320.13 to initiate this process without delay.

With the publication of the notice, ITA is requesting an emergency approval to meet the requirements of Proclamation 10925. ITA is also announcing a process for automobile manufacturers with final production in the United States to submit documentation to request an import adjustment offset amount that may only be used by importers of record authorized by that manufacturer, and the amount may only be used to offset tariff liability related to that manufacturer's automobile parts tariff liability under Proclamation 10908. ITA estimates the burden to the public for this notification will average 2,400 hours (30 respondents * 40 hours per response *2 expected responses per year), including the time for reviewing instructions, searching existing data sources, gathering the data needed, and completing and reviewing the collection of information. The estimated total annual cost to the Federal Government is \$111,600.

The public may access this ITA request, including all supporting materials, at www.reginfo.gov/public/do/PRAMain and inserting the OMB control number [06265-XXXX] or the name of the collection. Please send written comments to Emily Davis, Director for Public Affairs, 202-482-3809, Emily.Davis@trade.gov. A comment to OMB is best assured of having its full effect if OMB receives it within 60 days of publication of this notice. All written comments submitted in response to this notice will be included in the record and will be made available to the public. Please be advised that the substance of the comments and the identity of the individuals or entities submitting the comments will be subject to public disclosure. Written comments will be publicly available on the internet via <https://www.regulations.gov>.

We are soliciting comments from the public (as well as affected agencies) concerning our information collection and recordkeeping requirements. These comments will help us:

- (1) Evaluate whether the information collection is necessary for the proper performance of our agency's functions, including whether the information will have practical utility.
- (2) Evaluate the accuracy of our estimate of the burden of the information collection, including the validity of the methodology and assumptions used.
- (3) Enhance the quality, utility, and clarity of the information to be collected; and
- (4) Minimize the burden of the information collection on those who are to respond (such as through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses).

Estimate of burden: Public reporting burden for this collection of information is estimated to average 40 hours per response.

Respondents: Private Sector.

Estimated annual number of respondents: 30.

Estimated annual number of responses per respondent: 2.

Estimated annual number of responses: 60.

Estimated total annual burden on respondents: 2,400.

(Due to averaging, the total annual burden hours may not equal the product of the annual number of responses multiplied by the reporting burden per response).

Copies of this information collection can be obtained from Emily Davis, Director for Public Affairs, 202-482-3809, Emily.Davis@trade.gov.

Notwithstanding any other provision of law, no person is required to respond to, nor is subject to a penalty for failure to comply with, a collection of information, subject to the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) (PRA), unless that collection of information displays a currently valid OMB Control Number.

Dated: [INSERT DATE]