



## DEPARTMENT OF COMMERCE

### International Trade Administration

[Docket No. 260506-0125]

RIN: 0625-XC060

### **Amending the Procedures to Administer Import Adjustment Offset Amounts for Certain Imports of Automobile Parts Under Proclamation 10908 to Include Medium- and Heavy-Duty Vehicle Parts**

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

**ACTION:** Notice.

**SUMMARY:** On June 13, 2025, the International Trade Administration published a Notice titled “Procedures To Administer Import Adjustment Offset Amounts for Certain Imports of Automobile Parts Under Proclamation 10908, as Amended” (June 13 Notice), which established 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” to incentivize domestic automobile production and reduce American reliance on imports of foreign automobiles and their parts. This notice amends those procedures consistent with the amendments to Proclamation 10925 set forth in Presidential Proclamation 10984 of October 17, 2025, “Adjusting Imports of Medium- and Heavy-Duty Vehicles, Medium- and Heavy-Duty Vehicle Parts, and Buses Into the United States”. This notice also amends those procedures to allow domestic manufacturers of Medium- and Heavy-Duty Vehicles (MHDV) to claim import adjustment offsets for imports of MHDV parts (MHDVPs) and automobile parts in a manner consistent with Proclamation 10984. The procedures exclude certain heavy-duty vehicle assembly operations determined to be “limited production operations” from being considered in the calculation of offsets, and notes that these procedures will be amended to exclude limited

production operations for automobiles and medium-duty vehicles at a later date. This notice replaces the procedures set forth in ITA's June 13 Notice. The import adjustment offset process will be amended at a later date to establish an equivalent process for domestic manufacturers of automobile engines and MHDV engines, as provided for in Proclamation 10984.

**DATES:** Applications from domestic manufacturers of MHDVs can be submitted starting **[INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**. Domestic manufacturers of automobiles may continue to submit applications at the address below.

**ADDRESSES:** Offset applications must be submitted electronically to: [autooffset@trade.gov](mailto: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](mailto:Emily.Davis@trade.gov).

**SUPPLEMENTARY INFORMATION:**

**I. Background**

On March 26, 2025, the President issued Proclamation 10908, finding that imports of automobiles (defined as passenger vehicles (sedans, sport utility vehicles, crossover utility vehicles, minivans, and cargo vans) and light trucks) 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 of the Expansion Act of 1962, as amended (19 U.S.C. 1862) (90 FR 14705). 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, 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 (90 FR 18899). Proclamation 10925 required the Secretary of Commerce (Commerce) to establish a process by which automobile manufacturers may submit documentation supporting eligibility for an import adjustment offset amount. Commerce established an import adjustment offset process through the June 13 Notice “Procedures To Administer Import Adjustment Offset Amounts for Certain Imports of Automobile Parts Under Proclamation 10908, as Amended” (90 FR 25027) (Offset Process).

On October 17, 2025, the President issued Proclamation 10984, finding that imports of MHDVs, certain MHDVPs, and buses threaten to impair the national security of the United States and imposing specified tariffs to adjust imports of MHDVs, certain MHDVPs, and buses so that such imports will not threaten to impair national security, and imposing a 25 percent tariff on certain imports of MHDVs and MHDVPs, effective November 1, 2025 (90 FR 48451). Under Proclamation 10984, buses and other vehicles classified in Harmonized Tariff Schedule of the United States (HTSUS) heading 8702 are subject to a 10 percent tariff. Given the “close connections and overlap between part suppliers” for the automobile industry and the MHDV industry, Proclamation 10984 also amends Proclamation 10925 to conform certain aspects of the tariff system imposed by Proclamations 10908 and 10925 for automobiles and automobile parts to the tariff system imposed by Proclamation 10984.

Proclamation 10984 allowed MHDV manufacturers assembling MHDVs in the United States to apply for an import adjustment offset amount, which would offset certain tariff liability under Proclamation 10984 on imports of MHDVPs. Proclamation 10984 required Commerce to establish a process by which MHDV manufacturers may submit documentation supporting eligibility for an import adjustment offset amount. This notice amends the Offset Process to allow domestic manufacturers of MHDVs to apply for and receive import adjustment offsets, including application, documentation, and certification requirements, eligibility conditions, and coordination with U.S. Customs and Border Protection (CBP). Commerce is still considering if and how the Offset Process should apply to manufacturers based on bus production; no

determination regarding the availability of such offsets has yet been made. The Offset Process procedures set forth in this notice replace the Offset Process procedures set forth in the June 13 Notice.

Proclamation 10984 authorized Commerce to issue regulations and guidance consistent with that proclamation, including to address operational necessity. Commerce has determined that, in light of the “close connections and overlap between part suppliers” for the automobile industry and the MHDV industry identified in Proclamation 10984, and the fact that the President found that conforming the tariff systems between automobiles and MHDVs will more effectively address the threat to national security found in Proclamations 10908 and 10984, it is necessary to allow MHDV manufacturers assembling MHDVs in the United States to apply for an import adjustment offset amount for automobile parts as well as for MHDVPs, allowing them to offset tariff liability under both Proclamation 10984 and Proclamation 10908. Similarly, Commerce has determined that, in light of that close connection, it is necessary to allow automobile manufacturers assembling automobiles in the United States to apply for an import adjustment offset amount for MHDVPs as well as for automobile parts, allowing them to offset tariff liability under both Proclamation 10908 and Proclamation 10984.

Proclamation 10984 also provides Commerce with the authority to prohibit MHDV manufacturers from using offset amounts for imports of products where offsets would be inconsistent with addressing the threat to the national security found in that Proclamation. Through Proclamation 10984, for MHDV, the President sought to strengthen supply chains, bolster industrial resilience, create high-quality jobs that will expand the skilled workforce in the United States, and increase domestic capacity utilization and U.S. MHDV market share. Similarly, for automobiles, Proclamation 10925 expressed the goals of reducing reliance on foreign manufacturing and importation of automobiles and automobile parts, strengthening U.S. vehicle assembly operations, shifting manufacturing activity into the United States, creating jobs

in the automotive industry, and ensuring that other benefits of production are concentrated in the United States.

In light of these goals, Commerce found that it is appropriate to exclude assembly operations determined to be “limited production operations” from being considered in the calculation of offsets. Commerce also found that what should be determined to be “limited production operations” should be determined in light of the manufacturing processes for that particular class of vehicles.

With respect to heavy-duty vehicles (vehicles in Classes 7 and 8, as defined in 49 C.F.R. 565.15), Commerce has determined that production operations in the United States that rely on imported chassis, chassis gliders, chassis with engine, or engines, should be considered to be limited production operations. Heavy-duty vehicles are large enough to allow for separate components to be fully assembled elsewhere, imported, and bolted together to make a finished heavy-duty vehicle, and this type of limited production operation does not forward the national security goals of Proclamation 10984. Therefore, heavy-duty vehicle production that includes incorporating an imported chassis, chassis glider, chassis with engine, or engine in the vehicle, is not eligible for offsets under the Offset Process.

Commerce is not applying this definition of limited production operations to automobiles (including light-duty trucks classifiable in the HTSUS subheadings listed in Part A of Annex I to Proclamation 10908) and medium-duty vehicles (Classes 3, 4, 5, and 6 as defined in 49 C.F.R. 565.15) vehicles because of the significant differences in the manufacturing operations between those vehicles and heavy-duty vehicles (Class 7 and 8); manufacturing operations for these different classes of vehicles are fundamentally different. Processes differ in terms of scale of production, number and type of significant components sourced from outside parties, type of assembly activity conducted and the state of the vehicles when they leave the production line. Because of these differences, it is appropriate to limit the determination above regarding what should be considered “limited production operations” to heavy-duty vehicles.

Commerce is not restricting offsets for automobiles and medium-duty vehicles on the basis of “limited production operations” at this time as Commerce is still considering what assembly operations for these vehicles should be considered to be “limited production operations.” Commerce will further consider this issue and amend the Offset Process at a later date once it makes a determination. As part of this consideration, Commerce will review information submitted with offset applications with respect to current vehicle assembly operations in the United States.

Section 3 of Proclamation 10925 states that Commerce, “in consultation with the Secretary of the Treasury and the Commissioner of CBP, shall issue such regulations, guidance, and procedures as necessary to carry out the provisions of this proclamation and Proclamation 10908, and may establish standards for . . . validating manufacturer certifications.” To validate MHDV and automobile manufacturer certifications used to calculate offsets provided in preceding years, the Secretary has determined that it is necessary for U.S. manufacturers to provide details on their production, including vehicles produced and the value of those vehicles produced, from any preceding year in which they claimed an offset. Should an applicant produce fewer vehicles or produce vehicles at a lower value than projected in information provided to Commerce in previous Offset Process applications, Commerce may adjust the following year’s offset amount accordingly.

Proclamation 10984 also requires Commerce to establish an offset process for MHDV engine manufacturers and an offset process for automobile engine manufacturers equivalent to the processes for manufacturers of MHDVs and automobiles. Commerce will publish a Federal Register notice amending the Offset Process to allow such offsets at a later date. In light of these separate offsets, Commerce has determined that the cost of engines incorporated into an automobile or MHDV should not be included in the calculation of the aggregate value of MHDVs or automobiles assembled in the United States by a manufacturer.

## **II. Application Process**

## **A. Import Adjustment Offset Amount Structure and Duration**

Proclamation 10984 provides that MHDV manufacturers are eligible for an import adjustment offset amount equal to 3.75 percent of the aggregate value of all MHDVs assembled in the United States by that manufacturer, as determined annually by Commerce, from November 1, 2025, through October 31, 2030. The relevant annual periods are:

- MHDVs assembled between November 1, 2025, and October 31, 2026;
- MHDVs assembled between November 1, 2026, and October 31, 2027;
- MHDVs assembled between November 1, 2027, and October 31, 2028;
- MHDVs assembled between November 1, 2028, and October 31, 2029; and
- MHDVs assembled between November 1, 2029, and October 31, 2030.

Proclamation 10984 also provides that automobile manufacturers are eligible for an import adjustment offset equal to 3.75 percent of the aggregate Manufacturer's Suggested Retail Price (MSRP) of all automobiles assembled in the United States by that manufacturer, as determined annually by Commerce, from April 5, 2025, through April 30, 2030. The relevant annual periods are:

- Automobiles assembled between April 5, 2025 and April 30, 2026;
- Automobiles assembled between May 1, 2026, and April 30, 2027;
- Automobiles assembled between May 1, 2027, and April 30, 2028;
- Automobiles assembled between May 1, 2028, and April 30, 2029; and
- Automobiles assembled between May 1, 2029, and April 30, 2030.

Import adjustment offset amounts may be used by MHDV manufacturers to reduce tariffs on MHDVs provided for in Proclamation 10984 or tariffs on automobile parts provided for in Proclamation 10908, as amended, and may be carried forward indefinitely until fully exhausted, provided they were granted based on qualifying MHDVs assembled between November 1, 2025 and October 31, 2030. Similarly, import adjustment offset amounts may be used by automobile

manufacturers to reduce tariffs on MHDVPs provided for in Proclamation 10984 or tariffs on automobile parts provided for in Proclamation 10908, and may be carried forward indefinitely until fully exhausted, provided they were granted based on qualifying automobiles assembled between April 5, 2025 and April 30, 2030.

For purposes of this notice:

- “MHDVPs” means the articles subject to duties under Proclamation 10984 and classified under the subheadings of the Harmonized Tariff Schedule of the United States (HTSUS) that were established by Proclamation 10984 in U.S. note 38(i) of subchapter III of chapter 99 of the HTSUS, or goods entered under a tariff heading subject to Proclamation 10984, based on a certification by the importer of record that such parts will be used for MHDV production or repair activity in the United States.
- “Automobile parts” means the articles subject to duties under Proclamation 10908 and classified under the subheadings of the HTSUS that were established by that proclamation, in U.S. note 33(g) of the HTSUS, or goods entered under a tariff heading subject to Proclamation 10908, as amended, based on the appropriate certification by the importer of record that such parts will be used in automobile production or repair activity in the United States.
- “MHDV” means articles that would be subject to duties under Proclamation 10984 and classified under the subheadings of the HTSUS that were established by that proclamation in U.S. note 38(b) of subchapter III of chapter 99 of the HTSUS. This definition includes both “medium-duty vehicles” and “heavy-duty vehicles,” as described below.
- “Medium-duty vehicle” means a subcategory of MHDVs classified in Class 3 through Class 6 as defined in 49 C.F.R. 565.15 with a gross vehicle weight of 10,001 pounds to 26,000 pounds.

- “Heavy-duty vehicle” means a subcategory of MHDVs classified in Class 7 and 8 as defined in 49 C.F.R. 565.15 with a gross vehicle weight of 26,001 pounds and above.
- “Automobile” means articles that would be subject to duties under Proclamation 10908 and classified under the subheadings of the HTSUS that were established by that proclamation in U.S. note 33(b) of subchapter III of chapter 99 of the HTSUS. This definition includes light-duty trucks classifiable in the HTSUS subheadings listed in Part A of Annex I to Proclamation 10908 with a gross vehicle weight under 10,000 pounds.

## **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. For MHDV manufacturers, this requires submission of one set of documentation for the period of November 1, 2025 through October 31, 2026; and separate sets of documentation for each of the periods of November 1, 2026 through October 31, 2027; November 1, 2027 through October 31, 2028; November 1, 2028 through October 31, 2029; and November 1, 2029 through October 31, 2030. For automobile manufacturers, this requires submission of one set of documentation for each period of April 5, 2025 through April 30, 2026; May 1, 2026 through April 30, 2027; May 1, 2027 through April 30, 2028; May 1, 2028 through April 30, 2029; and May 1, 2029 through April 30, 2030.

Automobile manufacturers that have already submitted documentation covering April 5, 2025 through April 30, 2026 are not required to submit a revised offset application. However, automobile manufacturers who have already submitted documentation covering periods from May 1, 2026 and onward must resubmit documentation, given changes to the Offset Process.

### **1. Production Forecast:**

- a. For MHDVs: The number of completed MHDVs projected to be produced in the United States by make and model and the plant locations where the projected MHDVs will undergo final production during each reporting period. MHDV

manufacturers shall also describe the U.S. manufacturing activities for each model at each plant location. For heavy-duty vehicles, the manufacturer's production forecast shall not include models where production includes the incorporation of an imported chassis, chassis glider, chassis with engine, or engine. Manufacturers of medium-duty vehicles must provide the gross weight of the vehicle they seek to include in their production forecast, and may include in their production forecast operations that include the incorporation of an imported chassis, chassis glider, chassis with engine, or engine for the identified medium-duty vehicle; however, manufacturers of medium-duty vehicles must still report U.S. manufacturing activities for each model at each plant location, including the location where each part identified as super-core and listed in Column 1 of Table A.2 of the Appendix to Chapter 4 of the U.S.-Mexico-Canada Agreement (USMCA) is incorporated into the finished medium-duty vehicle, and the country of origin for each part. Manufacturers of MHDVs that rely on third parties to conduct final vehicle upfitting of MHDVs in order to produce specialty vocational MHDVs may report the projected number of MHDVs to be produced in the United States prior to the third party upfitting the MHDV into a specialty vocational MHDV, so long as the MHDV manufacturer relied on such third party upfitters in the ordinary course of trade prior to November 1, 2025. Third parties that do not assemble MHDVs but instead procure MHDVs from MHDV manufacturers and conduct final vehicle upfitting of MHDVs in order to produce specialty vocational MHDVs are not eligible to receive offsets under the Offset Process.

- b. For Automobiles: The number of automobiles 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.

Automobile manufacturers shall also describe the U.S. manufacturing activities for each model at each plant location, including the location where each part identified as super-core and listed in Table A.2 of the Appendix to Chapter 4 of the USMCA is incorporated into the finished automobile and the country of origin for each part.

**2. Vehicle Value:**

- a. For MHDVs: The aggregate value of all such MHDVs identified in the Production Forecast as eligible for an offset assembled in the United States during each reporting period. The aggregate value shall not include the cost (if purchased from a third party) or value (if manufactured by the MHDV producer) of the engine contained in the MHDV; manufacturers must calculate the aggregate value using whichever of the following three valuation methods they used in the ordinary course of trade prior to November 1, 2025: MSRP, Dealer Net Cost, or Factory List Price. In calculating the cost of an engine purchased from a third party, manufacturers should use the price paid on the sale from the engine manufacturer to the MHDV manufacturer. In calculating the value of an engine that was not purchased from a third party, manufacturers should use a methodology consistent with the method for calculating net cost set out in Chapter 4 of the USMCA.
- b. For Automobiles: The aggregate MSRP value of all such automobiles identified in the Production Forecast as eligible for an offset assembled in the United States during each reporting period. For documentation covering production forecasts for May 1, 2026 and later, manufacturers must deduct the cost (if purchased from a third party) or value (if manufactured by the automobile producer) of the engine contained in the automobile from this MSRP value. In calculating the cost of the engine purchased from a third party, manufacturers should use the price paid on

the sale from the engine manufacturer to the automobile manufacturer. In calculating the value of the engine, manufacturers should determine value using the net cost methodology set forth in Chapter 4 of the USMCA. Manufacturers are not required to deduct the cost or value of the automobile engine for documentation covering the April 5, 2025 through April 30, 2026 period.

### **3. Prior Year Production and Vehicle Value**

- a. For MHDVs: If a manufacturer received an offset in the previous year, the manufacturer must provide the number of completed MHDVs produced in the United States in the previous reporting period, the aggregate value of those MHDVs, and a description of the U.S. manufacturing activities for each model at each plant location. In providing these figures, manufacturers must use the eligibility considerations and vehicle value methodology used in the prior year's application.
- b. For Automobiles: If a manufacturer received an offset in the previous year, the manufacturer must provide the number of automobiles produced in the United States in the previous reporting period and the aggregate MSRP value of those automobiles. In providing these figures, manufacturers must use the same production calculation and vehicle value methodology used in the prior year's application.

### **4. Tariff Liability Estimate:**

- a. For MHDVs: Projected MHDV and MHDVPs tariff liability under clauses 1, 7, and 12 of Proclamation 10984, broken down by Proclamation 10984 tariff costs the manufacturer will incur directly and Proclamation 10984 tariff costs the manufacturer's suppliers will incur. These estimates should not include the tariff liability for MHDV engines or parts used in the manufacture of MHDV engines.

- b. For Automobiles: Projected automobiles and automobile parts tariff liability under Proclamation 10908 or under clause 12 of Proclamation 10984, broken down by tariff costs the manufacturer will incur directly and tariff costs the manufacturer's suppliers will incur. These estimates should not include the tariff liability for automobile engines or parts used in the manufacture of automobile engines.

**5. Offset Calculation:**

- a. For MHDVs and Automobiles: Requested total import adjustment offset amount for each reporting period, including details of how such amount was calculated.

**6. Importers of Record:**

- a. For MHDV manufacturers and Automobile manufacturers: 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](mailto:autooffset@trade.gov). At its discretion, Commerce may update this list at other times during the duration of the Offset Process.

**7. Certification:**

- a. For MHDVs and Automobiles: 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.

**8. Additional Information:**

- a. For MHDVs and Automobiles: 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 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 claimed at time of entry for both MHDVs and Automobiles:

- May be used only by approved importers associated with the approved manufacturer;
- May be applied only to reduce tariff liability incurred under clauses 1, 7, or 12 of Proclamation 10984 or Proclamation 10908 on eligible MHDV or automobile parts;
- May not exceed the manufacturer's total tariff liability on covered MHDVPs and automobile 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.

### **F. Amendments to Harmonized Tariff Schedule**

Under Proclamation 10984, Commerce, in consultation with the United States International Trade Commission and CBP, shall determine the modifications necessary to the HTSUS to effectuate that 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 November 1, 2025:

Subdivision (i) of U.S. note 38 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 10984 of October 17, 2025 (90 Fed. Reg. 48451), the rates of duty set forth in heading 9903.74.08 applies to parts of medium- and heavy-duty vehicles classifiable in the provisions of the HTSUS enumerated in this subdivision:”

### **III. Paperwork Reduction Act Public Burden Statement**

A Federal agency may not conduct or sponsor, and a person is not required to respond to, nor shall a person be subject to a penalty for failure to comply with an information collection subject to the requirements of the Paperwork Reduction Act of 1995 unless the information collection has a currently valid OMB Control Number. The approved OMB Control Number for this information collection is 0690-0283. Without this approval, we could not conduct this information collection. Public reporting for this information collection is estimated to be approximately 40 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the information collection. The estimated burden hours are within the approved burden hour limits of this control number. All responses to this information collection are voluntary. Send comments regarding this burden estimate or any other aspect of this information collection, including suggestions for reducing this burden to the International Trade Administration Paperwork Reduction Act Program: [PRA@trade.gov](mailto:PRA@trade.gov).

**William Kimmitt,**

*Under Secretary for International Trade,*

*United States Department of Commerce.*

