



International Trade Administration

[Docket No. 260720-0174]

RIN 0625-XC060

Procedures to Administer Import Adjustment Offset Amounts for Certain Imports of Automobile and Medium- and Heavy-Duty Vehicle Parts for Automobile and Medium- and Heavy-Duty Vehicle Engine Manufacturers

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

ACTION: Notice.

SUMMARY: On May 15, 2026, the International Trade Administration published a Notice titled “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” (May 15 Notice), which established amended procedures for automobile and medium- and heavy-duty vehicle (MHDV) manufacturers to apply for and use the import adjustment offset amounts established by Presidential Proclamation 10925 of April 29, 2025, “Amendments to Adjusting Imports of Automobiles and Automobile Parts Into the United States”, and 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 provides procedures to allow domestic manufacturers of automobile engines and MHDV engines to claim import adjustment offsets for imports of parts in a manner consistent with those Proclamations. The procedures exclude certain engine assembly operations determined to be limited production operations from being considered in the calculation of offsets.

DATES: Applications from domestic manufacturers of automobile engines and MHDV engines can be submitted starting [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Offset 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, 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. The International Trade Administration established an import adjustment offset process through a June 13, 2025 Notice, “Procedures To Administer Import Adjustment Offset Amounts for Certain Imports of Automobile Parts Under Proclamation 10908, as Amended” (90 FR 25027).

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 (90 FR 48451). Given the “close connections and overlap between part suppliers” for the automobile industry and the MHDV industry, Proclamation 10984 also amended 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. On May 15, 2026, the International Trade Administration amended the import adjustment offset process to allow domestic manufacturers to apply for and receive an import adjustment offset for MHDVs assembled in the United States (91 FR 27914).

Proclamation 10984 also allowed engine manufacturers assembling automobile engines and MHDV engines in the United States to apply for an import adjustment offset amount, which would offset certain tariff liability under Proclamations 10908 and 10984 on imports of engine parts. Proclamation 10984 required Commerce to establish an import adjustment offset process for automobile engine manufacturers and MHDV engine manufacturers equivalent to that provided for automobile manufacturers and MHDV manufacturers, with offset accruals based on the aggregate value of automobile engine and MHDV engines assembled in the United States by the engine manufacturer, with the same accrual percentage rate and U.S. assembly restrictions as were provided in the Proclamation for automobile manufacturers and MHDV manufacturers. This notice builds on the May 15 Notice by announcing the Engine Offset Process, which allows domestic manufacturers of automobile engines and MHDV engines 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). This notice was separate from the May 15 notice, as engines are a separate product category from automobiles and MHDVs, and Commerce needed time to research the engine industry and

develop appropriate procedures for these distinct products. Import Adjustment Offset amounts may be used to offset any tariff liability incurred under clauses 1, 7, or 12 of Proclamation 10984 or Proclamation 10908 on MHDV or automobile parts.

Proclamation 10984 authorized Commerce to issue regulations and guidance consistent with that proclamation, including addressing 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 automobile engine and MHDV engine manufacturers assembling engines in the United States to apply for an import adjustment offset amount for parts, allowing them to offset tariff liability under both Proclamation 10984 and Proclamation 10908.

Proclamation 10984 provides Commerce with the authority to prohibit engine manufacturers from using offset amounts for imports of products where offsets would be inconsistent with addressing the threat to national security found in that Proclamation. Through Proclamation 10984, 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. 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, and consistent with the May 15 Notice, Commerce has determined that it is appropriate to exclude assembly operations determined to be “limited production operations” from being considered in the calculation of engine offsets. Commerce has determined that engine production operations in the United States that do not utilize a minimum

number of U.S. originating core engine components should be considered to be “limited production operations” under the Engine Offset Process; for purposes of the Engine Offset Process, “core engine components” are turbochargers and certain other engine parts identified in Table A.2 in the Appendix to Annex 4-B (Product-Specific Rules of Origin) of the United States-Mexico-Canada Trade Agreement (USMCA) (specifically heads, blocks, crankshafts, pistons, and rods). In the first two years of the Engine Offset Process, only engine production operations that utilize two or more U.S. originating core engine components are eligible for offsets. For year three of the Engine Offset Process and any subsequent years, only engine production operations that utilize four or more U.S. originating core engine components are eligible for offsets. A core engine component is considered to be U.S. originating if it has been substantially transformed in the United States, i.e., has undergone processing in the United States which results in an article having a fundamental change in form, appearance, nature, or character from that of any imported article used in its production. For purposes of this requirement, engine blocks and heads will also be considered to be U.S.-originating if they have undergone all or substantially all machining in the United States, evaluated by comparing the value added to the engine blocks and heads by machining in the United States and outside of the United States. In its Engine Offset Process submission, a manufacturer must provide a description of the machining performed on any core engine components that it claims to be U.S. originating, including the location where the machining occurred.

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 engine manufacturer certifications used to calculate offsets provided in preceding years, Commerce has determined that it is necessary for U.S. manufacturers to describe in detail their production, including the number, type, and value of engines produced, from any year in which they claimed

an offset. Should an applicant produce fewer engines or produce engines at a lower value than projected in information provided to Commerce in previous Engine Offset Process applications, Commerce may adjust the following year's offset amount accordingly.

II. Application Process

A. Import Adjustment Offset Amount Structure and Duration

Proclamation 10984 provides that automobile engine and MHDV engine manufacturers are eligible for an import adjustment offset amount equal to 3.75 percent of the aggregate value of all engines assembled in the United States by that manufacturer, as determined annually by Commerce. The relevant annual periods for MHDV engines are:

- Year 1: MHDV engines assembled between November 1, 2025, and October 31, 2026;
- Year 2: MHDV engines assembled between November 1, 2026, and October 31, 2027;
- Year 3: MHDV engines assembled between November 1, 2027, and October 31, 2028;
- Year 4: MHDV engines assembled between November 1, 2028, and October 31, 2029;
- and
- Year 5: MHDV engines assembled between November 1, 2029, and October 31, 2030.

The relevant annual periods for automobile engines are:

- Year 1: Automobile engines assembled between May 1, 2026 and April 30, 2027;
- Year 2: Automobile engines assembled between May 1, 2027 and April 30, 2028;
- Year 3: Automobile engines assembled between May 1, 2028 and April 30, 2029; and
- Year 4: Automobile engines assembled between May 1, 2029 and April 30, 2030.

As applications for import adjustment offsets for automobiles assembled between April 5, 2025 and May 1, 2026 included the value of the engine in the calculation of the automobile import adjustment offset, Commerce has determined that permitting import adjustment offsets for automobile engines assembled in the United States in that same time period would inappropriately allow import adjustment offsets to accrue multiple times for the same engine.

Import adjustment offset amounts may be used by MHDV engine manufacturers to reduce tariffs on MHDVPs 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 engines assembled in the relevant annual periods described above. Similarly, import adjustment offset amounts may be used by automobile engine 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 engines assembled in the relevant annual periods described above.

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.

- “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 classified in Class 1 and 2 with a gross vehicle weight under 10,000 pounds.
- “Aftertreatment system” means the components that are attached to an internal-combustion engine to reduce exhaust emissions.
- “Turbocharger” means a device utilized in an internal combustion engine to compress the intake air and force more air into the engine to produce more power. For the purposes of the core engine components requirement, this includes superchargers.

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 engine 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 engine manufacturers, this requires submission of one set of documentation for each period of 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.

1. Production Forecast:

- a. For MHDV and automobile engines: The number of completed engines projected to be produced in the United States by model and the plant locations where the projected engines will undergo final production during each reporting period. Engine manufacturers shall also describe the U.S. manufacturing activities for each model at each plant location. For the first two years of the program, engine

manufacturer's production forecast shall include only models where production relies on two or more U.S. originating core engine components. Core engine components are turbochargers and a subset of engine parts identified in Table A.2 in the Appendix to Annex 4-B (Product-Specific Rules of Origin) of the USMCA, specifically, heads, blocks, crankshafts, pistons, and rods. For year three of the Engine Offset Process and any subsequent years, engine manufacturer's production forecast shall only include models where production relies on four or more U.S. originating core engine components. A core engine component is considered to be U.S.-originating if it has been substantially transformed in the United States, i.e., has undergone processing in the United States which results in an article having a fundamental change in form, appearance, nature, or character from any imported article used in its production. For purposes of this requirement, engine blocks and heads will also be considered to be U.S. originating if they have undergone all or substantially all machining in the United States. In its submission, the engine manufacturer must provide a description of the machining performed on any core engine components it claims to be U.S. originating and the location where the machining occurred.

2. Engine Value:

- a. For MHDV and automobile engines: The aggregate value of all such engines identified in the Production Forecast as eligible for an offset assembled in the United States during each reporting period. Automobile and MHDV manufacturers that produce their own engines must calculate the aggregate value of those engines using a methodology consistent with the method for calculating net cost set out in Chapter 4 of the USMCA. Automobile and MHDV manufacturers that manufacture their own engines and that receive offset for U.S. vehicle production under the May 15 Notice are required under that program to

deduct the value of the engine contained in the automobiles or MHDVs in calculating the aggregate value of the relevant MHDVs or automobiles. For such manufacturers, the aggregate value of engines under the Engine Offset Process may not exceed the value of engines used in calculating the aggregate value of MHDVs or automobiles under the May 15 Notice. Engine manufacturers that produce engines for sale to MHDV or automobile manufacturers must calculate the aggregate value of those engines using either a methodology consistent with the method for calculating net cost set out in Chapter 4 of the USMCA, or by using the forecasted sales price of the engine when sold to the automobile or MHDV manufacturer.

- b. Aftertreatment systems: The value of aftertreatment systems may not be included in the aggregate value of engines under the Engine Offset Process unless the aftertreatment systems are included as part of the engine assembly process at an engine manufacturing facility. If the aftertreatment system is incorporated as part of the automobile or MHDV assembly process at the MHDV or automobile assembly facility, the value of the aftertreatment system shall not be included in the Engine Offset Process submission. Moreover, if the value of the aftertreatment system was included as part of the aggregate value of an automobile or MHDV in a submission under the May 15 Notice, the value of the aftertreatment system shall not be included in the aggregate value of the engine for purposes of the Engine Offset Process.

3. Prior Year Production and Vehicle Value

- a. For MHDV and automobile engines: If a manufacturer received an offset in the previous year, the manufacturer must provide the number of completed engines produced in the United States in the previous reporting period, the aggregate value of those engines, and a description of the U.S. manufacturing activities for

each engine model at each plant location, including a description of and the location of machining of any core engine components, if applicable. In providing these figures, manufacturers must use the eligibility considerations and value methodology used in the prior year's application.

4. Tariff Liability Estimate:

- a. For MHDV engines: Projected 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.
- b. For Automobile engines: Projected 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.

5. Offset Calculation:

- a. For MHDV and automobile engines: 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 and automobile engines: 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. At its discretion, Commerce may update this list at other times during the duration of the Offset Process.

7. Certification:

- a. For MHDV and automobile engines: Each submission must include the following certification, which must be completed, signed, and dated by the time the application is submitted:

I, (PRINTED NAME AND TITLE), currently employed by (COMPANY NAME), certify that I prepared or otherwise supervised the preparation of the attached submission. I certify that the submission is accurate and complete to the best of my knowledge. I am aware that the claims made herein, and the substantiating documentation, may be subject to audit by U.S. Customs and Border Protection and/or the U.S. Department of Commerce. I am also aware that U.S. law (including, but not limited to, 18 U.S.C. 1001) imposes criminal sanctions on individuals who knowingly and willfully make material false statements to the U.S. Government.

8. Additional Information:

- a. For MHDV and automobile engines: 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:

- 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 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 or Commerce may exercise their authority to conduct audits of claims in an application, and any supporting documentation, to ensure compliance with these procedures. Failure to substantiate the claims in the application, or not allowing CBP and/or Commerce to audit the claims and supporting documentation may result in denial of an application, or an adjustment to the amount of an offset previously granted. If it is determined that inaccurate, incomplete, or false information has been submitted, penalties may be imposed.

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 0625-0283. 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.

William Kimmitt,

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