Quote by Nikhil Dhaka, Vice President, Primus Partners

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Zero: Why India Is Having The Last Laugh On Donald Trump's 25% Tariffs On Auto

US President Donald Trump announced a 25 per cent tariff on all vehicle imports and certain auto parts, effective April 3, 2025 on Wednesday. Check Details:

Authored By Vatsal Agrawal

Donald Trump imposes Tariffs on Auto Industry | Image: Republic

Read on: https://www.republicworld.com/automobile/zero-why-india-is-having-the-last-laugh-on-donald-trumps-25-tariffs-on-auto

Donald Trump Tariff: US President Donald Trump announced a 25 per cent tariff on all vehicle imports and certain auto parts, effective April 3, 2025 on Wednesday. According to the White House, the tariff will be levied on all imported passenger vehicles, (which consist of SUVs, sedans, minivans, cargo vans, and crossovers), and light trucks. Additionally, the tariffs will also be levied on automobile parts such as engines, transmissions, powertrain parts, and electrical components).

"What we're going to be doing is a 25 per cent tariff on all cars that are not made in the United States. This will be permanent," Donald Trump said at the Oval House. "We start off with a 2.5 per cent base, which is what we're at, and go to 25 per cent."

According to a report from Reuters, if the new imposition of the 25 per cent tariffs is kept for an extended period, it could add thousands of dollars to the cost of an average US vehicle purchase and restrict car production across North America.

As per the White House, in 2024, America recorded sales of approximately 16 million vehicles, out of which 50 per cent were imported. It further stated that only 25 per cent of the vehicle content out of the 16 million vehicles sold can be categorised as Made in America.

Impact of Tariffs on Indian Automotive Market:

India does not export any direct vehicles to the US. The direct exports of automobile components to the US are comparatively smaller as compared to Japan, Mexico, and Canada. According to PTI, the Indian automotive components industry might see a minimal impact as compared to passenger vehicle manufacturers by the tariffs imposed by Donald Trump.
Further, think tank GTRI on Thursday stated that the imposing of the tariffs by the US may be an opportunity for domestic exporters.

What is the Impact of Tariff on Auto Shares Today?
Since the announcement of Donald Trump's 25 per cent tariffs, at the time of publishing this story, Nifty Auto opened at 21,454.65 points, fell nearly by 1 per cent and closed at 21,516.75 points.

What do Industry Experts have to Say about Donald Trump's Tariffs?

Nikhil Dhaka, VP of Primus Partners said, "As the US announced 25 per cent import tariffs on auto and components, the impact could be threefold. The immediate impact could be seen on the auto component manufacturers, especially those having more exposure to the US,"

Dhaka further stated that the car component manufacturers could also see increased competition from within the US. He said, "As the tariffs negate the cost advantages that India used to have of around 6 to 7 per cent, especially when it comes to the players like Sona Comstar, Motherson and similar players who are supplying and relying mostly for the exports to the US. "
"The Indian component manufacturers should focus more on advanced components like precision-engineered systems, maybe batteries and sensors," Dhaka said.

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