


# US tariffs: Implications for the UK automotive sector and practical steps for businesses

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The automotive sector stands to be one of the sectors most affected by new US tariffs, with President Donald Trump imposing a 25% levy on all car imports.

Given that British carmakers sold £9bn of vehicles Stateside last year – making it the UK's largest single export – there are significant concerns of the impact this could have.

Jaguar Land Rover, Rolls-Royce and Aston Martin are among the most popular luxury car brands among American drivers, while 26,000 Minis were sold in the US last year.

The Society of Motor Manufacturers and Traders said tariffs could lead to 25,000 jobs being cut.

However, while four in five cars produced in Britain are exported, the US market accounts for only 13% of overseas sales.

Joe Davis, Principal Associate in the [commercial](#) team and Head of [Automotive](#) at Browne Jacobson, examines the potential impact of US tariffs on the sector and next steps for businesses.

## Automotive industry and government reaction

The US tariffs imposed on the automotive sector, which will apply to virtually all imports of vehicles and parts, have the potential to materially disrupt an already turbulent and struggling sector.

We have seen businesses react quickly, with Jaguar Land Rover and Audi (among others) announcing they have paused imports into the US until they can fully determine the impacts these tariffs will have on their businesses.

The UK Government has also responded quickly, announcing its long-anticipated reforms to the Zero Emission Vehicle (ZEV) mandate and confirming these were accelerated in light of the impact of the US tariffs.

Industry has responded with some trepidation, claiming the changes – for example, a reduction in the fine from £15,000 to £12,000 for every zero-emission vehicle not sold below the target – do not go far enough to incentivise the sales of zero-emission vehicles to end customers.

There is also pressure on the UK Government to prioritise trade discussions with the US to support jobs and economic growth within the sector.

## What can businesses do?

Rather than rely on discussions and a potential trade deal between the UK and US, businesses should be reviewing their existing contracts with both suppliers and customers to fully understand whether there are any contractual provisions that they can rely on to increase price in light of these tariffs.

Businesses should also consider updating their precedent contracts and dealing with changes to prices in any contracts they negotiate moving forwards, albeit this will depend entirely on whether third parties are willing to accept such provisions.

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