



Mobility Legal Updates

March, 2025

LIN's Mobility Team monitors legal and regulatory trends in the automotive industry and periodically sends newsletters to our clients.

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President Trump's second term officially commenced on January 20, 2025. On his first day in office, President Trump signed more than 40 executive orders, including one abolishing the electric vehicle (EV) mandate. In addition, President Trump has continued his bold approach by signing a total of 75 executive orders through March 3, 2025. Among these, his tariff policies are particularly noteworthy due to their radical nature and frequent changes, drawing significant attention from domestic automotive and mobility companies. Through this issue report, LIN's Mobility Team, aims to briefly summarize the overview and current status of major executive orders related to universal tariffs and reciprocal tariffs signed by President Trump since his inauguration, and to examine potential corporate response strategies and implications.¹

¹ This newsletter is based on news released domestically as of March 9, 2025. As the Trump administration's tariff policies are constantly changing, we recommend referring to the most recent laws and executive orders during your business operations.

1. Overview of the Trump Administration's Tariff Policies

After his inauguration, President Trump issued several tariff-related executive orders: on February 1, he signed an order imposing "additional 25% tariffs on Canada, Mexico, and China"; on February 10, he signed an order imposing "25% tariffs on all steel and aluminum imported to the United States"; and on February 13, he signed an order imposing "Reciprocal Trade and Tariffs." Regarding "tariffs on imported automobiles," he stated that a separate announcement would be made around April 2, 2025. On February 26, he also declared that a 25% tariff would soon be imposed on all imports from the European Union (EU).

2. Executive Order on Tariffs for Canada, Mexico, and China (Signed on February 1, Implemented on March 4)

1. Overview

President Trump had emphasized the need for a universal tariff on multiple occasions since the early stages of his presidential campaign. After taking office, on February 1, 2025, he announced an executive order imposing additional tariffs on products from Canada, Mexico, and China, citing the International Emergency Economic Powers Act (IEEPA)² to protect national security and American industries. The main contents are as follows:

² In accordance with the IEEPA, the President may invoke a wide range of measures on economic transactions in situations that threaten U.S. national security. For example, tariff rates may be increased if the counterpart country retaliates against these tariff measures.

- 25% additional tariffs on products from Canada and Mexico (10% tariffs applied to Canadian energy products such as crude oil and natural gas);
- 10% additional tariffs on products from China.

2. Current Status

According to this executive order, additional tariffs were originally scheduled to be imposed on all applicable items imported into the United States from 12:01 AM (Eastern Standard Time) on February 4, 2025. However, President Trump announced a one-month temporary suspension of tariffs after Canada and Mexico agreed to strengthen their enforcement against illegal immigration and drugs. One month later, on March 4, 2025, the United States began imposing 25% additional tariffs on Canada and Mexico, major automotive production bases for North America. On March 5, a one-month suspension was decided for "automobiles" only³, and the following day, a decision was made to suspend the 25% tariffs on Canada and Mexico until April 2, 2025. Regarding China, additional 10% tariffs (on top of the 10% imposed in February) began on March 4, 2025.

Canada, Mexico, and China have filed complaints with the WTO against the U.S. tariff measures. Canada has indicated it would impose equivalent 25% retaliatory tariffs on U.S. imports, while the U.S. maintains a hardline stance that it would impose additional tariffs in response.

3. Impact and Response Strategies

³ This is interpreted as a temporary measure primarily to protect U.S. automobile companies (Ford, GM, etc.) that produce large volumes of vehicles in Canada and Mexico. Given the immediate opposition statements from Canada, Mexico, and China and real-time negotiations between countries, the possibility of continued suspension or some moderation of tariff rates cannot be ruled out.

If the Trump administration implements the previously announced 25% additional tariffs on Canada and Mexico, this is expected to impact over 400 Korean companies that have established production bases in Mexico to export products to the U.S. duty-free in accordance with the United States-Mexico-Canada Agreement (USMCA), as well as battery manufacturers that have entered Canada in response to the Biden administration's policy of providing subsidies for North American-produced electric vehicles and parts.

Meanwhile, with the implementation of tariffs on China, analyses suggest China may attempt to export to the U.S. by circumventing through third countries like Korea or expand exports to the Korean market by overwhelming the market with volume, potentially intensifying competition between Chinese and Korean companies. Therefore, Korean companies need to analyze the impact of U.S. trade measures against China on the Korean market and businesses, and prepare proactive response strategies.

3. Executive Order on Universal Tariffs for Steel and Aluminum

(Signed on February 10, Implemented on March 12)

On February 10, 2025, President Trump determined to impose a 25% universal tariff on all steel and aluminum imported into the United States without exceptions or exemptions. This executive order is scheduled to take effect on March 12. This is expected to impact Korea, one of the major steel exporters to the U.S., and consequently, Canadian and Mexican steel and aluminum may face a total tariff of 50% (including the 25% additional tariff mentioned above).

Canada and Mexico rank first and second in steel exports to the United States (5.95 million tons from Canada and 3.19 million tons from Mexico as of 2024), and Canadian aluminum accounts for more than half of U.S. imports, representing a significant share of the U.S. market. Some analyses suggest that if the 50% tariff becomes a reality for these two countries, Korean steel products may gain a price competitiveness advantage. Therefore, Korean steel companies need to closely monitor whether these steel and aluminum tariff measures will actually be implemented and prepare effective export expansion strategies accordingly.

4. Executive Order on Reciprocal Tariffs (Signed on February 13, Implemented on April 2), Automobile Tariffs Expected to be Implemented on April 2

On February 13, 2025, President Trump signed an executive order on "Reciprocal Trade and Tariffs." The effective date is April 2, 2025, and universal tariffs on imported automobiles are also expected to be introduced on the same day. For automobile tariffs, although the exact rate has not been determined, it is speculated to be 25%.

It is not yet clear whether Korea will be subject to reciprocal tariffs. However, on March 4, 2025, President Trump mentioned that "Korea's tariffs are unfair, averaging four times higher than those of the United States," and accused Korea of taking unfair advantage. Based on this statement, many believe that reciprocal tariffs will likely be imposed on Korean products.

Currently, all items in Korea-U.S. trade are *de facto* duty-free due to the Free Trade Agreement (FTA) that took effect in 2012, making President Trump's statements appear inconsistent with the facts.⁴ However, if reciprocal tariffs, particularly the 25% tariff on automobiles, are implemented on April 2, this is expected to significantly impact the profitability of Korean automobile manufacturers, for whom exports to the U.S. account for more than half of their total exports. Therefore, automobile companies should carefully analyze whether and how automobile tariffs will be applied and prepare proactive response measures to reduce costs, such as substantially expanding U.S. local production.

5. Implications

President Trump's tariff policies are being implemented aggressively, disregarding allies, adversaries, existing practices, and agreements. At the same time, they may change flexibly depending on circumstances when inter-country negotiations are needed, and the tariff targets may expand at any time. Therefore, companies should monitor U.S. tariff policies and respond organically to policy changes.

⁴ President Trump's claim about "tariffs being 4 times higher" is presumably based on Most-Favored-Nation (MFN) Treatment tariff rates (universal tariff rates applied to WTO member countries without discrimination against specific countries). As of 2023, the average MFN tariff rate of the United States was 3.3%, while Korea's was 13.4%, making Korea's rate about 4 times higher.

LIN has extensive experience in providing advisory and litigation services in the mobility industry, particularly in areas such as administrative regulations and patent and trade secret disputes related to motor vehicles. Our Mobility Team consists of attorneys and experts with a distinctive interest and passion for automobiles.

Should you wish to learn more about this newsletter or have any other inquiries, please do not hesitate to contact our firm's **Mobility Team**:

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