Israel Vehicle Importers Association

Major Automotive Global Trends of April 2025

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1. USA

The trade war further expanded during April with the imposition of tariffs on imported vehicles to the US, causing uncertainty for the auto industry

April was marked by the intensification of the global trade war, which threatens to fundamentally disrupt the international automotive industry's production, supply, and marketing chain. The escalation began in early April after the US imposed a 25% tariff on all new vehicles imported into the US, except from China, on whose imported products, including cars, the US imposed a cumulative tariff of more than 145%. This is just the beginning.

On May 3, unless otherwise agreed, tariffs on imported vehicle parts are also expected to take effect in the US. The tariffs are estimated to be imposed on imports of vehicles and spare parts worth about $460 billion annually. They will include nearly 150 categories of vehicle parts such as engines and transmission parts, transmissions, lithium-ion batteries, and other essential parts.

Despite the early announcement of the tariffs in March, their actual imposition created a significant shake-up in the auto industry, which had hoped for a last-minute turnaround. On the consumer front, the US experienced a "Shopping spree" that had already begun in February, when purchases of imported and domestic vehicles surged due to assessments that price increases were inevitable.

At the same time, various car manufacturers have already begun to implement "Emergency plans"; some have delayed and are delaying shipments of hundreds of thousands of vehicles at ports in the US in anticipation of a clearer picture, and perhaps even a withdrawal of the American administration from its decision. Others have begun to adapt their production and export systems to the new reality. Stellantis closed a factory in Canada for two weeks because of the tariffs, VW announced that it would charge customers an "Import fee" on its cars, and Audi and Land Rover have completely stopped exporting vehicles to the US. All manufacturers have begun to perform new cost calculations and, at the same time, reduce the marketing incentives for new cars, which are paid to dealers.

Elon Musk, President Trump's close advisor and Tesla chairman, also wrote on social media that "The impact of the tariffs on the company is significant... They will affect the price of parts in Tesla cars that come from other countries. The cost impact is not trivial".

The following is a recap of some of the main events that occurred in April:

- **The main lobbying body for car manufacturers in the US, the Center for Automotive Research, has published a new study in which it is estimated that the 25% tariff decided by the US administration on imported cars and parts will increase the costs of car manufacturers in the US by a cumulative amount of approximately $108 billion in 2025.**

  According to the study, the costs of the three largest American automakers alone will increase by about $42 billion, while the average tariff on parts they import into the US is expected to amount to about $4,911 per vehicle. The lobby's chairman said that: "The study proves that the said tariff is going to impose significant costs on the largest American automakers". According to him, the American companies will continue negotiations with the administration to achieve the common goal of increasing the volume of car production within the US.

- **The international investment bank Goldman Sachs published a study that estimated that the volume of vehicle deliveries in the US will decrease by about one million vehicles in 2025 due to the imposition of tariffs.**

  The study estimates that the tariffs will increase the cost of importing a car into the US by at least thousands of dollars on average, although due to the expected decline in demand, automakers will have difficulty passing on the full price increase to consumers.

  The investment bank estimates that the “Net” selling price of new vehicles in the US after discounts and incentives is expected to increase by $2,000 to $4,000 over the next 6 to 12 months.

  As a result, the bank lowered its original sales forecast for 2025 from about 16.2 million units to about 15.4 million units. The investment bank also lowered its 2026 sales forecast by about 1.1 million units. Regarding global vehicle production, the bank lowered its forecast for 2025 from about 90.4 million units to about 88.7 million units. The bank also lowered its forecast for 2026 from 92.6 million vehicles to about 90.7 million vehicles.

- **The rating and research company S&P Global published a report, including a rating warning for major American automakers, following the imposition of tariffs that are expected to lead to an increase in the prices of many spare parts imported from abroad.**

  The report states that vehicles imported into the US market from countries outside North America will be subject to a 25% tariff, while vehicles manufactured in Mexico, Canada, and the US will be subject to more complex tariffs depending on the country of import of the parts they are composed of.

However, the analysts note that these forecasts are "Subject to extreme uncertainty" due to the frequent changes in the Trump administration's policy regarding tariffs.

S&P analysts estimate that due to the tariffs, vehicle sales in the US are expected to decline by about 2% in 2025 compared to 2024, and consumer prices will increase by 5% to 10%. In addition, as China implements its decision to impose export restrictions on rare earth minerals, this will cause further disruption in the industry's supply chain.

- **The large American consulting firm Wedbush has published an analysis of the impact of the US government's tax moves on the automotive industry. According to the company's analysts, the government's incomprehensible policy of imposing tariffs on vehicles and their parts could lead to a 15% to 20% decline in new vehicle purchases in the US by 2025.**

The company writes in the study that "The idea of producing "Pure" American cars (all parts of which are manufactured and purchased in the US) is a "Fantasy"... The current tariff policy on imported cars and parts will throw the auto industry into chaos and raise the prices of new vehicles by $5,000 to $15,000".

The company notes that automakers that manufacture vehicles in the US also use imported parts, so the impact of the tariffs on them will be significant.

The report notes that Tesla, led by Elon Musk, whom the company's analysts call "An ardent Trump supporter," is not immune to the tariff hike. Although Tesla has a relative advantage, auto tariffs will disrupt its supply chain and push up its costs... Musk has always spoken out against tariff policies because he understands that they will negatively impact the American auto market.

The company's analysts estimate that the tariffs will add to the costs of the auto industry up to $100 billion a year because about 40% to 50% of the parts used by American manufacturers come from abroad. According to their estimate, most of the costs will be passed on to the consumers, and will significantly weaken demand in the first stage of imposing tariffs. "The auto industry cannot overnight transform its entire global supply chain, which has existed for decades... If even 10% of the industry's supply chain were to move to the US, it would take three years and cost hundreds of millions of dollars with severe supply disruptions".

- **The US government announced that it intends to advance an investigation into the import of chips manufactured by foreign countries into the US. This is due to overreliance on imported chips manufactured by foreign countries, which poses a risk to national security.**

Based on the results of the investigation, the administration intends to impose tariffs on imported chips, including those used in the automotive industry, in order to encourage production within the US. The administration has issued a call for responses, comments, and objections within 21 days.

In the US, it is estimated that this step, if implemented, is expected to increase the costs of the American auto industry, most of whose chips (with a total value of up to thousands of dollars per car) currently come from Korea, Japan, and Taiwan. This is in addition to a general tariff on auto parts, which will come into effect in May, and a 25% tariff already imposed on steel and aluminum imported from foreign countries.

It should be noted that the US administration has announced that some electronic products imported from China (including computers and phones) will be exempt from the 125% tariff on general imports from China. However, behind the scenes, such products will be taxed due to national security regulations.

However, President Trump announced that "Certain companies will be exempt from the tariffs," and in the US, it is estimated that these are mainly chip manufacturing companies from Taiwan, which pose a threat to China. Analysts in the US estimate that the tariff on chips will come into effect around mid-May and will range between 10% and 25%.

- **The US administration announced the opening of an investigation in preparation for imposing tariffs on critical minerals imported into the US.**

The administration has directed the Secretary of Commerce to assess the national security implications of specific raw materials imported into the US and their significance to the national resilience of its supply chain.

The investigation covers a series of minerals, defined as “The backbone of defense technology”. Most of them are rare minerals, used, among other things, to produce advanced computers, radars, communications equipment, and more. Some are also essential for the production of EV batteries and vehicles in general.

The White House said that the study will cover all essential minerals and ores, as defined in the US government's geographic survey. These include 50 different materials, including lithium, nickel, zinc, platinum, and more. After the results are submitted, the US Secretary of Commerce will decide which dependence on the import of which material constitutes a "National security risk" and, accordingly, tariffs will be imposed on it to encourage the development of self-supply channels. The results of the investigation will be submitted within 270 days.

This step is part of a broader move to accelerate the development of natural resource production within the US and reduce dependence on external imports. The order also restricts the export of certain materials produced within the US. It should be noted that at the same time, China imposed counter-restrictions on the export of rare minerals from its territory (see separate news), and this may have a long-term impact on industries in the US, Japan, and Europe, including the automotive industry.

- **The Prime Minister of Canada announced that the country will allow automakers to import cars and vans made in the US into Canada duty-free, provided that they continue to manufacture vehicles in Canada.**

The move is intended to give automakers “Breathing space” in the trade war, especially American manufacturers such as GM and Stellantis, which have assembly plants in Ontario but still need to export a large number of vehicles from the US to Canada.

Canada’s prime minister announced in early April that he would impose a 25% tariff on all vehicles imported into Canada from the US in response to the tariffs imposed by the Trump administration. However, at a press conference a week later, he said that: “American automakers will receive a tariff exemption in Canada if they continue to manufacture, employ workers, and continue to invest in Canada". However, the Canadian Ministry of Finance clarified that if American automakers decide to cut back on their production and employment in Canada, the number of vehicles they will be allowed to import duty-free into Canada will be cut accordingly.

This move comes amid growing concern in Canada about the relocation of American manufacturing plants away from Canada. Stellantis has already "Temporarily" halted production at its Ontario assembly plant while GM announced that it would close production at one of its Canadian plants "For several months" due to "Low demand". Honda Motor also announced that it was considering moving some of its manufacturing operations in Canada and Mexico to the US to avoid the American tariffs.

The Canadian prime minister said that the government would allocate approximately 2 billion Canadian dollars in aid to strengthen the automotive supply chain within Canada. According to him, Trump's tariff policy will ultimately increase car prices in the US: "It is a wrong policy that is destined to fail," he said. According to the Canadian government, the Trump administration will eventually withdraw from imposing tariffs on vehicle imports.

- **The research firm Cloud Theory, which analyzes market data and forecasts, published a study showing that the average price for a standard new vehicle sale in the US has crossed the $50,000 mark for the first time since December 2024.**

The price surge occurred after the vehicle tariff policy came into effect, following several months of price declines. The company examined the average price of vehicles advertised in dealers' ads and came to a price of $50,025.

In the review, the company writes that: "With the introduction of the new tariff policy, the entire American industry, including the automotive industry, is facing difficulties in planning its future activities". The company estimates that the current wave of price increases is a defensive strategy by car manufacturers and distributors, who maintain financial reserves, and the need to deal with uncertainty by reducing sales promotion incentives.

The company notes that price increases in the American market first began in March 2021 after a sharp decline in inventories due to the shortage of chips in the post-COVID period, which caused manufacturers to reduce production volumes. According to the research firm, the average price tag for a new vehicle sale transaction first crossed the $40,000 mark in September 2021 and reached a peak of almost $52,000 in July 2023.

In early 2025, the average price temporarily dropped to about $48,000 and has now jumped again. It should be noted that the prices that form the basis for calculating the average already include manufacturer and dealer discounts and benefits.

- **Reports claim that the Japanese government is considering "Softening" its unique vehicle safety requirements as part of negotiations to lower tariffs with the US.**

The Trump administration claims that Japan is preventing/delaying the import of vehicles into the US through strict safety regulations, while it exports billions of dollars’ worth of vehicles to the US.

It should be noted that the US and Japan have different safety standards and crash tests. Among other things, Japan requires that cars imported into it pass tests to assess the safety of passengers in frontal and side collisions, while the US sees this as a burden that puts American automakers at a disadvantage in the Japanese market. American cars imported into Japan must receive a separate Japanese "Type approval," an expensive process that takes several months. A representative from the US Department of Commerce described Japanese safety standards as "Non-tariff barriers".

- **In an interview with Kia's North American COO, he said, "As long as consumers continue to purchase vehicles, the impact of the tariffs on the company's US dealers will be manageable."**

  According to him, "Since each manufacturer's supply chain is different, the impact of the tariffs will also be different. In the case of Kia, they will be within a 'manageable' range… As long as market demand remains stable, the tariff costs are not an issue. We have prepared several response plans".

  He also said that the real cause for concern is the indirect effects of the tariffs on the resilience of the economy as a whole. He added, "Stable sales and moderate spending on dealer sales incentives will allow manufacturers to absorb the cost". However, he added that the company is closely monitoring developments and implications and will adjust its policy accordingly.

- **On April 21, China issued a warning saying it would impose sanctions on countries that negotiate with the US to ease their trade terms, "At the expense of China's interests". This refers to**

agreements that could restrict imports from China or Chinese investments through tariffs or other means.

Sources in the Chinese Ministry of Commerce said that "The US is imposing tariffs indiscriminately on all its trading partners and at the same time forcing negotiations on 'Reciprocal' tariffs. The spokesman urged countries to 'stand on the right side of history' and uphold international trade rules. He said: "China firmly opposes any party that reaches agreements with the US at the expense of China's interests... If such a situation occurs, China will take resolute retaliatory measures".

The warning came only after attempts at "Conciliation" by countries, including Japan, which sent senior officials to the US to prevent the sweeping tariff hike, expected to take effect in June after being granted a 90-day extension.

The US and China have traded economic blows in recent months, especially in April, which resulted in the US imposing tariffs of up to 245% on Chinese exports to the US, including tariffs imposed before Trump's second term. On the other hand, tariffs of 125% are currently imposed on all American exports to China, including vehicles.

Many analysts believe that if the tariffs are not lifted, the Chinese government will have difficulty meeting its gross domestic product growth target of approximately 5%. It should be noted that on April 23rd, reports were published saying that the Trump administration was considering "Relaxing to some extent" the tariff policy with China, but this has not been officially confirmed.

Ford Motor Company already announced in late April that it had stopped shipments of its SUVs, pickup trucks, and SUVs to China, because it had no way to deal with the tariffs. "We have adjusted exports from the US to China's current tariffs," Ford said. Exports of US-made engines and transmissions to China are expected to continue, despite the halt in exports of finished vehicles. American automakers are expected to raise the prices of their new cars in China if the trade war continues.

- **The main lobbying body of the American auto industry, the Alliance for Automotive Innovation (AAI), has called on President Trump not to impose a 25% tariff on imported car parts in early May.**

  According to the organization's statement, "Tariffs on parts will shake up the global supply chain of the auto industry, create a domino effect that will lead to higher car prices for customers, which will slow down the pace of sales and, in addition, will cause an increase in the cost of maintaining vehicles. Most parts manufacturers are not prepared for the sharp disruption caused by the imposition of tariffs. Many of them are already in distress and will now face a halt in production, layoffs, and even bankruptcy... It only takes one parts manufacturer to go bankrupt to completely shut down a car manufacturer's production line. When this happened due to the pandemic in 2020, all manufacturers were affected". This letter was signed by most of the major car manufacturers in the US.

- **The US government has launched a new investigation into the import of medium and heavy-duty trucks, buses, and their parts into the US. This is in preparation for a new round of tariffs. So far, tariffs have only been imposed on private vehicles.**

  According to the administration, the investigation will examine whether the US's increasing reliance on imports of work trucks, commercial vehicles, and buses constitutes a threat to national security. According to the investigators, these vehicles constitute the backbone of American logistics.

The government will allow comments and hearings on the subject until mid-May. The US notes that imposing such tariffs would significantly harm manufacturing countries such as Japan, Canada, and especially Mexico, which is the main supplier of heavy trucks to the American market. Mexico is home to 14 major truck and bus manufacturers and two heavy-duty engine manufacturers. About 95% of Mexico's production in this segment is exported to the US.

In the US, it is noted that if tariffs are indeed imposed on the segment, they will have a negative impact on transportation costs in the US, on public transportation, and on foreign manufacturers, who have invested hundreds of millions of dollars in opening new factories in Mexico in recent years.

2. Europe

China and the EU intend to start negotiations on EV import tariffs

On the sidelines of the trade war with the US, European sources reported in April that China and the EU had agreed to hold high-level negotiations on the abolition or reduction of the "Punitive tariffs" imposed by the EU on imports of Chinese electric cars in October last year.

In the past, it has been suggested that "Quiet negotiations" are underway on the subject, but the trade war launched by US President Trump has given the issue a boost.

European sources said that the EU's Trade Commissioner, Maroš Šefčovič, met with Chinese Trade Minister Wang Wentao during his trip to China at the end of March. According to the report, it was secretly agreed at the meeting that attempts should be renewed to abolish the tariffs imposed by the EU on EVs made in China.

Spanish Prime Minister Pedro Sánchez Pérez also arrived in Beijing in April to meet with the Chinese president. He is considered to be one of the EU's biggest critics of the decision to impose tariffs on Chinese-made EVs.

European media reported that the EU is insisting on guarantees so that Chinese car manufacturers will not only build car assembly plants in Europe but also "Establish entire industrial sites," including signing contracts with European suppliers and transferring technology. If such guarantees are accepted, tariffs will be replaced by "Minimum prices" to protect European manufacturers from the flood of cheap Chinese-made vehicles. The advantage for Chinese manufacturers is that they can keep the difference between the minimum price and the selling price and do not have to pay it to the EU as customs duties.

3. China

The Chinese government has begun regulating the country's "autonomous vehicle" market

In mid-April, Chinese media reported that the Chinese government was planning to impose restrictive regulations on the use and marketing of software-based driver assistance systems. The government has ordered automakers to refrain from using terms such as "Self-driving" or "Autonomous driving" regarding their systems, has ordered them to stop "Beta" testing of systems on public roads, and requires over-the-air (OTA) vehicle updates only after receiving government approval.

China's Ministry of Industry and Information Technology (MIIT) reportedly held a closed-door meeting in April with executives from dozens of automakers to announce the new restrictions. The government says "Smart" driving features have become a competitive marketing factor in the Chinese auto market, pushing automakers, especially "Young" ones, to release and update new features that are not yet mature.

According to industry experts, the government is concerned that drivers are not sufficiently aware of the limitations of these systems and that the marketing messages that accompany them could lead customers to over-trust the car's self-driving capabilities. As a result, the number of road accidents attributed to advanced driver aids in China is already rising.

In addition, the Chinese Ministry of Industry is seeking to ban the common practice in the Chinese auto industry of "Beta testing," in which preferred customers are given the opportunity to test early versions of autonomous driving systems on public roads to provide feedback to the manufacturer.

In the future, such beta tests will have to "Go through official approval channels", meaning that car manufacturers will be required to conduct independent, controlled testing and receive approval from authorities before introducing new systems to customers. In addition, the regulation requires manufacturers to "Clarify to customers the limits of the systems' functionality and safety measures".

The government is also encouraging domestic automakers to avoid mentioning terms such as "Self-driving," "Automatic driving," "Autonomous driving," "Smart driving," "Advanced smart driving," etc. in their marketing materials. Instead, they should use the precise term "ADAS level ..." followed by the appropriate value, between 1 and 5.

In addition, the regulation instructs automakers to reduce the scope of vehicle software updates over the network (OTA) and release them to vehicles only after sufficient testing and government approval.

The meeting's protocol shows that the government wants to curb the use of vehicle functions that operate without driver supervision in the vehicle, such as automatic parking using a remote control, and demands that the cancellation of in-vehicle driver monitoring systems not be allowed.

China introduced strict safety regulations for EV batteries that will take effect in 2026

In April, China's Ministry of Industry and Information Technology (MIIT) announced the formulation of new mandatory safety standards for EV batteries, which are due to take effect on July 1, 2026. According to the Chinese government, this is "The world's first standard that requires the design of batteries that are completely immune to ignition or explosion".

In the future, Chinese manufacturers will have to pass a new "Thermal diffusion" test for batteries, in addition to preventing smoke emissions from the batteries, which endangers vehicle passengers, and install a warning system in the vehicle that will warn passengers of the development of extreme conditions in the battery.

The responsibility lies not only with car manufacturers but also with battery manufacturers, who must subject their batteries to stringent tests. Among them is a test that simulates damage to the underside of the battery during a severe collision and withstanding 300 rapid charging cycles, at the end of which another test will be conducted.

Auto industry experts predict that the stricter standards will significantly improve consumer safety and lead to a consolidation of forces within the battery industry in China, as the R&D costs required for small companies to independently meet the standards will be beyond their means.

China bans the export of rare minerals

As part of the Chinese government's response to the US imposition of tariffs on goods imported from China to the US, the Chinese government announced on April 14 that it would ban the export of six rare earth minerals and special magnets, which are raw materials for certain products. This is expected to have a far-reaching impact on the global production of electric motors and chips. Without these raw materials, the production of electric motors and chips, for example, could come to a halt, hurting the automotive, semiconductor, aerospace, and defense industries.

The ban applies not only to exports to the US but to the entire world. According to the report, the export of minerals was abruptly stopped, and shipments were stopped at Chinese ports before being shipped to their destination. The Chinese claim that "This is a temporary measure until the Chinese government develops a new regulatory system on the subject". However, in the West, it is estimated that the purpose of the "regulatory system" is to permanently prevent the supply of such materials to certain companies, including American defense contractors.

China is responsible for about 90% of the global production of the minerals that are under embargo, including samarium, gadolinium, dysprosium, terbium, lutetium, scandium, and yttrium. At the same time, there is currently uncertainty among Chinese exporters about the ability to export additional rare raw materials, which are not included in the embargo list.

Western sources say that the Chinese government is now requiring Western companies to provide information on how they are used, including photos of their use, as a condition for exporting rare earth minerals that are not included in the embargo. A company that cannot or is unwilling to provide information will not receive approval. Even companies that do receive export approval must wait up to 45 days to receive approval, which creates problems in the supply chain.

The export ban mainly affects the global production of permanent magnet electric motors, also known as "Permanent magnet synchronous motors" (PMM). Due to their high power, these motors are the preferred choice for EVs. Car manufacturers, which rely on other types of motors that do not contain permanent magnets and therefore do not contain rare earth minerals, are expected to be less affected.

However, both these companies and manufacturers of vehicles with internal combustion engines will be indirectly affected by this move, because permanent magnets are also often used in electromechanical power steering systems, lasers, car headlights and ignitions, as well as in computer chips and capacitors, on which the automotive industry depends.

4. India

India may reduce the tariffs it imposes on vehicles manufactured in the EU

In April, Indian media reported that the Indian government was considering reducing tariffs not only on US-made cars but also on cars made in the EU, including electric models. The government is currently negotiating a free trade agreement with the EU and may announce the change as part of the agreement.

The Indian car market is currently one of the most “Protected” from imports of foreign-made vehicles, but the Indian government is under heavy pressure from the US and Europe to lower import protections or face retaliation. The EU has proposed to the Indian government to eliminate tariffs on European-made vehicles, which currently stand at around 100%, and although the chances of the Indian government agreeing to such a sweeping change are slim, it appears to be considering a significant concession, probably to only around 10%. However, the tariffs will be reduced only gradually, over several years, to avoid a sharp impact on local manufacturers of cars and spare parts.

According to reports, initially India may reduce tariffs only on imported cars with a minimum CIF (cost, insurance, and freight) value of between $25,000 and $35,000. Such a move would protect domestic manufacturers, whose sales are focused on very cheap vehicles. The main beneficiaries of this move would be premium European brands such as Mercedes, Audi, BMW, Porsche, and even Tesla, which will be able to import the Model Y from Germany.

The reports concerning the EU came just days after India said it was considering eliminating tariffs on US-made vehicles, its main export destination, to ease trade tensions. India currently imposes tariffs of up to 110 percent on imported EVs such as Tesla vehicles.

India's Ministry of Commerce and Industry has been consulting with local auto industry executives to discuss the EU's proposals. Indian automakers have traditionally resisted attempts to lower prices on imported cars, but this time the government appears likely to bow to external pressure because of the risk of damaging a strategic export market.

"We are at a historic moment where India can turn the current situation into an opportunity", India's Commerce and Industry Minister said at the World India Forum in Mumbai. He stressed India's strong motivation to position itself as the West's new preferred trading partner. In February, the President of the European Commission, Ursula von der Leyen, visited India to meet with Prime Minister Narendra Modi. The two agreed to complete preparations for the free trade agreement by the end of this year.

5. UK

The British government announced concessions for the goals of the ZEV transition

In April, the UK government officially announced the easing of the Zero Emission Vehicle (ZEV) transition plan by the end of the decade. The updated regulations give car manufacturers more flexibility in meeting their annual electric vehicle sales targets and reduce penalties for failing to meet them.

In addition, full hybrid electric vehicles (HEVs) will continue to be sold in the UK until 2035. This is in addition to plug-in vehicles, which can travel on electricity for long distances.

The original target, which stated that 28% of new car sales in the UK by 2025 would be EVs, turned out to be unrealistic because demand did not meet expectations. Manufacturers also barely managed to meet the target set for 2024, thanks to deep discounts that hurt their profitability.

As a result, major manufacturers have lobbied against the regulation and used the threat that it would harm jobs in the UK. The Stellantis Group, for example, has threatened to close its factory in Luton and cancel its planned production of electric vans there. Nissan has also threatened to make redundancies at its factory in Sunderland, which is one of the largest employers in the UK.

After consultation with the local car industry, it was decided to “Soften” the plan to completely stop marketing ICE vehicles by 2030 and the stricter interim targets. It should be noted that the final details of the new plan, which will be published in the spring, have not yet been published, and it is not known to what extent manufacturers will be allowed to exceed the targets without incurring fines. The government also intends to continue to provide hundreds of millions of pounds in incentives to encourage the transition to EVs, and claims that "The new package of measures will support a modern industrial strategy and help UK companies realize the potential of the industries of the future".

In Britain, it is estimated that the threats of a trade war with the US have also "Encouraged" the British government to ease regulation. In 2024, about 27% of total vehicle production in the UK will be exported to the US, and the threat of tariffs has caused the British government to take defensive measures.

6. Israel

The trade war spilled over during April to various industries, including the automotive sector

During April, the first signs showing that the global trade war was also permeating the Israeli economy and indirectly the automotive market started to appear

The first move, which went into effect in March, was the imposition of a 25% tariff on automotive transport products exported to the US. The volume of exports from Israel to the US in this category stood at approximately $30 million per year in 2024, including components and products manufactured in Israel for the US automotive industry. According to estimates, the actual volume is much larger, since the "Metals tariff" also indirectly applies to over 100 related product categories.

The second move, in early April, was the imposition of a specific tariff of 10% on all exports from Israel to the US, as part of the global tariffs imposed by the Trump administration on dozens of countries. The tariff, which has already taken effect immediately, also affects exports of vehicles, their parts, and accessories from Israel (customs code 87), which in 2024 amounted to approximately $33.8 million (according to customs data). It is not yet clear to what extent the move has harmed the competitiveness of relevant Israeli exporters in the US market.

Meanwhile, in late April, the Israeli Ministry of Economy imposed an “Anti-dumping duty” of 61% to 146% on aluminum in various configurations imported from China. According to estimates, the duty will increase the costs of Israeli exporters, who export aluminum products and components to the US, as well as the import of various aluminum products, which are used for the repair and maintenance of vehicles in Israel.

The letter accompanying the Economy Ministry's announcement on the anti-dumping levy states: "It cannot be ignored that today's world is not a world of economic innocence but a global battlefield... The tariff war, which the US is currently leading, clearly illustrates that countries must protect their manufacturers from unfair trade if they wish to survive".

It should be noted that importers of US-made transportation products and vehicles in Europe already received a warning last month that the products and vehicles they import will become more expensive due to the increase in input prices for manufacturing plants in the US. This is due to the imposition of tariffs on imported vehicle parts and raw materials.

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