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## Mazda Braces for Near \$1 Billion Profit Drop Amid Steep U.S. Tariffs

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Mazda Motor Corporation is preparing for a significant financial blow this year, with nearly \$1 billion expected to be wiped from its operating profit due to new U.S. import tariffs. The Japanese carmaker announced on Tuesday that the projected impact totals 145.2 billion yen (approximately \$987 million), prompting a strategic shift in its manufacturing and logistics operations to limit the damage.

The Yokohama-based automaker outlined its response to the sharp increase in U.S. tariffs, which are placing added pressure on firms with international supply chains. Measures now

underway include rerouting shipments, boosting production at its assembly plant in Alabama, and recalibrating output levels at other facilities. These steps are designed to counter what the company calls a “quite significant” effect on its bottom line.

Mazda’s Chief Financial Officer Jeffrey Guyton stated that the financial toll would have been far more severe without these countermeasures. “Without the measures, the company would be looking at a 233.5 billion yen hit to operating profit for the year ending March 2026,” Guyton told reporters during a media briefing. The company assumes a 15% tariff on vehicles exported from Japan to the U.S. and a steeper 25% duty on those shipped from Mexico.

Mazda trades publicly under ticker symbol 7261.T in Tokyo and MZDAY in the U.S. over-the-counter market, has been ramping up production of its CX-50 crossover SUV (sport utility vehicle) to strengthen its U.S. presence. A major portion of these vehicles is built at its factory in the Mexican state of Guanajuato, a key export hub for the North American market.

In the first half of this calendar year, the carmaker reported a 4% year-on-year rise in U.S. vehicle sales, reaching about 210,000 units. However, the tariff pressures are likely to offset much of the momentum. Mazda has forecast a full-year operating profit of 50 billion yen for the financial year ending March 2026, a steep decline from the previous year’s earnings. This projection was only recently released after the company delayed issuing guidance amid tariff uncertainty.

The company’s decision to increase production at its Alabama facility is part of a broader shift to localise output and reduce exposure to international trade disruptions. By manufacturing more vehicles within the U.S., Mazda aims to sidestep the highest tariffs and preserve its competitiveness in the vital American market.

While the firm is clearly taking proactive steps, the financial strain from the U.S. administration’s protectionist policy will test its resilience over the coming months. The automotive sector globally has been grappling with rising costs and supply chain challenges. Mazda’s latest forecast reflects how geopolitical and trade policy shifts can quickly alter the financial landscape for multinational manufacturers.

The U.S. tariffs have been part of a broader push to encourage domestic manufacturing and reduce reliance on foreign imports, particularly in industries like automotive and technology. Japanese carmakers, many of whom rely heavily on factories in Mexico and Japan for

exports to the United States, are now reassessing their strategies in light of the evolving trade environment.