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Tariffs Hold Steady on EU Cars as White House Maintains Pressure on German Carmakers

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The White House has confirmed that US tariffs on European Union (EU) cars will remain at 25%, despite a recent trade agreement between the two blocs aimed at easing transatlantic tensions. A new executive order issued on 31 July introduced a 15% blanket tariff on most EU goods but excluded any relief for the automotive sector, disappointing hopes for tariff reductions on German-made vehicles.

Under the executive order, the 15% duty will take effect on 8 August, replacing the previous 10% rate. Goods already in transit before that date will be allowed to enter under the older tariff rate until 5 October. However, any effort to bypass the new trade measures will be met with a punitive 40% tariff, according to the US administration.

The decision comes despite public statements from EU and US leaders suggesting a more conciliatory tone. The deal struck on 27 July between US President Donald Trump and European Commission President Ursula von der Leyen was expected to provide relief for EU car exports and exempt certain high-value goods, such as aircraft, from higher tariffs. Neither of these provisions appeared in the final executive order.

EU carmakers, particularly in Germany, have been hit hard since the United States applied the 25% tariff on 2 April under Section 232 of the US Trade Expansion Act, a legal mechanism that permits trade restrictions on national security grounds. The automotive industry, a cornerstone of Germany's export economy, has faced mounting challenges as a result.

Despite the omissions, EU Trade Commissioner Maroš Šefčovič described the new tariffs as "the first results of the EU–US deal," claiming the measures would offer "stability for businesses" and "reinforce trust" in transatlantic commerce. He noted that EU exporters are now "in a more competitive position" due to the wider tariff framework but acknowledged that further talks are required.

Efforts to finalise a joint statement between the EU and US remain stalled, as both sides continue to present conflicting interpretations of the agreement. Key issues still under negotiation include exemptions for sensitive sectors such as steel and aluminium, which currently face tariffs as high as 50%. The EU has indicated that these could be replaced with tariff-rate quotas in the near future, though no formal agreement has been reached.

Additional friction has arisen over digital regulation. A US factsheet released Monday claimed that the EU had agreed not to impose network usage fees on American technology firms under its forthcoming Digital Network Act. However, the European Commission clarified that no such commitment was made exclusively for US companies. A white paper released in February concluded that the proposed network fee model lacked viability, but the policy remains under review.

While the 15% tariff implementation is being framed by both sides as a step towards de-escalation, the absence of concessions for the EU automotive sector suggests that President Trump remains firm in his approach to trade imbalances. Talks are expected to continue in the coming weeks, but for now, the car tariffs remain in place, leaving European manufacturers with little immediate relief.