# U.S. expands Tariff Offset Regime to medium and heavy-duty vehicle sector

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On May 15, 2026, the United States has expanded its Section 232 tariff mitigation framework to include medium- and heavy-duty vehicle (MHDV) manufacturers.

## Key takeaways

These measures broaden the access to import adjustment offsets and aligning treatment across the automotive sector considering the overlap in automotive and MHDV supply chains. The offsets are a form of tariff relief that allow eligible U.S. manufacturers to reduce duties payable on imported vehicle parts based on the value of vehicles they assemble domestically and may be carried forward until fully utilized. Manufacturers in both sectors may now use these offsets to reduce tariffs across both automobile and MHDV parts, reflecting the overlap in their supply chains.

## What's new?

The Department of Commerce has amended its offset procedures to implement Proclamation 10984. U.S. domestic MHDV manufacturers can now apply for import adjustment offsets—previously available only to automobile manufacturers—for tariffs imposed on MHDV and automobile parts.

## How the Regime works

Eligible U.S. manufacturers may offset tariff liability by an amount equal to 3.75 per cent of the value of vehicles assembled domestically during specified annual periods through 2030. Offsets may be applied against tariffs on both MHDV parts and automobile parts and can be carried forward indefinitely until fully used.

## Important limitation

Certain heavy-duty vehicle assembly operations determined to be "limited production operations" are excluded from being eligible for the offset. This means that heavy-duty vehicle production that includes incorporating an imported chassis, chassis glider,

chassis with engine, or engine in the vehicle, is not eligible for offsets under the Offset Process. No equivalent restriction currently applies to automobiles or medium-duty vehicles.

## Compliance burden and documentation

Applicants must submit detailed annual filings, including production forecasts, valuation methodologies, tariff exposure estimates, and certifications. The U.S. Department of Commerce retains oversight authority and may adjust offsets based on actual production outcomes.

## What this means for industry

- Expanded offset access for MHDV manufacturers reduces effective tariff exposure.
- Increased compliance obligations and scrutiny of production structures.
- Continued policy evolution monitoring, particularly regarding the definition of “limited production operations” for other vehicle classes.

BLG’s International Trade and Investment group continues to monitor the situation closely. If you have any questions about the tariff developments impacting your organization, please reach out to one of our lawyers below. Our multidisciplinary team can help you navigate the new regulatory landscape, maximize opportunities, and ensure compliance across all major industries.

By

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