Business Cars

Tesla’s ‘American-made’ cars won’t get hit as hard by the auto tariffs

By Ramishah Maruf, CNN

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29 comments



A Tesla Model Y and other Telsla vehicles sit at a dealership on March 19 in Kennesaw, Georgia. Mike Stewart/AP

New York CNN — Just this week, Tesla boasted as anxieties swirled over tariffs on automobiles.

“Btw, Teslas are the most American-made cars,” the official Tesla account posted on X on Sunday.

That’s true, at least according to one measure. The company has dominated Car.com’s American-Made Index since 2021, based on criteria including assembly location, where the parts are made, engine origin, transmission origin and US manufacturing workforce.

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"Tesla's manufacturing, both as location of final assembly and the componentry of the vehicles, is all as high (a score on the index) as you could possibly get for a US-made vehicle," Patrick Masterson, lead researcher for the Cars.com index, told CNN.



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Tesla's American-produced cars could partially protect the company from the new auto tariffs, which industry experts say will raise car prices for consumers by the thousands. The 25% tariffs, which were announced Wednesday, will affect all imported cars and car parts beginning April 3. Analysts maintain that the EV maker will be largely shielded, unlike other American automakers like General Motors, which has factories in Mexico.

But car manufacturing "is a complicated process, and no one's going to be immune from these tariffs," Masterson said. Even US-made cars depend on parts from Mexico and Canada, thanks to free trade agreements.

Although Tesla produces 100% of its vehicles in the United States at its Texas and California factories, there is truly no 100% "American-made" car — as Musk himself contended Wednesday after the tariffs announcement.

"Important to note that Tesla is NOT unscathed here," Musk posted on X. "The tariff impact on Tesla is still significant."

As 'American-made' as you can get

Tesla hasn't publicly said how much its cars depend on international parts. An October 2024 document from the National Highway Traffic Safety Administration shows that 20% to 25% of components for all Tesla cars were imported, though it did not specify from which countries. Between 60% to 75% of components were made in the US or Canada, according to the document.

Cars.com didn't have data on where specific components are made, but Masterson said Tesla's "final assembly, engine country of origin, the battery country of origin" are all based in the United States.

And for now at least, car parts made in the US or Canada are grouped together, as part of the American Automobile Labeling Act, even though Trump's tariffs target Canada as well.

"Tesla in particular is known to source a greater proportion of components installed on its US-built vehicles in comparison to other automakers (both foreign and domestic) producing vehicles in the U.S.," analysts at JP Morgan said in a note, which pointed out that Tesla and fellow EV maker Rivian would be the least impacted among carmakers.

However, Wolfe Research predicted Thursday a potential annual headwind of $1.6 billion for Tesla, primarily because of the car components made in Mexico.

A small win for Tesla in EV race

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The tariffs give Tesla a boost in the electric vehicle competition, especially among its unionized American rivals — Ford, General Motors and Stellantis.

"In the electric vehicle segment, tariffs are a boon to fiercely anti-union Tesla, which will benefit from the disarray of competitors (including the Big Three) who need time to rethink production strategies and retool factories. Any new automotive jobs will be overwhelmingly nonunion," Cornell University's School of Industrial and Labor Relations research professor Ian Greer said over email.

In another sign of a potential turnaround, Tesla's flailing stock is staging somewhat of a comeback, closing higher Wednesday for the sixth straight day, though it dipped again by the end of the week. Meanwhile, shares of Stellantis, Ford and General Motors all fell in after-hours trading after the tariffs announcement Wednesday.

While Tesla may experience a bump in the United States, its CEO, Elon Musk, still faces sharp scrutiny for his outsized role in the federal government as head of the Department of Government Efficiency. Sales have fallen sharply in Europe and China due to an influx of competition, and even the used Tesla market is floundering.

CNN's Chris Isidore and Vanessa Yurkevich contributed to this report.