



# Automotive Compliance in 2025: Tariffs, Forced Labor, FOCI Risk

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## SUPPLY CHAIN

# Automotive Compliance in 2025: Tariffs, Forced Labor, FOCI Risk

By Sayari Analyst Team · Published April 2025

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The supply chain playbook for automotive compliance has shifted. For decades, OEMs and tier-1 suppliers relied on periodic audits, watchlist screening, and spot checks for material sourcing. This model assumed tariff costs were predictable, forced labor risks isolated to known high-risk regions, and foreign ownership concerns were edge cases. None of these assumptions hold anymore.

Modern vehicle supply chains span the globe, with critical subsystems—semiconductors, battery management, connectivity modules—flowing through multi-tier supplier networks few automakers fully understand. When tariffs shift, ownership structures change, or component manufacturers link to military end users in sanctioned jurisdictions, impact cascades through the entire supply chain. The 2025 compliance environment demands visibility into what automakers don't know they don't know.

Three regulatory regimes have fundamentally changed the risk calculus: tariff policy, forced labor enforcement, and connected vehicle security rules. Tariffs hit automakers' margins directly, forcing rapid supplier diversification without adequate visibility. The U.S. Forced Labor Prevention Act (UFLPA) expanded enforcement beyond direct suppliers, creating shipment detentions when sub-tier suppliers fall into sanctioned categories. New Department of Commerce rules on vehicle connectivity force screening of suppliers and components for links to foreign adversaries. Compliance in 2025 requires proactive tariff mapping, real-time sub-tier visibility, supply chain security screening, and systematic monitoring of trade sanctions and military end-use concerns.

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## Tariff Exposure and Supplier Diversification

Tariff policy is now permanent. A 10-15% tariff on automotive components can shift supplier pricing overnight, rendering long-term cost assumptions obsolete within weeks. When tariff schedules change, previously advantageous jurisdictions become uncompetitive, forcing emergency sourcing decisions.

Alternative sourcing without visibility is expensive and risky. When supply chain teams must find a second source for critical components in sixty days, pressure to approve candidates quickly can overwhelm due diligence. By mapping which suppliers and components face tariffs today-and under various tariff scenarios-OEMs can proactively develop alternative supplier strategies before disruption forces hasty decisions.

Tariff exposure maps are complex to build and maintain. A single component may have multiple tariff schedules depending on origin country, manufacturing process, and final assembly location. When tariff data changes, exposure pictures shift. The most mature organizations maintain dynamic tariff exposure models and use them to pressure-test supplier bases quarterly. Building this capability requires data on supplier locations, component origins, and current tariff schedules, and treating tariff exposure as a supply chain risk equivalent to quality or delivery performance.

## Forced Labor Compliance and Sub-Tier Visibility

The Forced Labor Prevention Act transformed enforcement of forced labor risks. The law directs U.S. Customs and Border Protection (CBP) to block imports of goods produced with forced labor and gives CBP authority to detain shipments indefinitely until importers prove goods are clean. Shipments can be held at ports for weeks or months if CBP suspects forced labor involvement, regardless of whether the supplier is direct or buried three or four tiers deep.

The enforcement challenge is visibility. Most OEMs know tier-1 suppliers. Few have complete tier-2 visibility. Fewer understand the full network of subsuppliers, material processors, and component manufacturers. When UFLPA enforcement targets a subsupplier in Southeast Asia or Central Asia for using forced labor in mining or agriculture, and that output embeds in a component sourced by a tier-1 vendor, the OEM's shipment gets detained.

Compliance requires real-time visibility into sub-tier supplier networks: mapping subsupplier rosters, understanding material and component flows, and regularly screening networks against the CBP UFLPA Entity List. Documentation must trace components backward to origins

to confirm they don't derive from sanctioned subsuppliers. The most effective approach combines continuous monitoring of forced labor risk lists with proactive supplier engagement on subsupplier transparency. Suppliers unable to document supply chain lineage sufficiently are becoming liabilities.

## Supply Chain Security and Connected Vehicle Risk

Connected vehicles represent a new regulatory frontier. Modern vehicles collect and transmit data continuously-telematics, GPS location, diagnostics, sensor data from autonomous systems. This connectivity creates security vulnerabilities if hardware, software, or transmission channels are compromised.

The Department of Commerce Bureau of Industry and Security (BIS) has restricted suppliers from using components or manufacturing processes with ties to designated foreign adversaries, particularly China and Russia. These rules prevent monitoring backdoors or compromised hardware from entering vehicles. Supply chains must screen suppliers and subsuppliers for ownership connections to state-owned enterprises, military entities, or sanctioned country end users.

Connected vehicle security extends to conflict minerals. Semiconductors, power management modules, and battery systems contain tin, tantalum, tungsten, or gold sourced from conflict regions in Central Africa. BIS rules elevated scrutiny of mineral sourcing as part of broader supply chain integrity assessment. Suppliers must maintain visibility not just into direct mineral suppliers but into whether those suppliers have ownership or operational ties to Chinese or Russian state-controlled entities. Small breaches-subsupplier acquisition by foreign entities, contract manufacturing with military-connected firms-trigger regulatory escalation, creating pressure for real-time screening.

## Trade Compliance, Sanctions, and ESG Transparency

The scope and depth of screening required in 2025 has expanded. Beyond Specially Designated Nationals List screening, automakers face scrutiny for military end-use concerns, state-owned enterprise exposure, and ESG-related supply chain transparency.

Military end-use concerns are acute. A supplier selling to OEMs may also supply military contractors or defense-adjacent manufacturers. If that supplier is acquired by or has ownership links to a sanctioned entity, exposure extends to OEM supply chains. Trade

compliance teams must maintain awareness of not just suppliers' customer lists but the broader commercial ecosystem. This requires deep corporate data-ownership structures, customer bases, facility locations, regulatory filings-across thousands of suppliers globally.

ESG demands for transparency are growing. Investors and regulators expect OEMs to publish detailed supply chain data on forced labor risks, environmental practices, and adverse regulatory news affecting subsuppliers. This requires documenting supply chain lineage sufficiently to respond to investor queries and maintaining documentation in auditable formats.

For automotive compliance leaders, the path forward is clear: build visibility where it doesn't exist. Map tariff exposure before changes force reactive sourcing. Invest in sub-tier transparency to meet UFLPA requirements. Implement supply chain security screening. Deploy systematic monitoring of trade compliance risks.

This requires continuous monitoring and real-time screening, treating supply chain visibility as a core business capability. Sayari's sourcing and procurement platform provides automotive teams access to corporate and trade data needed to build visibility at scale. Learn more about mapping forced labor risks and ensuring supply chain security by exploring sourcing and procurement strategies, and see how trade compliance software streamlines screening and monitoring. Request a demo to see how Sayari's 8B+ corporate records and real-time monitoring can support your 2025 compliance roadmap.

Please visit [sayari.com](https://sayari.com) to learn more.

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