Regulatory Evolution: Normalizing Uncertainty and Building Resilience in the Automotive Supply Chain

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Regulatory disruption has become *the* operating environment for the automotive supply chain. Tariffs and refund administration, trade enforcement, compliance obligations, and geopolitical shocks increasingly operate as recurring inputs for sourcing, pricing, and continuity planning, shifting the focus from *whether* further disruption will occur to *how quickly* organizations can identify exposure and respond.

In April, FBT Gibbons hosted AutoConnect® 2026 at Nissan Stadium in Nashville, TN. One of the most anticipated and timely sessions was the "Regulatory Evolution" panel. Moderated by Aaron Rodgers and featuring Rory Heslington (Autos Drive America), Gerardo Interiano (Aurora), Nate Savona (Oliver Wyman), and Eric Baker (FBT Gibbons), the panel offered a practical discussion of the regulatory forces currently reshaping the industry and how automotive companies can build a more "future□proof" supply chain. If there was one clear through-line, it was this: ***Disruption is structural, and manufacturers would do well to build capabilities now, not workarounds.***

Consistent with this theme, supply chains are now being tested by overlapping forces, including trade policy and enforcement, geopolitical conflicts, workforce constraints, and technology transition, and these forces are not expected to fade quickly.

The panelists emphasized two capabilities that automotive companies should prioritize to build greater resilience: ***visibility*** and ***flexibility***.

Visibility: Moving Beyond Tier 1 Is Becoming a Requirement

Recent disruptions have exposed OEMs' limited insight beyond Tier 1 suppliers. The panel emphasized that OEMs are investing more

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heavily in multi‑tier visibility and extending into Tier 2 and Tier 3 suppliers to understand sourcing dependencies, identify bottlenecks earlier, and support compliance obligations.

That visibility investment is tightly connected to tariff administration. The panel noted that the operational strain often comes from the burden of tracking payments, validating surcharges, documenting pass‑throughs, and managing refund expectations among customers and suppliers. This is especially salient in connection with metals‑related tariffs, including Section 232 concerns, where traceability and documentation are critical.

Visibility is likewise critical for compliance with the United States-Mexico-Canada Agreement (USMCA), where rules of origin and content sourcing often require companies to understand and substantiate what is happening deeper in the supply chain. As the panel discussed, it is increasingly difficult to be credible on compliance, or to react quickly to enforcement shifts, without the ability to trace supply, inputs, and exposure beyond immediate counterparties.

Flexibility: Resilience Is Engineered Into Sourcing and Contracts

If visibility helps organizations understand exposure, flexibility determines whether they can respond without destabilizing supply. The regulatory panel at AutoConnect emphasized that flexibility has become a core design objective because it enables companies to

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adjust to a regulatory environment that is constantly changing. In practice, this often appears in two places:

- ***Operationally***: Panelists pointed to strategies like dual sourcing and split shoring, which preserve optionality across geographies and suppliers. These approaches help mitigate concentration risk when tariffs change, enforcement tightens, or geopolitical issues disrupt freight and inputs.
- ***Contractually***: The panel also highlighted the growing reliance on contract tools designed to manage uncertainty without forcing immediate termination or adversarial outcomes. Examples discussed included pricing adjustment tools, audit and documentation rights tied to tariff or compliance issues, and change control mechanisms.

This reflects a broader commercial reality discussed by the panel: In a complex supply chain, terminating a supplier relationship can add complexity faster than it reduces risk. Flexibility provisions are increasingly used to preserve collaboration and continuity while disputes are resolved.

Autonomous Trucking: A Practical Regulatory Discussion, Not a Thought Experiment

The panel's discussion of autonomous vehicles (AVs), particularly autonomous trucking, focused on the fact that regulatory frameworks have not always kept pace with technological change and that trucking regulations can be slow to modernize, creating friction even when safety improvements are common sense. That said, since AV technology is already in use on our roads today, there is real momentum towards facilitating the safe deployment of autonomous trucks.

The panel also highlighted the interplay between autonomy and supply chain performance. Due to fuel efficiency and AVs' capacity for continuous operations, autonomous trucking is increasingly discussed as a tool that is anti-inflationary and improves efficiency, and it's receiving increasing policy attention as a result.

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What to Watch Next: USMCA Joint Review and China-Related Scrutiny

Looking forward, the regulatory panel flagged the USMCA mandatory review expected to begin by July 1, 2026.

The key expectation discussed by the panelists was not necessarily wholesale changes to the agreement, but increased scrutiny and enforcement pressure, particularly around:

- Rules of origin compliance;
- Chinese-origin inputs and content; and
- Ownership structures tied to Chinese capital.

Closing Thought

A key takeaway from the panel is that, in a world where regulatory and geopolitical disruption is increasingly normalized, "future-proofing" means designing for change by building visibility and flexibility into the supply chain.

Visit the AutoConnect® 2026 event page for more information about this session and each of our featured panelists. You can also contact the authors or any attorney with FBT Gibbons' Mobility and Supply Chain teams if you have questions about these or other automotive industry topics.

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