



Impact of the imposition of tariffs in the automotive sector

The Trump administration's imposition of tariffs poses a significant risk to one of North America's most integrated industries. For Mexico, **the automotive sector is key to economic growth**, and the implementation of these measures **could negatively impact the Mexican economy** and disrupt regional value chains.

Current tariffs for Mexico

- 25% on products not traded through the USMCA.
- 25% on all steel and aluminum imports.
- **25% on finished cars imported into the U.S.**

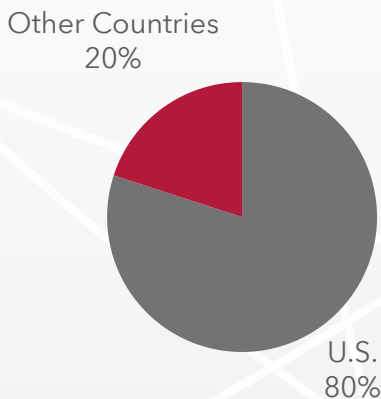
Role of the automotive industry in the mexican economy



Rates do not accumulate, so **the maximum tariff is 25%**.

From this 25%, the U.S. content can be subtracted.

Auto parts from Mexico and Canada are exempt if they comply with the USMCA (**92% of total exports**).



Car exports from Mexico

- The automotive industry represents **4.5% of the national GDP** and **20.5% of the manufacturing industry's GDP**.
- **25% of Mexico's exports** are cars headed to the U.S.
- According to the Mexican Association of the Automotive Industry (AMIA), **22% of the total USMCA trade comes from the automotive sector**.¹
- According to AMIA, in 2024, Mexico exported 3,479,086 units², of which **2.7 million were directed to the U.S.**, which corresponds to **80% of Mexico's auto exports**.³
 - This is worth \$78.5 billion.⁴
 - There are currently 37 automotive plants operating in Mexico.⁵



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Impact for Mexico



- An estimated of **21 assembly plants in the country** could close their operations.
- State economies will be affected, for example, **Guanajuato**, where the automotive industry represents **20.6% of the state's GDP**.
- Other states with strong automotive production are **Coahuila, Nuevo León, Puebla, State of Mexico, Aguascalientes and San Luis Potosí**.⁶
- The closure of operations would have a direct impact on **1,280 suppliers distributed across 25 states in the country**, as well as impacts on other sectors, such as plastic molding (there are more than 940 suppliers).⁷
- The automotive industry generates **980,000 direct jobs** and nearly **5 million indirect jobs**, all of which could be affected.
 - It is estimated that **500,000 employees** would have to be laid off if tariff rates remain in place.⁸
- Unemployment could have **social implications**, such as increases in poverty and insecurity rates, a rise in the informal sector of the economy, lower consumption, forced migration, and lower tax revenue.



Impact for the U.S.



- In 2024, the **total number of cars** sold in the U.S. was **16 million**. Of these, approximately:

54%
8.6 million

Are made in the U.S.

46%
7.3 million

Are imported

18%
2.7 million

Come from Mexico

- It is estimated that the tariff could **raise the price of each imported car** by between **\$5,000 and \$6,000**.¹⁰
- This could **reduce sales** and, consequently, make **U.S. auto production less competitive** globally.
- As a result of unemployment in Mexico, **migration to the U.S. could increase**, negatively impacting one of Trump's policies.



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References

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