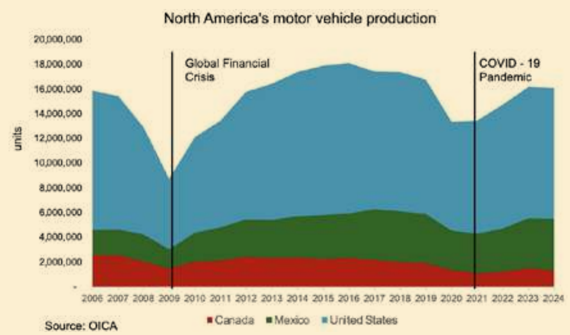
Driving North America forward. The rise of the auto industry

North America auto industry by numbers

The auto industry is the largest component of total North American trade (22% of the USMCA trade, USTR).



In 2024, North America's motor vehicle production reached over 16 million units , marking a remarkable 20% growth since the COVID-19 pandemic (OICA).

Driving the economy | Jobs

- **United States:** The U.S auto industry is the second largest in the world and employs 9.7 million people directly and supports an additional 11 million jobs through its vast supply chain (2024, USTR and USITC).
- **Mexico:** With 1 million direct jobs, the industry influences a staggering 20 million jobs across multiple sectors, demonstrating its broad economic reach (2024, AMIA). Worldwide, Mexico was the seventh-largest vehicle manufacturer (USITC, 2024).
- **Canada:** The industry accounts for 462,000 direct and indirect jobs, playing a crucial role in the country's economy and in the world by being the 11th largest vehicle manufacturer. (2023, StatCan and USITC).

How it started?

The integration of the North American auto industry began in the early 20th century, led by the expansion of the Ford Motor Company. In 1903, Ford revolutionized car production in the U.S. with the introduction of the assembly line, making automobiles affordable for the masses. In 1904, Ford expanded into Canada, establishing its first international subsidiary in Windsor, Ontario, just across the river from Detroit.

Following Ford's lead, General Motors and Chrysler—the other members of the Big Three automakers—also established a significant presence in both the U.S. and Canada. This development laid the foundation for Motor Alley, a region stretching from the Great Lakes to the Gulf of Mexico, where a cluster of automakers and suppliers thrived. Detroit's proximity to Canada played a crucial role in cross-border industrial development.

Meanwhile, Mexico followed a different path. In 1925, Ford opened its first assembly plant in Mexico, but the government's policy of import substitution kept the Mexican market closed to foreign competition. As a result, Mexico's auto industry focused primarily on local demand, resulting in smaller-scale production, higher costs, and lower-quality vehicles.

NAFTA: Shifting gears toward integration

The turning point for the North American automotive industry came with the implementation of the North American Free Trade Agreement (NAFTA) in 1994. NAFTA fundamentally reshaped the industry by eliminating trade barriers and tariffs between the U.S., Canada, and Mexico, creating a unified market. For the first time, Mexico became fully integrated into the North American auto supply chain, transforming from a relatively isolated player to a key hub for auto parts production.

In the U.S. and Canada, the Great Lakes Corridor, from Michigan to Ontario, remained a dominant center for vehicle production, while Mexico's Bajío Corridor became a major hub for global automakers. The US-Mexico border, particularly the El Paso-Juárez and Laredo-Monterrey corridors, facilitated rapid cross-border trade. Crucially, auto parts often cross the borders of the three countries multiple times before final assembly, illustrating the deep integration of the North American supply chain. In some cases, a **car's components may cross the borders as many as eight times before becoming a finished vehicle**[2].

From NAFTA to the USMCA opportunity.

Light and passenger vehicles are the main drivers of USMCA vehicle production

The USMCA consolidated North America as one of the most competitive regions in the world with the automotive sector being a key job generator and economic booster. Since the treaty was signed in 2018, Mexico has become the most important exporter of motor vehicles to the United States and the one with the most growth compared to runnerups like Canada and China.

The deep supply chain integration of the automotive sector has binded the U.S and Mexico as key partners:

- → The automotive industry is an important job generator, in 2024 it employs 5.1 million people along the three countries and 7 out 10 positions are in the U.S (Industria Nacional de Autopartes).
- → U.S-manufactured inputs are deeply integrated with Mexican vehicle production (motor vehicles, trailers, and semi-trailers), representing close to 20 percent of total value added of Mexican exports (Peterson Institute, 2024).

As a region, the production is heavily reliant on light vehicles (passenger cars and commercial vehicles) since 96% of the total vehicle production was explained by them in 2024 (OICA).

2 Congressional Research Service (CRS). 2021.USMCA: Motor Vehicle Provisions and Issues. United States Government

Shared prosperity through labor rights and regional content requirements

One of the major shifts from NAFTA to the USMCA is the emphasis on labor rights and worker protections. The USMCA includes provisions aimed at improving labor conditions, particularly in Mexico. A key update is the requirement that 40% to 45% of auto content must be made by workers earning at least $16 per hour. This measure is designed to create more wage parity across the region, supporting higher labor standards and discouraging the outsourcing of jobs to lower-wage regions[3].

Additionally, the USMCA mandates reforms to Mexico's labor laws to protect workers' rights to organize and form unions. These changes aim to ensure that Mexican workers can freely negotiate for better working conditions, aligning the country with U.S. and Canadian labor standards.

Another key feature of the USMCA is the increase in regional content requirements. Under the new agreement, 75% of a vehicle's components must be sourced from North America, up from 62.5% under NAFTA. This change is intended to promote local manufacturing and reduce dependency on parts from outside the region, further deepening the integration of the North American auto industry. Moreover, 70% of the steel and aluminum used in vehicles must originate from North America.

Driving innovation

The shift from NAFTA to USMCA comes at a critical time for North America's auto industry, driven by the rise of new technologies such as electric vehicles (EVs), hybrids, plugging hybrids and hydrogen solutions. As climate change reshapes priorities, North America is well-positioned to lead this transformation by leveraging its integrated supply chains and shared expertise.

Automakers in the U.S., Mexico, and Canada are ramping up EV and hybrid production, creating new jobs in battery manufacturing, assembly, and infrastructure. Hydrogen technology, particularly for long-haul transport and heavy machinery, also presents a significant opportunity for innovation.

Maximizing the potential of these technologies depends on the resilience of North America's supply chains. The USMCA fosters stronger regional cooperation, reducing reliance on external suppliers and mitigating global risks, positioning the region at the forefront of the future of mobility.

3 Gantz, David A. 2019. The United States-Mexico-Canada Agreement: Tariffs, Customs, and Rules of Origin. Baker Institute Report no.02.21.19. Rice University's Baker Institute for Public Policy, Houston, Texas.

Heavy-Duty Trucks, the backbone of North American trade

Securing supply chains, powering competitiveness

This snapshot was prepared by México, ¿cómo vamos? using information drawn primarily from ANPACT's (Mexican Heavy Truck Association) Comments on the Section 232 National Security Investigation of Imports of Trucks (2025), complemented with data from OICA, WISERTrade, and the U.S. Census.

Why Heavy-Duty Trucks Matter for North America

Heavy-duty trucks (Classes 4–8[4]) are the backbone of logistics and supply chains across North America. Production is deeply integrated under the USMCA, engineering and engines in the U.S., assembly in Mexico, and complementary capacities in Canada. This integration not only reduces external dependencies, but also strengthens resilience and competitiveness versus other regions.

→ 2024 global production of heavy-duty trucks: ~3.64 million units.

→ Asia-Oceania: 2.58 million (~71%).

→ North America: 553,000 (U.S. 58.8%, Mexico 37.2%, Canada 4.0%).

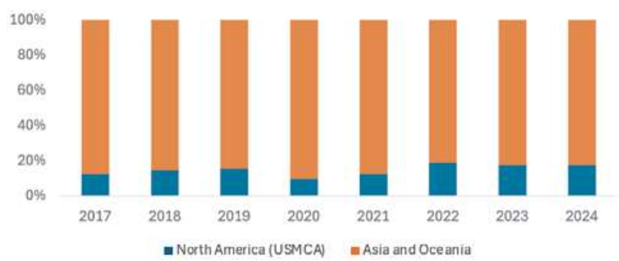
→ Exports Mexico→U.S. (2024): ~152,000 heavy-duty and medium-duty trucks.

→ USMCA rules of origin: RVC for heavy trucks 64% today → 70% by 2027; LVC 45%; 70% steel/aluminum originating.

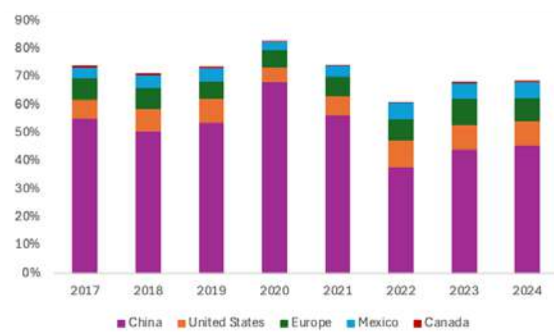
→ U.S. diesel engines exported to Mexico: ~70% of total U.S. diesel engine exports (US$3.9B of US$5.4B).

→ Trucks exported from Mexico to the U.S. all mount USMCA-originating diesel engines manufactured in the U.S.

Regional market share of medium and heavy-duty truck production (percent)



Country market share of medium and heavy-duty truck production (percent)



Source: ANPACT (2025), based on Section 232 Comments; complemented with OICA, WISERTrade, U.S. Census.

4 see Annex What counts as a medium and heavy-duty truck in the USMCA region

Intra-USMCA Co-Production. Powering North America's Competitiveness

The heavy-duty truck industry is highly integrated across North America. Parts, engines, engineering, and finished trucks cross borders multiple times before reaching the final customer. This model lowers costs, shortens lead times, and elevates standards positioning the region as a global leader.

- → Mexico imported US$72.2B in auto parts from the U.S. in 2024—31% of U.S. global auto parts exports.
- → Mexico is the #1 export destination for auto parts in over 20 U.S. states (Texas, Michigan, Indiana, California, Tennessee, etc.).
- → From 2010–2024: U.S. auto parts exports to Mexico +308%; Mexico's heavy truck exports to the U.S. +103%.

Mexico's exports of medium- and heavy-duty trucks to the U.S. vs. U.S. exports of auto parts to Mexico

(billions of USD)

Source: ANPACT (2025), based on Section 232 Comments; complemented with OICA, WISERTrade, U.S. Census.

Global competition, regional strength, North America's path forward

Asia, and China in particular, dominates global heavy-duty truck production. The only effective response for North America is deeper USMCA integration, not fragmentation.

This will allow the region to scale faster, secure critical inputs, and maintain technological leadership.

- → Asia-Oceania (2024): nearly 71% of global heavy truck production; China alone almost 45%.

- U.S. production: 325,000 units (2024); exports up +58% from 2019–2024.
- U.S. imports of heavy trucks from China: up 749% (2018–2024), even as Chinese production fell –26.6% (2017–2024).
- Mexico's role in the U.S. retail market: 32% of U.S. heavy truck demand in 2024 met by imports from Mexico.

U.S. medium- and heavy-duty truck imports from China (Values in USD)

Year	Value (USD)	YoY growth (%)
2018	2,334,976	
2019	3,833,105	64.2%
2020	6,279,281	63.8%
2021	17,102,384	172.4%
2022	10,942,827	–36.0%
2023	18,899,393	72.7%
2024	19,833,301	4.9%

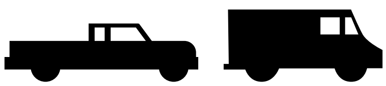
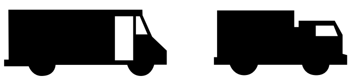
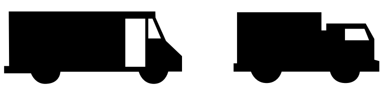
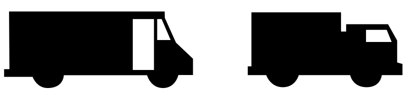
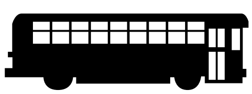
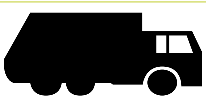
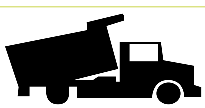
Source: ANPACT (2025), based on Section 232 Comments; complemented with OICA, WISERTrade, U.S. Census.

Driving growth, powering sustainability

Aligning standards (production, labor, steel/aluminum content) and coordinating innovation and decarbonization policies in heavy-duty trucks is essential. Expanding co-production, U.S. engines and advanced components, Mexican assembly, Canadian electrification platforms, will allow North America to scale faster and strengthen its competitiveness against Asia.

Annex. What counts as a medium and heavy-duty truck in the USMCA region

The U.S. Department of Transportation, through the Federal Highway Administration (FHWA), classifies heavy-duty trucks by their Gross Vehicle Weight Rating (GVWR).

U.S. Truck Class		Duty classification	Weight limit
	Class 1	Light duty	0-6,000 pounds (0-2,722 kg)
	Class 2a	Light duty	6,001-8,500 pounds (2,722-3,856 kg)
	Class 2b	Light duty	8,501-10,000 pounds (3,856-4,536 kg)
	Class 3	Medium duty	10,001-14,000 pounds (4,536-6,350 kg)
	Class 4	Medium duty	14,001-16,000 pounds (6,351-7,257 kg)
	Class 5	Medium duty	16,001-19,500 pounds (7,258-8,845 kg)
	Class 6	Medium duty	19,501-26,000 pounds (8,846-11,793 kg)
	Class 7	Heavy duty	26,001-33,000 pounds (11,794-14,969 kg)
	Class 8	Heavy duty	33,001-80,000 pounds (14,969-36,287 kg) and above

Based on information from the Federal Highway Administration (FHWA), U.S. Department of Transportation, vehicle classes by weight (GVWR).

GVWR stands for Gross Vehicle Weight Rating. It refers to the maximum safe weight a vehicle can have when fully loaded. This safety limit is set by the manufacturer to prevent mechanical damage and driving risks. It includes: the vehicle itself, fuel, passengers, cargo, and any additional equipment.