U.S.-MEXICO FOUNDATION

10 años México cómo vamos

THE NORTH *American* PROJECT

TOWARDS A *more prosperous* & THE *most competitive* REGION OF THE WORLD

2025

THE NORTH *American* PROJECT

México cómo vamos

U.S.-MEXICO FOUNDATION

INDEX

THE NORTH *American* PROJECT

EXECUTIVE SUMMARY

A success story nearly 40 years in the making

The process of North American trade and economic integration, initiated with the entry into force of the North American Free Trade Agreement (NAFTA) in 1994, has unfolded amid profound systemic changes in the global economy. Over the past three decades, Mexico, the United States, and Canada have faced common challenges and seized shared opportunities, shaping a stronger and more interdependent region.

Although the effects of NAFTA are evident, they were not exempt from criticism. While trade and investment certainly grew, many of the benefits were not evenly distributed. The treaty proved to be an important instrument for economic growth but did not fully tap into North America's potential.

In the 21st century, North America's objective should be to become the most prosperous and competitive region in the world. To achieve this, **Mexico, the USA, and Canada must leverage the accumulated experience since 1994** to develop and implement an ambitious joint agenda. This vision goes beyond trade, encompassing economic growth, social progress, and technological innovation. By promoting shared prosperity, deeper trade, investment, and common standards in production, labor, and regulation, North America can secure and reinforce its supply chains through deeper integration and become the global benchmark for technological progress, resilience, and competitiveness.

In light of the uncertainty prevailing, three valuable assets support this agenda. First, the three countries have a **unique trade agreement in the world that provides certainty to investments and facilitates the movement of goods and ideas.** Second, our **economies are complementary.** Finally, there is a **global environment and industrial policies that favor the integration and resilience of their supply chains.**

These advantages are especially relevant in today's global climate where major disruptors are reshaping trade and integration processes. The COVID-19 pandemic exposed the fragility of supply chains, Russia's invasion of Ukraine destabilized energy and security balances, and—most significantly—escalating tensions between China and the United States have accelerated the fragmentation of global trade. Strategic competition over technology, market access, and geopolitical influence is pushing both countries toward protectionist measures, forcing firms and governments worldwide to reassess risks. Although the future of globalization is uncertain, we can be sure it will be more regional, anchored in transparency, trust and resilience. That is why the USMCA matters—because it provides North America with the framework to strengthen competitiveness and deliver prosperity to its people.

Seizing this momentum is essential. Over the past three decades, North America has strengthened its integration

process—evolving from NAFTA in 1994 to the USMCA in 2020—demonstrating that trilateral collaboration delivers greater results than isolated national efforts. The choice is clear, the region must now consolidate its role as a global leader by deepening integration, advancing innovation, and setting the standards that will shape the future of trade, resilience, and competitiveness.

North America, an ocean liner navigating the waters of a changing world

With the 2026 six-year review just around the corner, showcasing the success of the USMCA has never been more critical. This project advances a narrative underpinned by **four key ideas: growing trade across North America; building shared labor and production standards to enhance competitiveness; consolidating regional stability through rules and the rule of law; and reinforcing supply chain resilience as a driver of future prosperity.**

There is no better time to start narrating our shared success story. The success of over 30 years of trade openness and regional integration also enables us to set common goals for the year 2050: to make North America a much more prosperous and the most competitive region in the world.

Charting a shared path to a promising future

This common working agenda proposes four major shared goals to achieve these objectives:

Goal 1.	Shared prosperity and job creation,
Goal 2.	Economic growth,
Goal 3.	Intraregional and global trade,
Goal 4.	Sectoral, strategic, and infrastructure investment.

The project presents various indicators within the goals to identify the path forward, tools for their monitoring, and a communication strategy to optimize the support of relevant stakeholders.

The goal monitoring process is complex yet adaptable. The invitation for other relevant stakeholders to join the project involves them developing their own goals, indirectly contributing to the achievement of overarching objectives.

In a way, The North American Project proposal implies a continuous study and assessment of the North American reality – to verify progress but also to anticipate adjustments in areas where necessary.

Only through ongoing dialogue and strategic planning among the public and private sectors, civil society, and academia across all three North American countries can deeper regional integration translate into greater competitiveness, more and better jobs, leadership at the technological frontier, and true shared prosperity for the people of Mexico, the United States, and Canada.

NORTH AMERICA IN DATA, NUMBERS AND FACTS

North America: our success story

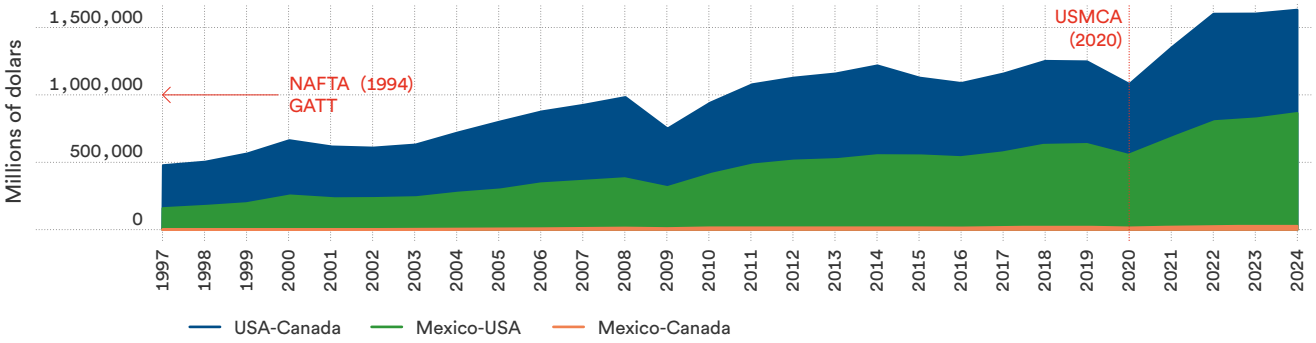
Mexico, United States, and Canada: current partners with a shared future.

We have 40 years of experience in regional trade openness.

- The regional adherence of the three North American countries to the trade rules system known as the General Agreement on Tariffs and Trade (GATT) in the 1980s marked the beginning of a tradition of trade and openness.
- From the signing of the North American Free Trade Agreement (NAFTA) in the 1990s to the implementation of the United States-Mexico-Canada Agreement (USMCA/T-MEC/CUSMA) in 2020, the region has grown in cooperation, integration and growth.
- In 2024, North America traded over $1.6 trillion USD within the region.
- In the last 20 years, trilateral trade in goods increased from 712 billion dollars to more than 1.6 trillion dollars annually.

International trade

Between USMCA (T-MEC/CUSMA) members, yearly



Made by México, ¿cómo vamos? with data from the US Department of Commerce and INEGI

The treaty encompasses three G20 countries with diversified economies and membership in the Organization for Economic Cooperation and Development (OECD).

- In 2024, the share of the three North American economies accounts for 29% of the global GDP (IMF).
- These three North American countries **rank among the world's 15 largest economies** and possess abundant natural resources, skilled labor, and a culture of innovation.

The USMCA (T-MEC/CUSMA) region on the global stage

The USMCA (T-MEC/CUSMA) is North America's greatest comparative advantage.

Thanks to the USMCA (T-MEC/CUSMA), Mexico and Canada have become the United States' main trading partners.

→ Mexico and Canada are the United States' top two trading partners, and the U.S. is the main trading partner of both Mexico and Canada.

→ The United States and Canada account for 86% of all exports that Mexico makes to foreign markets.

→ In 2024, Mexico imported USD 261 billion from the United States, a figure higher than the total imports to Mexico from the UK, Japan, Germany, South Korea, and India combined for the same year.

Mexico is Canada's third-largest trading partner, after the United States and China, surpassing countries such as Germany and Japan. It also serves as Canada 's most significant export market in Latin America.

→ Trade between Mexico and Canada totaled USD 31.8 billion in 2024.

→ Around 1,827 Canadian companies export products to Mexico, and 17,235 import products from Mexico (2023, Statistics Canada).

Canada and the United States traded 762 billion dollars in 2024.

→ **Canada exported nearly** 19 **times more products** to the U.S. than to China, 95 times more than to Germany, and 37 times more than to Japan.

USMCA (T-MEC/CUSMA) promotes supply chain resilience

The USMCA (T-MEC/CUSMA) promotes North American market integration through nearshoring. As production chains transform and geopolitical risks become more acute, companies are seeking to bring their production centers closer to their consumers.

To harness the benefits of nearshoring, North American countries have implemented initiatives to attract even more investment.

Crafting a coordinated industrial production policy is the only way to make North America the most competitive region in the world. Standalone national efforts, such as the U.S. CHIPS and Science Act, Mexico's Plan Mexico to attract investment in strategic sectors, or Canada's Critical Minerals Strategy, are important steps for each local economy, but they miss the broader regional opportunity. Without coordination among the three partners, these policies risk fragmentation instead of synergy. Aligning strategies would allow the region to co-produce advanced manufacturing, secure supply chains, and lead in the industries of the future. A truly integrated industrial policy is the path for North America to consolidate its leadership in competitiveness, resilience, and shared prosperity.

CHALLENGE: Strategic sectors such as semiconductors, critical minerals, and electric vehicles are still dominated by Asian countries like China. This is why trilateral collaboration is essential to diversify processes across these industries and increase regional content.

Regional trade generates millions of jobs throughout North America.

In sectors related to manufactured goods trade (wholesale trade, transportation and warehousing, manufacturing, financial and insurance services), there are currently 56.5 million jobs across the region:

- In Mexico, 14.9 million jobs are in these sectors, representing 25% of the country's employment in 2024 (INEGI). In the United States, 34.3 million jobs in 2024; and in Canada, 7.3 million (U.S. Bureau of Labor Statistics and Statistics Canada).

In North America, more than 10 million jobs directly depend on goods exports, not including trade in services or the complex dynamics of supply chains (Brookings).

- There are approximately 5.5 million jobs in Mexico linked to goods exports within North America, representing more than 9% of the country's economically active population.

- In Canada, around 1.6 million jobs depend on the exchange of goods with its North American partners, and in the United States, this figure rises to nearly 3.2 million jobs.

The stability and rule of law in North America allows companies to plan and invest for the long term

Mexico, Canada, and the United States are among the world's leading recipients of investment.

- In 2024, the U.S. received the most foreign direct investment globally (279 billion USD), while Canada ranked sixth (64 billion USD), and Mexico eleventh (37 billion USD) (UNCTAD).
- Almost half of the investments Mexico received in 2024 came from its North American partners (Mexico's Ministry of Economy).
  - Among the sectors that received the most foreign investment were manufacturing (54%), financial services (16%), temporary accommodation, and transportation (both 7%).

The rule of law and legal certainty are key factors in attracting foreign investment.

- The USMCA (T-MEC/CUSMA) allows economic operators to plan for the long term, and to locate their capital optimally.
- The autonomy of the authority responsible for administering justice is essential for the sustainability of investments and the economic growth that comes with it.
- With the recent election of the judiciary and the creation of a new commission to oversee competitiveness in the Mexican market, providing clarity for investors and business owners is essential to prevent harm to the business environment, quality of life, and Mexico's relationship with its main trading partners. The new authorities will need to work proactively with the private sector to strengthen conditions for long-term investment—the key driver of economic growth and trade.

The USMCA (T-MEC/CUSMA) provides certainty in an uncertain world

The USMCA (T-MEC/CUSMA) is a modern trade instrument, capable of responding to the demands of society and providing resilience to supply chains in a changing world.

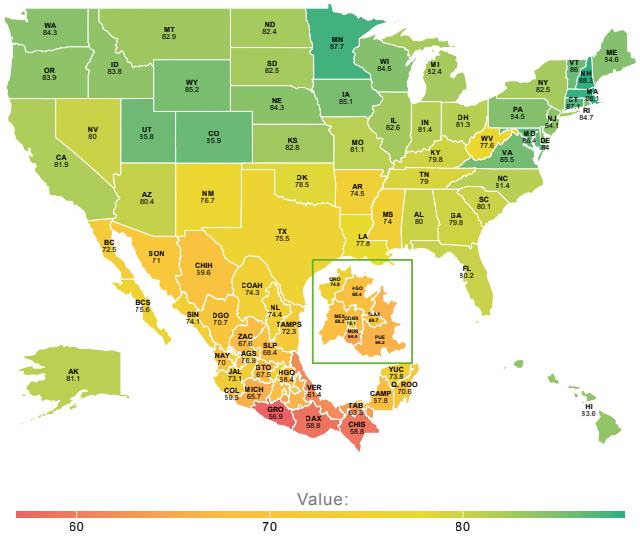
- The USMCA (T-MEC/CUSMA) incorporates transparent mechanisms for conflict resolution and rules for the development of the region, such as labor rights, environmental protection, promotion of effective economic competition, investment protection, combating corruption, and the promotion of best regulatory practices.
- Through its committees and working groups, the USMCA (T-MEC/CUSMA) promotes the participation of civil society, businesses, labor unions, academia, lawmakers, and other public officials.
- The USMCA (T-MEC/CUSMA) complements a wide variety of bilateral and trilateral dialogue and coordination mechanisms such as the High Level Economic Dialogues and the North American Leaders' Summit.

Trade openness leads to prosperity

- Trade openness and well-being form a virtuous circle. In Mexico, state openness has brought higher levels of social progress, leading to increased provision of healthcare, education, transportation, and urban services. Furthermore, most of the investments (both realized and announced) related to supply chain relocation in Mexico have been directed to regions with higher levels of social progress.
- The U.S.-Mexico Social Progress Index highlights how regional integration goes beyond trade, reflecting in the quality of life. At the subnational level, Mexican states connected to North American supply chains show levels of social progress comparable to those of southern U.S. states.
- In the Human Development Index (HDI), Canada ranks sixteenth, the United States is seventeenth, while Mexico is eighty-first out of 193 countries (2023–2024) (UN).

Social Progress Index

Social Progress Index USA - Mexico



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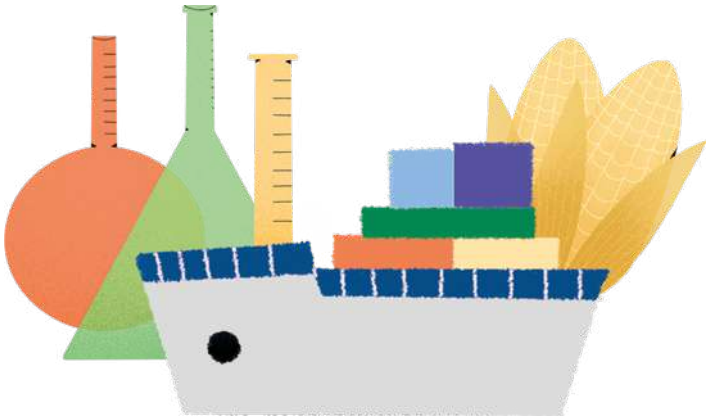
Trade is a gateway to the future



North America has the capabilities to expand **agribusiness trade** and become a net food exporting region to the rest of the world.

- In 2024, food trade within the region reached approximately USD 148 billion.
- Between 2014 and 2024, crops like corn saw a 7.3% increase in production in North America; however, wheat production rose marginally by 0.1%, while rice production fell sharply by (-)14.7% (OECD).
- The United States and Canada account for 10% of global agricultural output and represent 12% of global agricultural trade (OECD/FAO). In 2024, Mexico is consolidated as the main destination for U.S. agricultural exports, followed by Canada, displacing China to third place (U.S. Department of Agriculture).

Trade in **medical devices** in North America more than doubled in the last decade.

- The total trade value of medical devices in the region (the sum of exports and imports) more than doubled, increasing from USD 8 billion in 2014 to USD 22 billion in 2024 (Trade Map).

Most of the global **medical device** exports come from 20 countries, including Mexico and the United States.

- In 2023, U.S. medical device exports accounted for 20.9 % of the total global export value, Germany 11.0 %, and Mexico 10.5 %, placing them in the top 5 alongside the Netherlands and China (OEC).
- Between 2013 and 2023, U.S. medical device exports grew by 41.5%, Mexico's by 146%, and Canada's by 93.1%, while imports to Mexico and the U.S. increased by over 100% and those to Canada by 44.1% (OEC).

The health of the population is a priority, and therefore, the region should strive for self-sufficiency in the **compounds, molecules,** and ingredients necessary to develop the **medicines** and **pharmaceutical** products required by the population.

- In 2024, trade in active pharmaceutical ingredients within the region was close to 15 billion dollars, a 7% increase compared to 2023 (Trade Map).

Trade in **electrical and electronic goods** in North America has experienced robust growth over the past decade.

- In the last 10 years, trade of these products in the region has increased by 35%, from $110 billion to $148 billion USD in 2024.
- In 2024, electronics accounted for 10% of total intra-regional imports within USMCA, a value equivalent to 22% of the region's electronics imports from the world.
- In 2023, the United States ranked sixth among countries exporting electrical and electronic goods, Mexico ranked ninth, and Canada ranked 30th (OEC).

CHALLENGE: Asian nations such as China (31.4 % of exports in 2023), Taiwan (8.57 %), South Korea (6.22 %) and Japan (4.03 %) dominate the electronics market and have maintained that position for a decade.

North America is a hub of research, development and production of goods and services for the **aerospace** sector.

→ The United States is the world's largest exporter in this sector, while Canada is the fourth largest (OEC).

CHALLENGE: Mexico faces the challenge of strengthening its aerospace industry, as it currently does not rank among the top 10 exporters in the sector.

The **semiconductor** industry has experienced significant growth in 2024, with an annual market growth of 19% compared to 2023 (SIA).

In 2022, the United States led the world in semiconductor design with over 60% market share, while materials processing and production were highly concentrated in East Asia, accounting for more than 70% of global capacity. China specifically is the country where approximately 40% of global semiconductor assembly takes place.

→ A SIA-Boston Consulting Group (BCG) report revealed the level of specialization that different countries have in the semiconductor supply chain and companies with headquarters in the U.S. lead in design and core IP commanding close to a half of the global market share in semiconductor manufacturing equipment (SME).

- The supply of key materials for semiconductor manufacturing depends heavily on Taiwan, Japan, South Korea, and China, underscoring U.S. reliance on these countries.

→ Between 2012 and 2022, semiconductor production capacity increased 11% in the United States and this capacity is expected to triple by 2032. In China, the growth in capacity in the last decade was more than 300%, however by 2032 it is expected to be less than for the United States (Semiconductor Industry Association, SIA).

→ For the first time, global semiconductor sales surpassed $600 billion annually in 2024. By region, the Americas recorded the fastest growth (45.2%), followed by China (20.0%) and Asia Pacific/All Others (12.2%) (SIA).

- In 2024, global semiconductor sales were consistently at least 15% higher than in the same months of 2023, driven largely by growing demand for AI, communications, automotive, and industrial applications.

→ The U.S. semiconductor industry directly employs about 345,000 workers, mainly in manufacturing and design, and supports nearly 2 million additional indirect and induced jobs across the economy.

- In recent years over a hundred of projects in the U.S. have been announced and are expected to create half a million jobs and triple chipmaking capacity by 2032 (SIA).

→ In 2024, the United States had a 50.4% share of the global semiconductor market, greater than that of Asian countries such as Korea with 14% and Japan with 8.2% (SIA).

→ In May 2023, the US, Canada and Mexico established the first North American Semiconductor Conference to collectively strengthen the semiconductor supply chain in the region, including critical minerals and labor with the aim of increasing competitiveness of the region (U.S Embassy and Consulates in Mexico).

- The U.S. has taken the lead in incentivizing semiconductor investment by enacting legislation that raises the investment tax credit of the Advanced Manufacturing Investment Credit (AMIC) from 25% to 35%. Established under the CHIPS and Science Act, the AMIC supports the industry since manufacturing requires high levels of investment in facilities and equipment (SIA).

→ In 2025, the opportunity to strengthen USMCA integration for co-producing advanced semiconductors is existential. Decoupling from China's dominance in assembly and manufacturing is not just a matter of supply chain security—it is the only way for North America to remain at the forefront of technological innovation and competitiveness (Bloomberg).

CHALLENGE: There is ample room to attract material processing, manufacturing, assembly, testing, and distribution of semiconductors to the North American region, which will be used by other industries within the region and around the world.

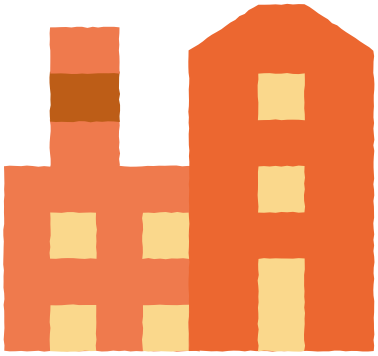
North America is highly dependent on **critical materials** such as lithium, nickel and cobalt from countries such as China, the Republic of Congo, Chile and Russia.

In 2024, mining represented 5% of GDP in Canada (Statistics Canada), 1.3% in the United States (Federal Reserve Bank of St. Louis), and 3.4% in Mexico (INEGI).

Trade in the **automotive industry** is experiencing double-digit growth.

- In 2024, the production of motor vehicles in North America exceeded 16 million units, marking a notable growth of 20% since the COVID-19 pandemic (International Organization of Motor Vehicle Manufacturers, OICA).
- The automotive industry is the largest component of total trade in North America, representing 22% of USMCA trade.

Investment in infrastructure builds confidence among investors



Investing in **infrastructure** drives trade, creates jobs, promotes the development of local communities, and also strengthens the rule of law in the region.

- Planned and well-managed infrastructure reflects a commitment to transparency, accountability, and compliance with standards and regulations. This instills confidence in investors and ensures that their investments are protected by a solid legal framework.
- Canada ranks seventh in the international World Bank's Logistics Performance Index, followed by the United States in 17th place and Mexico in 66th place.
- Within the World Bank's Logistics Performance Index, in the category of **infrastructure quality,** North America has shifted from 10th place to 52nd place globally between 2018 and 2023.

North America needs clean and abundant energy at competitive prices.

- The transition to clean energy should serve as a platform for the region to meet its emissions reduction goals. The use of natural gas is a part of the process towards energy transition.
- Excluding natural gas, in 2024, 21.9% of electricity generation in Mexico comes from clean energy sources (IMCO), below the 24% in the United States (Energy Information Administration) and the almost 70% in Canada (Our World in Data).

North America must be an **innovation** hub.

- In 2023, the U.S. was the world's fourth-largest high-technology exporter, with Mexico and Canada ranking 15th and 22nd, respectively (World Bank).

The **management of water in the region** is a common challenge, but the countries of North America face different realities.

- Mexico faces significant water stress, which has worsened in recent years. Canada is one of the countries with the largest water resources in the world. In the United States, the situation must be analyzed from a regional perspective: the southern part of the country has traditionally experienced droughts and high temperatures, while the northeast is at the opposite end of the spectrum.
- In 2022, Mexico had a **water stress** level (freshwater withdrawal in proportion to available freshwater resources) close to 45%, followed by the United States with 28% and only Canada with 3.7% (FAO).
- Chapter 12 of the USMCA (T-MEC/CUSMA) provides the basis for promoting and adopting good practices in the use and care of water, through sectoral annexes.

GOAL 1.
SHARED PROSPERITY AND JOB CREATION

Mapping Shared Prosperity

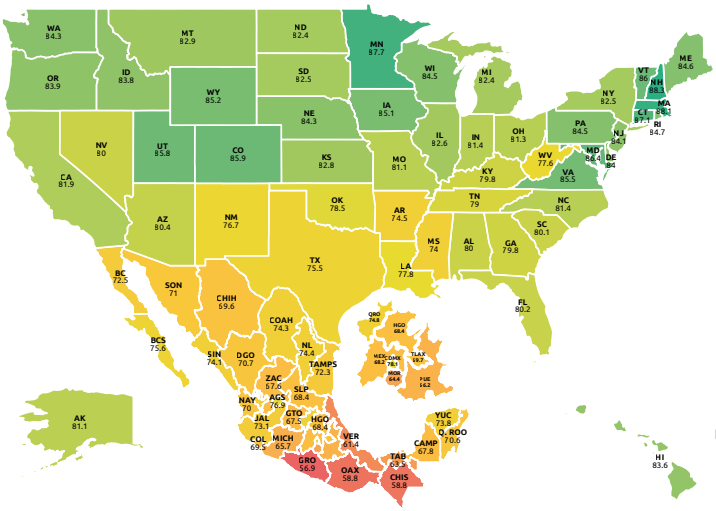
Beyond trade integration, regional integration promotes prosperity...

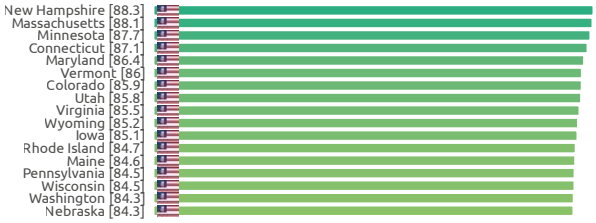
The **interconnections between the United States and Mexico** extend beyond their commercial interactions, suggesting a deeper **socio-economic confluence** shaped by agreements like NAFTA and its successor, the USMCA.

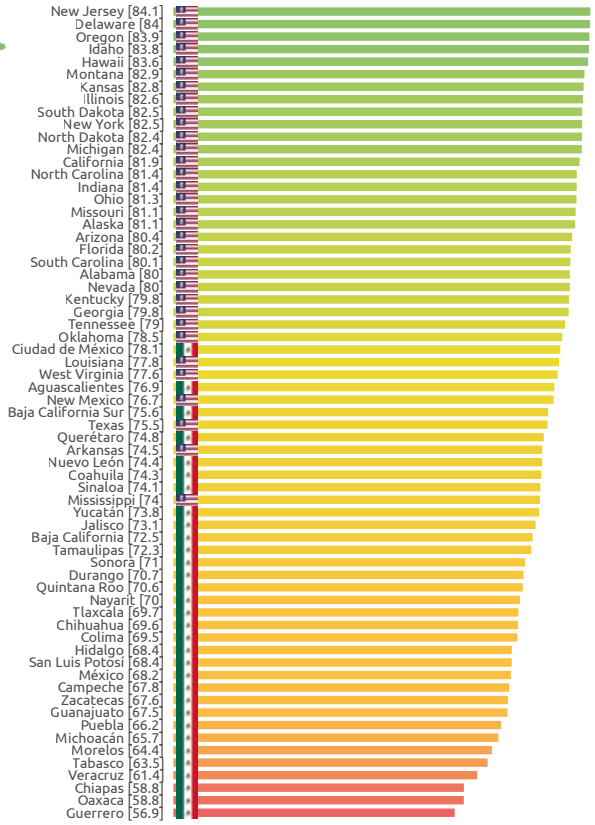
This integration is **evident in the southern United States and northern Mexico,** where pivotal aspects of societal well-being, encompassing healthcare and education, thrive. This observation serves to depict a multifaceted picture of collective prosperity and regional unity.

Social Progress Index

Social Progress Index USA - Mexico







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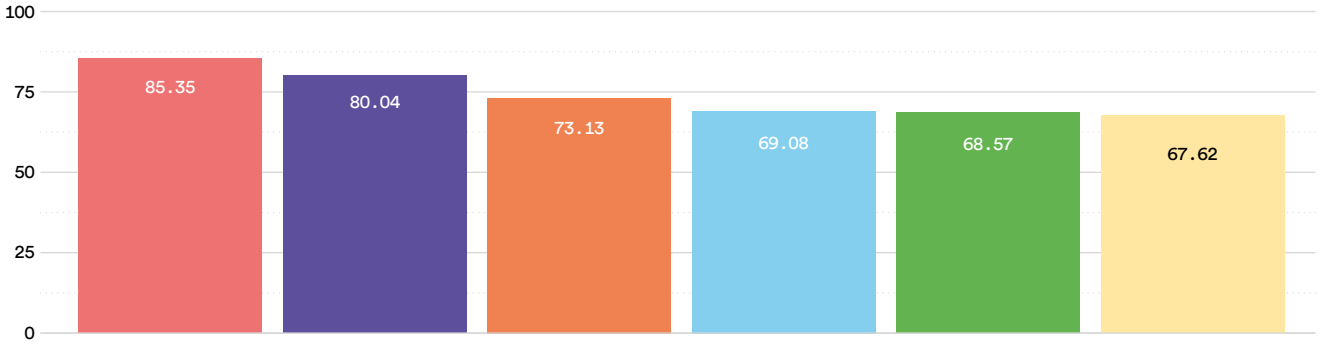
México, ¿cómo vamos?, in collaboration with the **Social Progress Imperative** and **INCAE,** presents the Shared Prosperity Map —a vivid depiction of the interconnected well-being of states across the US and Mexico. Drawing on the Social Progress Index[1] data from 2022 for the U.S. and 2023 for Mexico, this map offers an insightful subnational perspective on quality of life beyond economic indicators.

Social Progress Index

SPI USA - Mexico



Group 1	Group 2	Group 3	Group 4	Group 5	Group 6
New Hampshire	Montana	Louisiana	Sonora	Puebla	Chiapas
Massachusetts	Kansas	West Virginia	Durango	Michoacán	Oaxaca
Minnesota	illinois	New México	Quintana Roo	Morelos	Guerrero
Connecticut	South Dakota	Texas	Nayarit	Tabasco	
Maryland	New York	Arkansas	Tlaxcala	Veracruz	
Vermont	North Dakota	Mississippi	Chihuahua		
Colorado	Michigan	Aguascalientes	Colima		
Utah	California	BCS	Hidalgo		
Virgínia	North Carolina	Querétaro	San Luis Potosí		
Wyoming	Indiana	Nuevo León	México		
Iowa	Ohio	Coahuila	Campeche		
Rhode Island	Missouri	Sinaloa	Zacatecas		
Maine	Alaska	Yucatán	Guanajuato		
Pennsylvania	Arizona	Jalisco			
Wisconsin	Florida	Baja California			
Washington	South Carolina	Tamaulipas			
Nebraska	Alabama				
New Jersey	Nevada				
Delaware	Kentucky				
Oregón	Georgia				
Idaho	Tennessee				
Hawaii	Oklahoma				
	Ciudad de México				

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1 The index takes values from 0 to 100, where 100 represents the highest level of social progress possible while 0 represents the lowest possible level.

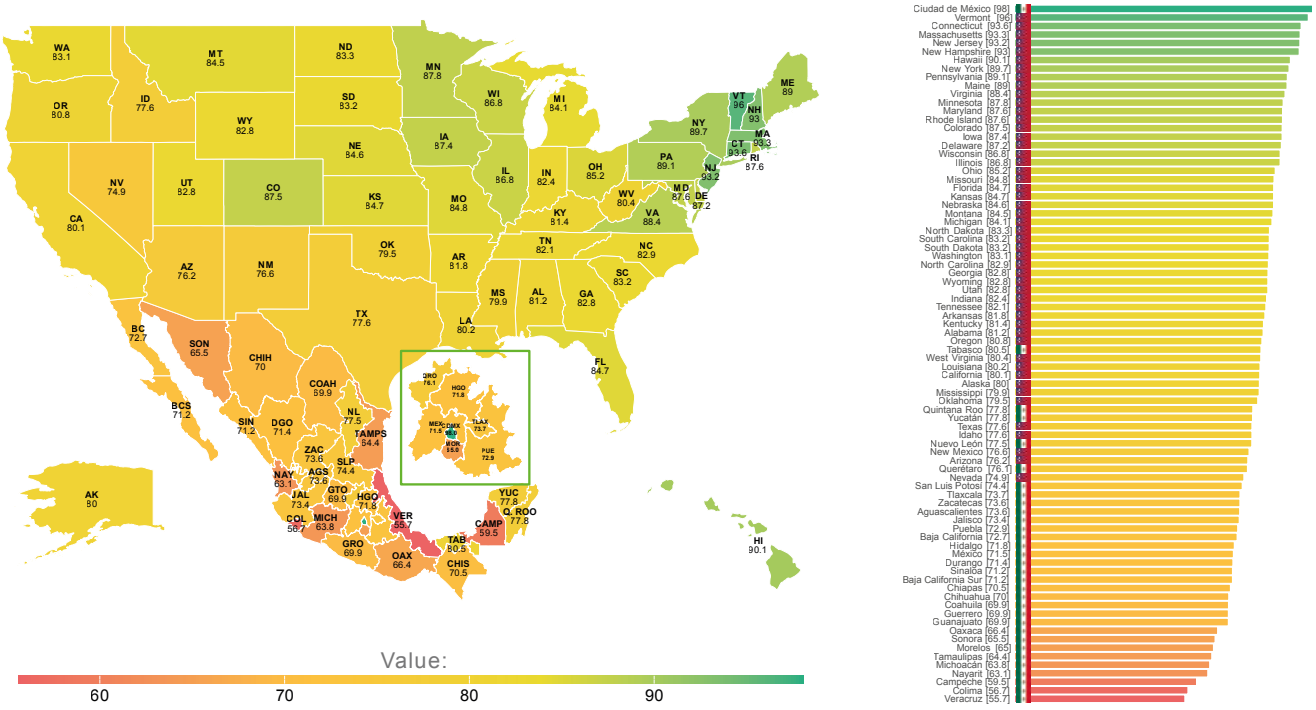
Key Areas for U.S.–Mexico Growth and Collaboration

When examining components of social progress such as basic education and information and communications technology, the gap between the two countries narrows, underscoring the pivotal role these areas play in advancing the mutual benefits of U.S.–Mexico integration.

This parity in foundational education and digital connectivity sets a strong precedent for the future, where the digital economy stands out as a prime area for cooperative growth. Harnessing this synergy can accelerate well-being and prosperity, demonstrating how the intertwined economies of the United States and Mexico are well placed to thrive in the years ahead.

Basic education

Social Progress Index USA - Mexico



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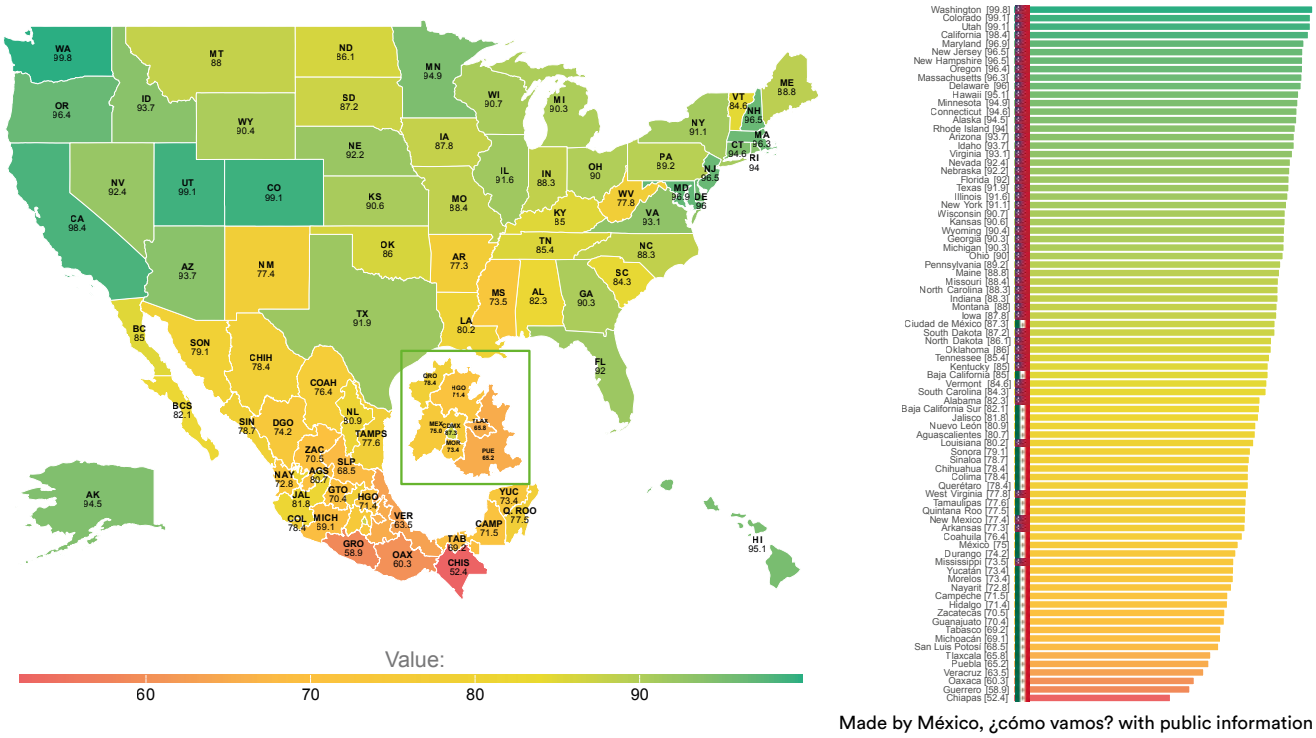
Information and communications
Social Progress Index USA - Mexico



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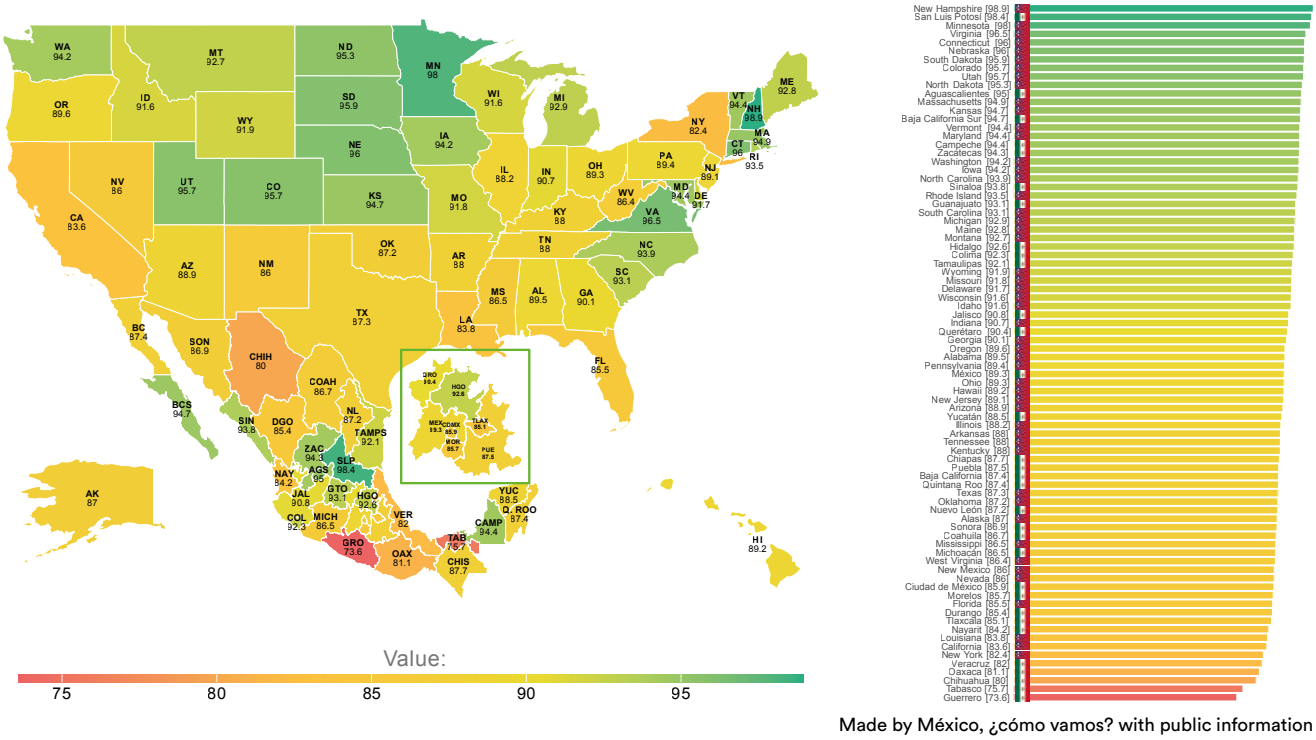
Challenges of the US-Mexico Well-being Map

As the Shared Prosperity Map reveals, *Nutrition and Medical Care* remain areas of critical challenge but also of significant opportunity across the US-Mexico region. While there is a spectrum of outcomes, the Baja Peninsula in Mexico stands out, showcasing the effectiveness of its health and nutrition strategies. These results reflect a concerted policy effort that may serve as a model for other regions. It is evident that targeted policies can have a substantial impact, as demonstrated by the positive outcomes in the *Baja California Peninsula.* Learning from such successes, it is imperative to adopt and adapt these strategic measures to improve well-being throughout North America.

Nutrition and medical care

Social Progress Index USA - Mexico



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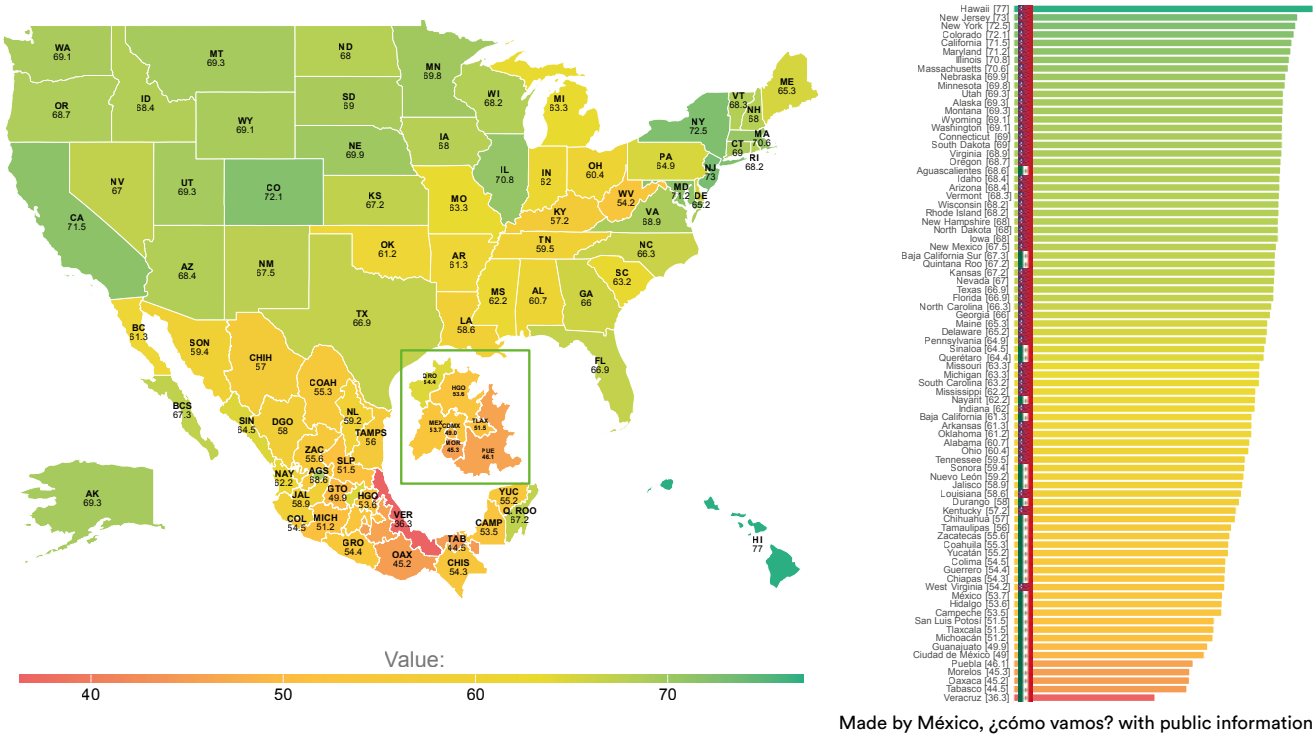
Another challenge is the *Health* component which reveals a varied landscape of outcomes. This map offers a visual representation of where states on both sides of the border stand in terms of healthcare services and general well-being. A notable observation is the variability across regions, reflecting the different policy approaches and levels of investment in health infrastructure. While some areas achieve strong health indicators, others face pressing gaps that demand attention. The data serves as a benchmark for policymakers to identify best practices and target interventions that can strengthen health and wellness—ultimately enhancing the region's long-term prosperity.

Health

Social Progress Index USA - Mexico



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The comprehensive data reflected in the US-Mexico Shared Prosperity Map underscores the importance of further integration between these neighboring nations. A collaborative approach not only fosters a more prosperous and competitive region but also enhances the quality of life for its citizens. As we consider the varied landscapes of health, education, and digital connectivity, it becomes clear that our shared future hinges on the deepening of these ties. By addressing disparities and building on mutual strengths, the US and Mexico can chart a course towards a dynamic and resilient partnership, one that is capable of meeting the challenges of the future and delivering benefits that resonate across borders.

Border Neighbors, Different Challenges: the case of Texas and California

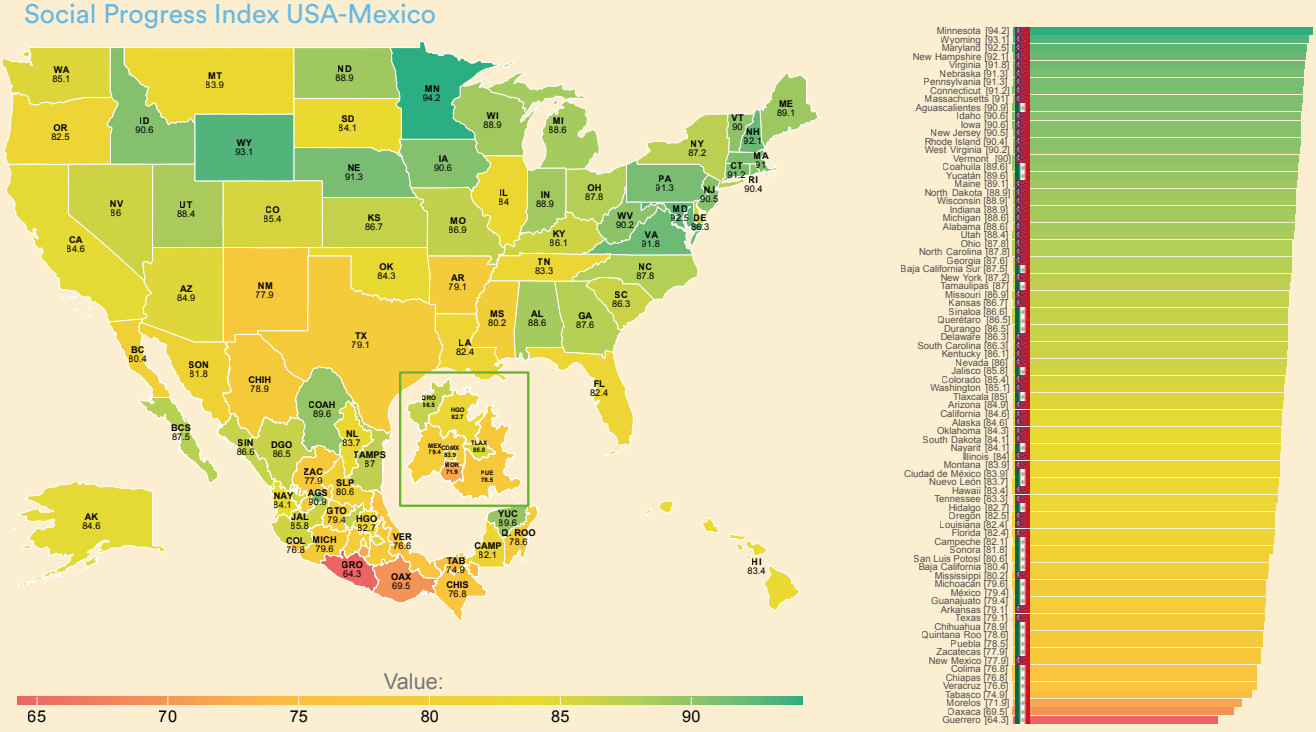
The integration between the **southern United States and northern Mexico** is clear, yet even neighboring U.S. states like Texas and California face distinct challenges and opportunities across the dimensions and components of social progress. **Their geographic proximity to Mexico and economic relevance does not translate into similar outcomes.**

Using the **Social Progress Index (SPI)** to compare three dimensions—Basic Human Needs, Fundamentals of Wellbeing, and Opportunities—and twelve components reveals that **California outperforms Texas across all dimensions,** though the picture becomes more nuanced at the component level.

In **Basic Human Needs,** Texas ranks among the lowest U.S. states, with scores comparable to Mexican states such as Estado de México, Guanajuato, and Chihuahua.

Basic Human Needs

Social Progress Index USA-Mexico



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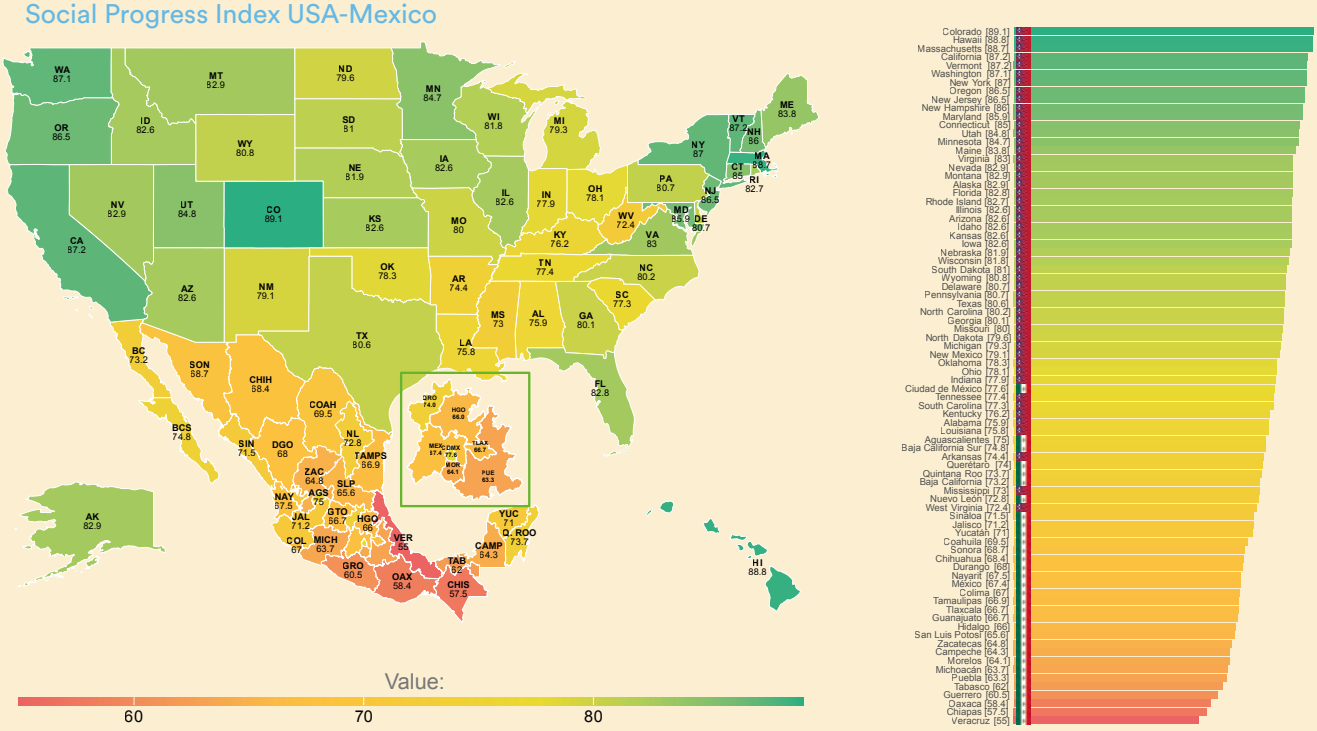
Texas performs poorly in components like *Safety,* ranking below some Mexican states with cartel presence, and in *Water and Sanitation,* where it sits near the bottom. However, Texas surpasses California in *Nutrition and Medical Care* (e.g., child and maternal mortality) and *Housing* (access to basic utilities), which is California's weakest area.

For **Fundamentals of Wellbeing,** both states perform well above all Mexican states, with California among the top U.S. performers.

Fundamentals of Wellbeing

Social Progress Index USA-Mexico



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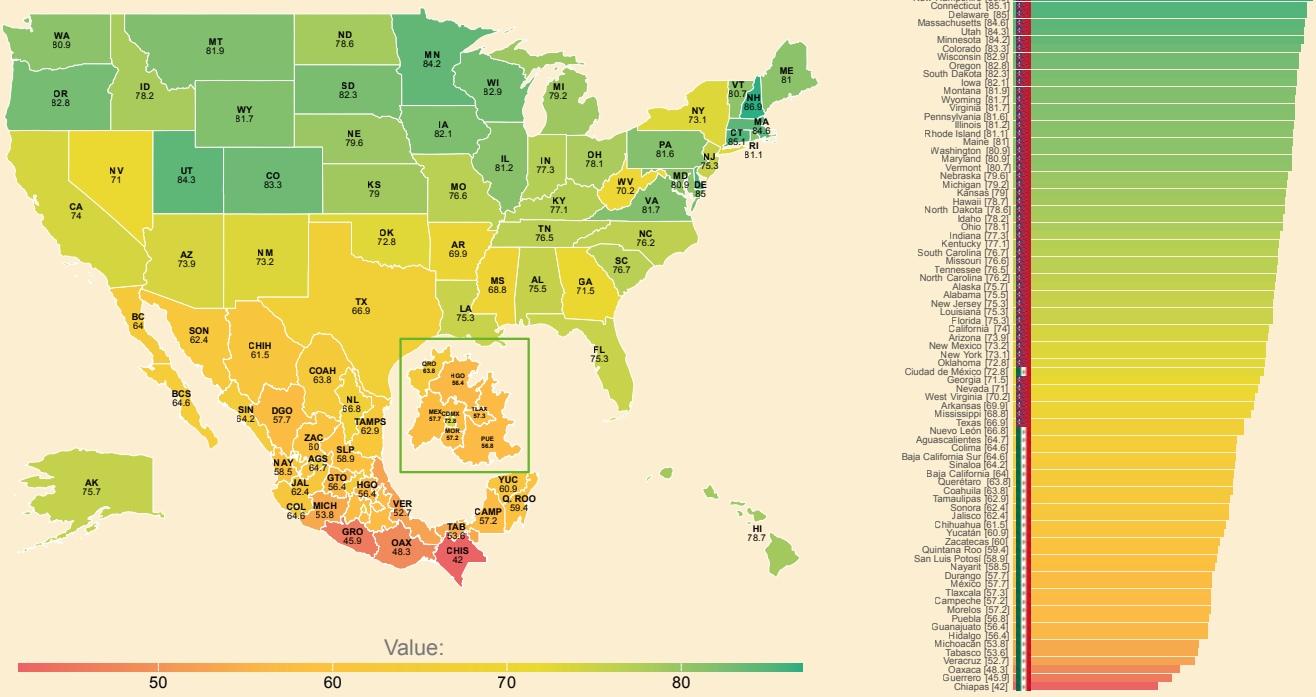
In all components of this dimension, California ranks above Texas—particularly in *Environmental Quality* and *Information and Communications,* where it places among the top five states. Texas lags behind California but still outperforms Mexican states—except in *Basic Education,* where it scores lower than Tabasco, Quintana Roo, and Yucatán. This gap underscores that even within the U.S., states along the Mexican border can differ sharply in areas with high potential for shared prosperity.

In the **Opportunities** dimension—which measures personal freedoms, rights, and access to higher education—California and Mexico City surpass Texas.

Opportunities

Social Progress Index USA-Mexico



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While California leads in most components, both states score low in *Inclusive Society*. In *Freedom of Choice,* Texas ranks last along the southern U.S. border, with levels comparable to Campeche and Hidalgo, and falls behind California and Mexico City in *Rights and Voice* and *Advanced Education.*

Mapping Shared Prosperity

GOAL 3. INTRAREGIONAL AND GLOBAL TRADE

Intrarregional

→ The interdependence of the agribusiness markets in North America.

Global trade

→ The technological future is built in North America.

The interdependence of the agribusiness markets in North America

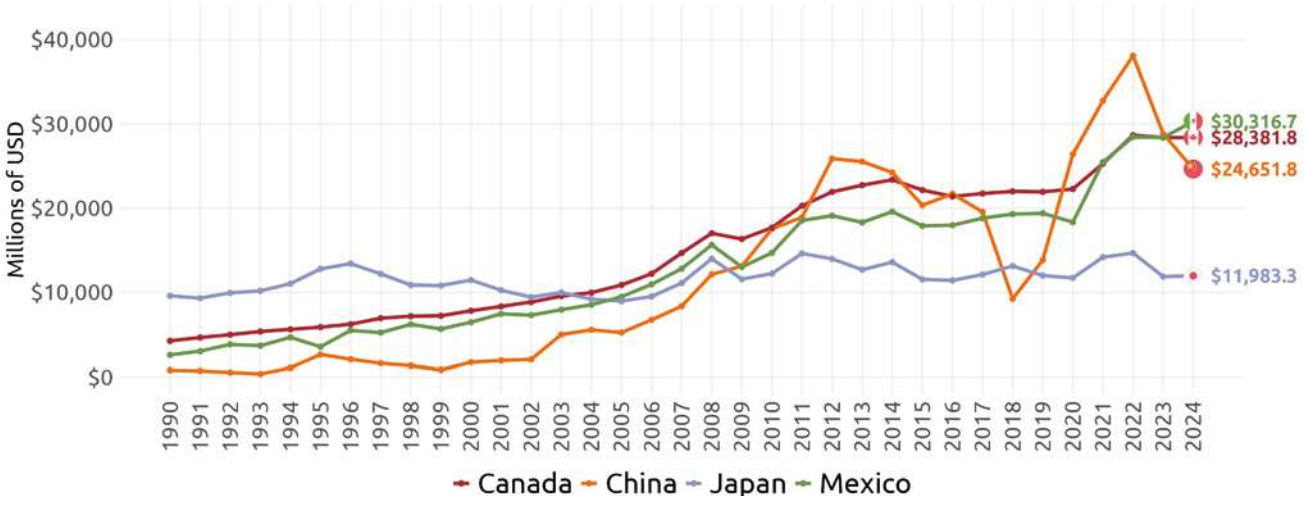
Agro-industrial trade between Mexico, the U.S., and Canada, key to food security thanks to the complementary nature of the region's crops.

Agro-industrial trade in North America, facilitated by the USMCA, plays a key role in the region's food security. Mexico and Canada are the main U.S. agro-industrial trading partners, both in exports and imports, highlighting the complementarity of agricultural products in the three countries.

- In 2024, the top five destination markets accounted for 61% of the total value of U.S. agricultural exports, with Mexico leading the list—surpassing both China and Canada (ERS-USDA).
- Mexico is the main destination of US agricultural exports.
  - In 2025, Mexico accounted for 15.4% of all U.S. agricultural exports and Canada for 11.8% (Census Bureau).
  - Mexico remains the main destination for U.S. agricultural exports, with its 15.4% share marking the highest second-quarter level since 2010.

U.S. Agricultural products exports by country

Millions of USD, constant 2024 dollars



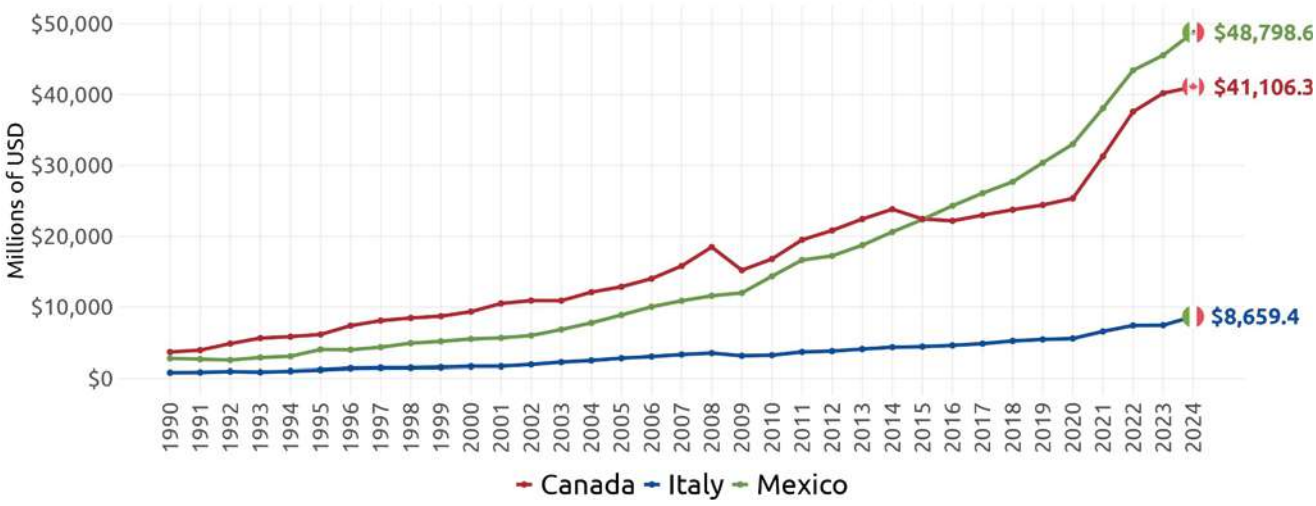
Made by México, ¿cómo vamos? with information from the United States Department of agriculture

Mexico, in particular, plays a crucial role in ensuring the year-round supply of fresh fruits and vegetables to the U.S., thanks to its complementary growing seasons. This relationship has become even more relevant following the reconfiguration of U.S. export markets as part of strategies to reduce its dependence on China. In this con-

text, the USMCA partners have been fundamental for U.S. farmers.

- Mexico is the United States' largest agricultural trading partner in terms of combined exports and imports, with Canada being a close second and in 2024, both countries accounted for more that 40% of the total of U.S agricultural imports.
- As of the second quarter of 2025 Mexico continues to lead the market for U.S imports of agricultural products, explaining almost 30% of them (Census Bureau).
- Between 2019 and 2024, Mexico's agricultural exports to the U.S. grew at a faster pace than U.S. agricultural exports to Mexico, highlighting the resilience of this trade relationship in the post-pandemic period (USDA).

U.S. Agricultural products imports by country of origin
Millions of USD, constant 2024 dollars



Made by México, ¿cómo vamos? with information from the United States Department of agriculture

Which countries bring fresh fruits and vegetables to U.S tables?

The U.S. is highly reliant on its USMCA partners for the year-round availability of fresh fruits and vegetables. In 2023, Mexico and Canada supplied:

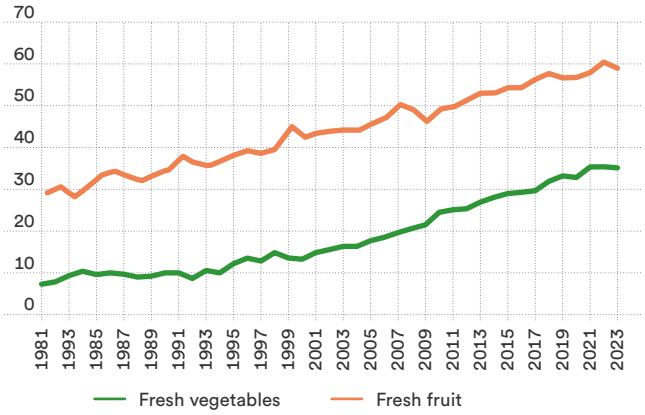
- 51% and 2%, respectively, of U.S. fresh fruit imports.
- 69% and 20%, respectively, of fresh vegetable imports, in terms of value.

The growing dependence of U.S. domestic availability on imports has been reinforced by trade milestones such as NAFTA's signing in 1994, the completion of the transition to tariff- and quota-free trade among North America since 2008, and the entry into force of the USMCA (ERS-USDA).

- Since 1981, imports have expanded almost without interruption, and by 2023 nearly 60% of fresh fruit and 35% of fresh vegetable availability in the U.S.

came from imports—underscoring the critical role of trade in food security.

Imports as a Percentage of Fresh Fruit and Vegetable Availability in the U.S., 1981 - 2023.



Source: USDA

Graph note: Availability is calculated as production minus exports plus imports and is measured in terms of volume.

The agricultural trade relationship between Mexico and the United States is highly complementary, with Mexico supplying products that fill seasonal and supply gaps in U.S. agriculture and that also play a central role in everyday consumption.

→ In 2024, almost 75% of U.S. agricultural imports from Mexico are vegetables, fruit, beverages, and distilled spirits. This reflects Mexico's crop diversity, the popularity of products such as beer, tequila, and avocados in the U.S, and complementary growing seasons (USDA).

As the share of imports in domestic availability of fresh fruit and vegetables grows, so does the share in commodities in which Mexico is the leading supplier.

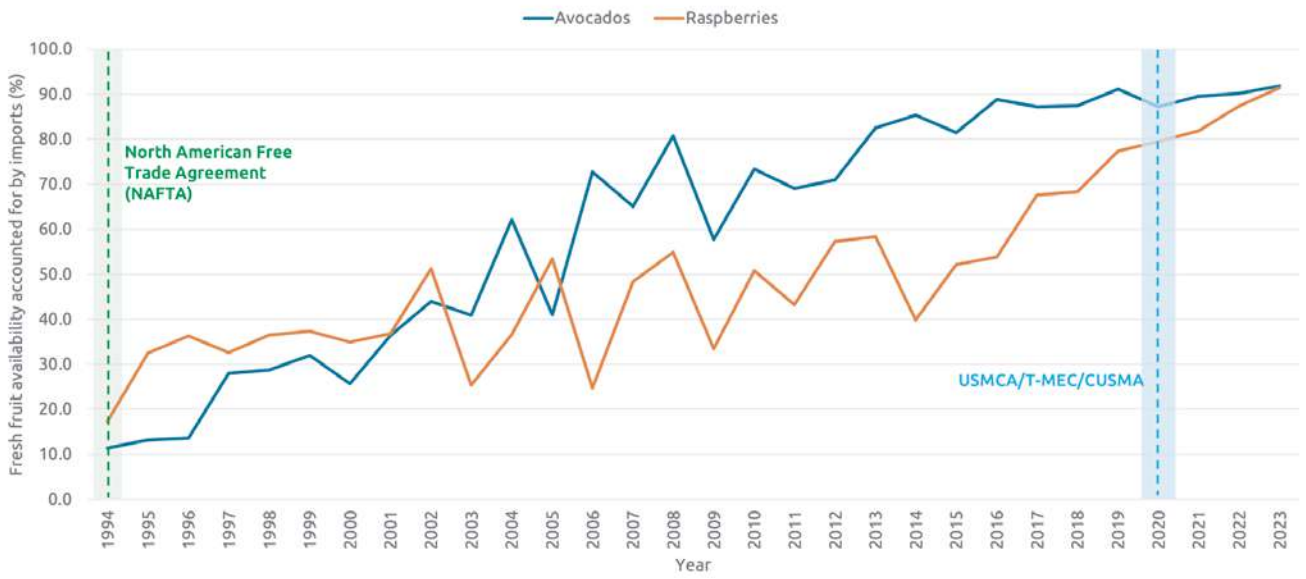
→ Between 1994 and 2023, the import share of fresh raspberries availability went from 17.3% to 91.4%.

→ **In 2023, 91.9% of fresh avocados available in the U.S. were imported, with Mexico as the dominant supplier.** This makes avocados one of the most import-dependent foods in the American diet, alongside tropical fruits like papayas, mangoes, and limes—crops in which Mexico leads global production and U.S. supply.

– The main export market is the U.S concentrating more than 80% of avocado exports, followed by Canada with 7% (Foreign Agricultural Center, USDA).

Import share of fresh fruit availability (by commodity)

Yearly, 1994–2023



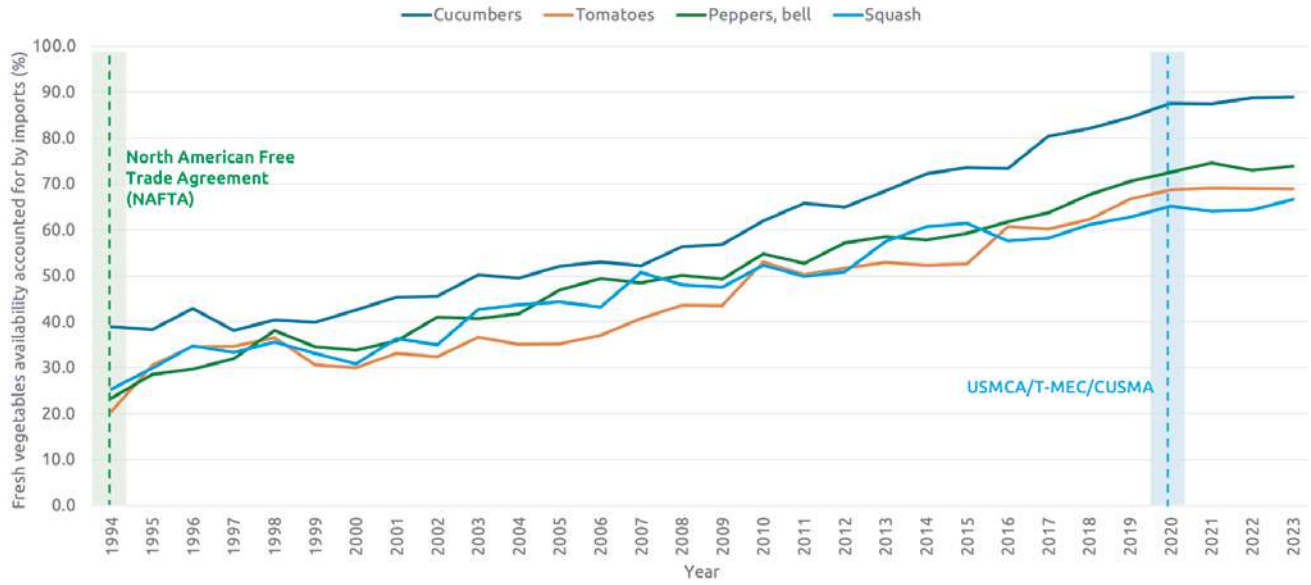
Made by México, ¿Cómo Vamos? With data from the U.S. Department Of Agriculture

The share of fresh vegetables availability accounted for by imports is lower than for fresh fruits, yet the same pattern holds: Mexico remains the leading supplier for many of these key commodities, with a growing percentage in domestic availability.

- In 2023, Mexican imports accounted for the majority of fresh tomato availability in the U.S. market. Overall, imports represented 70% of the commodity's supply, with Mexico contributing 90% of that volume and Canada supplying 9%.
  - According to USDA estimates, imports from Mexico alone explained about 65% of the total domestic supply of fresh tomatoes, underscoring the central role of USMCA partners in meeting U.S. demand.
- For commodities such as fresh squash and cucumbers, Mexico serves as the primary supplier, and both have reached record highs in their share of imports relative to U.S. domestic availability.
  - Between 1994 and 2023, fresh cucumber import share increased 50 percentage points and for fresh squash the growth was 41.2 pp.
- The domestic availability of fresh bell peppers is also highly dependent on Mexican and Canadian imports. In 2023, 74% of availability was accounted for by imports.

Import share of fresh vegetable availability (by commodity)

Yearly, 1994–2023



Made by México, ¿Cómo Vamos? With data from the U.S. Department Of Agriculture

Impact of agricultural trade on U.S. employment and economy.

Agricultural jobs

- In January 2025, 2.31 million people were employed in agriculture and related sectors (Federal Reserve Bank of St. Louis, with data from the BLS).
- Between 2013 to 2023, the largest employment gains were seen in crop support services, which grew by 17,400 jobs, marking a 6% increase over the decade, and in the livestock sector with 29,000 jobs added in the decade (USDA) .
- In 2023, every $1 billion in U.S. agricultural exports supported 5,997 jobs on average. In that same year, ten commodities accounted for almost half of the 1 million full-time jobs, with corn and soybean exports leading the way (USDA).

Economic impact

- In 2023, each $1 of U.S. agricultural exports generated $2.06 in total domestic economic activity, contributing to $362.4 billion in output (ERS-USDA).

Agricultural trade in the USMCA region

- U.S. agricultural exports to Mexico consist of grains, oilseeds, and meat. Mexico has been increasingly dependent on importing corn, especially yellow corn, to meet the rising demand from its livestock and starch industries (USDA). Canada, for its part, primarily imports fresh fruits and vegetables, processed products, and pork from the United States.
- Mexico exports to the U.S. and Canada: Fresh vegetables and fruits such as avocados, tomatoes, and berries (USDA). Also, beverages and distilled spirits, such as beer, tequila, and mezcal, which not only boost agricultural trade but also reinforce culinary integration in the region.
- Canada exports to the U.S. and Mexico: Grains such as wheat and canola, in addition to meat and dairy products, strengthening North American agro-industrial integration (USDA).

Tariffs and trade wars, a losing game for U.S. farmers.

Trade disputes have significantly affected U.S. farmers. The 2018–2019 trade war with China imposed tariffs that generated retaliatory measures on their exports, causing substantial losses.

- The federal government had to grant subsidies equivalent to 92% of the tariffs collected to compensate for the losses.
- Only 8% of tariff revenue represented actual net income.
- In 2018 and 2019, the Trump administration allocated $28 billion in compensation payments to farmers affected by Chinese retaliation (Council on Foreign Relations).

Tariffs and trade wars impose higher costs on agricultural producers and affect the stability of agro-industrial trade. In the case of consumers, higher prices could be expected due to tariff increases in this sector:

- Around 20% of the U.S. consumption of fresh fruits, vegetables, and tree nuts consumption is explained by imports from Mexico and 5% from Canada. These products alone make up 17% of the “food-at-home” Consumer Price Index (CPI) basket (a measure for food inflation) which means that an increase in tariffs would have an effect of prices in food key to the diet of Americans. Since the imports come from concentrated growing areas the amount of substitutes is limited contributing to increase in prices lasting a little bit longer (Kansas City Fed).

Success story: regional integration of the beer industry

The beer industry exemplifies a binational industry, US producers export key grain inputs to Mexico´s breweries, where they are processed, bottled up, and sent back to the US market for consumption.

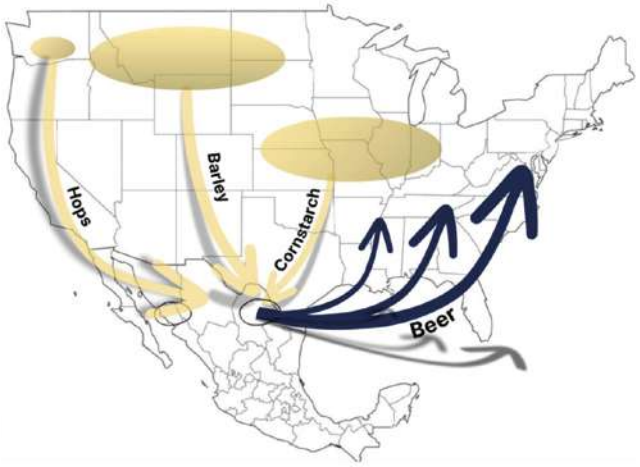
→ Barley sourced from the US includes significant quantities grown by family farmers in Idaho, Montana, and North Dakota, which is often malted before being shipped by truck and rail to Mexico's breweries.

→ Other key inputs include corn starch from farms across the "Corn Belt" of the Midwest and Central Plains, and hops sourced from growers in Washington State's Yakima Valley.

→ Breweries in Mexico then ship back the *Corona, Modelo, Pacífico,* and *Victoria* to consumers in the US. In 2022, the US imported $6.88 billion in beer, mainly from Mexico ($5.41 billion).

The bilateral beer trade experience

Brewery supply chain Mexico-U.S.



Source: USDA

The USMCA: key to North American food security and agro-industrial competitiveness

Agro-industrial trade in North America is a strategic pillar for food security, job creation, and the region's economic stability. The complementarity among the USMCA partners ensures the supply of fresh food, strengthens the agricultural sector, and maintains global competitiveness.

However, uncertainty stemming from tariffs and protectionist measures can affect this relationship, increasing costs and reducing opportunities for producers in the region. Promoting policies of integration and trade stability will be key to guaranteeing the resilience of agro-industrial value chains in North America.

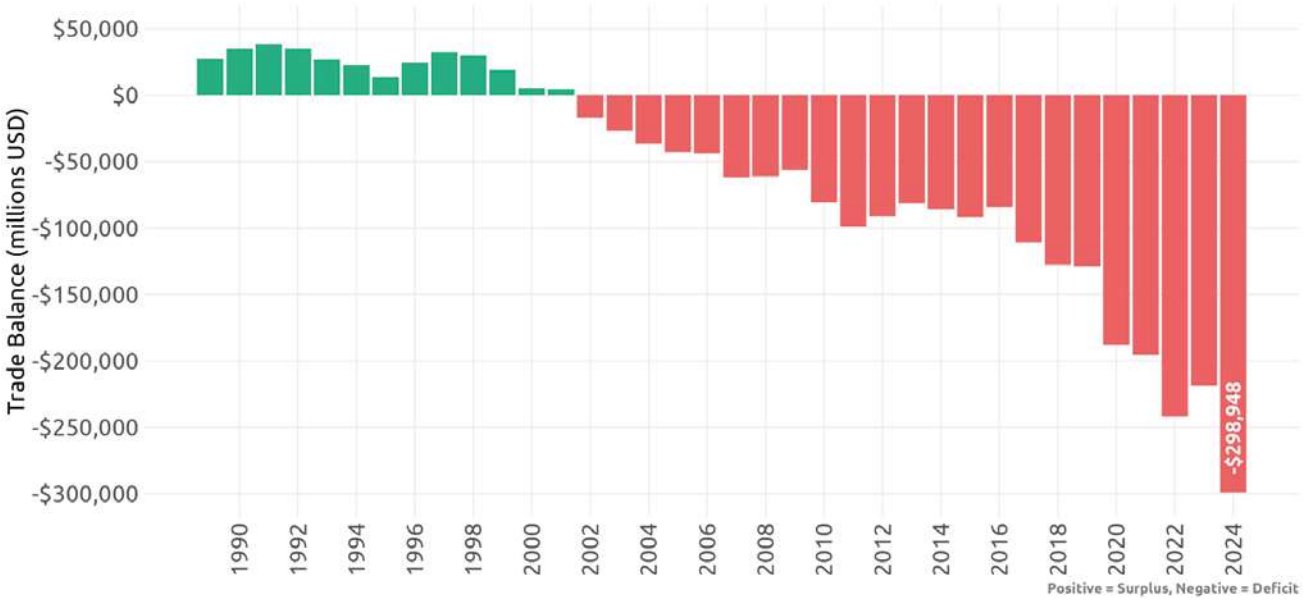
The technological future is being built in North America

Strengthening supply chains, securing resilience, advancing integration

The U.S. trade deficit in advanced technology products (ATP) reached -$298.9 billion in 2024, the deepest imbalance on record. As of June 2025, the deficit already stands at -$213.1 billion, a 70% increase compared to the same period in 2024. This trend underscores the scale of U.S. technological dependencies in critical sectors. The ATP trade balance, tracked by the Department of Commerce under ten categories—from biotechnology, life sciences, and optoelectronics to semiconductors, aerospace, and advanced materials—highlights where U.S. competitiveness is being eroded and why regional integration under the USMCA is central to restoring supply chain security.

US Trade balance in advanced technology products

ATP, by year



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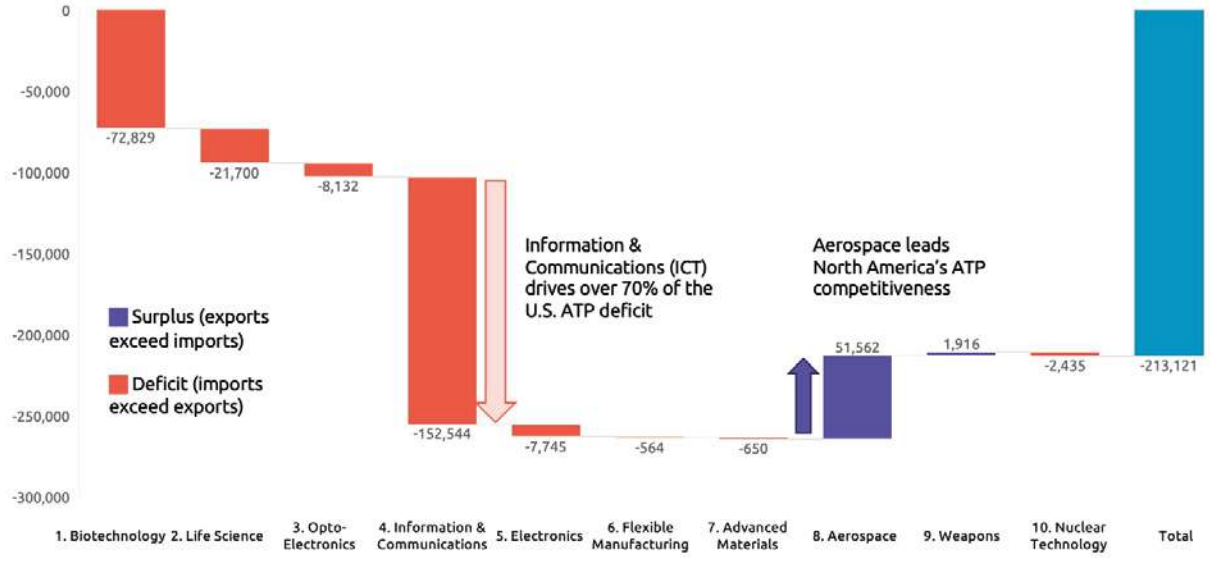
Why the USMCA matters?

The U.S. trade balance in advanced technology products (ATP) shows a stark contrast across sectors. On one hand, aerospace remains the largest U.S. surplus category (+$51.6B YTD June 2025). This strength reflects decades of deep U.S.-Canada co-production, where integrated supply chains in civil and defense aviation support American leadership worldwide.

Break down of the U.S. Advanced Technology Products trade balance

Millions USD, as of June 2025



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Graph note: The decomposition of the U.S. advanced technology products trade balance deficit represents the net balance of each of the ten categories. Deficits (when imports exceed exports in a specific category) and surpluses (when exports are greater than imports in a category) are graphed.

The total balance of the U.S. advanced technology products deficit, which reached (-) 213,120.9 billion dollars in the first half of 2025, is reduced by the surpluses in categories ATP 8. Aerospace and ATP 9. Weapons..

In contrast, information and communications technology (ICT) stands out as the main driver of the U.S. ATP trade deficit. As of June 2025, the ICT deficit reached -$152.5 billion, accounting for 71.6% of the total ATP deficit. Imports in this category far exceed exports, underscoring the scale of the gap. Yet, the sourcing patterns behind these flows highlight both the risks of concentrated dependencies and the opportunities offered by trusted regional partners.

Country	U.S. ICT Imports YTD (billions USD, June 2025)	YoY Growth	Trade Balance
Taiwan	$54.3 B	**+107%**	–$49.1 B
Mexico	$47.8 B	**+82%**	–$27.9 B
Vietnam	$36.7 B	+110%	–$36.2 B
China	$29.9 B	**–32%**	–$28.2 B
Thailand	$15.4 B	+72%	–$14.6 B
India	$12.7 B	+150%	–$11.5 B

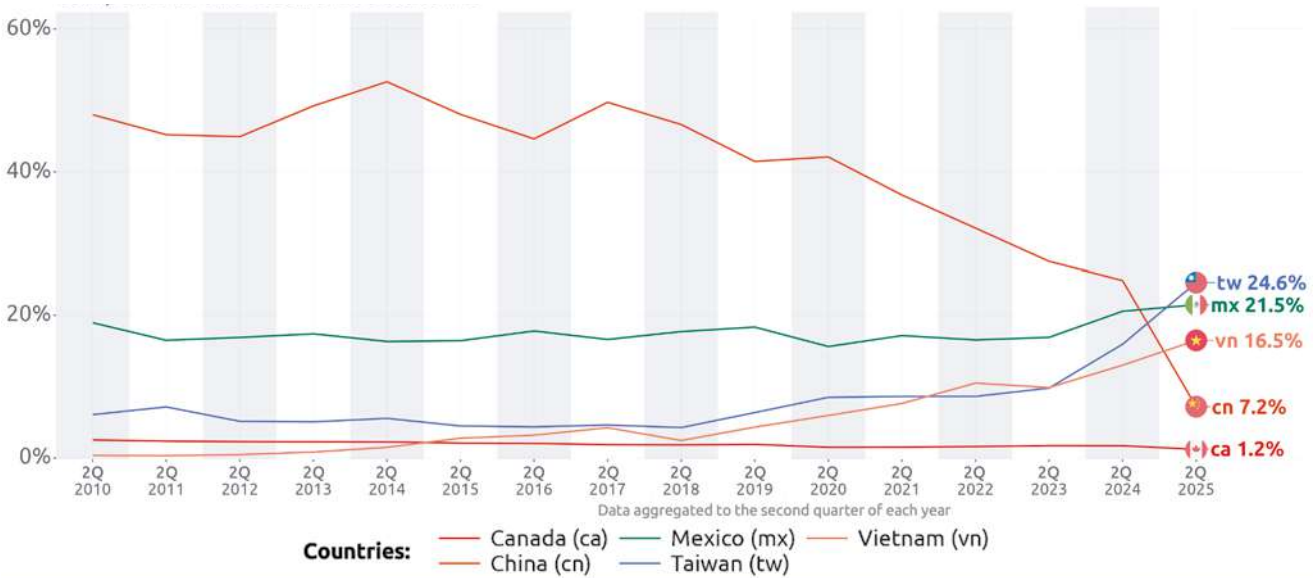
Made by México, ¿Cómo Vamos? using U.S. Census Bureau data on Advanced Technology Products (ATP) trade. Data as of June 2025.

Shifts in U.S. ICT supply chains

- Taiwan has now overtaken Mexico as the top U.S. ICT supplier ($54.3B YTD, +107% YoY), highlighting a growing concentration of supply in East Asia.
- Mexico, a USMCA partner, remains the second-largest supplier ($47.8B YTD, +82% YoY), underscoring the region's untapped potential to offer a resilient and proximate alternative.
- China has fallen to fourth place ($29.9B YTD, –32% YoY), reflecting the U.S. strategy of decoupling from China in order to secure its supply chains and redirect sourcing toward trusted partners.

Share of U.S. Imports

NAICS 334: Manufacturing of computer equipment, measurement devices, components and electronic accesories



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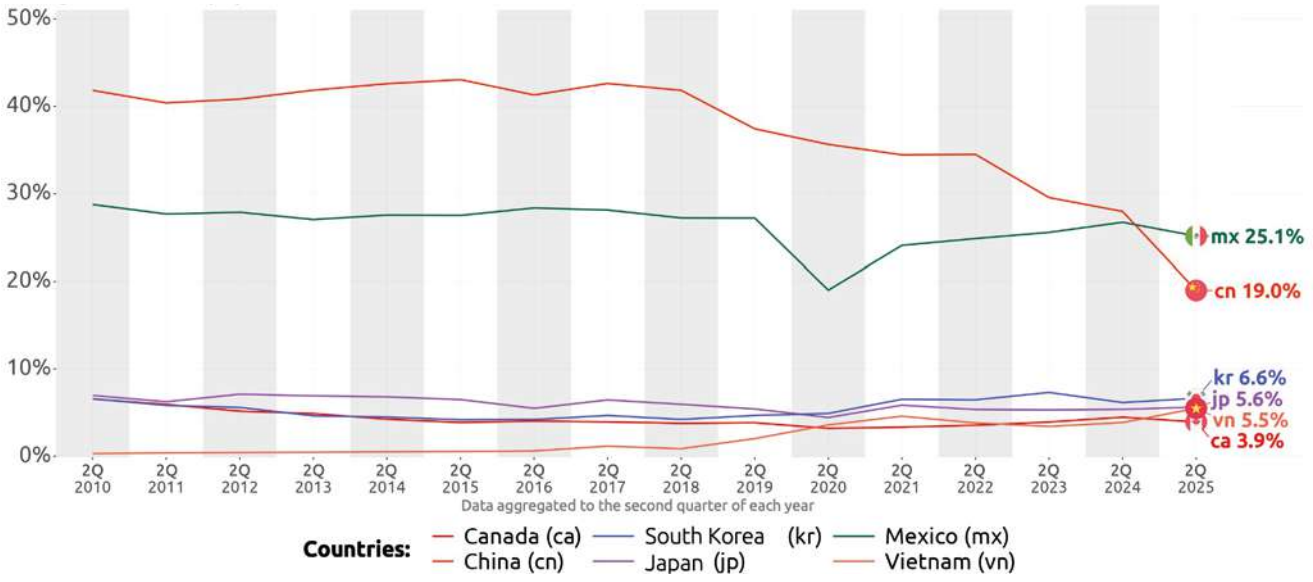
Share of U.S. Imports

NAICS 335: Manufacturing of accesories, electrical appliances and electric power generation equipment



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If North America intends to remain the global technological frontier, it must anchor supply chains within the region—not fragment them. U.S. aerospace leadership, driven by integration with Canada, already provides a strong template. Conversely, the U.S. ICT deficit, and its reliance on Taiwan, reveals vulnerabilities. Strengthening co-production under the USMCA is the path forward, it enables secure, advanced technology production, reinforces competitiveness, and provides resilience against geopolitical disruption. At the same time, Canada's leadership in rare earth elements offers a strategic advantage to secure critical inputs for next-generation technologies (Government of Canada). Together, integration can turn U.S. strategic dependence into regional strength.

Annex

The Advanced Technology Products (ATP) trade balance is composed of 10 categories

ATP 1	**Biotechnology** (Genetics, hormones, new pharmaceuticals)	**ATP 6**	**Flexible Manufacturing** (Advances in robotics and industrial automation)
ATP 2	**Life Sciences** (Scientific advancements applied to medicine)	**ATP 7**	**Advanced Materials** (Semiconductor materials, fiber optics, video discs)
ATP 3	**Opto-Electronics** (Scanners, solar cells, photosensitive semiconductors)	**ATP 8**	**Aerospace** (Civil and military aircraft, turbine engines)
ATP 4	**Information & Communications** (High-capacity data processing products, radars, satellites)	**ATP 9**	**Weapons** (Military applications, bombs, launch rockets)
ATP 5	**Electronics** (Electronic components, integrated circuits)	**ATP 10**	**Nuclear Technology** (Nuclear energy production devices, reactors, and their components)

Source: U.S Census Bureau

GOAL 4.
SECTORAL, STRATEGIC, AND INFRASTRUCTURE INVESTMENTS

Built together. The North American co-production model

From autos to trucks. Driving jobs, and goods across the USMCA region

Built together. The North American co-production model

Who Co-produces with the U.S.? Trade deficit ratios (TDR) and why USMCA integration matters

In recent years, the trend towards regionalization has gained strength following the rise of globalization, driving the reconfiguration of value chains towards final consumption markets and vertically integrating regional supply chains to mitigate geopolitical as well as ecological risks, and limit exposure to tariffs resulting from trade disputes (OECD, 2017). During Donald Trump's first presidency, measures were implemented to reduce the United States' dependence on China. Meanwhile, the private sector has adopted derisking and decoupling strategies to reorganize its supply chains (McKinsey & Company).

The USMCA presents an opportunity for Mexico, the United States, and Canada to develop vertically integrated value chains (Wilson Quarterly, 2023), reducing dependence on other trade blocs, particularly in the technology sector with Asia. The trade relationship with China remains asymmetrical—unlike intra-USMCA trade, the Asian giant does not purchase U.S. products in proportion to its exports to the U.S. market. In contrast, the U.S. trade deficit with Mexico and Canada reflects the deep integration of North American value chains (Brookings, 2024).

A Congressional Research Service (CRS) report on the U.S. trade deficit and trade policy (CRS, 2018) explains that free trade agreements foster intra-industry trade—the exchange of intermediate goods within the same industry between countries that hold comparative advantages in specific products. In this context, the trade of intermediate goods blurs the distinction between domestic and foreign production, reinforcing regional supply chain integration.

To illustrate North America's trade integration, the trade deficits of the United States' five largest trading partners are presented as a proportion of their exports to each country, using the Trade Deficit Ratio (TDR).

Unlike the simple net balance of trade, this metric offers a deeper view of bilateral relationships by showing what portion of U.S. exports to each country is linked to its trade deficit. In doing so, it underscores both the extent of supply chain integration and the strategic importance of these markets for U.S. exporters.

The TDR measures the U.S. trade deficit with a country relative to the value of U.S. exports to that country. Put simply, it shows how many additional dollars of imports the U.S. brings in for every $1 it exports — highlighting the size of the trade gap in proportion to exports.

TDR = 0.50	For every $1 exported, the U.S. imports $0.50 more (imports = $1.50).
TDR = 1.00	For every $1 exported, the U.S. imports $1 more (imports = $2.00).
TDR < 0	The U.S. runs a trade surplus (exports exceed imports).

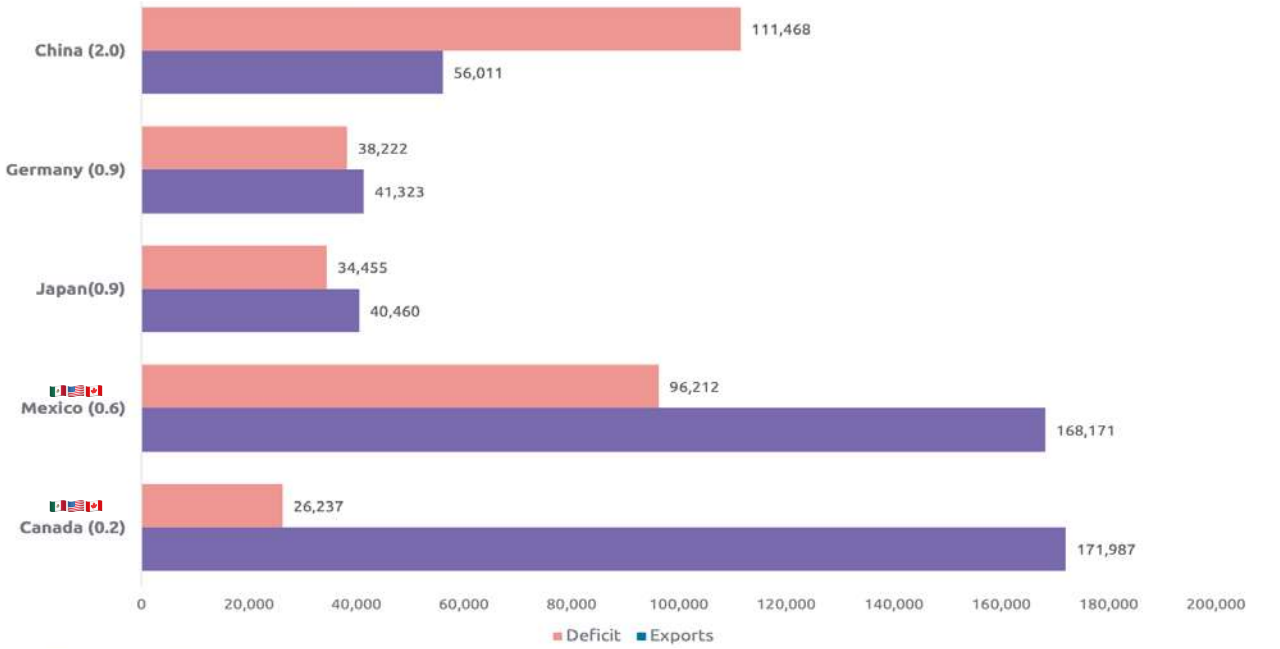
Lower TDR → balanced, co-produced trade (e.g., with Mexico/Canada).

Higher TDR → one-way import dependency (e.g., with China).

This measure helps us see not just who trades the most with the U.S., but who really **co-produces with the U.S. — and that's why USMCA integration matters.**

U.S. trade deficits and exports with top 5 partners

1H 2025, in millions of dollars (TDR in parentheses)



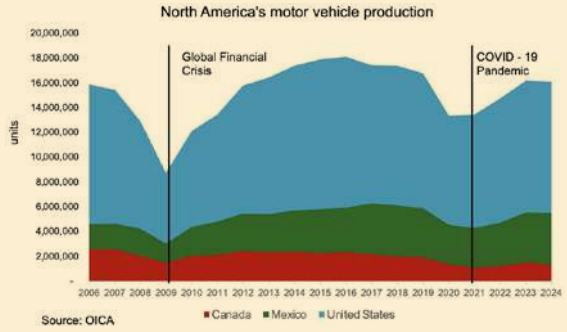
Made by México, ¿Cómo Vamos? With data from the U.S. Census

The co-production model is not just theory, it already works. Nowhere is this clearer than in the auto industry and the heavy-truck sector, where factories across Mexico, the United States, and Canada are linked in a single production chain that drives trade and creates jobs across the region.

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

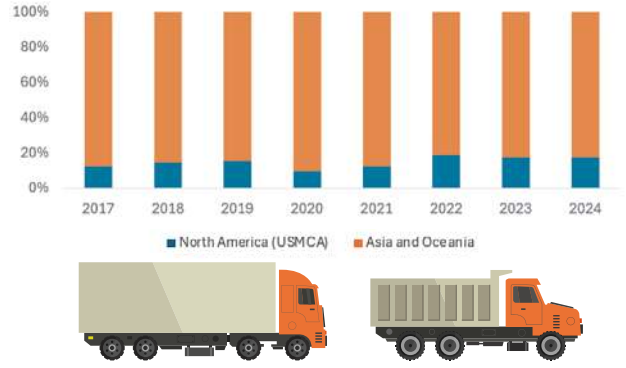
This snapshot was prepared by México, ¿cómo vamos? using information drawn primarily from ANPACT's (Mexican Heavy Truck Association) Comments on the Section 232 National Security Investigation of Imports of Trucks (2025), complemented with data from OICA, WISERTrade, and the U.S. Census.

Why Heavy-Duty Trucks Matter for North America

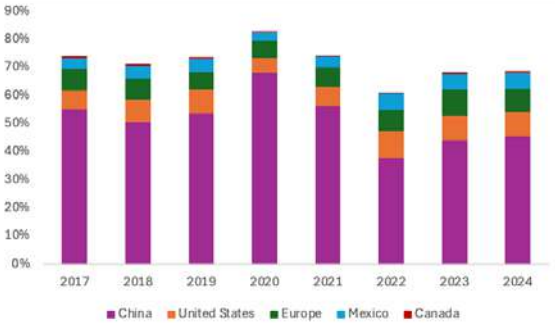
Heavy-duty trucks (Classes 4–8[4]) are the backbone of logistics and supply chains across North America. Production is deeply integrated under the USMCA, engineering and engines in the U.S., assembly in Mexico, and complementary capacities in Canada. This integration not only reduces external dependencies,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

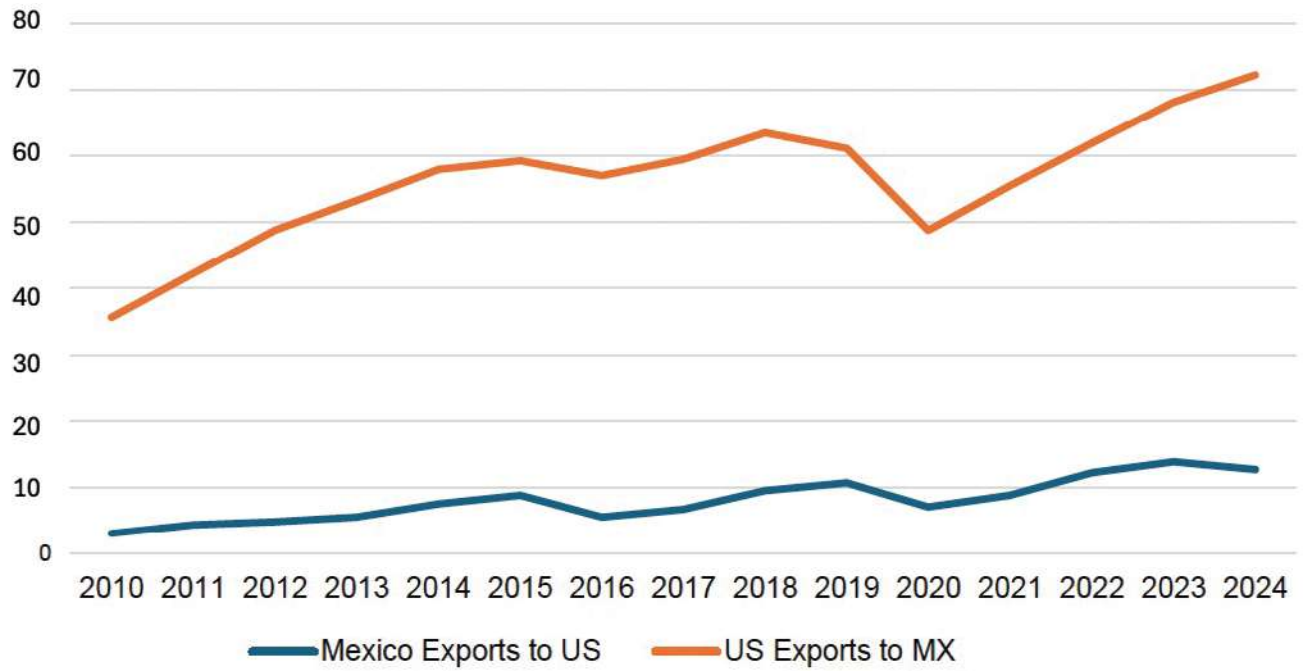
4 see Annex What counts as a medium and heavy-duty truck in the USMCA region

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.

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