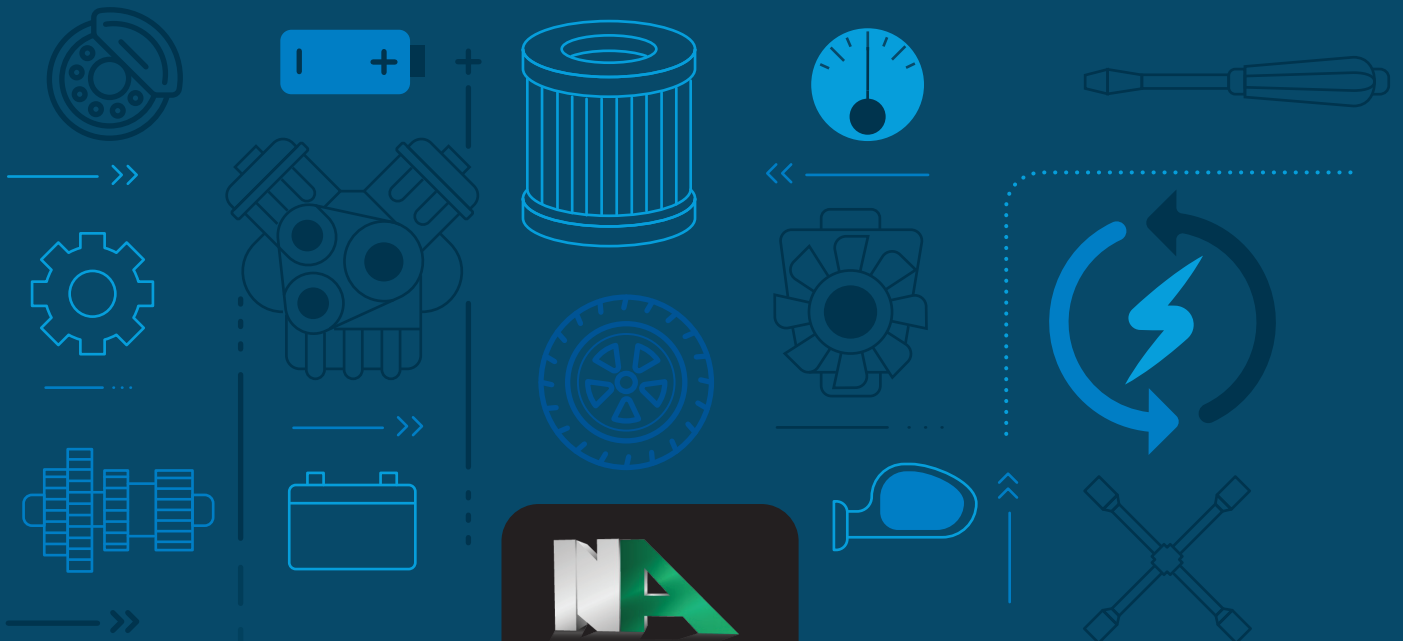


# THE OTHER SIDE OF THE COIN

10 MESSAGES  
ABOUT THE ROLE OF  
THE AUTOMOTIVE  
PARTS INDUSTRY IN  
NORTH AMERICA



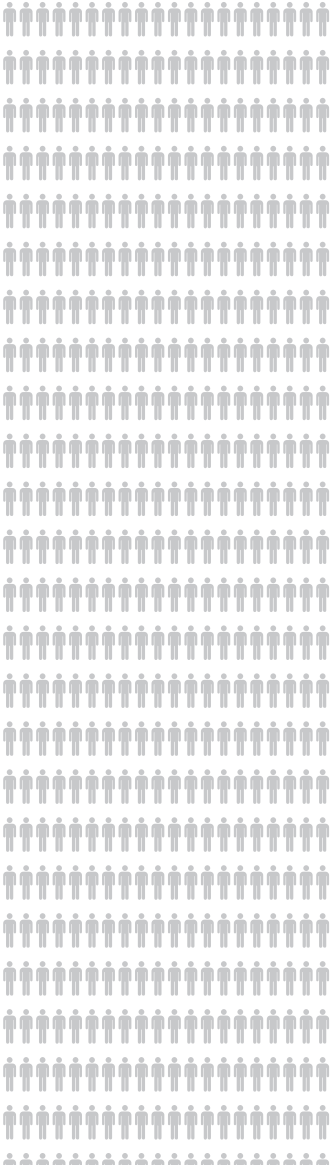
Industria Nacional  
de Autopartes, A.C.

## MAIN IDEAS

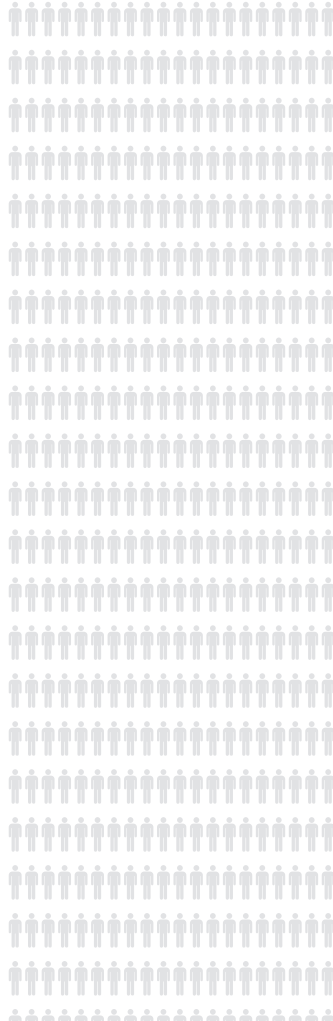
- 1 North America is an economic powerhouse ..... 1
- 2 International trade creates jobs for the United States ..... 2
- 3 The automotive sector is one of the main job generators in North America ..... 3
- 4 Mexico is an important partner for North America's prosperity in the automotive parts sector ..... 4
- 5 "Made in Mexico" vehicles have a high content of U.S. inputs ..... 5
- 6 North America strengthens its competitiveness with an integrated supply chain ..... 6
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- 9 Mexico is a relevant global player in the automotive parts industry ..... 8
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# 1

## NORTH AMERICA IS AN ECONOMIC POWERHOUSE



The USMCA covers a market of more than **505 MILLION PEOPLE**



Similar to the population of the entire European Union **448 MILLION PEOPLE**



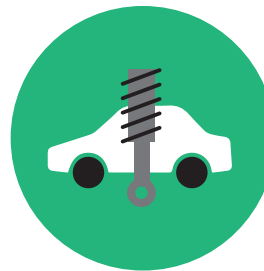
It contributes **30%** of the global GDP.



Every minute, more than **3.1 million dollars** in goods and services cross one of the region's borders.



Since its implementation, the USMCA has driven a regional GDP growth of **2.4% annually.**



Together, the region produces **15.4 million vehicles and over \$460 billion dollars** in automotive parts (2024).

Source: INA based on information furnished by S&P, U.S. Census Bureau, European Union, StatCan, and INEGI.

# 2

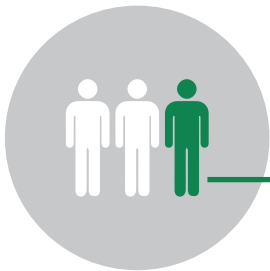
## INTERNATIONAL TRADE CREATES JOBS FOR THE UNITED STATES



THE USMCA HAS CONSOLIDATED NORTH AMERICA AS ONE OF THE MOST DYNAMIC AND COMPETITIVE REGIONS IN THE WORLD, WITH AN ANNUAL TRILATERAL TRADE OF **1.63 BILLION DOLLARS**. THIS AGREEMENT HAS STRENGTHENED JOBS AND ECONOMIC GROWTH BETWEEN MEXICO, THE UNITED STATES, AND CANADA.



**+41 MILLION JOBS**  
in the United States depend on international trade.



That is, **1 IN EVERY 3 JOBS** in the private sector.



Export-supported jobs **PAY 18% MORE** than other jobs.

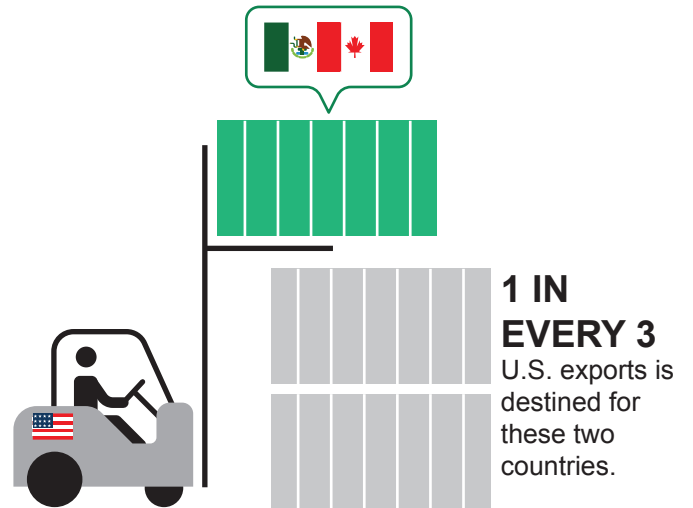


### EXPORTING COMPANIES IN THE UNITED STATES



They generate almost half of the total employment in the U.S.

### CANADA AND MEXICO ARE RESPECTIVELY THE TWO MAIN MARKETS FOR U.S. EXPORTING COMPANIES.



Source: INA based on information furnished by US Chamber of Commerce (2024).

# 3

## THE AUTOMOTIVE SECTOR IS ONE OF THE MAIN JOB GENERATORS IN NORTH AMERICA



In the United States, it supports

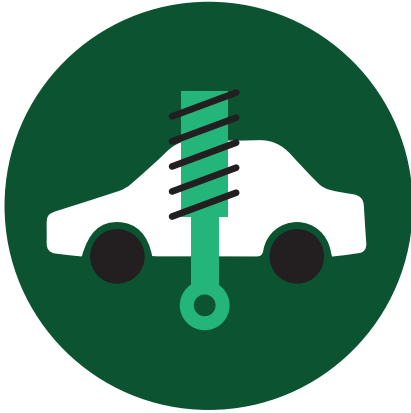
**3.4 MILLION JOBS**

equivalent to 2% of private sector employment in the country.



### AUTOMOTIVE AND AUTO PARTS INDUSTRY

*Distribution of total jobs linked to the automotive sector in the United States*



**54%**

Wholesale of vehicles and auto parts.



**23%**

Automotive and auto parts industry.



**23%**

Automobile and auto parts repair and retail.



The automotive industry in the three countries employs more than **5.1 million people**.

**7 OUT OF 10 POSITIONS ARE IN THE UNITED STATES.**



**3,400,000**



United States



**67%**

**1,300,000**



Mexico

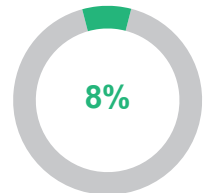


**25%**

**430,000**



Canada



**8%**

**JOBS IN THE AUTOMOTIVE SECTOR IN NORTH AMERICA**

Source: INA based on information furnished by INEGI, BLS US Bureau of Labour Statistics and Statistics Canada (2024).

# 4

## MEXICO IS AN IMPORTANT PARTNER FOR NORTH AMERICA'S PROSPERITY IN THE AUTOMOTIVE PARTS SECTOR



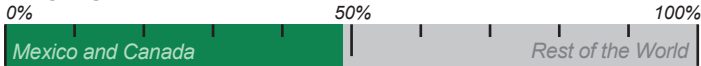
The North American auto parts industry is highly integrated; we don't just exchange products, we produce them together.

Mexico and Canada are the main sources of motor vehicle and parts imports for the United States, as well as the main buyers of U.S. exports of these same products. Together, both countries represent nearly half of the U.S. imports and exports of motor vehicles and their parts.

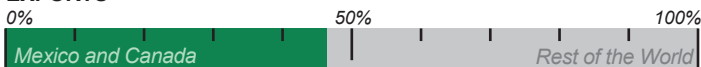
### IMPORT AND EXPORT SHARE

*U.S. general imports and domestic exports in 2023 of products from HTS codes 8702, 8703, 8704, 8707, and 8708.*

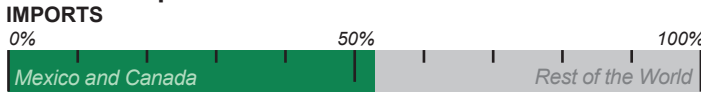
#### Motor vehicles IMPORTS



#### EXPORTS



#### Bodies and parts of motor vehicles IMPORTS



#### EXPORTS



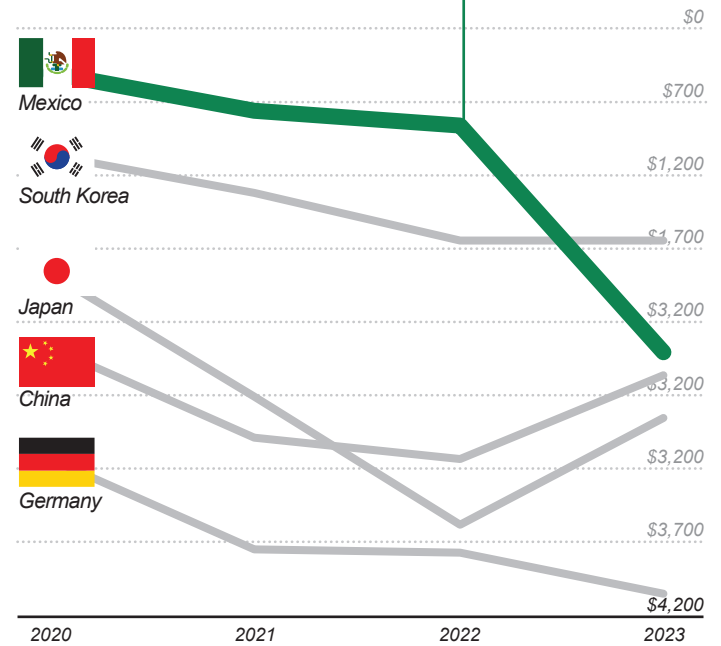
The ties between our three countries have given U.S. automakers an advantage and have been a driver of shared prosperity.

Source: INA based on information furnished by Cato Institute (2023).



In the case of engines, for example, which is one of the components that adds the most value to a vehicle, Germany, China, and Japan are the countries that generate the largest trade deficit in the U.S.

*Mexico is one of the countries that generates the least deficit in engines, for example, only behind South Korea.*



### PRODUCTIVE INTEGRATION BETWEEN MEXICO, CANADA, AND THE UNITED STATES IS NOT ONLY MEASURED IN TERMS OF EXPORTS AND IMPORTS.

It is reflected in the key role of the industry in job creation, demonstrating that the Mexican auto parts industry not only strengthens North America's supply chains but also helps reduce the trade pressures the United States faces with other partners.

Source: INA based on information furnished by ITC (2023), which is the latest available data at the time of this document's closure.

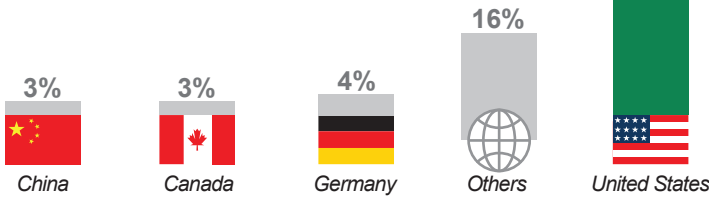
# 5

## "MADE IN MEXICO" VEHICLES HAVE A HIGH CONTENT OF U.S. INPUTS



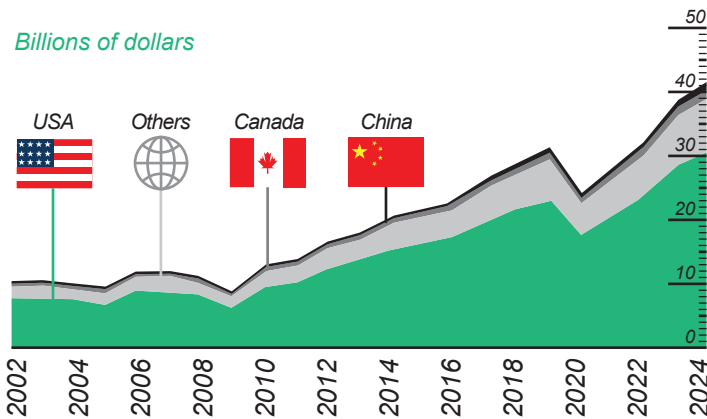
74% of the direct and indirect inputs incorporated into vehicles manufactured in Mexico come from the United States.

74%

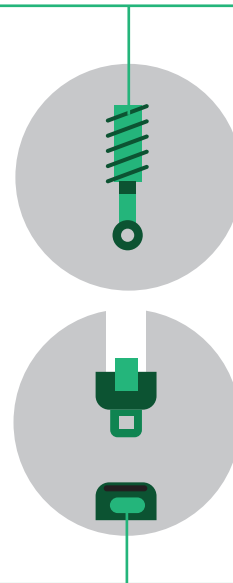


The dollar value of U.S. direct and indirect inputs integrated into vehicles manufactured in Mexico and sold in the U.S. has grown over time.

Billions of dollars

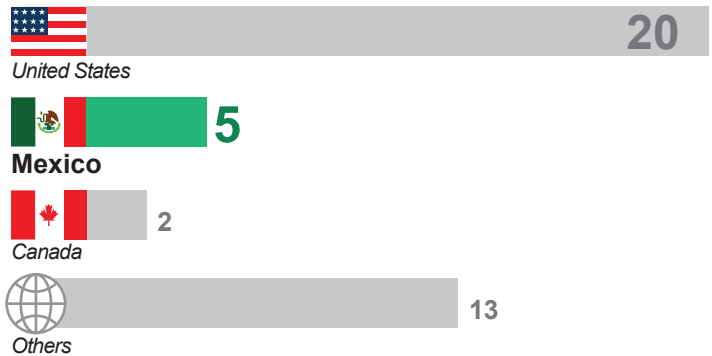


As an example of the relevance and consolidation of regional value chains, auto parts cross the region's borders an average of **8 times** before a vehicle is completed.



Recently, at the National Auto Parts Industry Association (INA), we conducted an analysis that shows how the vehicle seatbelt system is made up of more than 30 components, which cross the Mexico, United States, and Canada borders between 7 and 8 times before becoming a finished product.

### Country of production of the components of a retractor



Source: INA based on information furnished by PIIE, Restricting imports of Mexican vehicles will harm US manufacturers, 2024.

Source: INA.

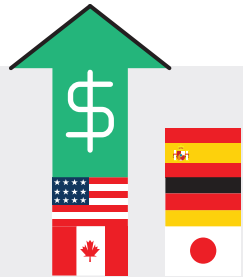
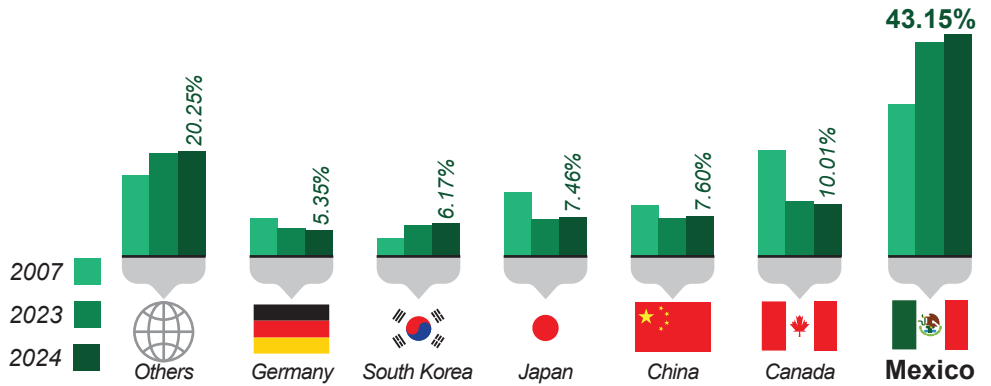
# 6

## NORTH AMERICA STRENGTHENS ITS COMPETITIVENESS WITH AN INTEGRATED SUPPLY CHAIN

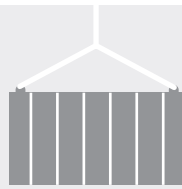


**THE NORTH AMERICAN AUTOMOTIVE INDUSTRY IS A GLOBAL BENCHMARK DUE TO ITS HIGH LEVEL OF INTEGRATION.**

43% of U.S. auto parts imports originate from Mexico, highlighting the deep interdependence and complementarity between both countries.



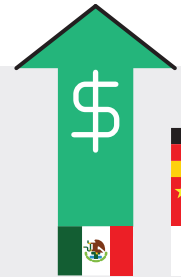
The United States and Canada buy more from Mexico than from Japan, Germany, and Spain combined in the auto parts sector.



Mexico is the second most important auto parts export market for the United States and Canada.



The United States is the source of **1 in every 2 auto parts imports** to Mexico.

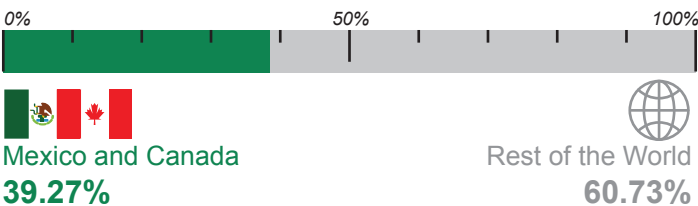


Mexico buys more from USMCA partners than from China, Japan, and Germany combined.

### MEXICO IS AN IMPORTANT SOURCE OF RAW MATERIALS, SUCH AS STEEL, FOR THE U.S. AUTOMOTIVE INDUSTRY.

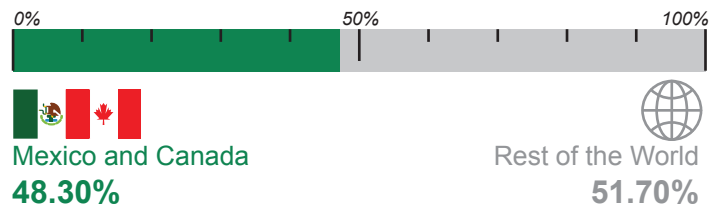
#### ALL STEEL PRODUCTS

Mexico and Canada are among the top five sources of U.S. steel product imports in 2023.



#### FLAT PRODUCTS

Mexico and Canada are the leading importers in the automotive sector.



Source: INA based on information furnished by Cato Institute (2023).

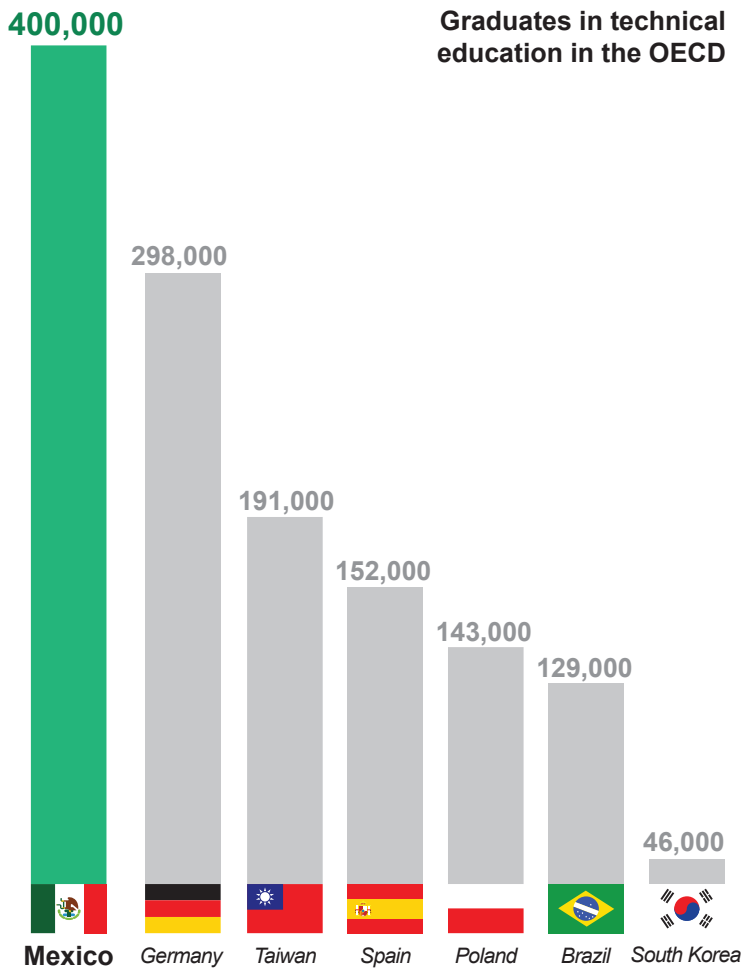


# 7

## MEXICO IS A RELIABLE PARTNER IN THE AUTOMOTIVE PARTS SECTOR



During disruptions in supply chains and changes in trade policies, the Mexican industry has ensured stability, continuity, and timely response. This certainty is due to decades of experience in the auto parts industry and a highly skilled workforce capable of adapting to the challenges of global manufacturing. In fact, we are the OECD country with the highest number of graduates in technical education.



Source: INA based on information furnished by the OECD (2020), which is the latest available global comparison.

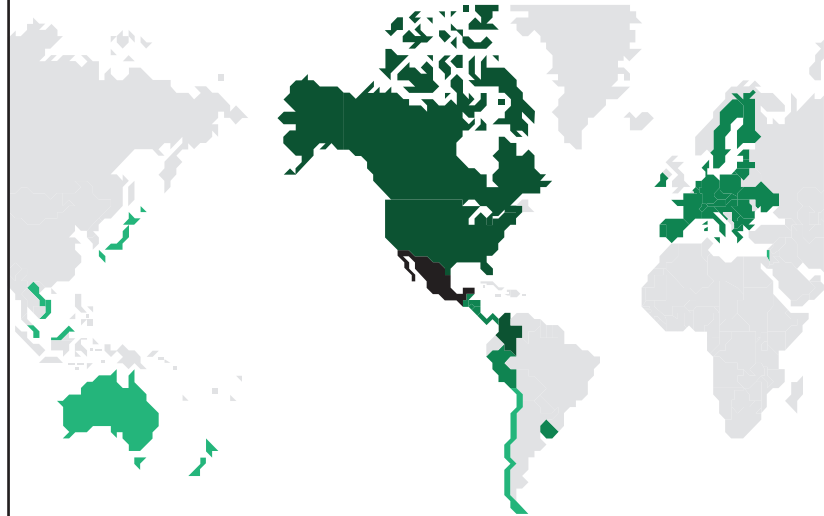
# 8

## MEXICO IS ONE OF THE MOST OPEN ECONOMIES IN THE WORLD



MEXICO IS NOT ONLY A KEY PARTNER IN NORTH AMERICA, BUT ALSO ONE OF THE MOST OPEN ECONOMIES IN THE WORLD.

Our country has:



**14 FREE TRADE AGREEMENTS**  
covering 50 countries.

**30 RIPPAs**  
(Reciprocal Investment Promotion and Protection Agreements) with 31 countries or regions.

**9 LIMITED-SCOPE AGREEMENTS**  
Economic Complementation Agreements and Partial Scope Agreements.



This environment has consolidated Mexico as a reliable trading partner and an attractive destination for the relocation of investments globally, especially in strategic sectors such as automotive and auto parts industries.

Source: INA based on information furnished by the Ministry of Economy (2024).

# 9

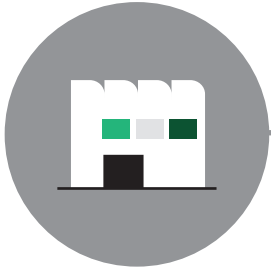
## MEXICO IS A RELEVANT GLOBAL PLAYER IN THE AUTOMOTIVE PARTS INDUSTRY



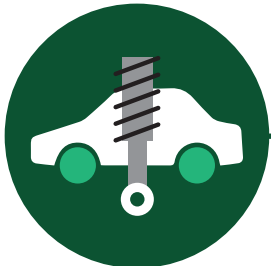
MEXICO IS THE 4<sup>TH</sup> LARGEST GLOBAL PRODUCER OF AUTO PARTS.



Mexico maintains steady growth in auto parts production, with a projection of **\$122.89 billion dollars** for 2024, and an increase of more than 3.35% for 2025.



VEHICLES AND AUTO PARTS ARE THE MOST EXPORTED MANUFACTURED PRODUCTS BY MEXICO.



MEXICO EXPORTED 7,592 VEHICLES AND \$264 MILLION DOLLARS IN AUTO PARTS TO THE UNITED STATES DAILY IN 2024

From January to October 2024, Mexico exported \$79.9 billion dollars in auto parts.

**88%** WENT TO THE UNITED STATES.



### GROWTH OF MEXICAN EXPORTS

*Between 2020 and 2024.*



FDI in auto parts in Mexico has grown thanks to the USMCA, with **\$2.3 billion dollars** recorded in the third quarter of 2024, showing an increase of 18.07%.



FOREIGN DIRECT INVESTMENT (FDI) IN THE SECTOR IS EXPECTED TO REACH \$2.7 BILLION DOLLARS IN 2025 (ALMOST 6% MORE).

*Source: INA based on information furnished by the Ministry of Economy, 2024.*

# 10

## TARIFFS WEAKEN PROSPERITY AND AFFECT CONSUMERS IN NORTH AMERICA



Trade barriers affect the productive balance of the region. The imposition of tariffs not only impacts the automotive and auto parts industry, but also increases production costs and raises prices for U.S. consumers.

If the United States stopped purchasing vehicles from Mexico and Canada, it would require approximately **18 new plants and more than \$50 billion dollars** in new investments.



It is estimated that a 25% tariff would increase the average price of cars in the United States by **\$3,000 DOLLARS.**



### CAR SALES

In 2024, nearly 16 million units were sold in the United States.

*It would also reduce the number of units sold by one million in 2025.*



**AS A SECTOR, WE REITERATE OUR COMMITMENT TO SHARED PROSPERITY, JOB CREATION, AND ECONOMIC GROWTH, CONVINCED THAT A STRONG INDUSTRY IS KEY TO KEEPING THE REGION AS A GLOBAL LEADER.**

Source: INA based on information furnished by TD Economics, S&P and Global Data, 2025.

# CONCLUSION

The automotive industry in North America is a great example of the complexity of manufacturing in the 21st century, and the benefits of value chains for jobs and shared prosperity in the region.

The most effective approach for our industry is to anticipate potential changes and determine the best way to adapt.



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