

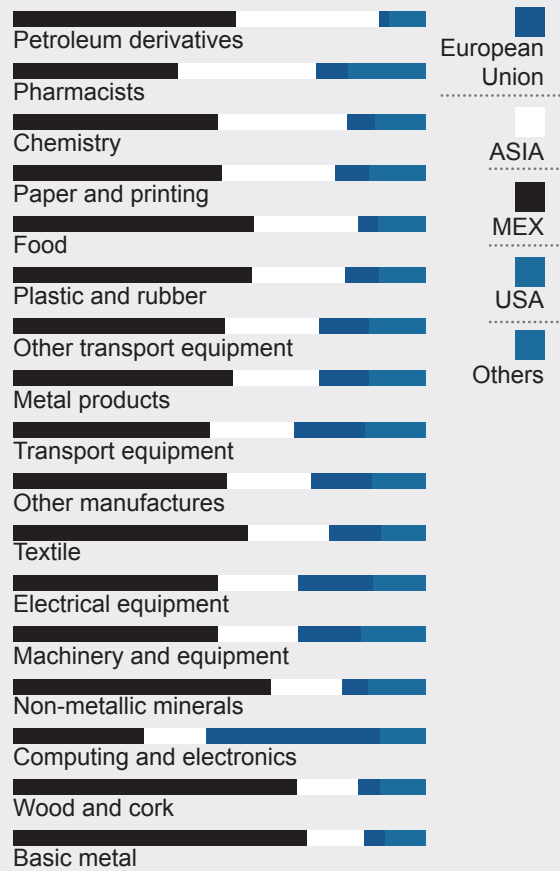


MEXICO

Ally for the automotive sector in North America

National Content in Exports

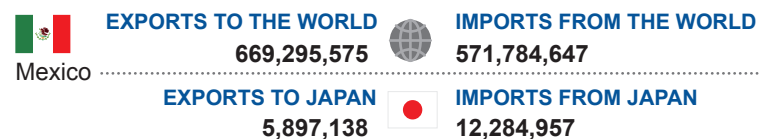
National content represents more than 50% of the products that Mexico exports



Source: INA based on information furnished by OECD, 2018.

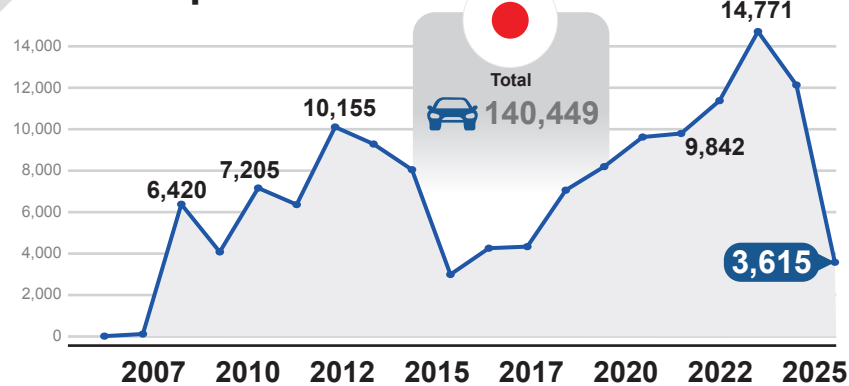
Mexico Exports and Imports

All products, (2024), USD



Source: INA based on information by ITC, 2024

Annual Light Vehicle Exports to Japan



Source: INA based on information by ITC, 2024

Auto Parts Sector

Mexico Exports and Imports (2024), USD



Source: INA based on information by ITC, 2024

Ranking

Country of origin, scenario after tariff

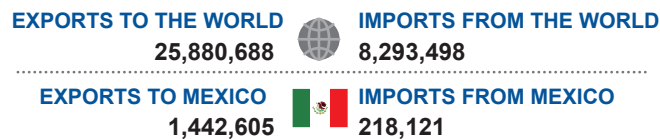
Electric vehicles			
	2023	2025	
GER	29.5%	31.6%	Lithium-ion Batteries*
KOR	23.5%	22.0%	
MEX	19.9%	22.7%	
JPN	11.2%	9.1%	
BEL	7.9%	7.5%	
HUN	3.1%	2.9%	
CHN	2.0%	2.6%	
AUT	1.8%	1.1%	
GBR	0.8%	0.8%	
VNM	0.2%	0.3%	

Lithium-ion Batteries*			
	2023	2025	
CHN	65.1%	47.6%	Investment opportunities for companies to establish in Mexico
POL	18.3%	22.7%	
JAP	13.9%	18.5%	
GER	0.7%	6.5%	
MEX	0.5%	3.0%	
KOR	0.5%	0.7%	
FIN	0.4%	0.3%	
GBR	0.2%	0.2%	
ITA	0.1%	0.1%	
CAN	0.1%	0.1%	

*Investment opportunities for companies to establish in Mexico

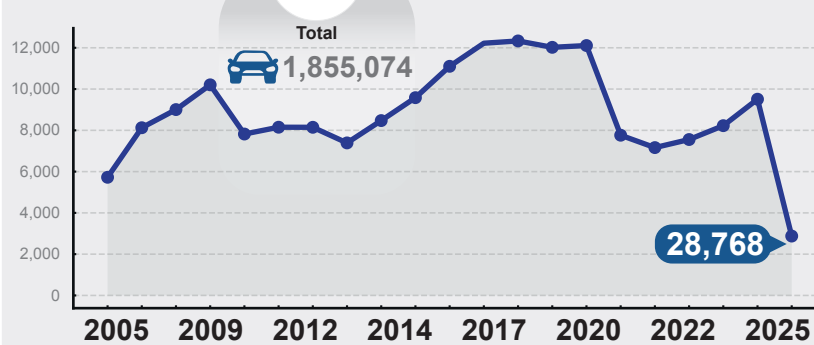
Auto Parts Sector Japan's Exports

(2024), USD



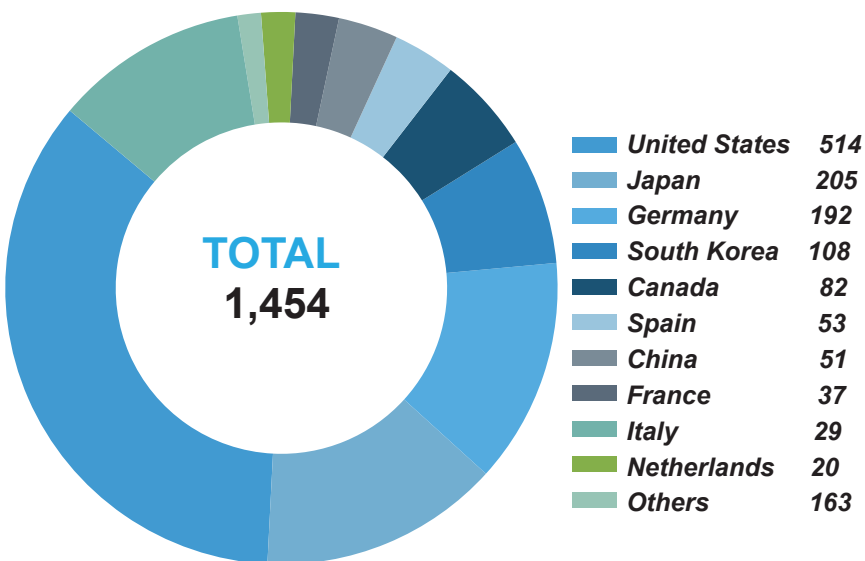
Source: INA based on information by ITC, 2024

Annual Sales of Japanese Vehicles in Mexico



Source: INA based on information by ITC, 2024

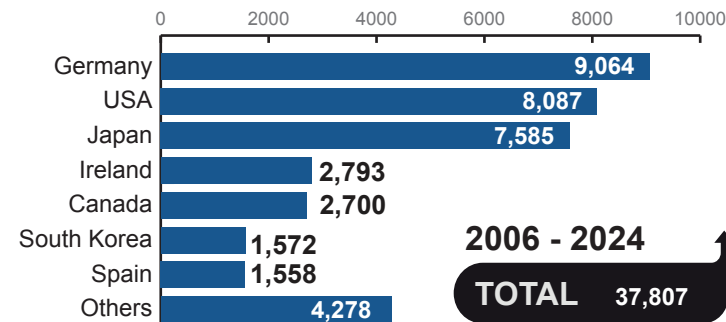
Auto Parts Companies in Mexico by Country



Source: INA based on information by ITC, 2024

Auto Parts Sector Foreign Direct Investment (FDI) by Country of Origin

(USD millions)

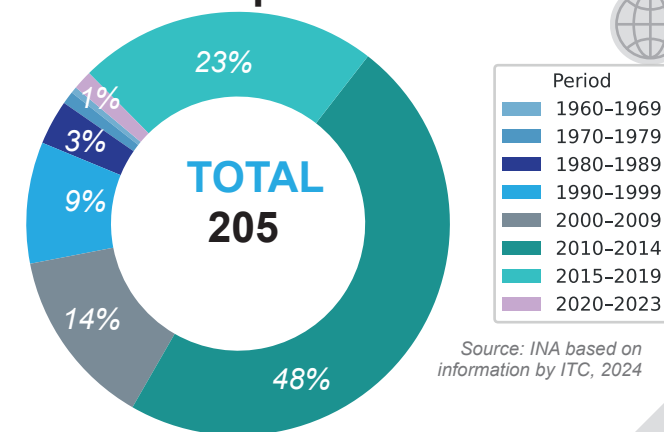


2006 - 2024

TOTAL 37,807

Source: INA with information from the Ministry of Economy

Japanese Auto Parts Companies in Mexico



Source: INA based on information by ITC, 2024

Japan Investment Opportunities Light Vehicles and Auto Parts

Strategic products

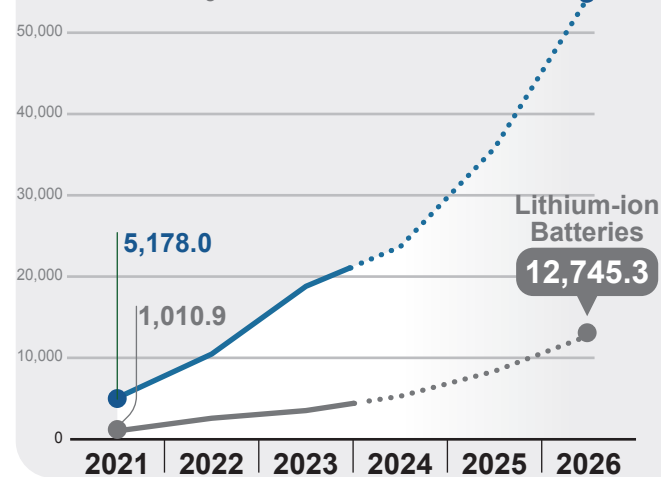
- Vehicles for the transport of passengers, with a cylinder capacity exceeding 1,500 cm³ but ntt em³ exceeding 3,000 cm³
- Auto Parts (mudguards, hoods, running boards, visors, etc.)
- Brakes and servo-brakes; their parts
- Automotive parts (fuel tanks, frames, hangers or swings, leaf spring connections, etc.)
- Suspension systems and their parts (including shock absorbers)
- Parts of spark-ignition internal combustion piston engines (cylinder heads, pistons, roker arms, connecting rods, etc.)
- Lithium-ion batteries
- Electric wires and cables with connectors
- Portable automatic data-processing machines, weighing not more than 10 kg, consisting of at least: a central processing unit, a keyboard, and a display
- Processors and controllers, whether or not combined with memories, converters, logic amplifiers, clock and timing circuits, or other circuits
- Static converters

Source: INA with information from the Ministry of Economy

Imports

Annual frequency, data in US million dollars

Forecast considering trends observed to date and without taking the tariff effect into account



Strategic Planning in the Auto Parts Sector

Key points



Investing in the auto parts sector in Mexico must be carefully planned in order to access the USMCA benefits.



Producing in Mexico is not enough, companies need to have a strategic plan to meet the rule of origin of their products.



Some key materials (Tier 2 or below) need to be locally sourced; identifying them is critical to USMCA compliance.

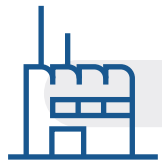
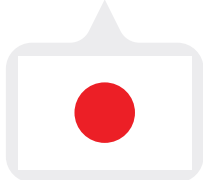


Scenario 1

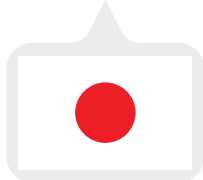
Production in Japan, export to the US



All materials used in the production are from Japan



Production occurs in Japan



Brake pad having European origin



27.5%
Total US tariff

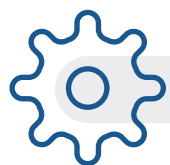
25%
auto parts tariff

2.5%
MFN tariff

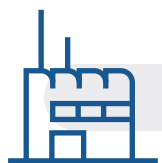


Scenario 2

Production in Mexico w/o localization, export to the US



All materials used in the production coming from Mexico



Production occurs in Mexico



Brake pad does not meet the USMCA rule

27.5%
Total US tariff

25%
auto parts tariff

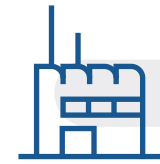
2.5%
MFN tariff

Scenario 3

Production in Mexico w/localization but w/o strategy, export to the US



Some materials used in the production are from Mexico



Production occurs in Mexico



Brake pad does not meet the USMCA rule

27.5%
Total US tariff

25%
auto parts tariff

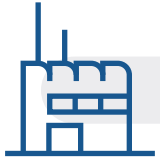
2.5%
MFN tariff

Scenario 4

Production in Mexico w/strategic localization, export to the US



Key material for USMCA qualification
Key materials used in the production are from Mexico



Production occurs in Mexico



USMCA originating Brake pad for light vehicles trucks & aftermarket

0%
Total US tariff

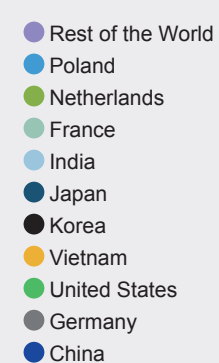
0%
auto parts tariff

0%
MFN tariff



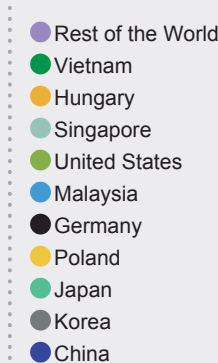
Main importers of lithium-ion batteries (LIB)

USD billions



Main exporters of lithium-ion batteries (LIB)

USD billions



Source: INA with information from OECD