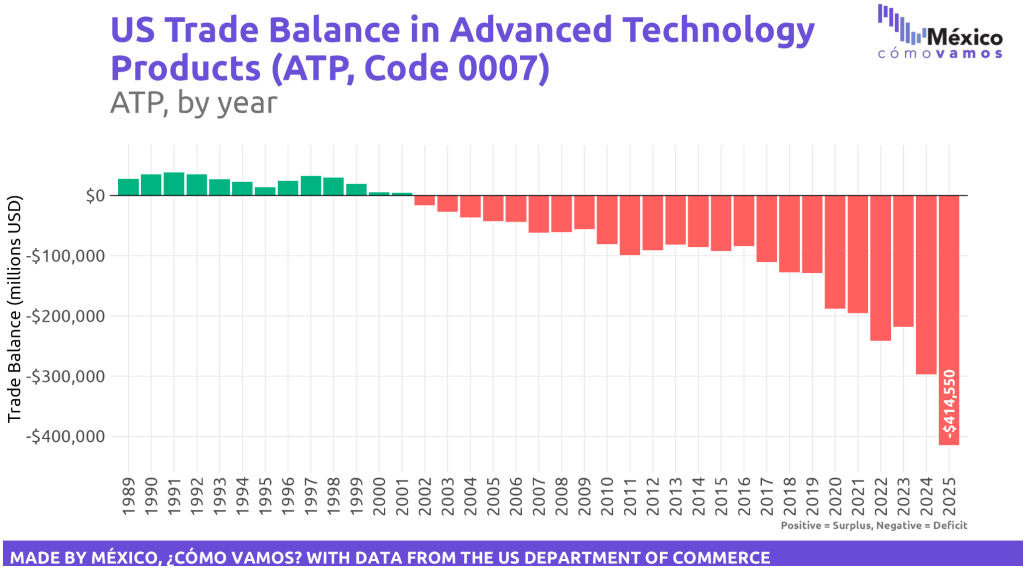
Technology and economic security

Leveraging USMCA to reduce North America's dependence on Asia in computer and electronics manufacturing

The U.S. trade deficit in **Advanced Technology Products (ATP)** reached USD 414.6 billion in 2025, **the deepest imbalance on record and is 39.5% larger than in 2024**. This widening deficit underscores the scale of U.S. dependence on critical technologies.



The U.S. Census Bureau classifies ATP trade into 10 technology groups, including **Information and Communications, which accounted for 87% of the U.S. ATP deficit in 2025**, up from 78% in 2024. This category is central to the digital economy and to strategic industries across North America.

By contrast, the **Electronics group**, which includes electronic components, accounted for only **3% of the ATP deficit** in 2025, down from 5% in 2024. Together, these figures suggest that the **U.S. depends more heavily on imports of finished technology products than on imported electronic components.**

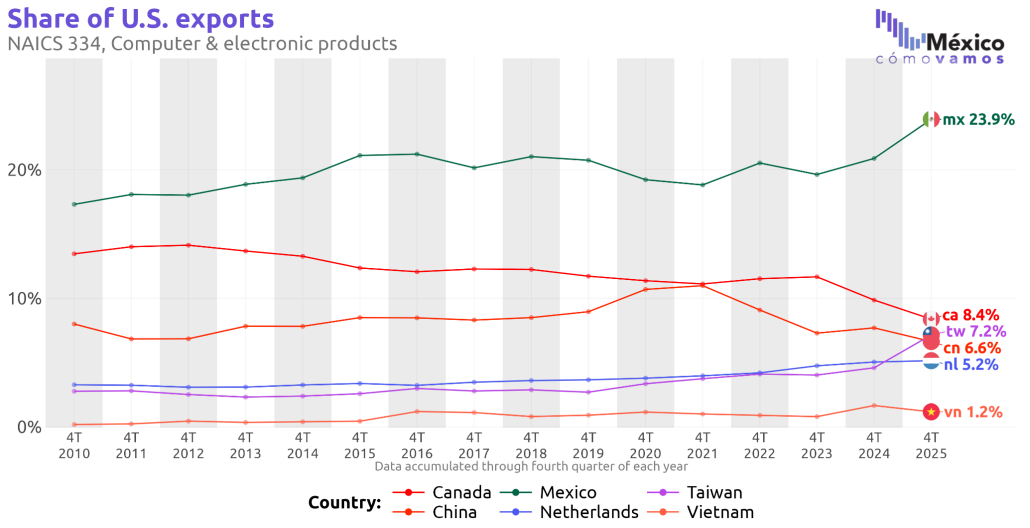
That dependence is also highly **concentrated in Asia**; **Taiwan alone accounted for 21% of the total U.S. ATP deficit in 2025, and Pacific Rim countries as a group accounted for 42%**, compared with **just 14% for North America**. This highlights the strategic opportunity to **leverage the USMCA** to expand regional production in **computer and electronics manufacturing**, strengthen **supply-chain security**, and deepen **North American co-production**.

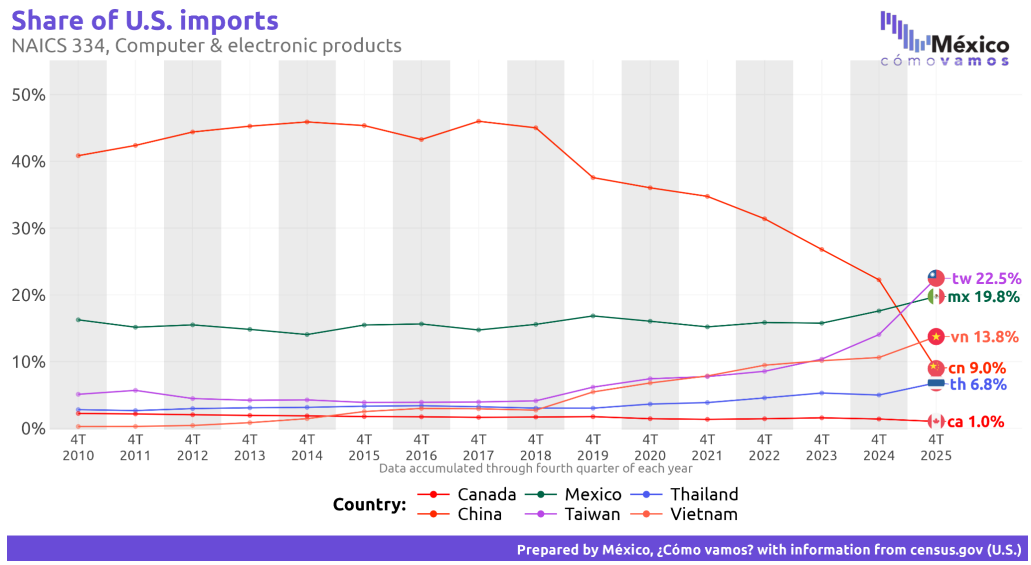
10 technology groups integrate the **Advanced Technology Products (ATP)**

ATP technology group	Contribution to 2025 ATP-deficit	ATP technology group	Contribution to 2025 ATP-deficit
ATP 1 **Biotechnology** Genetics, hormones, new pharmaceuticals	24%	ATP 6 **Flexible Manufacturing** Advances in robotics and industrial automation	0%
ATP 2 **Life Sciences** Scientific advancements applied to medicine	9%	ATP 7 **Advanced Materials** Semiconductor materials, fiber optics, video discs	0%
ATP 3 **Opto-Electronics** Scanners, solar cells, photosensitive semiconductors	4%	ATP 8 **Aerospace** Civil and military aircraft, turbine engines	-27%
ATP 4 **Information & Communications** High-capacity data processing products, radars, satellites	87%	ATP 9 **Weapons** Military applications, bombs, launch rockets	-1%
ATP 5 **Electronics** Electronic components, integrated circuits	3%	ATP 10 **Nuclear Technology** Nuclear energy production devices, reactors, and their components	1%

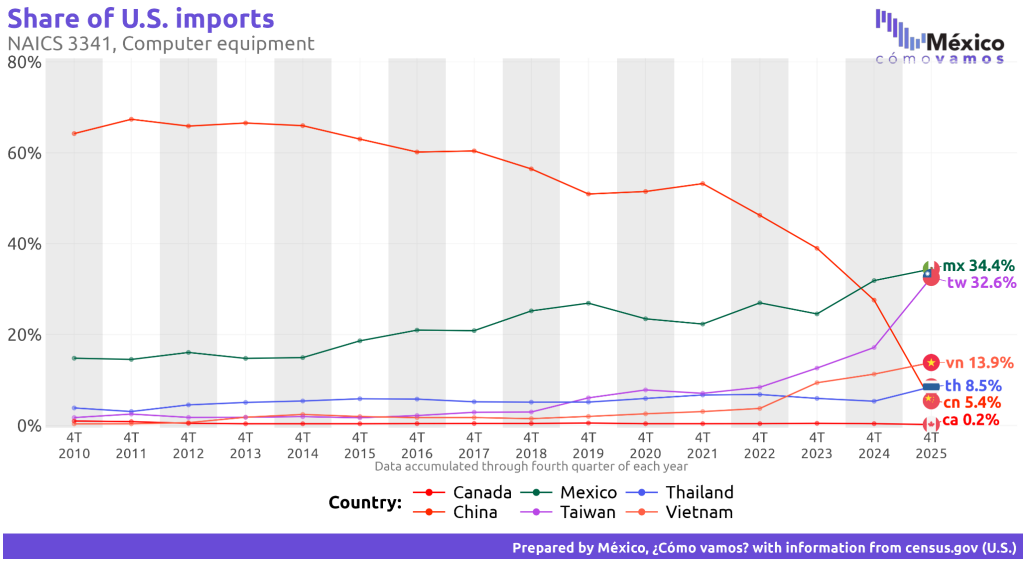
Source: Exhibit 16a. U.S. Trade in Advanced Technology Products by Technology Group
*Note. Negative values indicate that the technology group registered a net surplus in the overall ATP balance.

Using the North American Industry Classification System (NAICS), it is possible to identify where the United States sources **computer and electronic products** (NAICS 334) and, in turn, begin mapping North America's technology dependencies and regional production capacity. In 2025, **Mexico was the leading export market** for the **U.S., followed by Canada**, while **Taiwan was the leading supplier** to the U.S. in NAICS 334, **accounting for 22.5% of imports**, followed by Mexico with 19.8%. This already suggests that **North America co-produces technology** but still **depends heavily on Asia for critical technology inputs**. NAICS 334, Computer and Electronic Product Manufacturing, includes computers, communications equipment, semiconductors, and related electronic components, all of them **essential to the region's digital economy and economic security.**

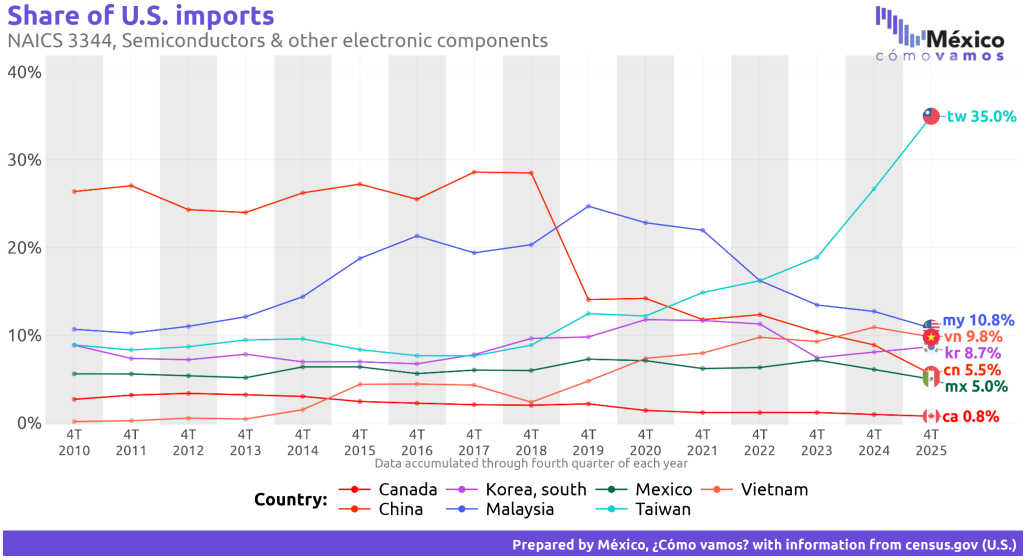




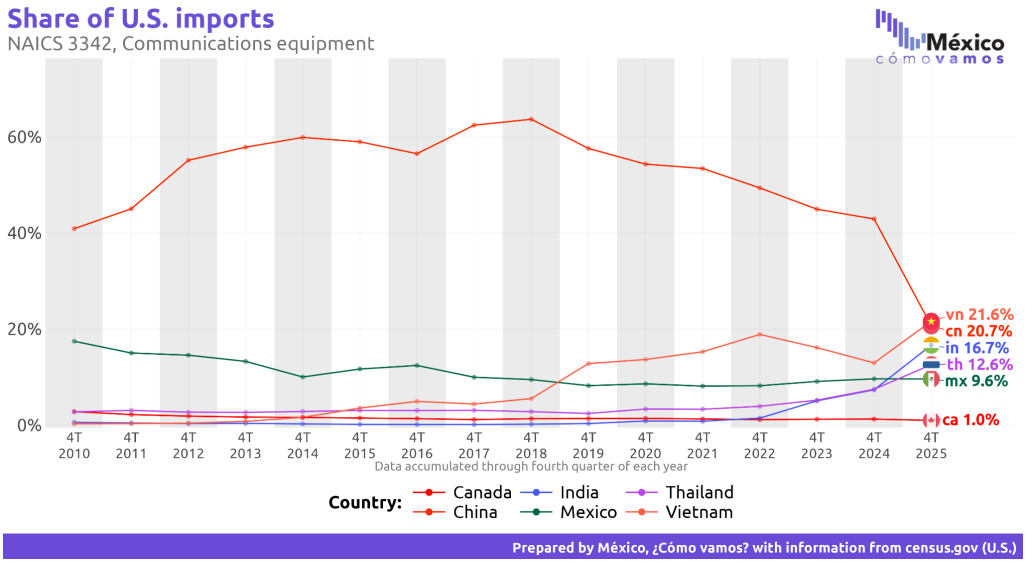
Zooming in further, the regional picture is strongest in NAICS 3341, **Computer equipment**. In this 4-digit classification, **Mexico and Taiwan are nearly tied as suppliers to the U.S.**, with shares of 34.4% and 32.6%, respectively, suggesting that North America has already built meaningful productive capacity in a key segment of the digital economy.



The **vulnerability** becomes clearer in **NAICS 3344, Semiconductor and other electronic component manufacturing, where Taiwan accounts for 35% of U.S. imports**, followed by Malaysia with 10.8% and Vietnam with 9.8%.



Asia's dependence also stands out in NAICS 3342, Communications equipment, where a clear **substitution pattern away from China toward Vietnam, India, and Thailand** is evident, while Mexico ranks fifth as a supplier to the United States. That shift matters because it suggests that **recent tariff actions have reshuffled sourcing within Asia more than they have relocated production to North America.** In other words, the region remains exposed not only to **Asian manufacturing dependence** but also to **long and vulnerable supply routes**.



Those routes are an **economic security** issue. Many of the chips and electronics that power U.S. manufacturing reach North America through the **Taiwan Strait, the South China Sea**, and, in the case of Malaysia, often through the **Strait of Malacca** before reaching U.S. ports. These are not ordinary trade lanes; they are strategic **chokepoints**. The Strait of Malacca carried 23.7% of global seaborne trade volume in 2023 (UNCTAD). **Heavy reliance** on these **Asian production hubs and maritime corridors** leaves both the United States and North America exposed to geopolitical disruption (CSIS and USITC).

Reducing this dependence requires a product-level diagnosis first. North America needs to identify **which critical inputs are still sourced primarily from Asia**, especially in semiconductors, communications equipment, and other advanced electronics, and then **invest in building those capabilities within the region**. That is where the **USMCA matters**; it can serve not only as a trade agreement but **as a platform for deeper co-production in computer and electronics manufacturing**. The strategic bet is not simply to shift sourcing from one Asian supplier to another but **to build regional capacity in the critical products that underpin resilient supply chains and North American economic security.**