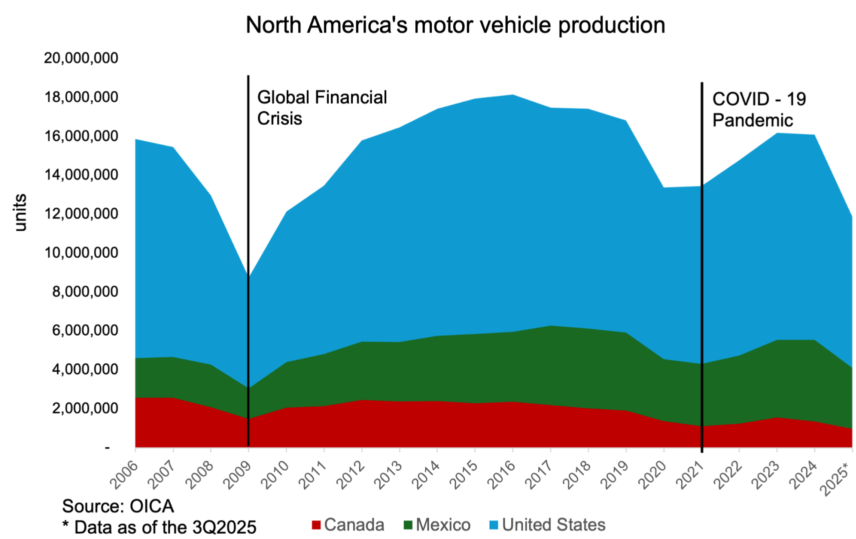
The auto industry: North America's most integrated value chain

North America's auto industry by numbers

The auto industry is not only among the most important industries in the region but also the largest component of total North American trade, accounting for **more than 20% of USMCA trade** (OEC, 2024).

- **As of 3Q2025**, North America's motor vehicle production reached over 11.9 million units, reflecting an **8% decline compared with 3Q2019**, the last pre-pandemic benchmark (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). On average, one in 20 jobs across the country is supported by the auto industry, highlighting its position as **a major employer in the U.S.** (Data Driven).

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 **427,000 direct and indirect jobs,** playing a crucial role in the country's economy and globally, as the 11th largest vehicle manufacturer (2023, StatCan and USITC).

The auto industry drives North America's co-production model

The region's automotive competitiveness stems from a highly integrated trilateral production platform, where vehicle assembly is a cross-border, jointly executed process.

- A car's components, in some cases, cross the borders as many as eight times before becoming a finished vehicle (CRS).
- Deep integration is reflected in content shares: about half of the value in vehicles built in Canada originates in the United States, and more than one-third of the content in vehicles assembled in Mexico is U.S.-made (USTR).
- Mexico has consolidated its position as the United States' leading automotive supplier, providing 32.3% of transportation equipment imports in 2025; Canada follows with 14%.

Manufacturing jobs in both countries are closely linked through shared supply chains, extensive cross-border trade in components, and **synchronized demand for machinery, vehicles, electronics, and other manufactured goods.** This interdependence means **that shocks or growth in Mexico's industrial sector are quickly mirrored in U.S. manufacturing activity** and vice versa.

Trade disruptions don't stay in one country; they ripple across the region

Tariffs have weighed down on production and employment across:

- **The region recorded a 3% decline in motor vehicle production as of 3Q2025** compared with 3Q2024, reflecting **reduced output across all three countries**: a 4% drop in both Canada and the United States, and a 2% decline in Mexico, highlighting that **tariffs act** like a **tax on the production platform itself** (OICA).
- In the U.S., motor vehicles and parts manufacturing employment declined by 35.2 thousand jobs in 2025.
- In Mexico, employment in transportation equipment manufacturing fell 6.3% in 2025, according to the Monthly Manufacturing Survey.

What opportunities does the region have for strengthening the co-production model?

- Mexico is no longer just an assembly location; it is a strategic contributor to design, innovation, and high-value manufacturing, making it a key competitive advantage in meeting growing demand for integrated capabilities.
- Harness **Mexico's structural strengths in auto-parts** production including electric components, seating, suspension, engines, and transmissions, to advance toward

higher-value capabilities while maintaining its specialization in complete systems and labor-intensive manufacturing.

- The **heavy-duty truck industry** is highly integrated across the region and is the **backbone of logistics and supply chains**. New regulatory dynamics have made the growth outlook uncertain and the Asian dominance in production urges the region to scale up production. U.S. engines and advanced components, Mexican assembly, and Canadian electrification platforms will allow North America to scale faster and strengthen its competitiveness against Asia.

By leveraging the **USMCA** to consolidate **North America as the world's leading automotive export platform**, the region can scale production faster, respond more effectively to global competition, and secure long-term advantages in advanced mobility and manufacturing.