

North American Automotive Trade Pre- and Post-USMCA

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KRISTIN DZICZEK

POLICY ADVISOR—REGIONAL ANALYSIS & ENGAGEMENT

FEDERAL RESERVE BANK OF CHICAGO

*The views expressed here do not necessarily reflect the views of
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Questions to explore...

Compare the trade outcomes to the stated goals of USMCA

- What has happened with the balance of trade, U.S. motor vehicle employment & U.S. production (output) since USMCA went into force?
- Have the sources of U.S. motor vehicle imports changed?
- Has there been a greater or lesser use of trade preferences in North America?
- Have there been shifts from global to USMCA sources?

USMCA

The United States' stated goals in negotiating the USMCA during Trumps first Presidency (circa January 29, 2020)

“

The USMCA is the largest, most significant, modern, and balanced trade agreement in history. All of our countries will benefit greatly.”

President Donald J. Trump

DRIVING NEW GROWTH FOR THE AUTO INDUSTRY: USMCA will provide a massive boost to American manufacturers, particularly our vital auto industry.

- USMCA will achieve fairer, more reciprocal trade that supports high-paying American manufacturing jobs and grows the economy.
- USMCA includes innovative provisions to incentivize new investments in the American auto industry and support high-paying jobs for American auto workers.
- New wage and rules of origin requirements included in the agreement will put American autoworkers on a level playing field with workers from other countries.
- USMCA is expected to create up to 76,000 new auto jobs, spur \$34 billion in new investment in the auto industry, and add \$23 billion in auto parts purchases annually.

Source: [President Donald J. Trump's United States-Mexico-Canada Agreement Delivers a Historic Win for American Workers – The White House](#)

USMCA Rules of Origin are *Mostly* in Full Force Now

Rules of Origin Summary; Entry into force: 1 January 2020

Year	Passenger Cars/Light Trucks	Core Parts	Principle Parts	Complementary Parts	Steel & Aluminum	Labor Value Content	
						Light Vehicles	Light Trucks
2020	66%	66%	62.5%	62%	70%	30%	30%
2021	69%	69%	65.0%	63%		33%	35%
2022	72%	72%	67.5%	64%		36%	40%
2023	75%	75%	70.0%	65%		40%	45%
2024	*	**					
2025	*	**					
2026	*						

* Alternative staging = 2-year extension; most end July 2025, last ends July 2026

** Advanced batteries have a 5-year transition

Core Parts: engine, transmission, body & chassis, axle, suspension, steering; advanced batteries

Principle Parts: tires, glass, pumps & compressors, A/C, bearings & bearing housings, electric motors, electromagnets, starter motors & generators, bumpers, safety belts, brakes, road wheels, radiators, mufflers, clutches, airbags, seats

Complementary Parts: dies, locks, catalytic converters, valves, taps & cocks, electric motors & AC/DC motors not exceeding 37.5W, DC motors & generators not exceeding 750W, other batteries, distributors & ignition coils, electrical lighting, windshield wipers/defrosters, sound recording/reproducing apparatus, switches, insulating wiring sets, headlamps, electronic instruments & measurement equipment

Borders Indicate Fully Phased-In

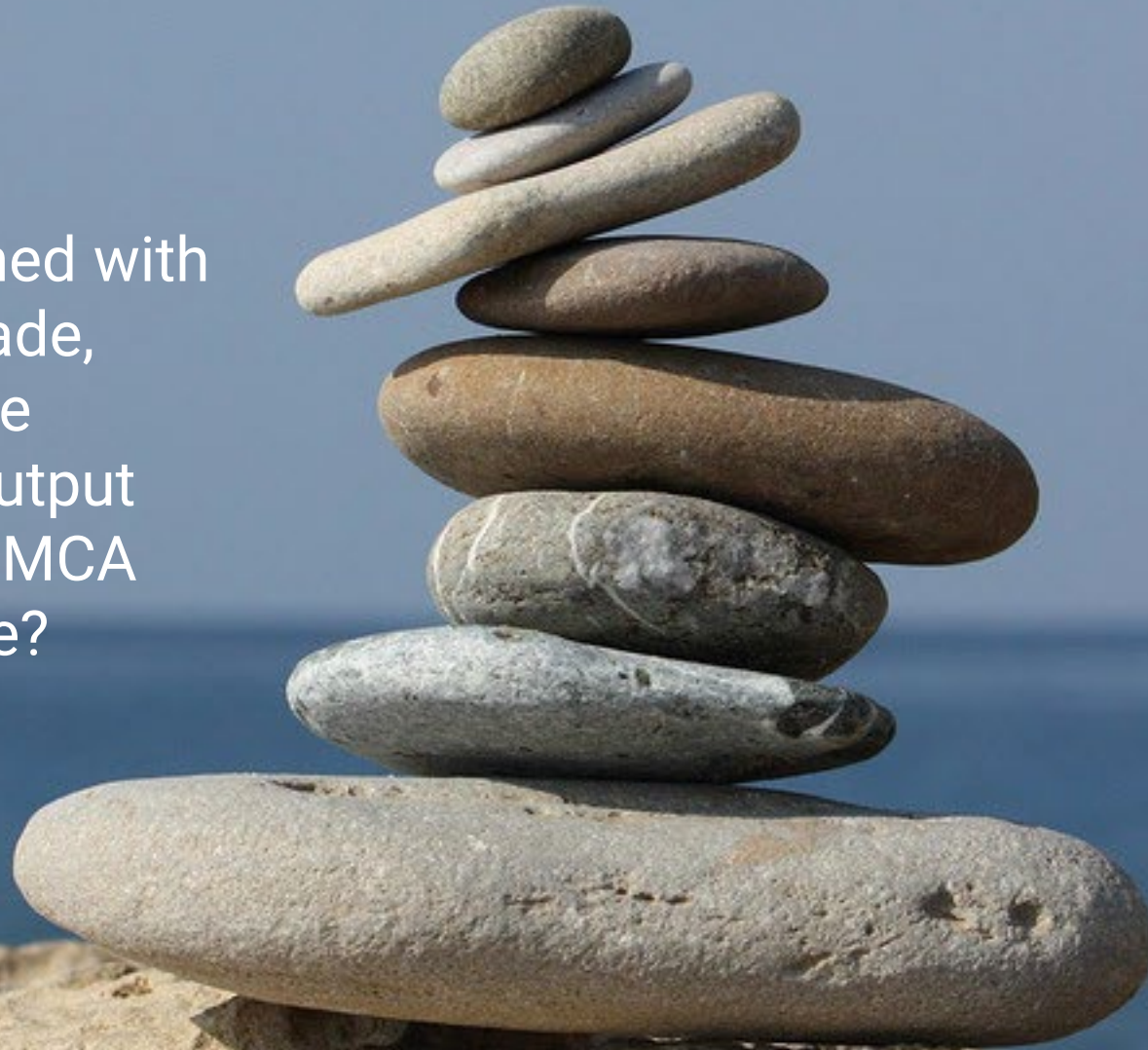
*/** Indicate Alternative Staging

Some things to keep in mind...

There were many other policy changes in the same timeframe of the USMCA entry-into-force

- USMCA phase-in over 3- to 5-years
- USMCA Rapid Response Mechanism
- COVID disruptions
- 301 Tariffs
- 232 Tariffs—including steel & aluminum
- BIS actions on chips, advanced computing & connected vehicle supply chain
- Electrification transition
- Inflation Reduction Act “Foreign Entity of Concern” restrictions on critical minerals & components
- IRA EV purchase & production incentives (& Canada matched production incentives)

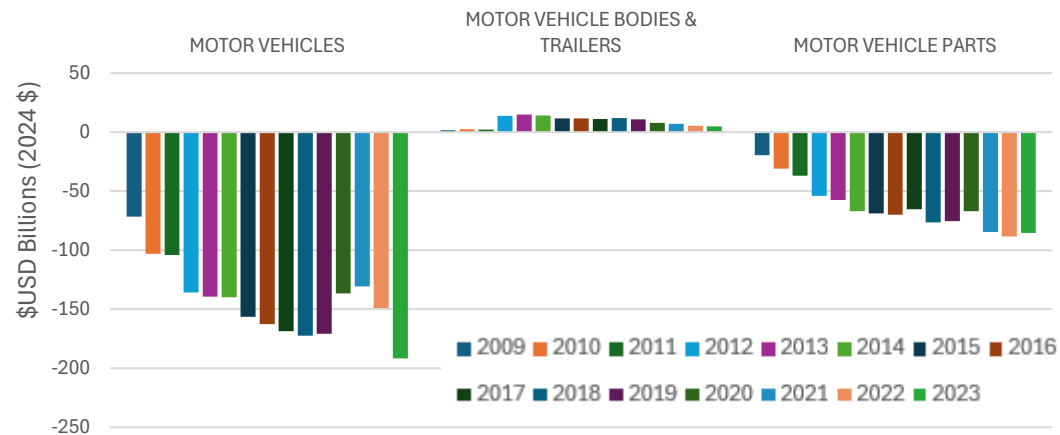
What has happened with
the balance of trade,
U.S. motor vehicle
employment, & output
before & after USMCA
entered into force?



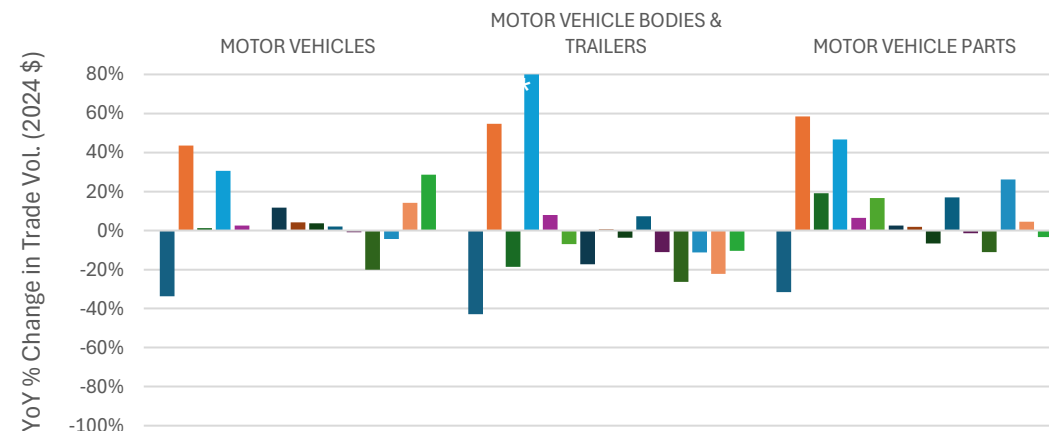
TRADE, OUTPUT, & EMPLOYMENT

Balance of Trade in Motor Vehicles, Bodies & Trailers, & MV Parts: 2009-2023 (domestic exports less imports for consumption; all trade volumes in 2024 dollars)

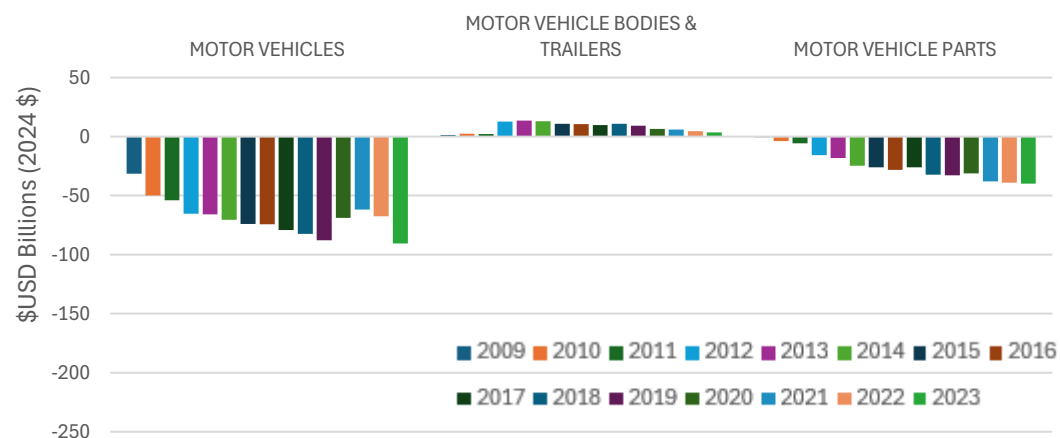
U.S. Motor Vehicle, Bodies & Trailers, & Parts Global Trade Balance



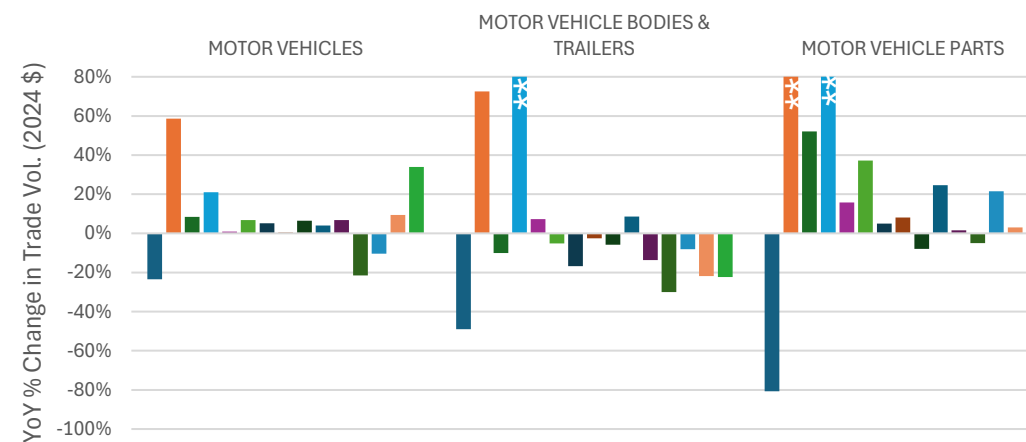
YoY % Δ U.S. MV, Bodies & Trailers, & Parts Global Trade Balance *



U.S. Motor Vehicle, Bodies & Trailers, & Parts USMCA Trade Balance

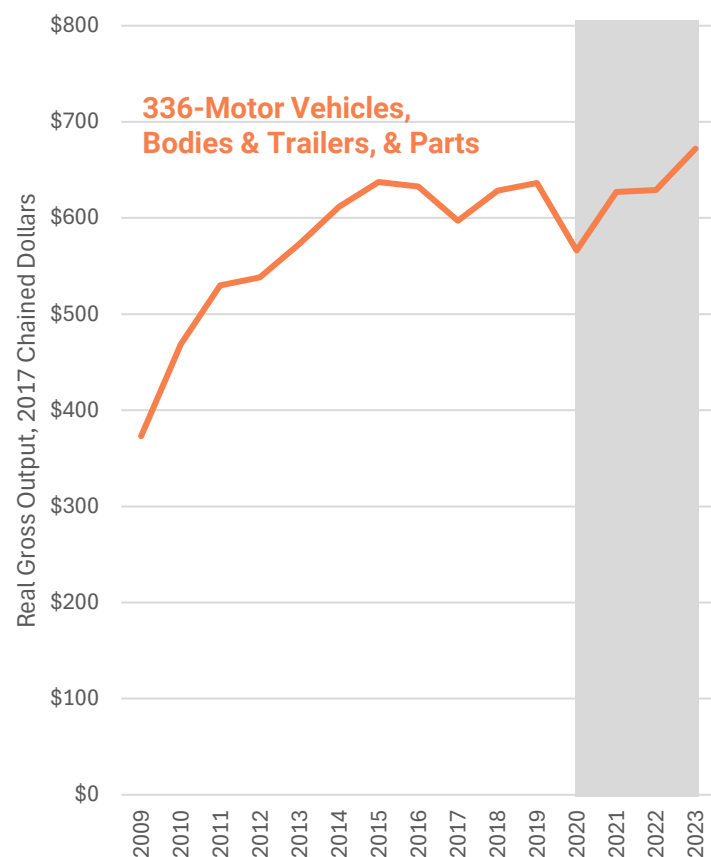
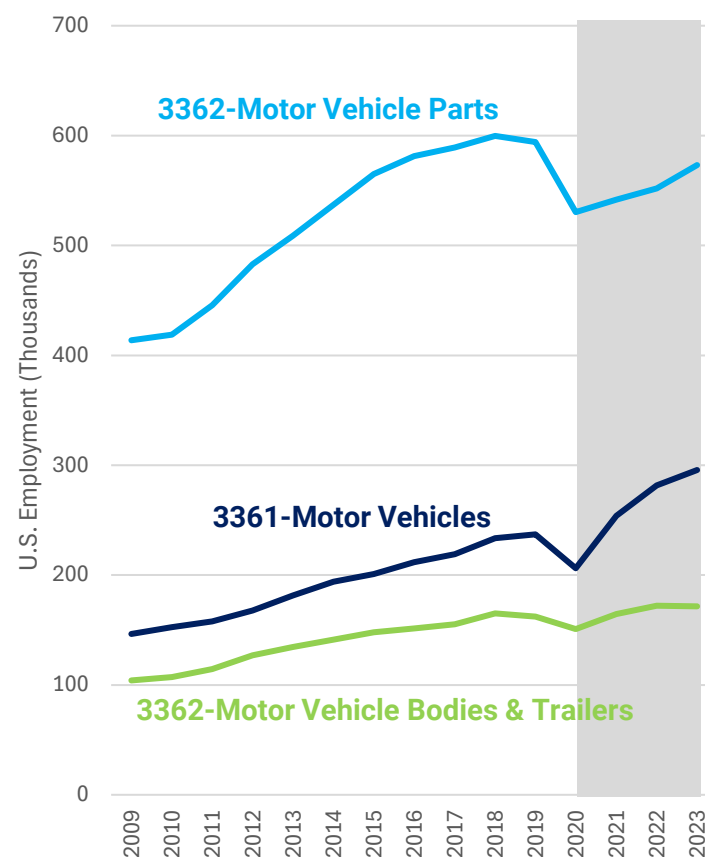
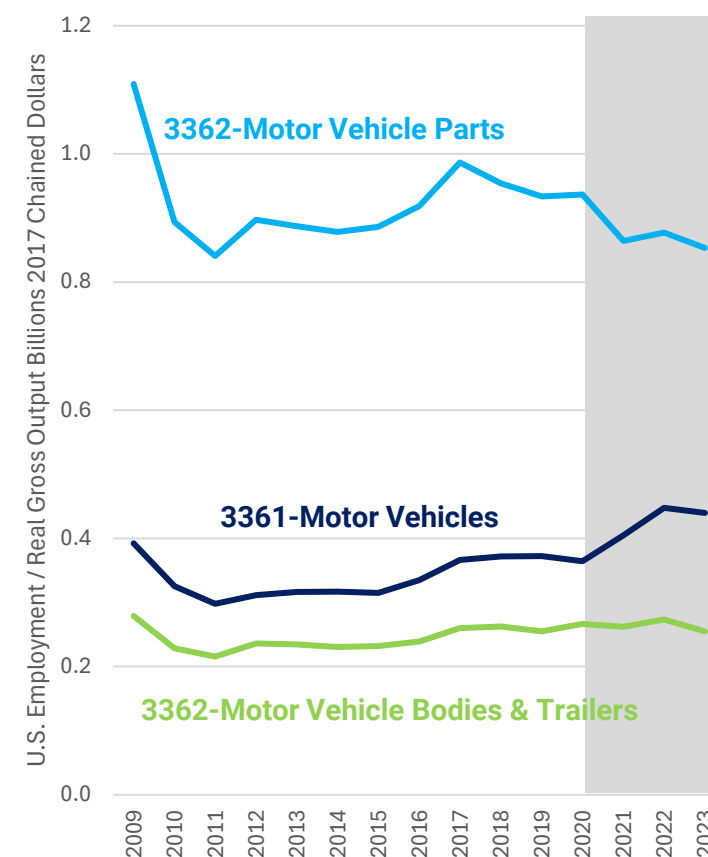


YoY % Δ U.S. MV, Bodies & Trailers, & Parts USMCA Trade Balance **




Source: FRBC analysis of USITC Dataweb data; * removed 2012 bodies & trailers outlier +585%; ** removed 2010 parts outlier +516%, 2010 parts +173%, & 2012 bodies & trailers outlier +466% Adjusted trade volumes using PPI data from U.S. Department of Commerce, Bureau of Economic Analysis

TRADE, OUTPUT, & EMPLOYMENT

U.S. Motor Vehicle, Bodies & Trailers, & Parts Output and Employment:
Before & After USMCA Entry Into ForceReal Gross Output,
\$USD Billions 2017 Chained DollarsMotor Vehicle, Bodies & Trailers, &
Parts EmploymentMotor Vehicle, Bodies & Trailers, &
Parts Employment / Real Gross Output

Source: US Departments of Commerce/Bureau of Economic Analysis, Labor/Bureau of Labor Statistics, author's analysis

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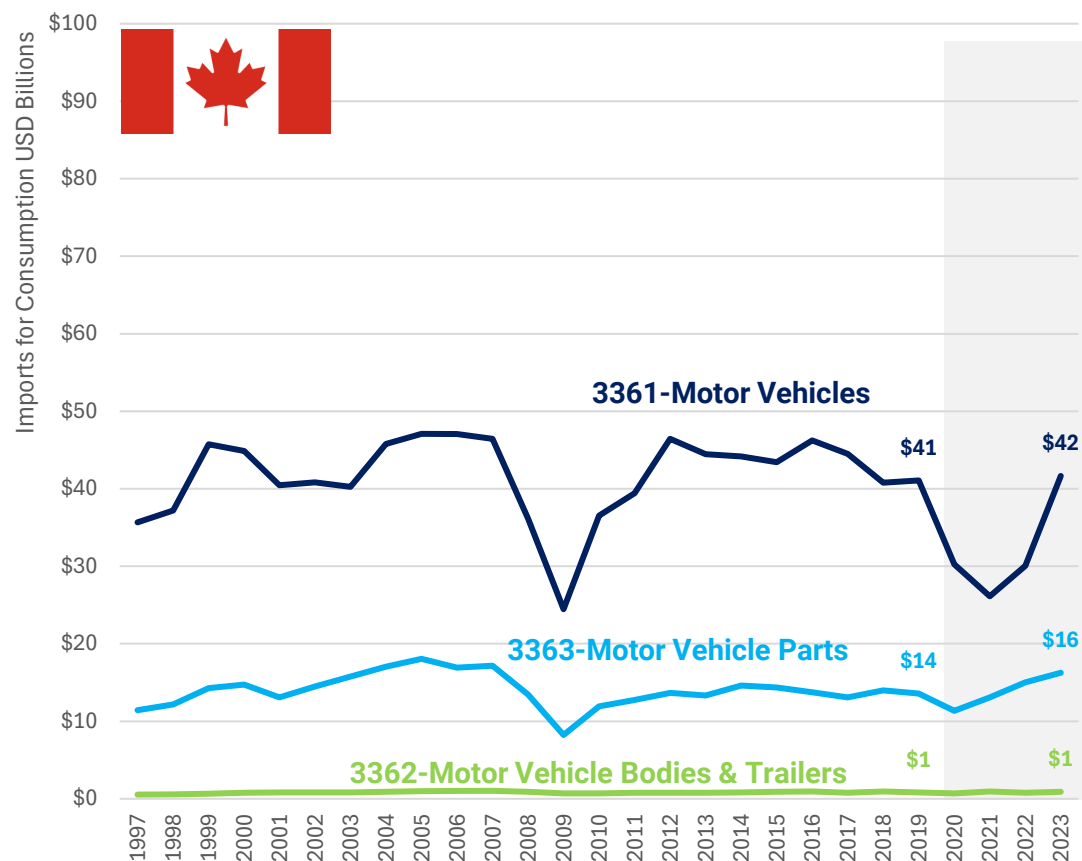
So, have the sources of
U.S. imports changed?

IMPORT SOURCES

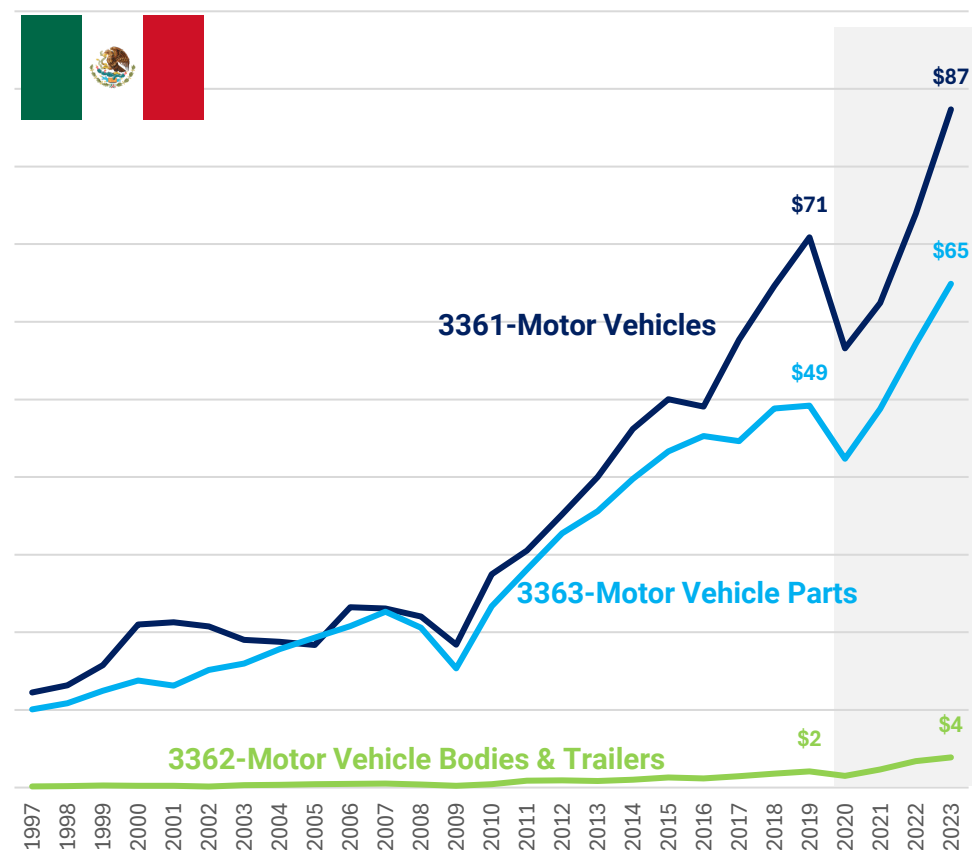
Mexico sourcing grew rapidly after Covid pause, Canada sourcing was flat

U.S. Motor Vehicle Canada & Mexico Imports for Consumption: (\$USD Billions, *Nominal*)

U.S. Auto Imports for Consumption from Canada
1997-2023



U.S. Auto Imports for Consumption from Mexico
1997-2023

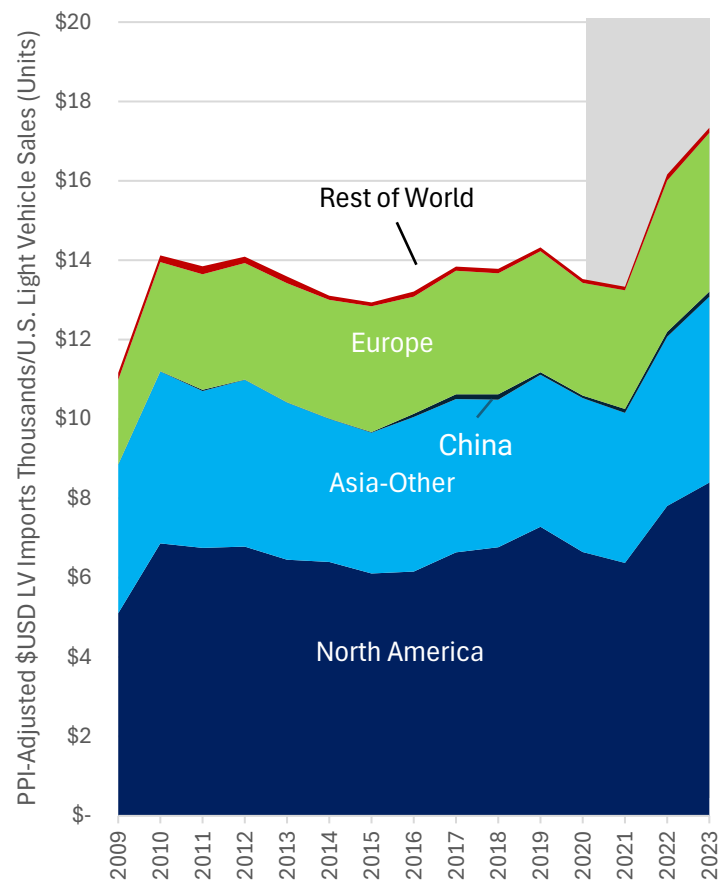


Source: FRBC analysis of USITC Dataweb data

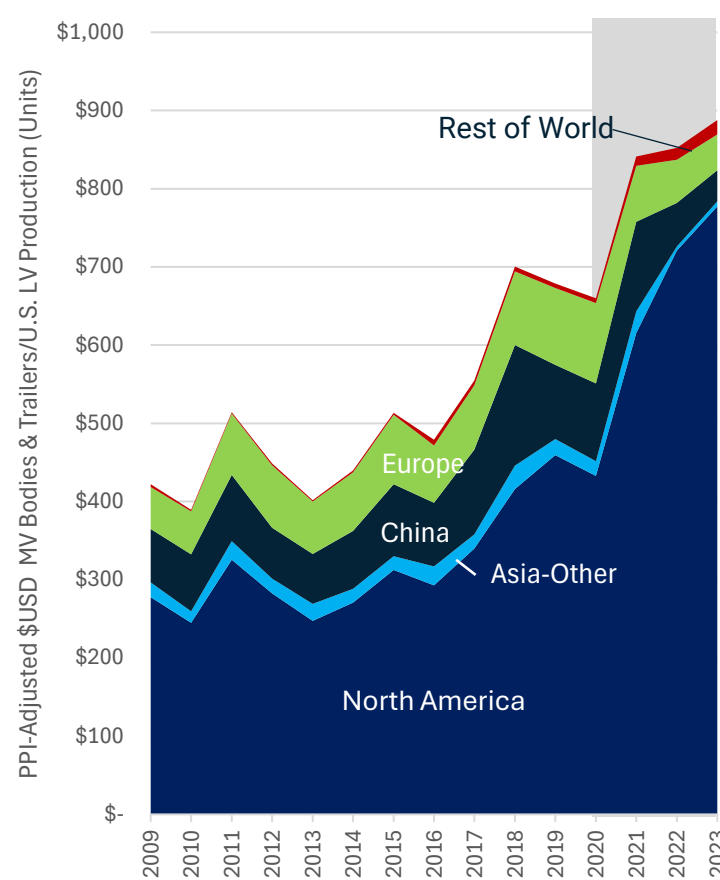
IMPORT SOURCES

U.S. Motor Vehicle Imports for Consumption: Before & After USMCA Entry Into Force (\$USD Thousands/LV, Adjusted for Inflation)

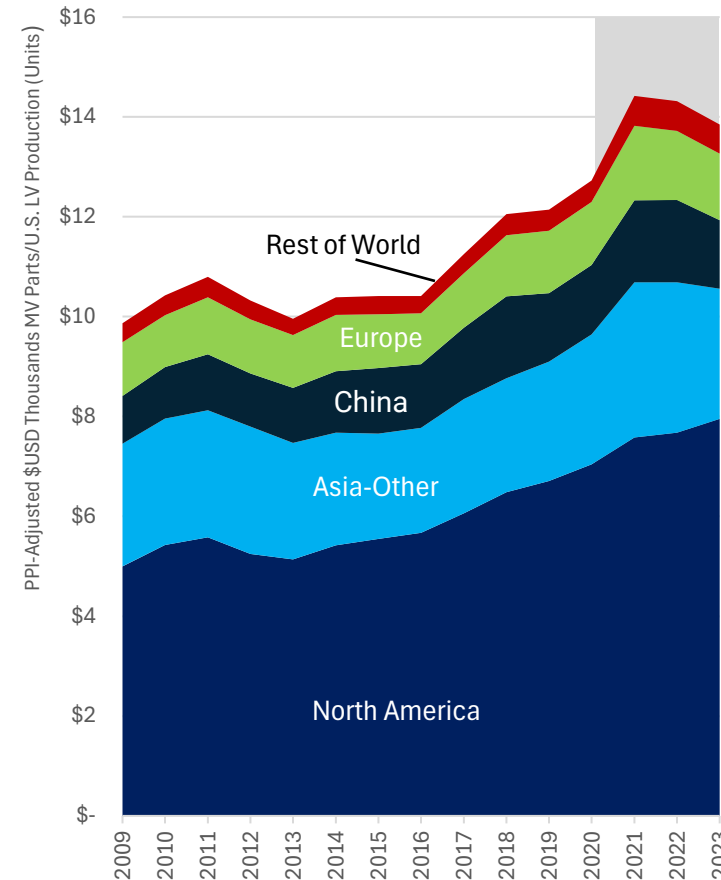
U.S. Light Vehicle Imports \$000s/U.S. Sales
(Units)



U.S. Motor Vehicle Bodies & Trailers Imports
\$000s/U.S. Production (Units)



U.S. Motor Vehicle Parts Imports \$000s/U.S.
Production (Units)



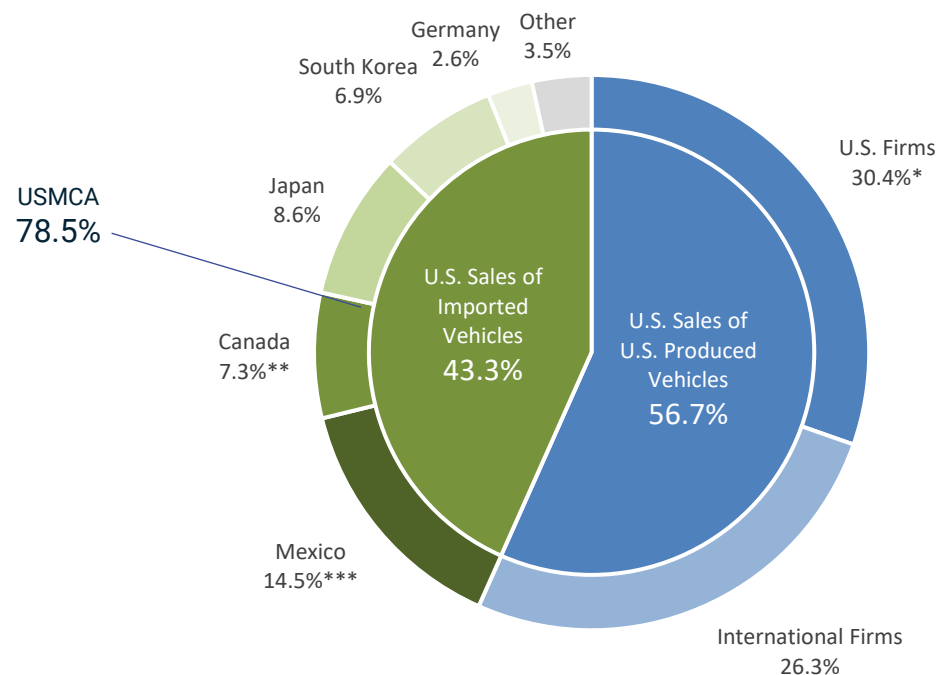
Source: US ITC Dataweb, author's analysis

IMPORT SOURCES

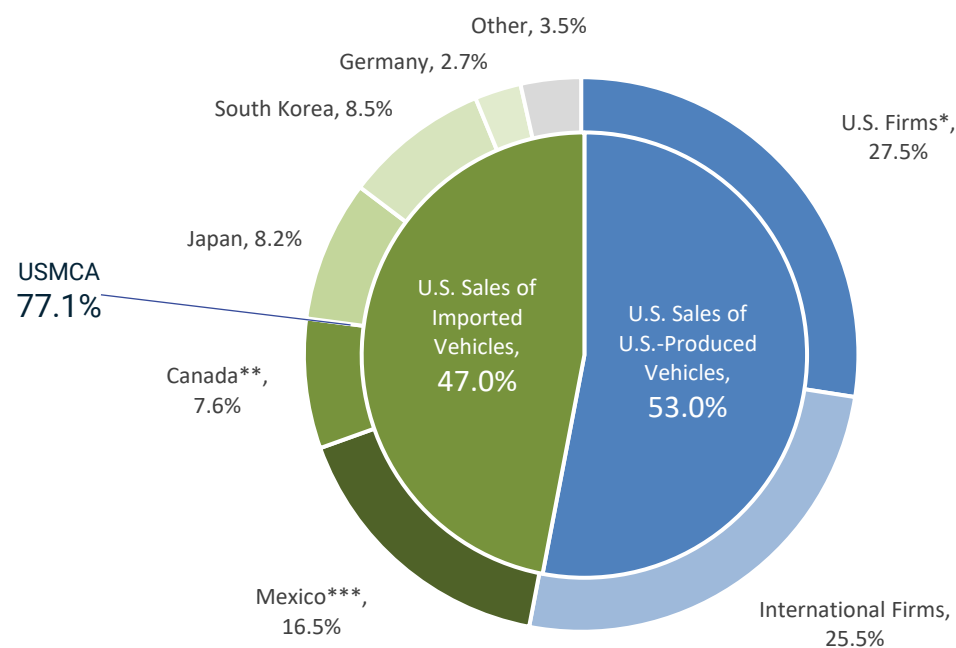
U.S. Light Vehicle Sales grew 2.6% in 2024, but...

The U.S.-produced share of U.S. sales fell from 56.7% to 53.0%; USMCA share fell from 78.5% to 77.1% in 2024

2023 = 15.5M U.S. Light Vehicles Sold



2024 = 15.9M U.S. Light Vehicles Sold



* Ford/GM/Stellantis share of U.S. Firms' share = 2024: 23.4%/27.5%; 2023: 25.9%/30.4%

** Ford/GM/Stellantis share of Mexico share = 2024: 11.0%/16.5%; 2023: 7.2%/16.5%

*** Ford/GM/Stellantis share of Canada share = 3.2%/7.6%; 2.9%/7.3%

Total Ford/GM/Stellantis share of U.S. Sales = 2024: 44.5%; 2023: 39.3% (includes non-NA imports)

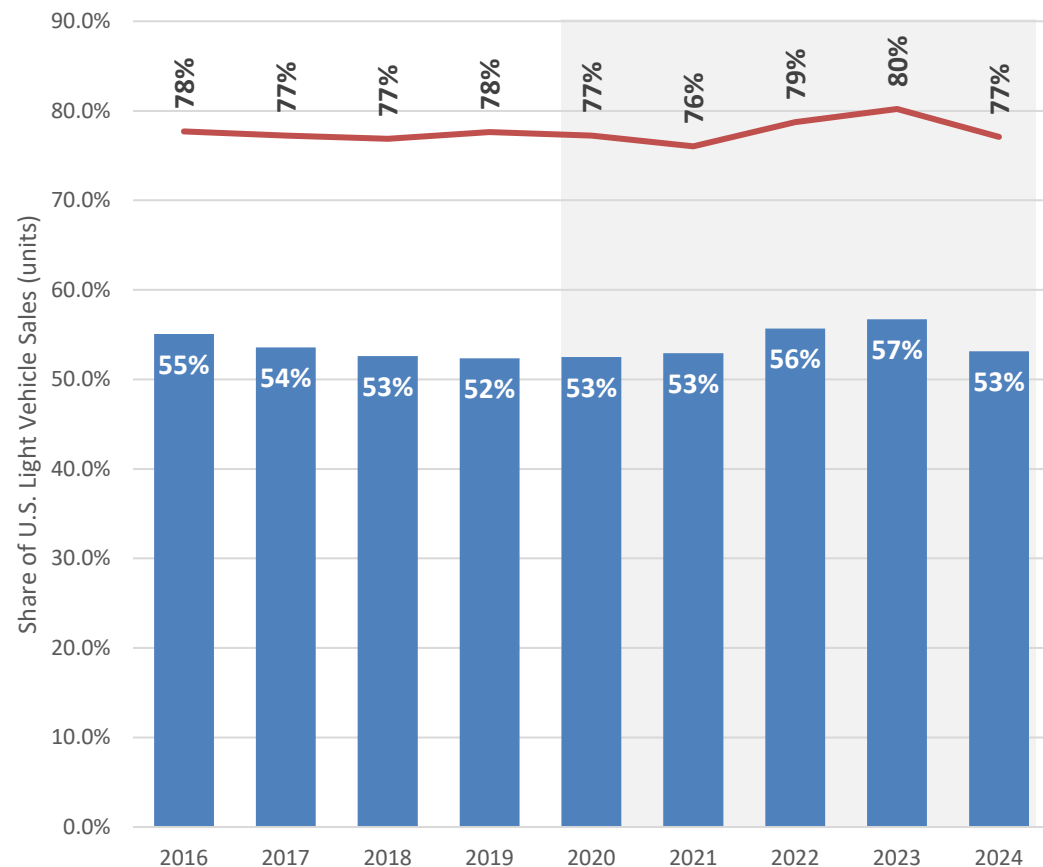
Other includes: U.K, Slovenia, China, Sweden, Hungary, Italy, Belgium, Thailand, Austria, Spain, Netherlands, Turkey, & Serbia in 2024; all 2024 countries plus India in 2023.

Source: FRBC analysis of Wards Informa & USITC Dataweb data

IMPORT SOURCES

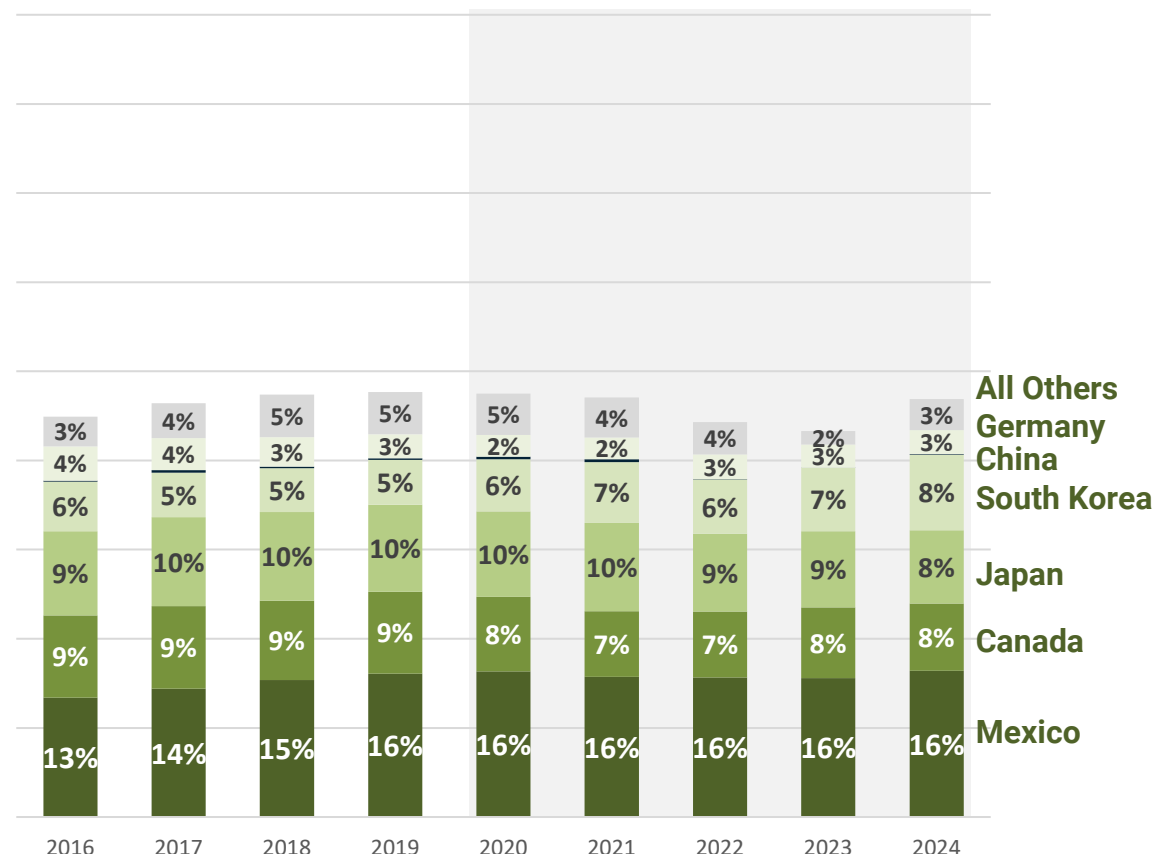
U.S.-Produced share of U.S. Light Vehicle Sales inched upward 2020-2023, but dropped off in 2024

U.S. and USMCA-Produced Share of U.S. Light Vehicle Sales



Source: FRBC analysis of Wards Informa & USITC Dataweb data

Import Share of U.S. Light Vehicle Sales



Has the volume of
trade claiming
USMCA
trade preference
changed?

APPENDIX PROVISIONS RELATED TO THE PRODUCT-SPECIFIC RULES OF ORIGIN FOR AUTOMOTIVE GOODS

Article 1: Definitions

For purposes of this Appendix:

Advanced Technology Vehicle means:

- (a) an electric vehicle, including a hybrid electric vehicle; fuel cell vehicle; or other type of advanced propulsion vehicle (e.g., zero emission vehicle); or
- (b) an autonomous vehicle of heading 87.03 or 87.04 classified as a Level 4 or Level 5 automated vehicle in accordance with SAE International SAEJ3016-2016 (Taxonomy and Definitions for Terms Related to Driving Automation Systems for On-Road Motor Vehicles), as amended;

class of motor vehicles means one of the following categories of motor vehicles:

- (a) motor vehicles of subheading 8701.20, motor vehicles for the transport of 16 or more persons of subheading 8702.10 or 8702.90, or motor vehicles of subheading 8704.10, 8704.22, 8704.23, 8704.32 or 8704.90, or heading 87.05 or 87.06;
- (b) motor vehicles of subheading 8701.10 or 8701.30 through 8701.90;
- (c) motor vehicles for the transport of 15 or fewer persons of subheading 8702.10 or 8702.90, or motor vehicles of subheading 8704.21 or 8704.31; or
- (d) motor vehicles of subheading 8703.21 through 8703.90;

heavy truck means a vehicle of subheading 8701.20, 8704.22, 8704.23, 8704.32, 8704.90, or 87.06,⁵¹ except for a vehicle that is solely or principally for off-road use;⁵²

⁵¹ A good of heading 87.06, for the purposes of this definition, means a chassis fitted with engines for a vehicle under subheading 8701.20, 8704.22, 8704.23, 8704.32, 8704.90, except for a vehicle that is solely or principally designed for off-road use.

⁵² A vehicle that is solely or principally for off-road use is defined as a vehicle that does not meet U.S. federal safety and emissions standards permitting unrestricted on-road use or the equivalent Mexican and Canadian on-road standards. The Parties shall develop any additional description or other modification, if necessary.

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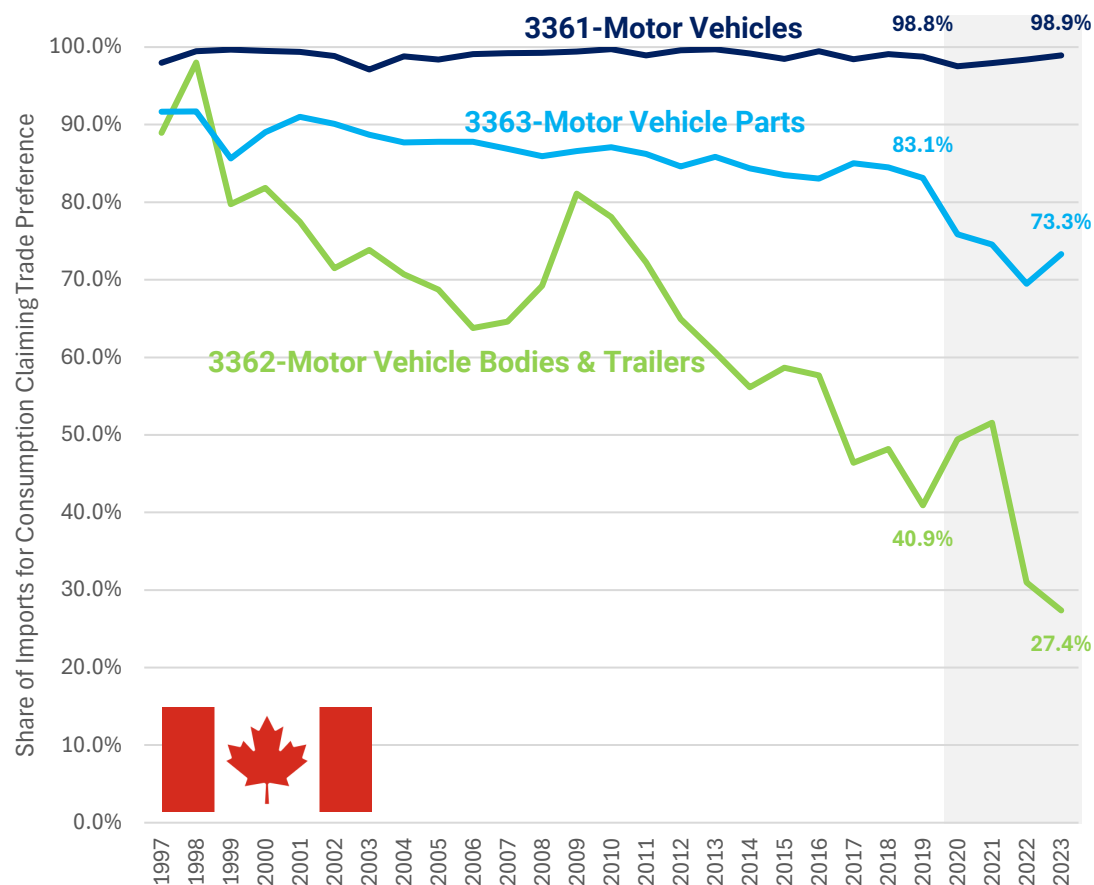
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USMCA PREFERENCE

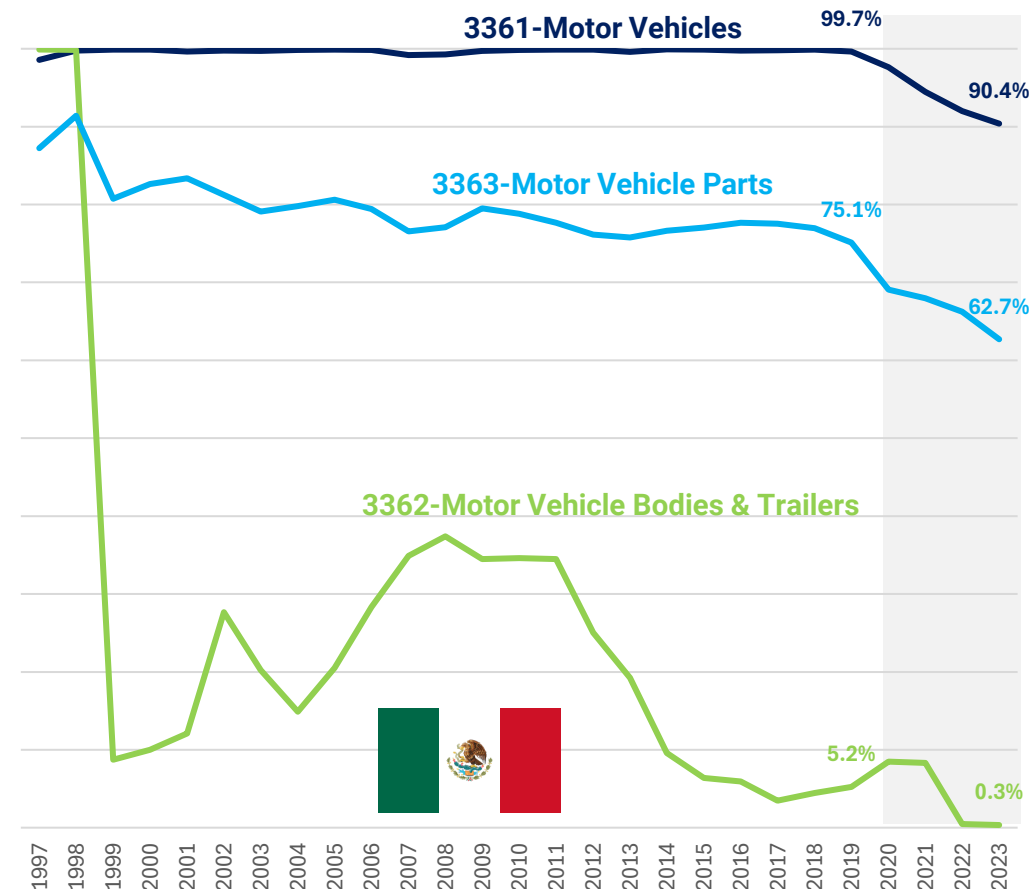
After USMCA, a Smaller Share of Canadian & Mexican U.S. Motor Vehicle Imports for Consumption Claiming a Free Trade Preference (except CAN MV)

U.S. Auto Imports for Consumption from Canada
1997-2023



Source: FRBC analysis of USITC Dataweb data

U.S. Auto Imports for Consumption from Mexico
1997-2023



Have trade volumes
shifted to USMCA
region from global
sources?



USMCA SHIFTS

Did MV Parts Imports Shift from Global Sources to USMCA Sources? Relatively, yes.

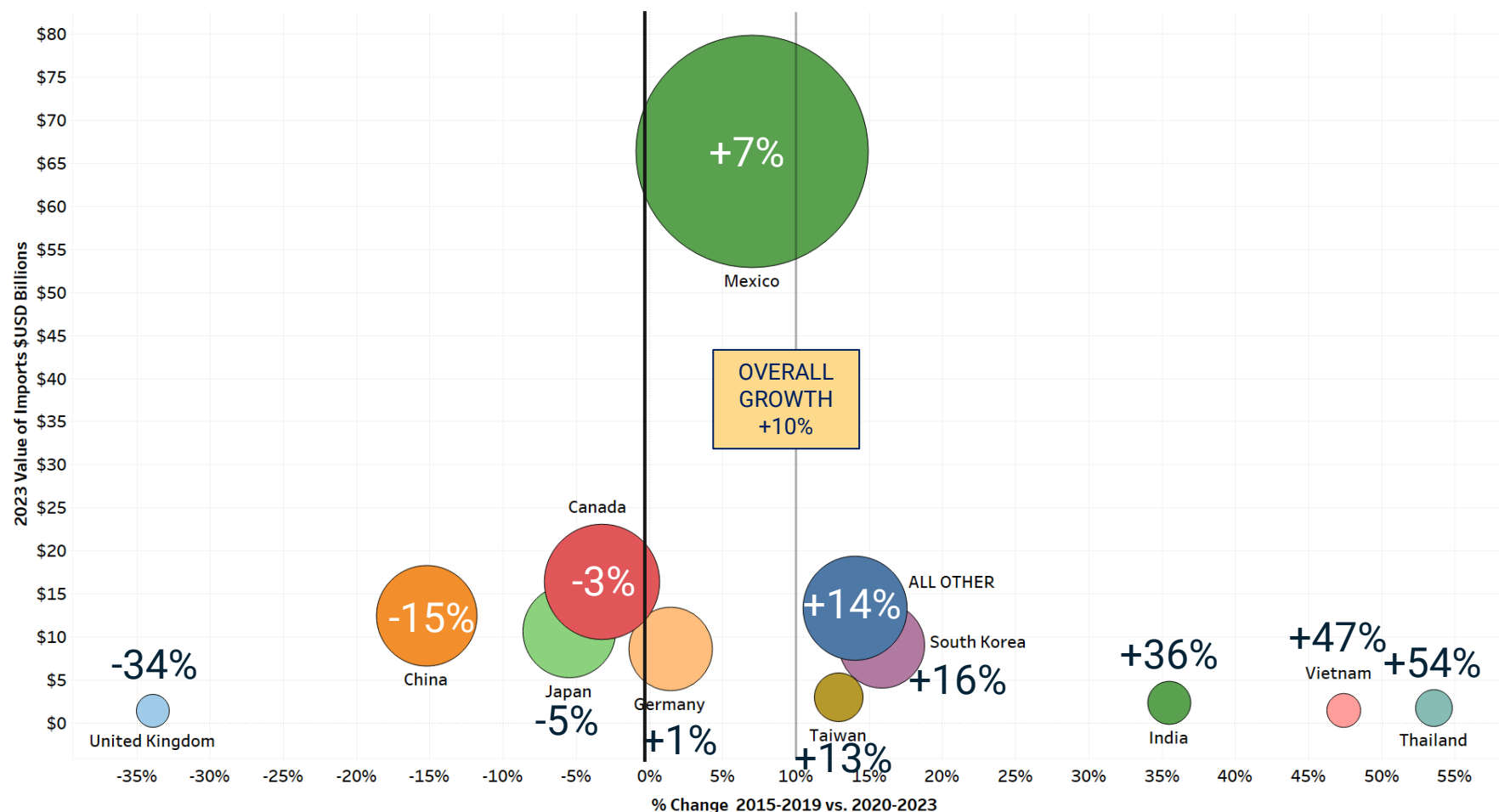
Overall MV Parts imports for consumption: **+10%** when comparing 2015-2019 vs. 2020-2023 volumes

Top 10 MV parts importing countries that had > 10% growth:

- Taiwan +13%
- South Korea +16%
- India +36%
- Vietnam +47%
- Thailand +54%
- Rest of world +14%

Top 10 MV parts imports countries that had < 10% growth:

- Mexico +7%
- Germany +1%
- Canada -3%
- Japan -5%
- China -15%
- UK -34%



USMCA SHIFTS

Which Categories of MV Parts Trade Shifted?

Percent change in MV Parts imports for consumption, 2015-2019 vs. 2020-2023

Within MV Parts Categories,

More:

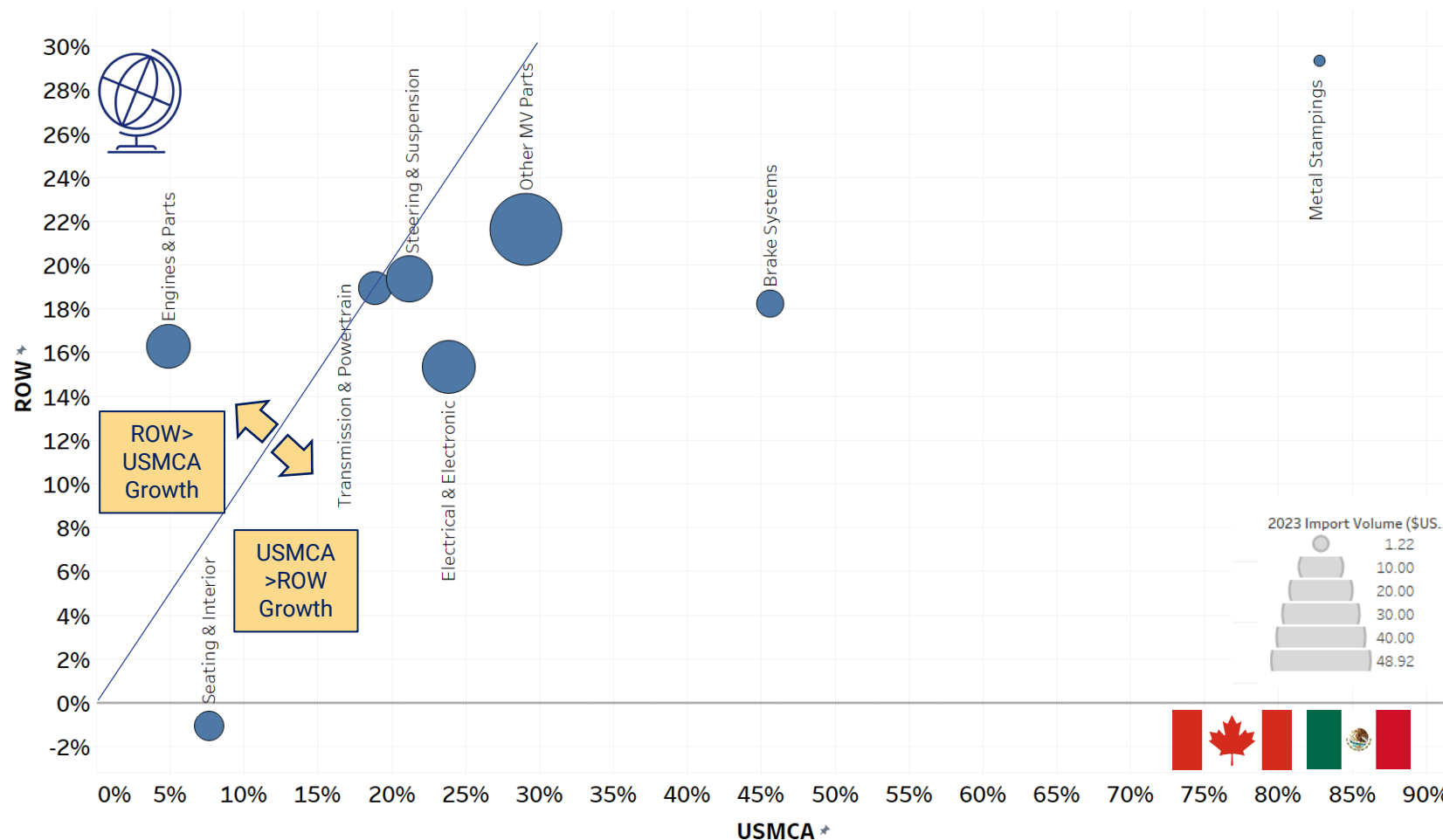
- Everything from Canada & Mexico—even when normalized for inflation & production

Relatively More:

- Other Motor Vehicle Parts
- Electrical & Electronic
- Brake Systems
- Steering & Suspension
- Seating & Interior
- Metal Stampings

Less:

- Seating & interior from ROW



USMCA SHIFTS

What Types of Motor Vehicle Parts Shifted from Global Sources to USMCA Sources?

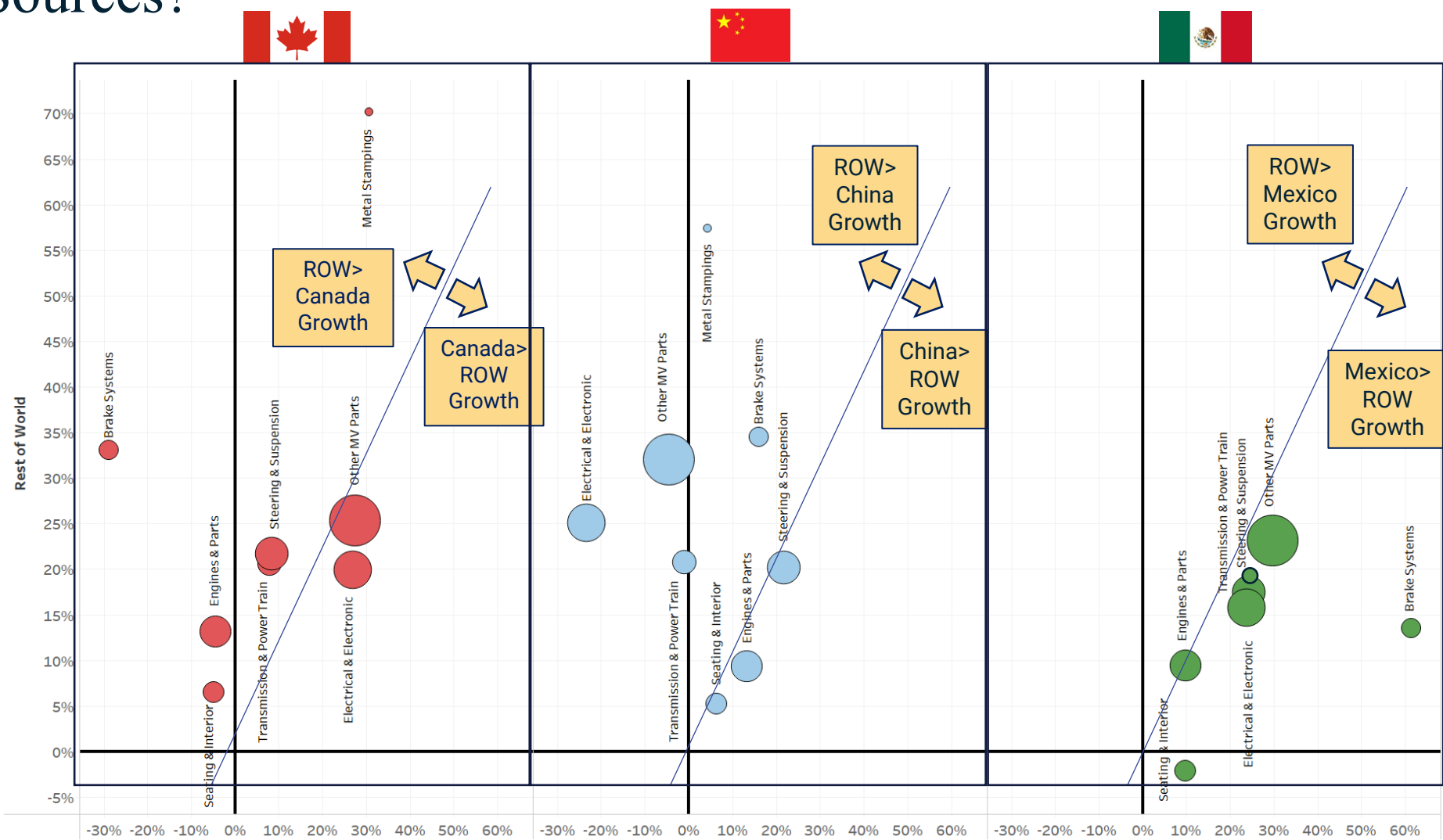
Within MV Parts Categories,

More from USMCA:

- Everything from Mexico
- Canada:
 - Other MV Parts
 - Electrical/ Electronics

Less from China:

- Electrical/ Electronics
- Other MV Parts
- Brake Systems
- Transmission & Power Train
- Metal Stampings



Source: FRBC analysis of USITC Dataweb data

Summary

- Trade deficits persist
- U.S. Motor Vehicle output & employment grew
- U.S. Motor Vehicle imports grew, too—from ALL SOURCES
- A smaller share of U.S. MV industry imports have claimed a free trade preference
- Growth of Mexico's imports was sharp, but not as fast as import growth overall
- There is some evidence sourcing patterns are changing



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