

# The Dynamic Forces Reshaping the U.S. Auto Industry's Future

32<sup>ND</sup> ANNUAL AUTOMOTIVE INSIGHTS SYMPOSIUM  
4 FEBRUARY 2026

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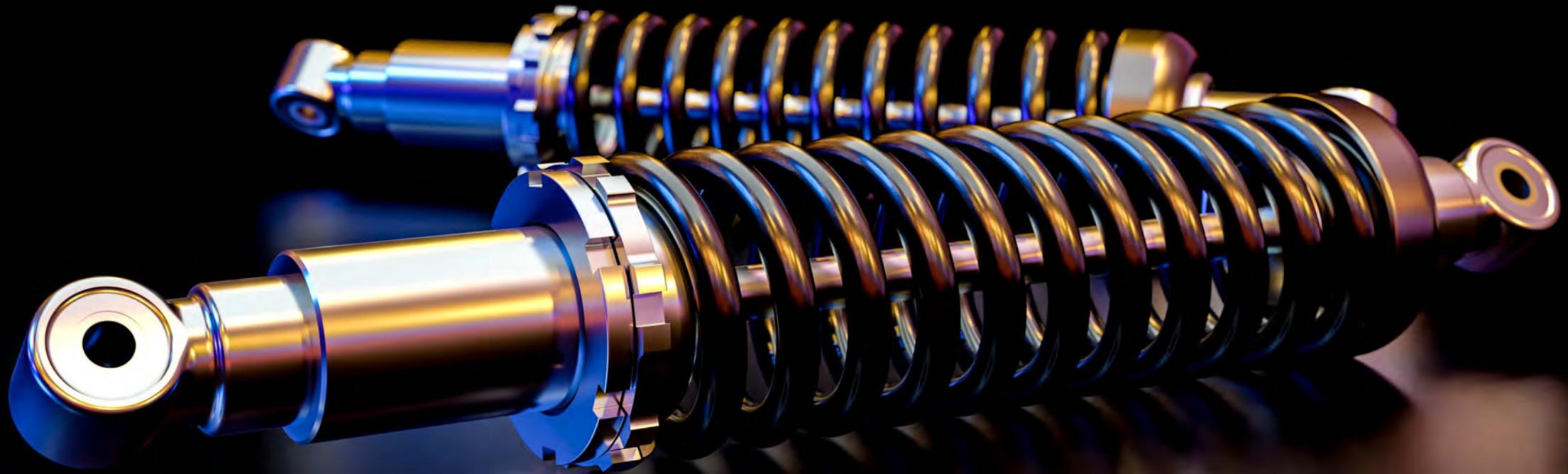
*The views expressed here do not necessarily reflect the views of the  
Federal Reserve Bank of Chicago or the Federal Reserve System.*



**PRICES  
EMPLOYMENT**



# 2025: Absorbed the Shocks, Stayed on Track

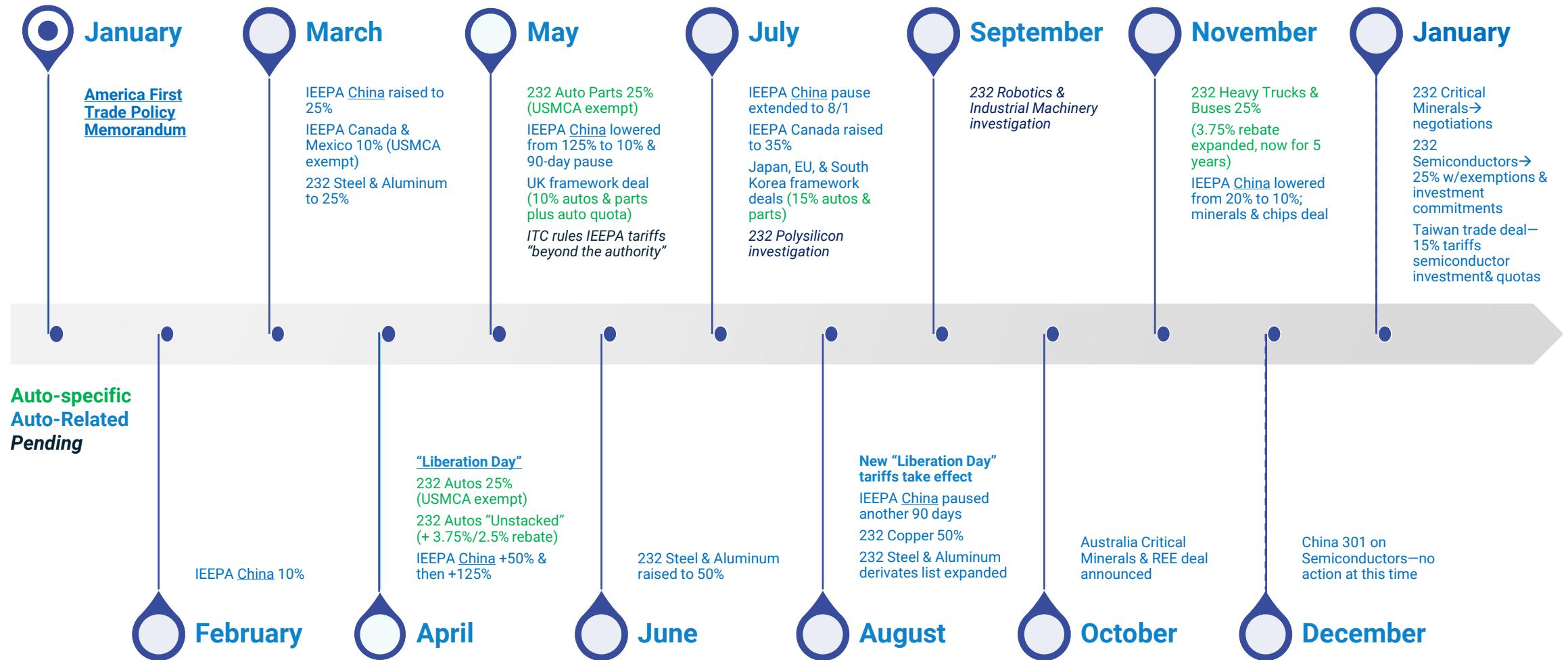


# “The Year of Tariffs”

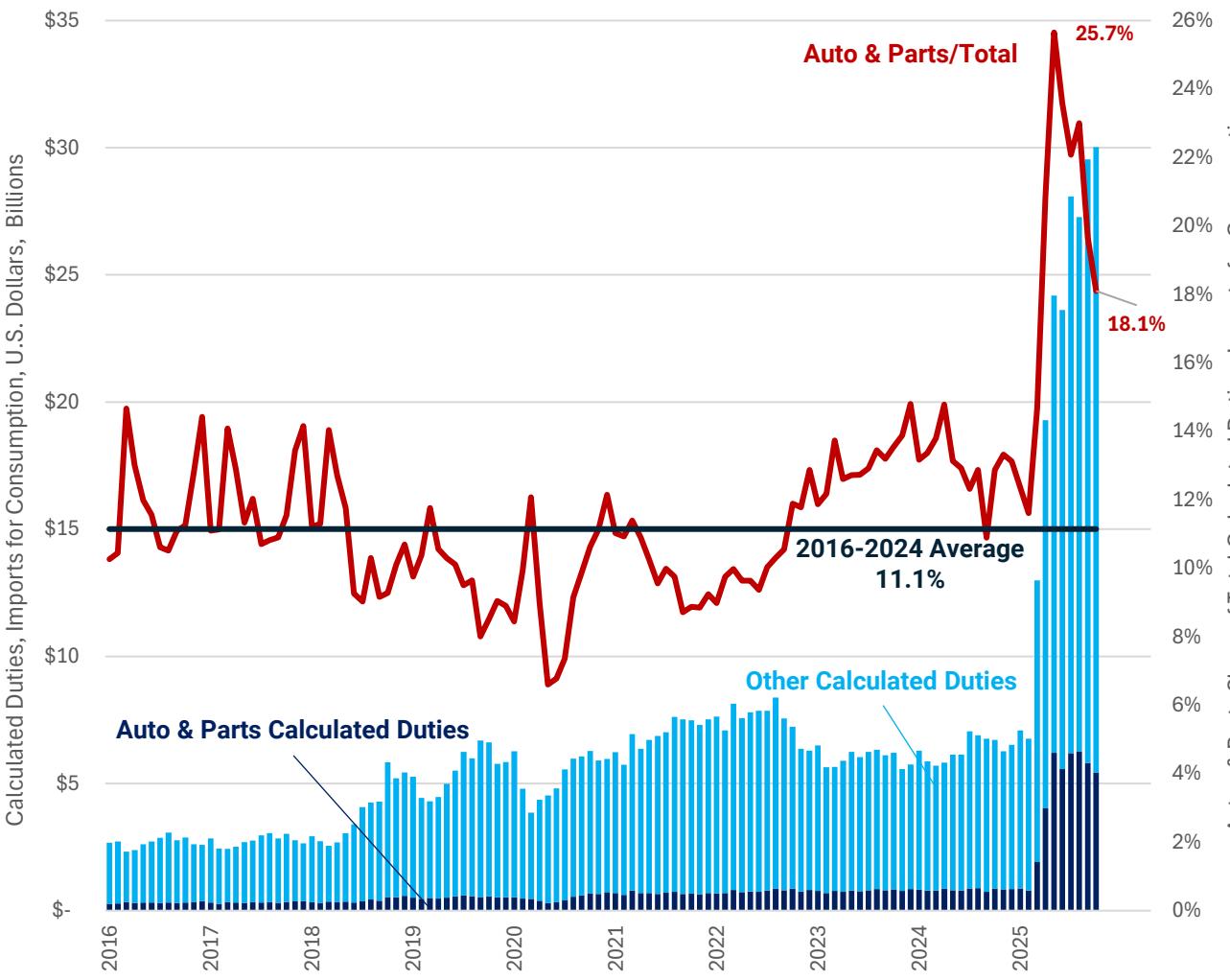


## TARIFFS &amp; TRADE

## Abbreviated 2025 Auto &amp; Related Products U.S. Trade Timeline, 2/1/2026

Source: [Trump's trade war timeline 2.0: An up-to-date guide | PIIE](#)

# Autos & Parts Duty Share Jumped 2.3X to 25.7% of Total in 2025, Now at 18.1%



Source: U.S. Bureau of the Census, Calculated Duties, Total and Automotive & Parts Imports for Consumption, U.S. International Trade Commission DATAWEB using U.S. International Trade Administration HS codes for light vehicle & motor vehicle parts.

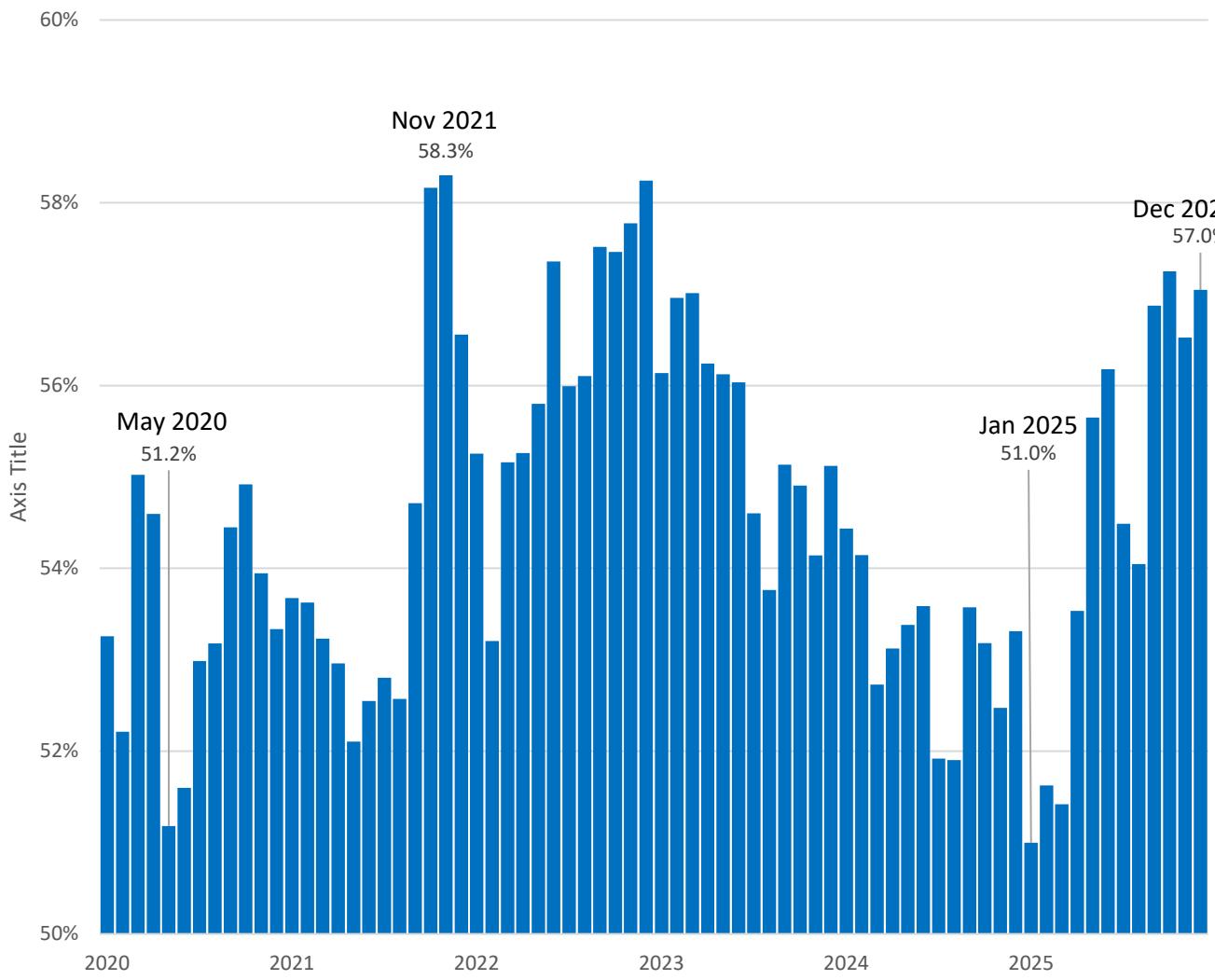


Source: [David Dibert](#), Pexels

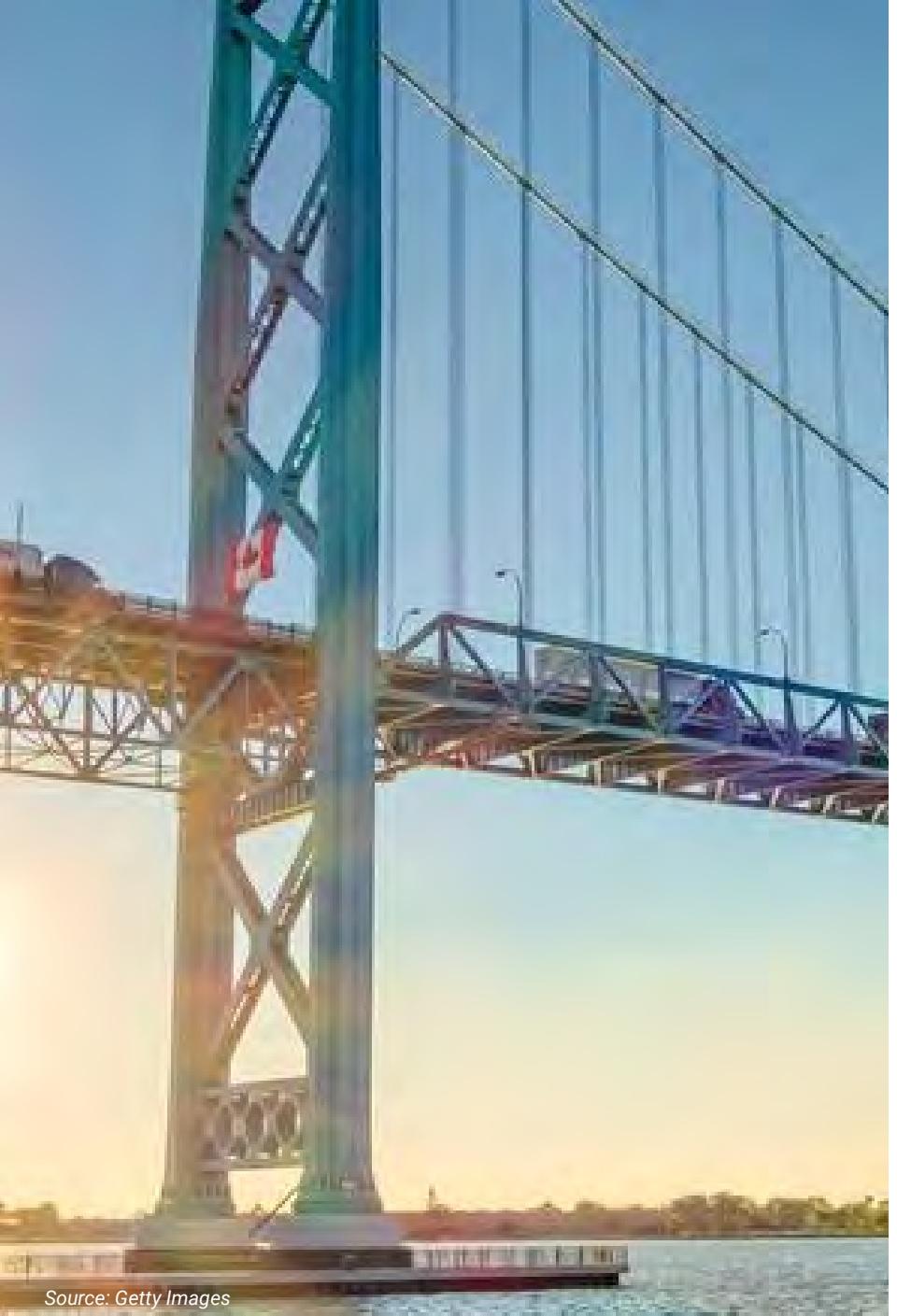
# Back to the U.S.?



# Share of U.S. Sales Built in the U.S.

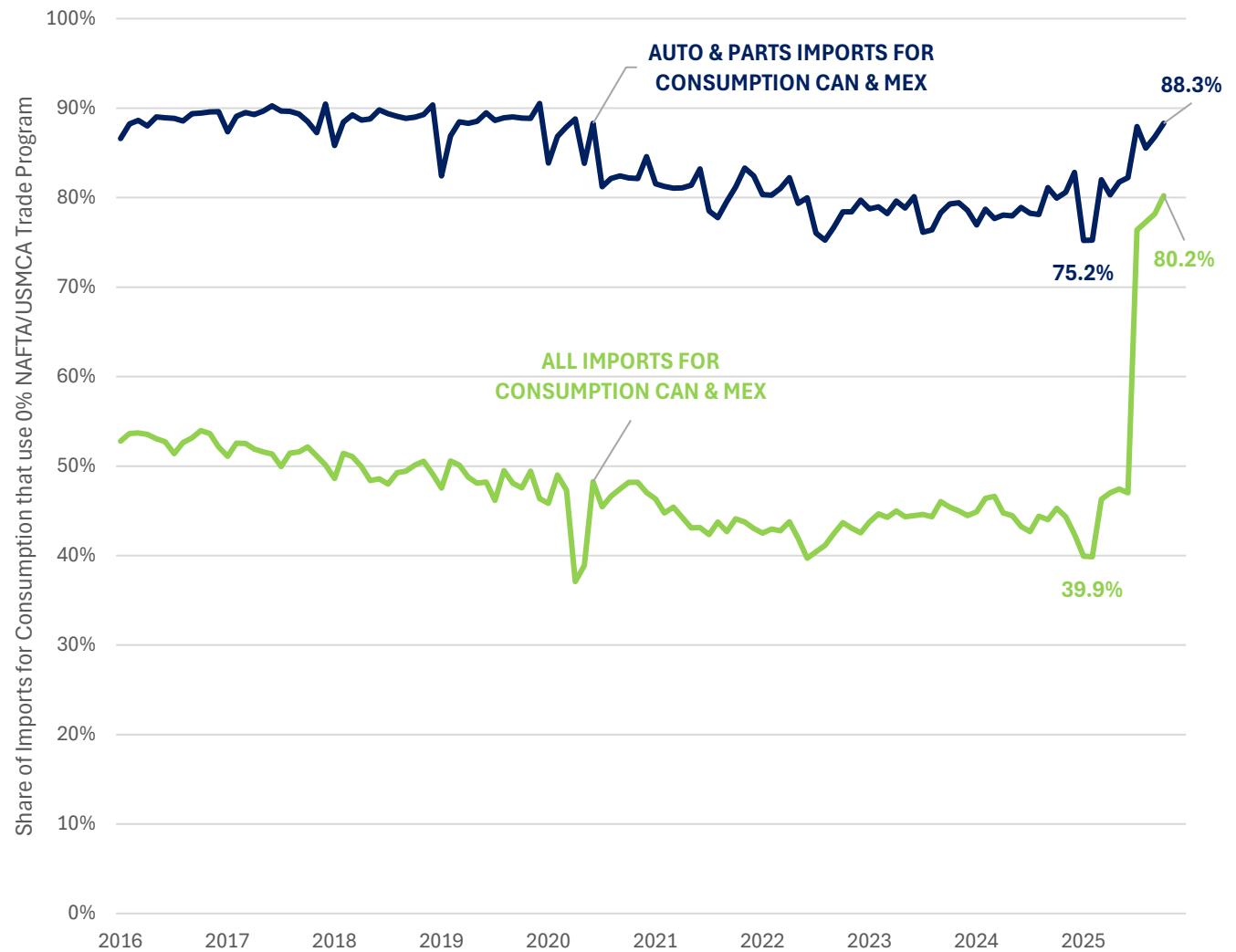


Source: General Motors



Source: Getty Images

## Rising USMCA Tariff Compliance in 2025: Canada/Mexico Trade



Source: Author's analysis of U.S. Bureau of the Census, Total and Automotive & Parts Imports for Consumption, from Canada & Mexico by Import Program=NAFTA/USMCA & Rate Codes=Free; U.S. International Trade Commission DATAWEB using U.S. International Trade Administration HS codes for light vehicle & motor vehicle parts.

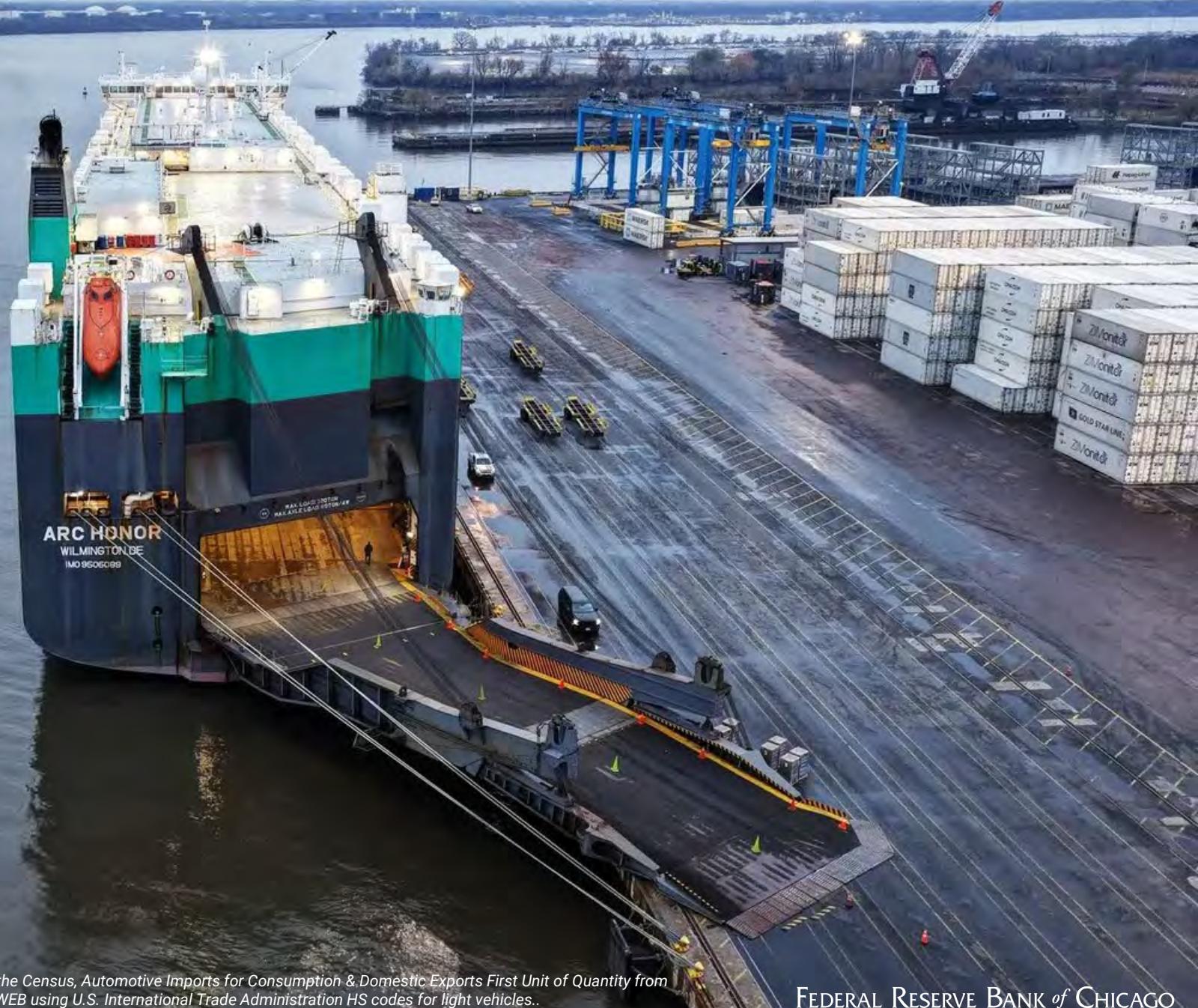
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January-October 2025  
Domestic Light Vehicle Exports:

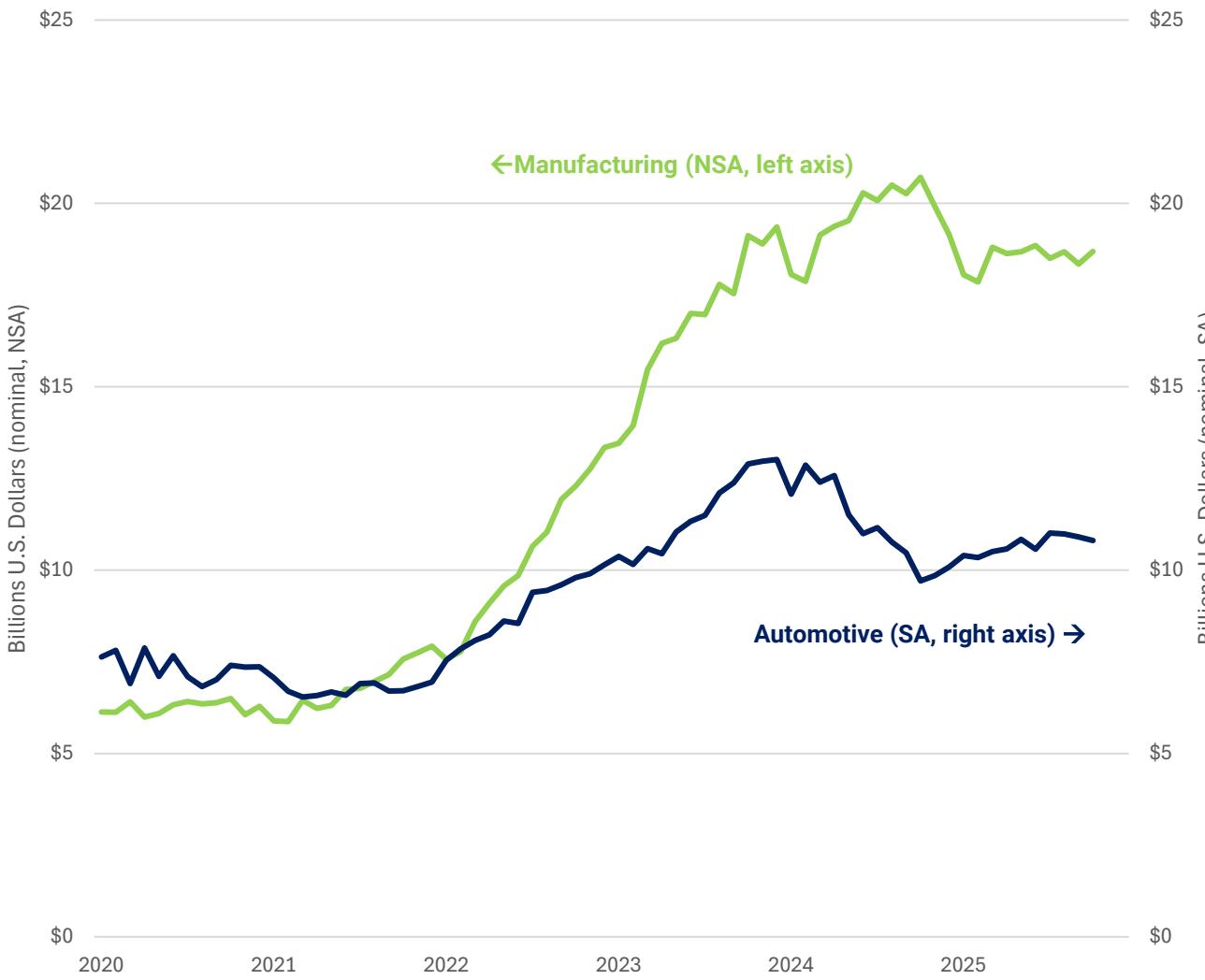
**-20% YoY**

Light Vehicle Imports:

**-13% YoY**



# Growth in Manufacturing & Automotive Investment Has Slowed in 2025

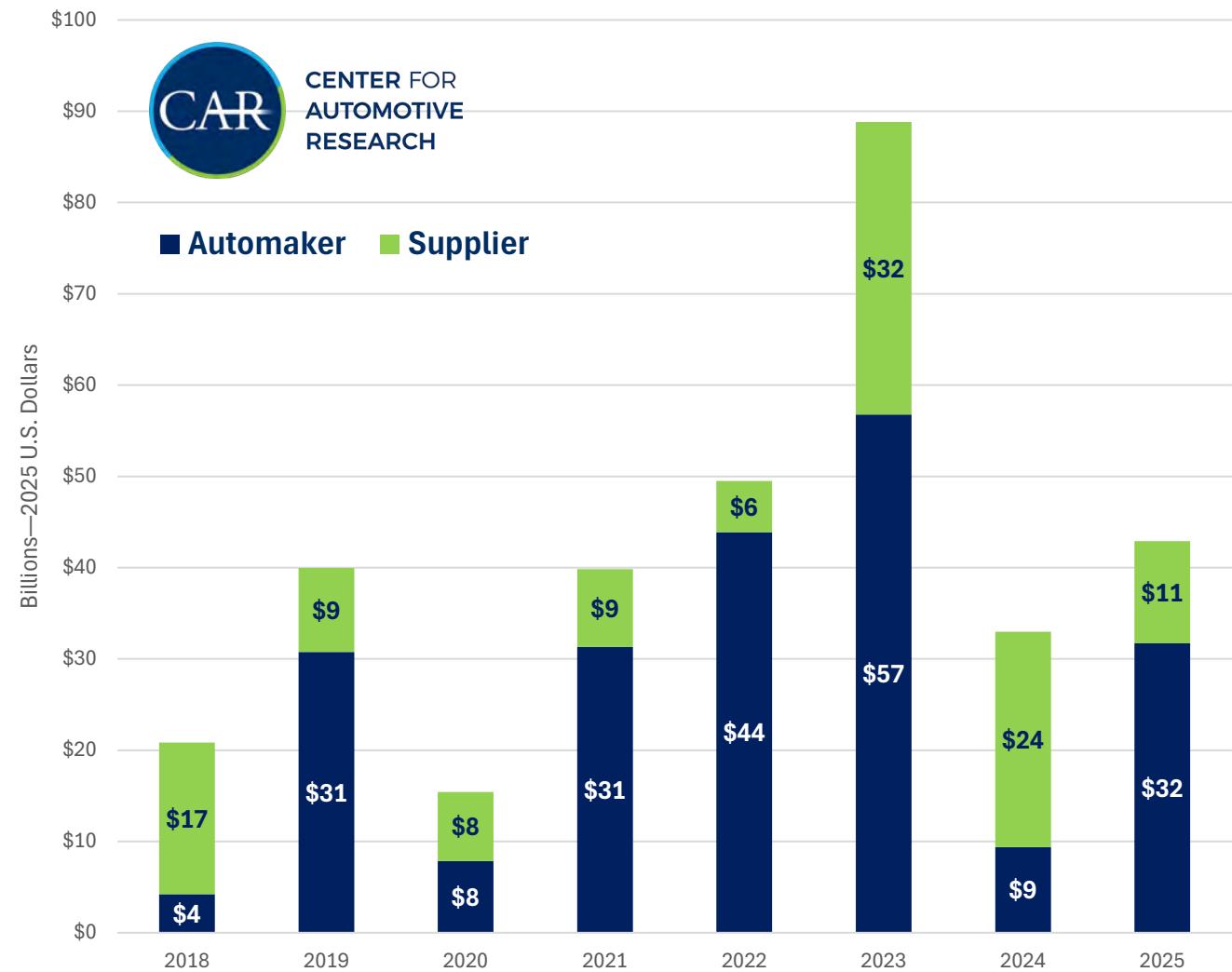


Source: U.S. Department of Commerce, Bureau of the Census, U.S. Private Manufacturing Construction Value & Automotive Construction Value Put in Place  
 12 32<sup>nd</sup> Annual Automotive Insights Symposium, 4 February 2026





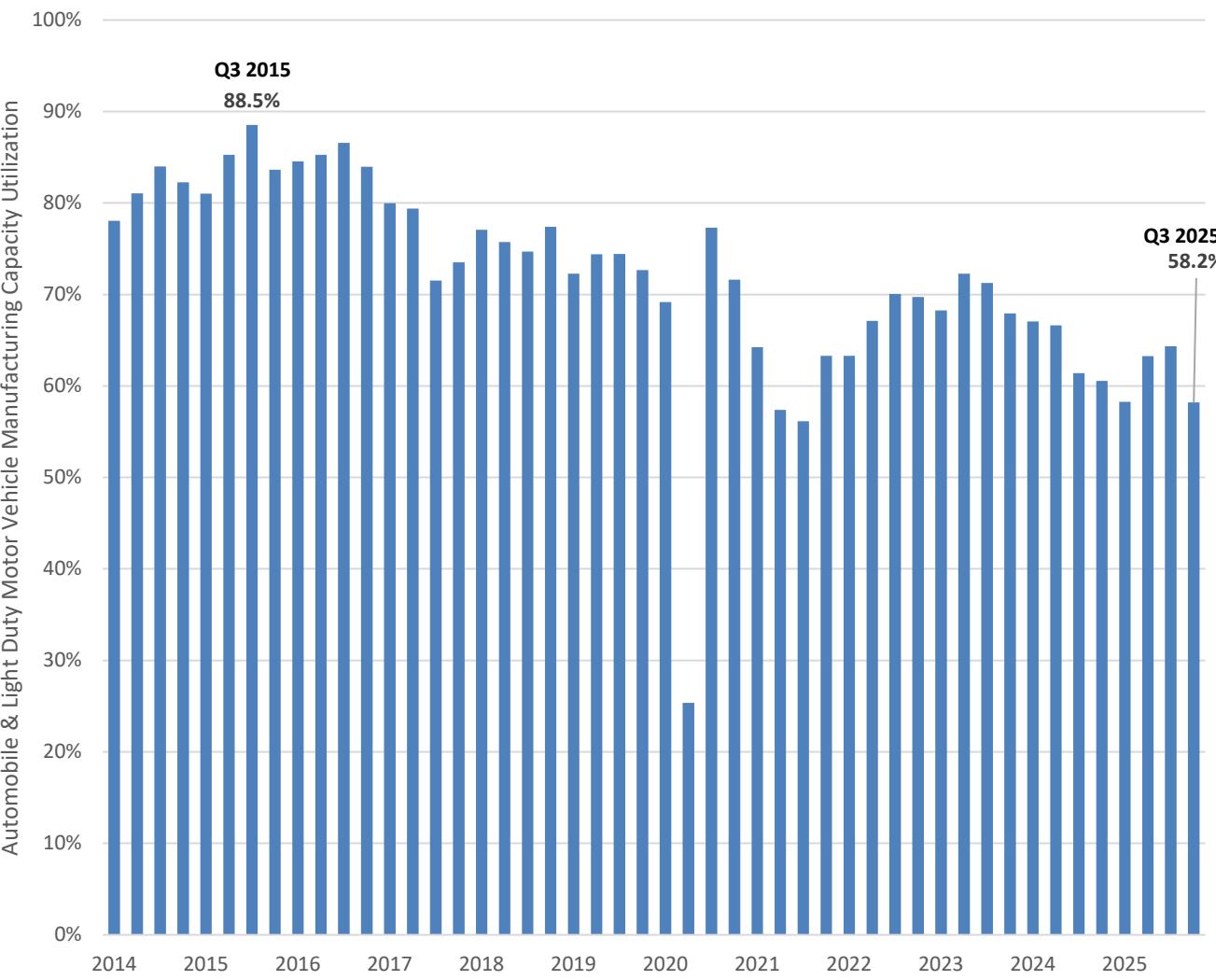
## Automaker U.S. Investments Up; Suppliers Down



Source: Center for Automotive Research, Book of Deals, through December 2025; Adjusted to 2025 \$ Using U.S. Department of Labor, Bureau of Labor Statistics, PPI for New nonresidential building construction by region, not seasonally adjusted

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# Light Vehicle Capacity Utilization: A Downward Trend Since Q2 2023

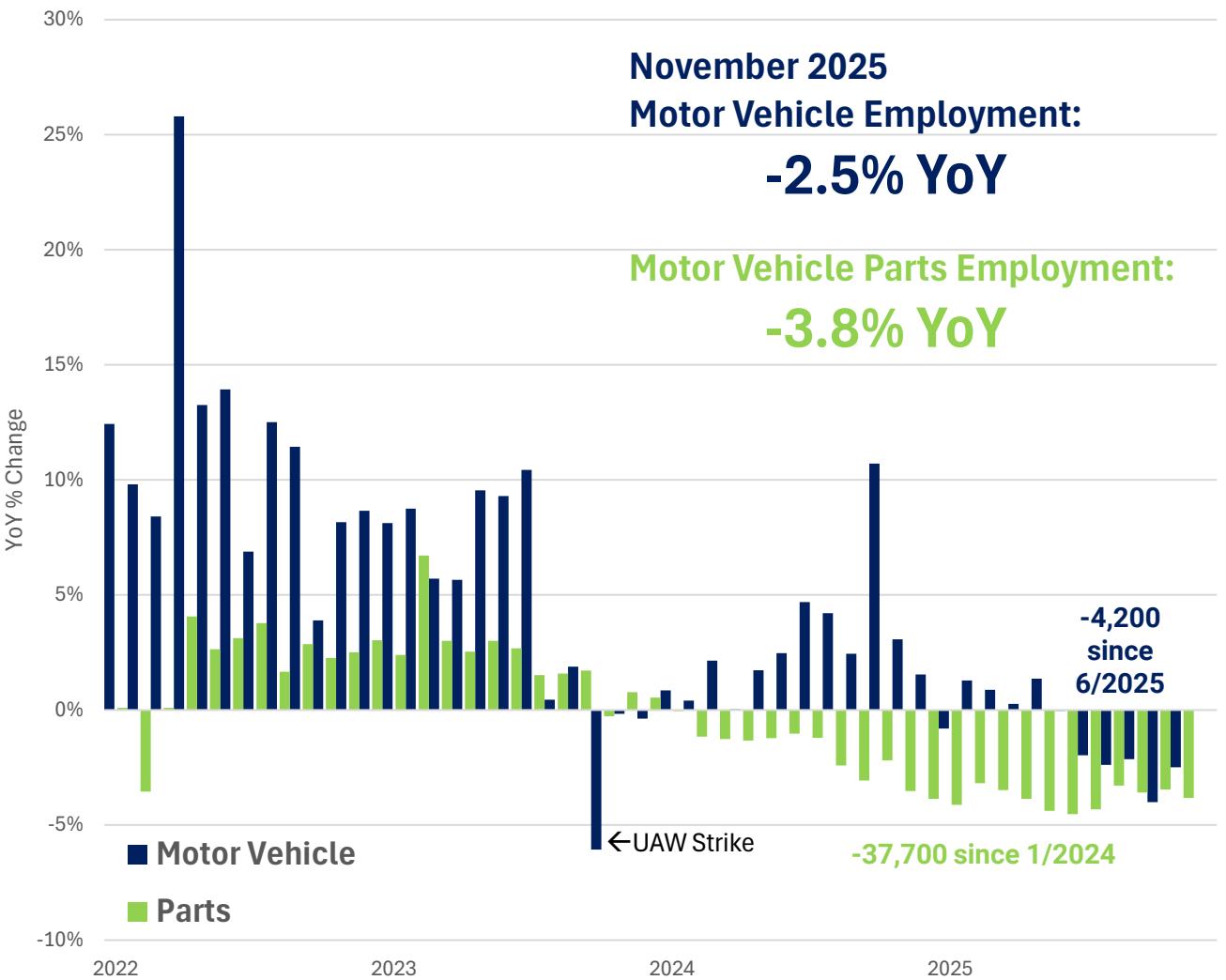


Source: Board of Governors of the Federal Reserve System (US) via FRED®, [G.17 Industrial Production and Capacity Utilization](#)





## Motor Vehicle & Parts Employment Has Been Falling

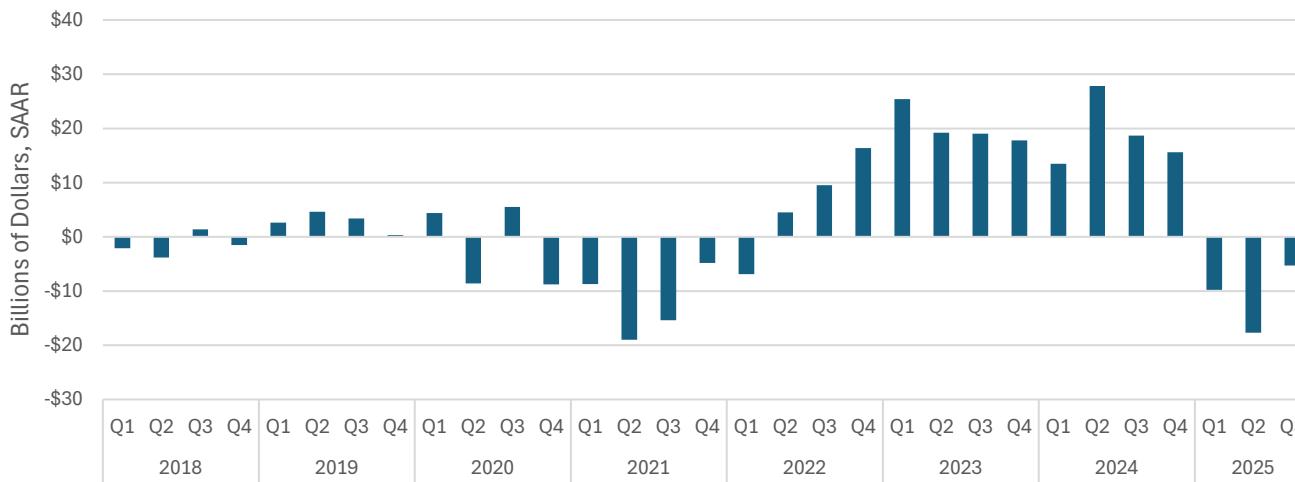


Source: U.S. Department of Labor, Bureau of Labor Statistics, Total Employment in NAICS 3361 & 3363

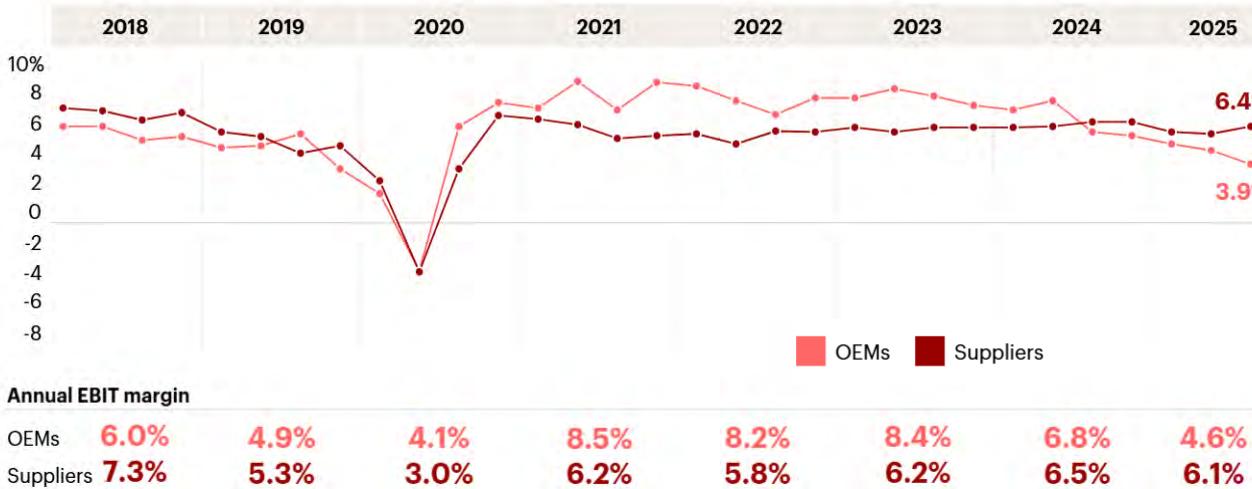
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# Quarterly Motor Vehicle & Parts Profits

Corporate Profits: Motor Vehicle, Parts, Bodies & Trailers



EBIT margins for Automakers & Suppliers, Quarterly



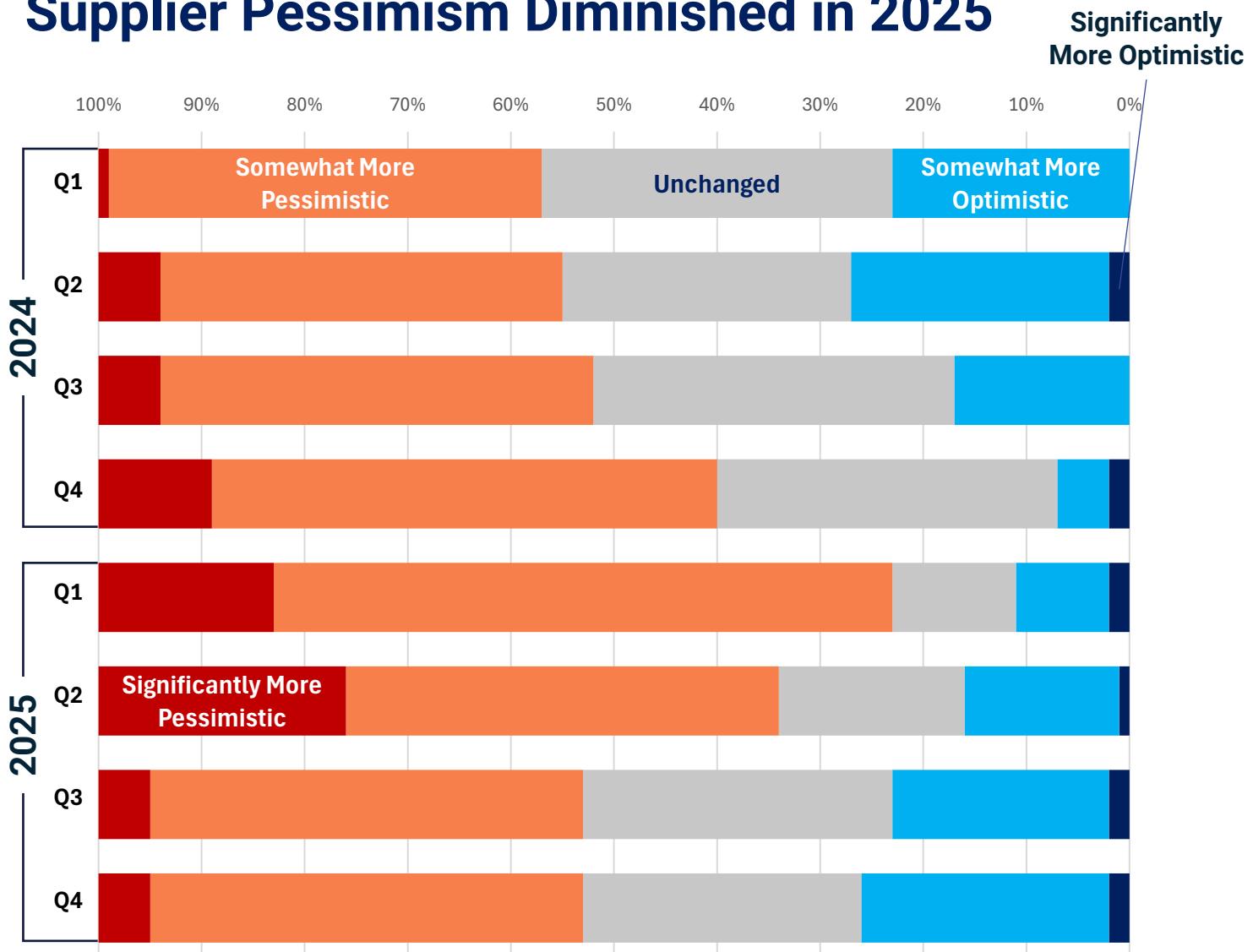
Source: U.S. Department of Commerce, Bureau of Economic Analysis, Table 6.16D. Corporate Profits by Industry; Bain analysis of S&P Capital IQ data (Automakers n=15; Suppliers n=100); data through Q3 2025  
32<sup>nd</sup> Annual Automotive Insights Symposium, 4 February 2026



Source: Microsoft 365



## Supplier Pessimism Diminished in 2025



**memca.**  
The Vehicle Suppliers Association

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# Absorbing the Shock: Why Vehicle Prices Haven't Mirrored Soaring Tariffs

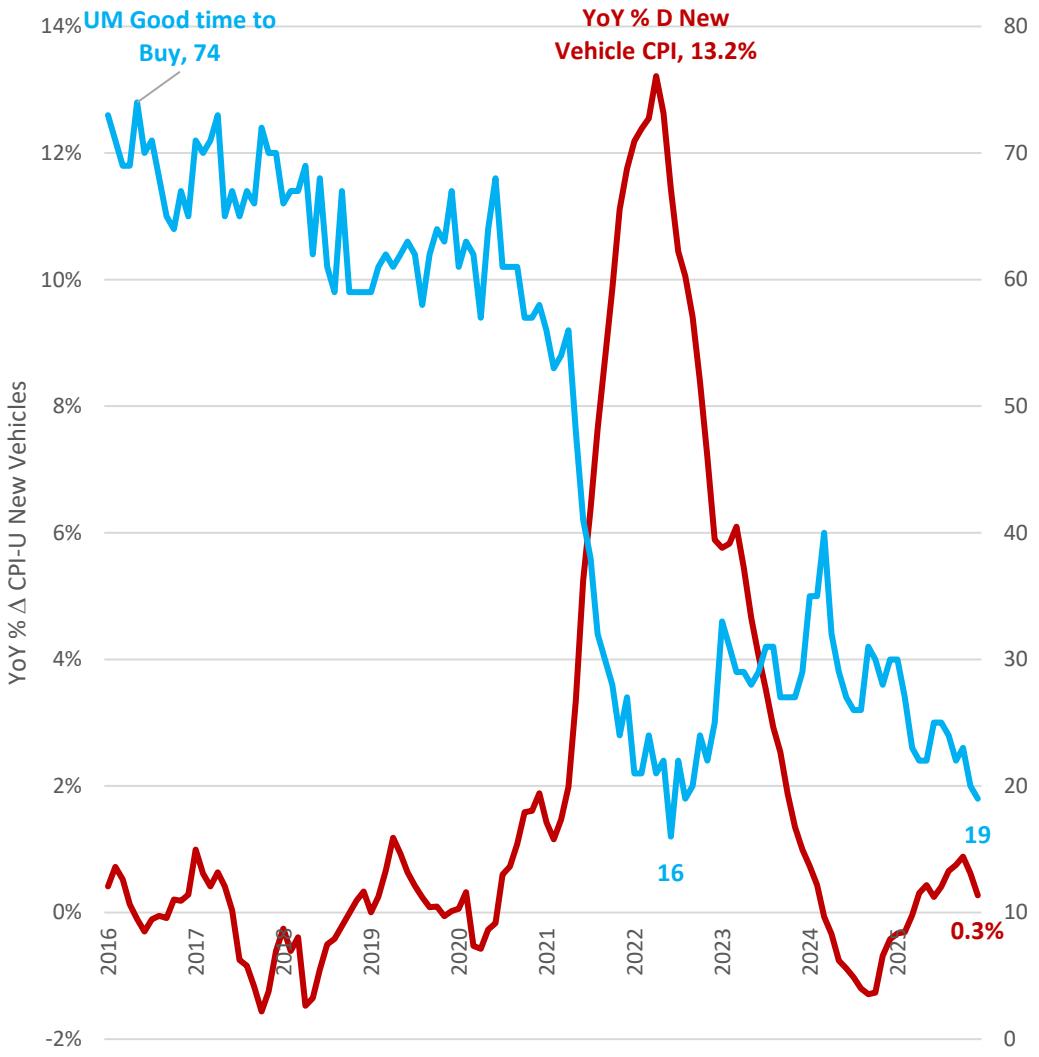
Where did the tariffs go:

- Pre-tariff inventories kept initial prices lower
- Delay price increases
- Reshoring
- Adjust supply chains
- Drop some imported vehicles
- Scale back import volumes
- De-content/eliminate standard features
- Tweak purchase/lease incentive programs
- ↑ Destination charges & fees
- ↓ Margin compression (automakers & suppliers)
- ↓ Cost cutting & cost absorption  
(including across their global footprints)
- Federal Import Adjustment Offset program  
(3.75% of MSRP of U.S.-produced vehicles)
- CAFE Program targets relaxed & fines eliminated

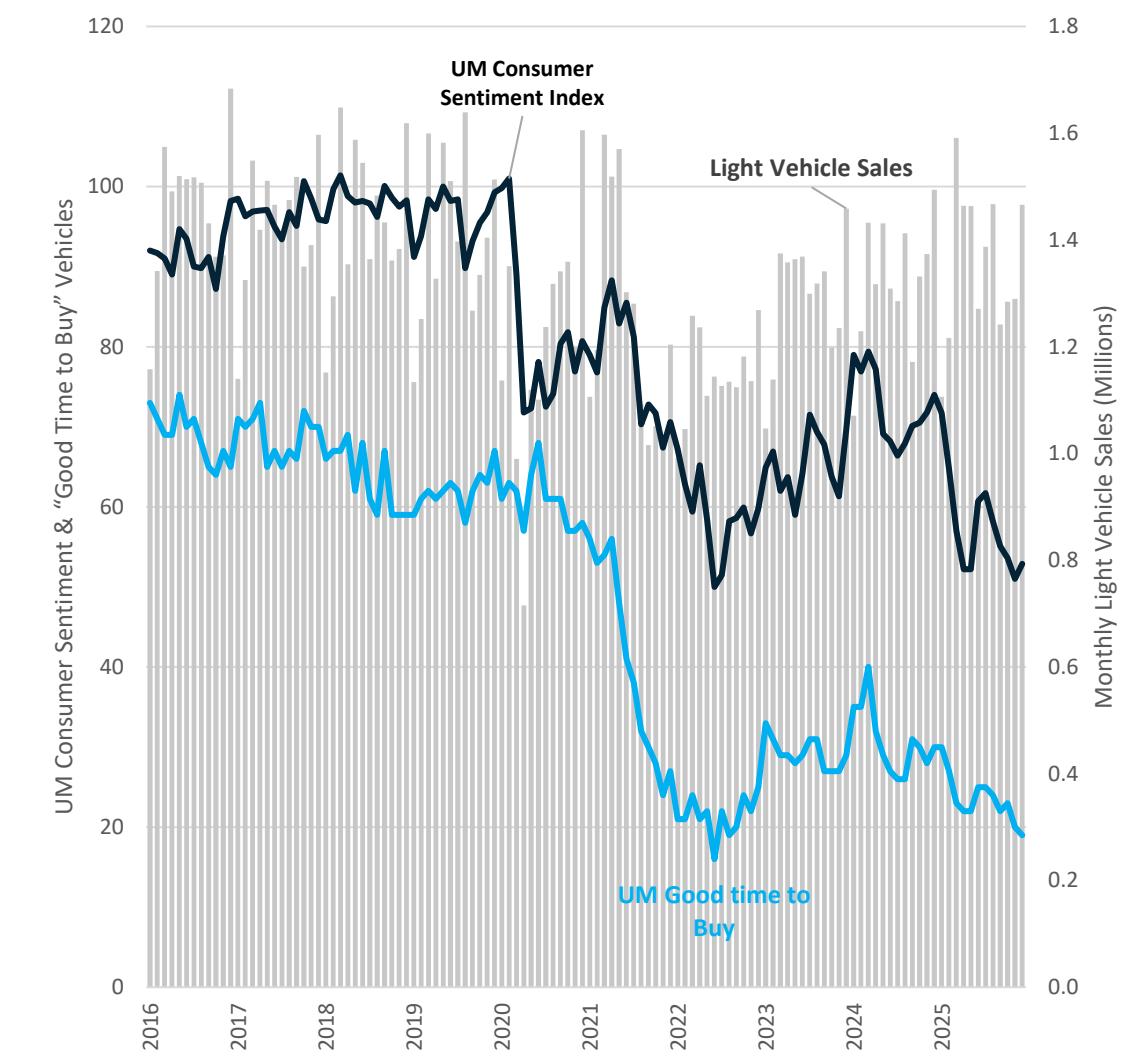
Source: U.S. Bureau of the Census, Calculated Duties, Automotive & Parts Imports for Consumption, U.S. International Trade Commission DATAWEB using U.S. International Trade Administration HS codes for light vehicle & motor vehicle parts; Cox Automotive/Kelley Blue Book for Average Transaction Prices.



# New Vehicle Inflation Crushed Car Buying Sentiment in 2021



# Light Vehicle Sales Have Grown Despite Negative Buying Climate

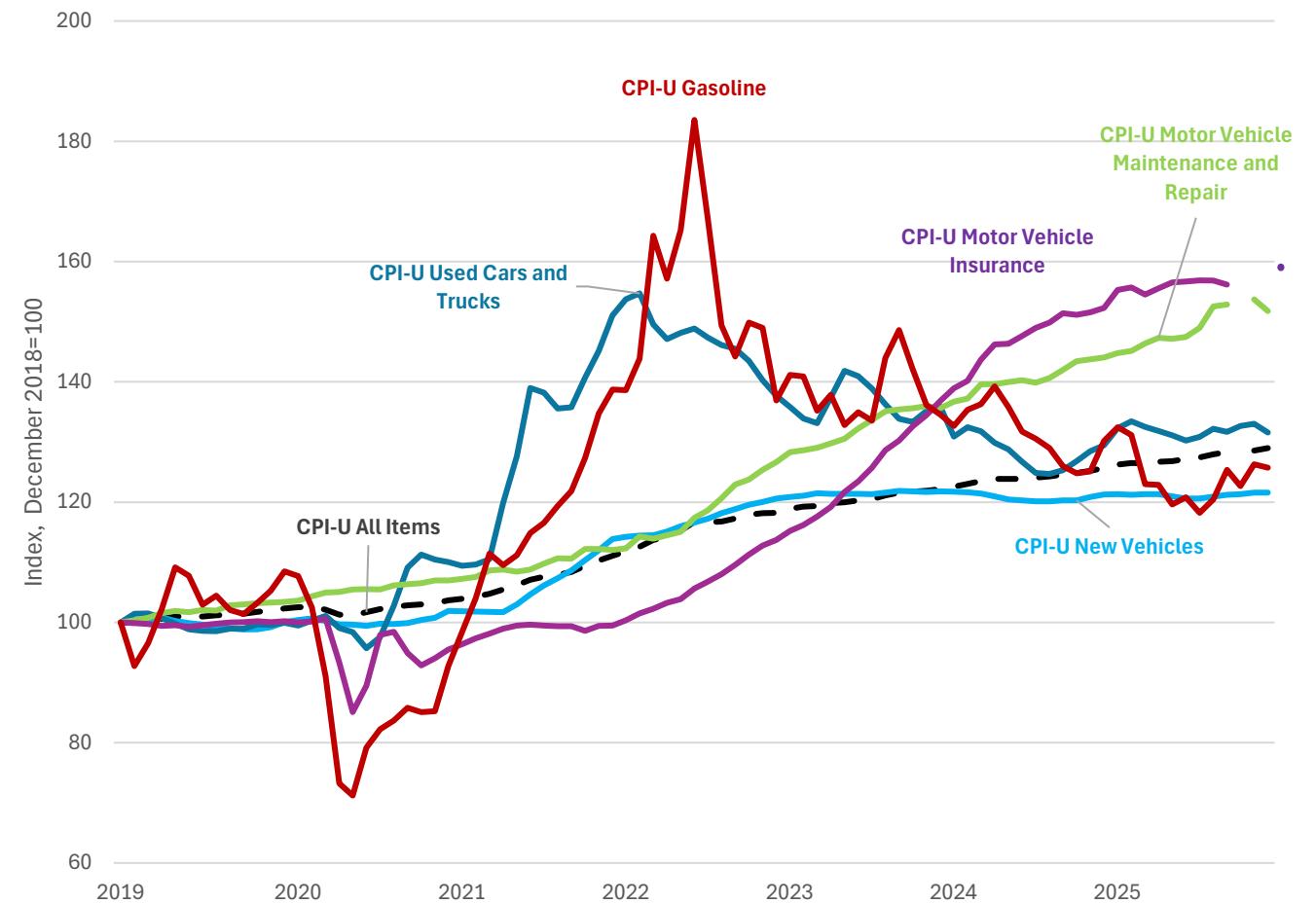


Source: University of Michigan, Survey Research Center, Surveys of Consumers Tables 1 & 37; U.S. Department of Labor, Bureau of Labor Statistics, CPI-U New Vehicles (SA); Light Vehicle Sales from Omdia



# Lower Inflation for New Vehicles & Gasoline, Soaring Costs for Insurance & Repairs

Inflation in Motor Vehicle & Related Categories  
CPI-U, Seasonally Adjusted, December 2018=100



Source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Indices-All Urban Consumers,  
Seasonally Adjusted, 1982-84=100, normalized to December 2018=100

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# Will Consumers Keep Buying?



# How Is GM Navigating This Dynamic Environment?



# Vehicle Safety Technologies



# What Drives Insurance, Maintenance & Repair Inflation?



# What Are the Determinants of Future Competitiveness?



# How Far Away is This *Really*?



## The First Factory That Never Sleeps—And Never Pays Anyone Is Coming by 2030

By Christopher Davis — January 28, 2026

Source: [Autopost Global](#)

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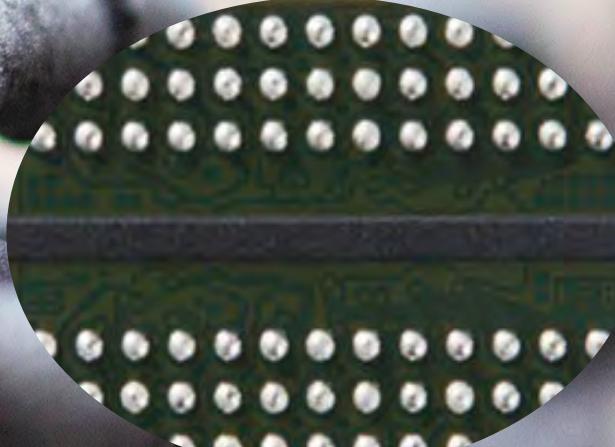
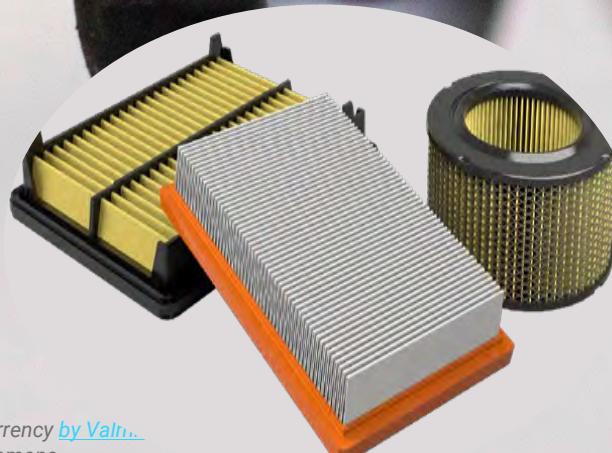
# Understanding Trade, Tariffs, Trade Restraints & USMCA Review



# Review of the Legislative & Regulatory Agenda



# Can Automotive Supply Chains Withstand the Next Disruptions?



Sources (L to R): [U.S. Department of Energy](#), First Brands, SK Hynix, Currency [by Valin...](#)  
[Zanellato/Pexels](#); Silver by [KevinSpiro](#), CC BY-SA 3.0 via Wikimedia Commons

# 2026: All in on AI in Auto?



[www.chicagofed.org](http://www.chicagofed.org)

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