

## Administrative Registry of the Light Vehicle Automotive Industry, March 2025

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### Production

The Administrative Registry of the Light Vehicle Automotive Industry for February, showed that production was 317,178 units, showing an annual drop 0.83% and a fall of 4.73% with respect to the historical maximum recorded for the same month in 2020.

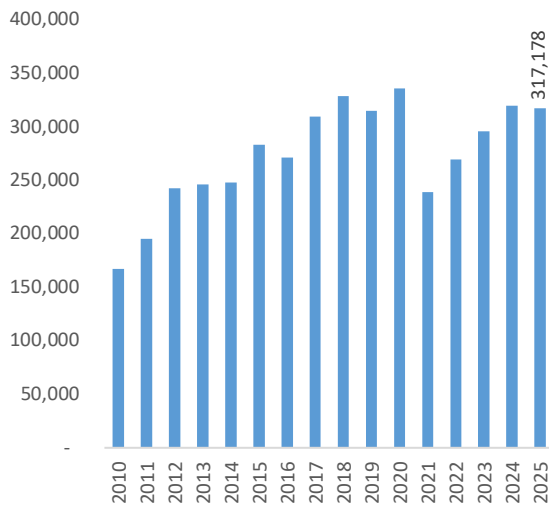
During January and February, light vehicle production totaled 629,435, an annual increase of 0.40%. During the same period, light vehicle production was mainly represented by light trucks<sup>1</sup> with 75.0% of production.

During February 2025, 81.64% of what was produced was exported, a decrease of 7.57 percentage points with respect to the same month of 2024 (Figure 2). Domestic sales in February 2025 were equivalent to 37.10% of production.<sup>2</sup>

In February 2025, the three brands with the highest production of light vehicles in Mexico were:

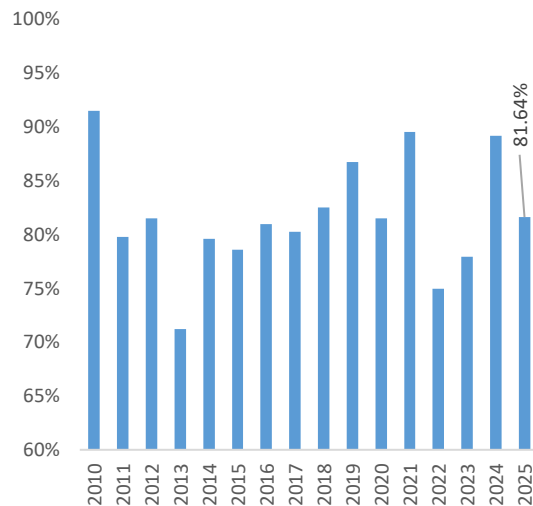
- General Motors (22.03% of total production), with an annual drop of 2.83%.
- Nissan (18.83% of total production), with annual growth of 7.17%.
- Ford Motor (10.81% of total production), with an annual growth of 11.04%.

**Figure 1.** Light vehicle production, February of each year



Source: GF BASE with information from INEGI.

**Figure 2.** Ratio of exports to production, February of each year



Source: GF BASE with information from INEGI.

<sup>1</sup> Pick Ups, SUV's and Minivans

<sup>2</sup>The sum of the percentage of exports and domestic sales is greater than 100%, due to the inclusion of sales and exports of inventories

## Exports

In February, 258,952 units were exported, which represented an annual decrease of 9.24% compared to the same month in 2024, its biggest drop for the same month since 2021. In the year to date, 478,366 light vehicles were exported, showing a fall of 11.36% compared to the same period in 2024. It is worth mentioning that the all-time high for February and for the period from January to February was recorded in 2024.

In February, 9 of the 13 companies registered as exporters of light vehicles suffered drops in their exports. The three brands with the highest exports of light vehicles in Mexico were:

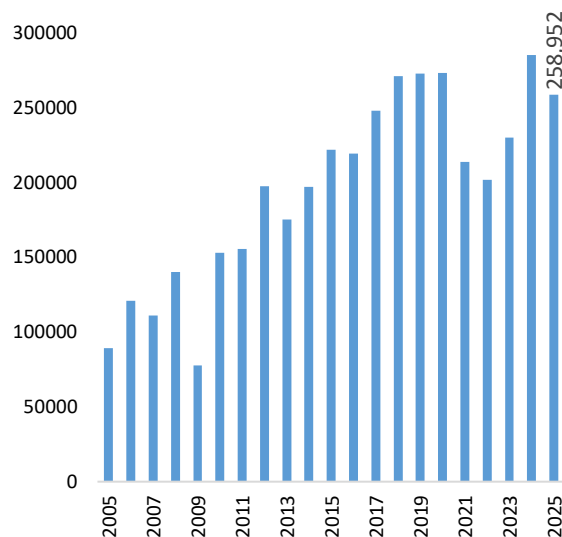
- General Motors (24.53% of total exports), with an annual drop of 7.86%.
- Nissan (14.67% of total exports), with an annual drop of 8.74%.
- Ford Motor (12.34% of total exports), with an annual of drop 1.96%.

In the same month, the three countries with the highest participation as recipients of Mexico's light vehicle exports were:

- The United States accounted for 84.83% of the total, up 3.33 percentage points from February 2024.
- Canada representing 7.76% of the total, increasing 1.55 percentage points with respect to February 2024.
- Germany representing 1.82% of the total, decreasing 2.16 percentage points from February 2024.

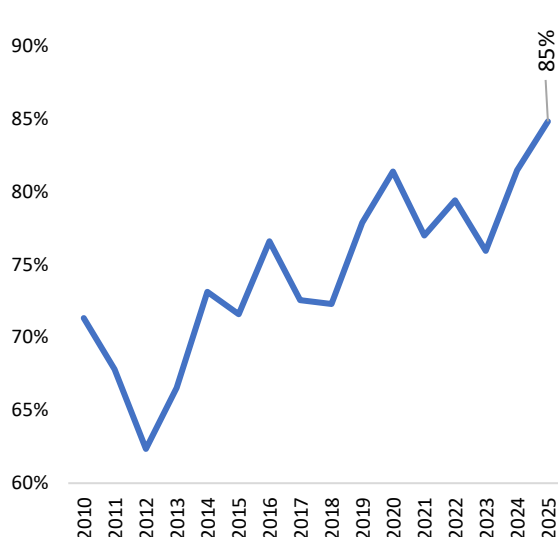
The United States has been the main destination for Mexico's light vehicle exports. In February 2025, 219,665 vehicles were shipped, a drop of 5.54% year-on-year.

**Figure 3.** Light Vehicle Exports, February of each year



Source: GF BASE with information from INEGI.

**Figure 4.** Participation of the United States as an export destination country, February of each year



Source: GF BASE with information from INEGI.

## Sales

In February 2025, 117,679 units were sold, showing an annual growth of 2.86%, the lowest annual growth for the month of February since 2022, when a fall of 3.94% was recorded.

It is worth mentioning that sales are 0.43% below the all-time high recorded in 2017 for the month of February.

In the year to date, 237,659 units were sold, showing a growth of 4.46% compared to the same period in 2024 and a fall of 1.65% compared to the all-time high recorded for the same period in 2017.

The three brands with the highest sales of light vehicles in February 2025, which together accounted for 40.68%, were:

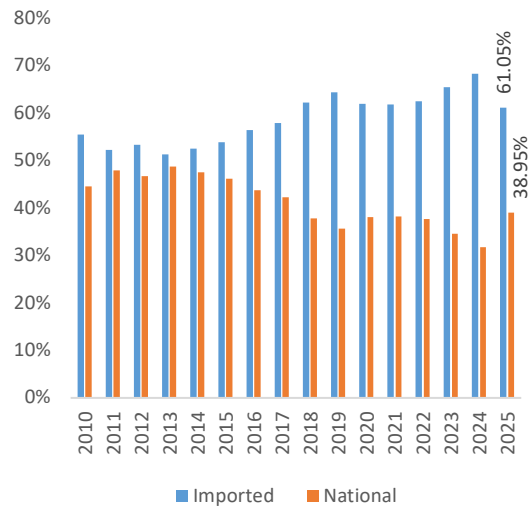
- Nissan (18.22% of total sales). Nissan has held this position for 27 consecutive months
- General Motors (13.27% of total sales).
- Volkswagen (9.19% of total sales).

### Imported vs. domestic light vehicle sales

In February, 61.05% of sales in Mexico were of imported automobiles, with 71,843 units. Domestic vehicle sales accounted for 38.95% of total sales.

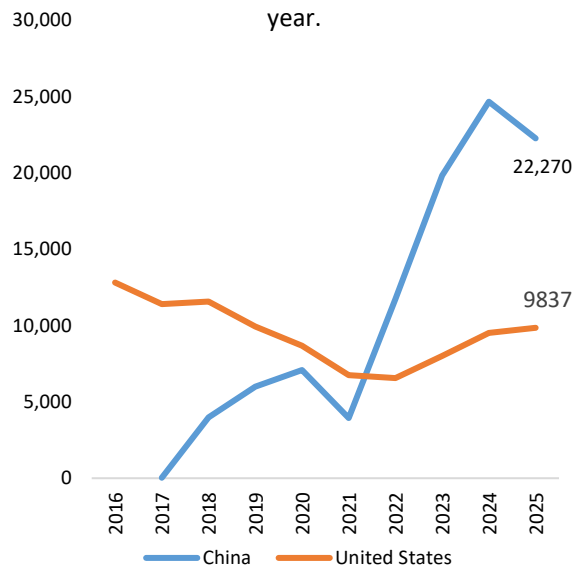
In the same month, 22,270 vehicles imported from China were sold, showing a decrease of 9.74% compared to the same month of 2024 (Figure 6). With this, imported cars of Chinese origin rank first in domestic sales, followed by the United States and Brazil. It is worth mentioning that, since October 2021, Chinese cars have led the sales of imported vehicles in the country. Sales of vehicles imported from China in February represented 18.92% of total light vehicle sales in Mexico and 31.00% of total sales of imported vehicles. In the same period, the United States had a share of 8.36% of total sales and Brazil 7.84%.

**Figure 5.** Proportion of imported vs. domestic vehicles over total sales, February of each year



Source: GF BASE with information from INEGI.

**Figure 6.** Vehicles imported from China and the United States, February of each year.



Source: GF BASE with information from INEGI.

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### **Domestic sales of hybrid and electric vehicles**

Domestic sales of hybrid and electric vehicles are not considered in the light car sales statistics, i.e., they are accounted for independently. In February 2025, hybrid vehicle sales stood at 10,248 units, reaching an all-time high for this month and increasing 39.17% with respect to the same month in 2024. On the other hand, sales of electric vehicles reached 1,302 units, falling 13.55% year-over-year.

### **Tariffs on Mexican products in the United States.**

Trump said that to avoid tariffs, companies must relocate their auto and other manufacturing plants to the United States. If automakers were to move all their production to the United States, manufacturing costs would increase by 24.9%, which would put upward pressure on vehicle prices. Even if only half of the impact is passed on to the final consumer, it is estimated that inflation in the United States would increase by approximately 0.75 percentage points, which could raise it above 3.5% annually, from the 3% observed in January (latest available data). With this, the relocation of production automotive would result in job losses, both in Mexico and in the United States, due to the reduction in profits of the affected companies.

Trump will likely continue to defer tariffs, but he will continue to use them as pressure to achieve his economic objectives, which include 1) isolating China, 2) creating conditions in which United States manufacturing plants gain competitiveness, and 3) increasing tax revenue. There are also the objectives of stopping the trafficking of illicit substances and the flow of undocumented persons.

In 2024, 47% of the auto parts that the United States imports come from Mexico and Canada, with a value of close to 158 billion dollars. A 25% tariff on these imports would generate an estimated 39.5 billion dollars in revenue for the United States government but would also result in higher prices for United States consumers. In addition, the tariff could cause disruptions in supply chains.

### **Relocation of companies due to tariffs**

The exit of these companies from Mexico would affect production and employment in the Mexican automotive industry. In addition, there would be a domino effect on other sectors of the economy. The states where the plants are located would experience an increase in unemployment and a loss of competitiveness if the plants leave the country. The Mexican market would be affected by the reduced availability of domestically produced vehicles, which would increase prices.

Nissan has indicated that, if tariffs are imposed, it could move its production to another country. Nissan currently has three factories in Mexico (two in Aguascalientes and one in Cuernavaca), employing approximately 15,000 people. In 2024, 38.08% of its production in Mexico was sold within the country.

General Motors also has said that it could relocate its production if the tariffs are prolonged. They currently have 25,000 employees direct at their plants in Mexico and 23.06% of their production in Mexico was sold within the country in 2024.

Honda has mentioned that it could partially relocate its production to the United States. The company has six plants in Mexico (two for vehicles, two for engines and two for transmissions) and more than 8,300 employees. In 2024, 21.75% of its production in Mexico was sold within the country.

Mazda stated that its investment in Mexico depends on tariff decisions. Its plant in Salamanca, Guanajuato, employs directly around 5,200 people and, in 2024, 47.68% of its production in Mexico was sold within the country.

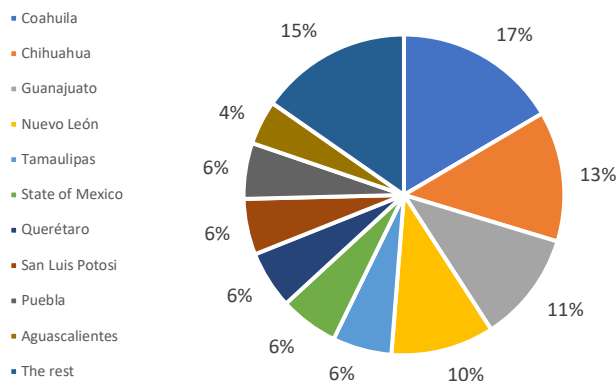
The Volkswagen Group, which is considering moving part of Audi's production to the United States, has two plants in Mexico (in Puebla and Silao), where it employs directly close to 21,000 people (between Volkswagen and Audi). In 2024, 36.14% of its production in Mexico was sold within the country.

BMW, although it has not considered relocating its production, is exposed to the risks derived from tariffs. Its plant in San Luis Potosí employs directly 4,000 people, and although 40% of its production is destined for export, any alteration in trade or tariff conditions could affect both production and exports to the United States. Although its impact on the Mexican market is minor (only 14.79% of its production in Mexico was sold within the country in 2024), any change in its operation would have indirect effects on the local economy.

Finally, Ford has mentioned that it could accumulate inventories to mitigate the effects. In 2024, 13.54% of its production in Mexico was sold within Mexico, and the company has an important presence in the country, mainly due to the number of workers it currently employs directly, which are 14,600, and the 4 assembly and engine plants it has in Mexico.

Initially, if any assembly plant decides to leave Mexico or reduce its production, the first direct impact would be the loss of jobs. In December 2024, the workforce employed in the manufacture of transportation equipment accounted for 24.56% of total manufacturing employment, or 848,676 employees. The states most affected would be Coahuila, Chihuahua, Guanajuato, Nuevo León, Tamaulipas, State of Mexico, Querétaro, San Luis Potosí, Puebla and Aguascalientes, which together account for 84.70% of the number of employees in the sector (See Figure 7). It is worth mentioning that, during 2024, these 10 states represented 88.48% of the total produced and 88.34% of what was sold in the transportation equipment manufacturing sector, and 29.82% of the total produced and 29.98% of what was sold in the manufacturing sector.<sup>3</sup>

**Figure 7.** Employment share by state in the transportation equipment manufacturing sector 2024.



Source: GF BASE with information from INEGI.

The automotive sector in Mexico is a fundamental component of Mexico's manufacturing industry, as it contributes approximately 3.5% of Mexico's GDP and is responsible for 31.42% of manufacturing exports.

<sup>3</sup> Data from the Monthly Manufacturing Industry Survey (EMIM).

Although the tariffs were postponed, the uncertainty is expected to create a brake on investment (both domestic and foreign) in this sector.

### **Foreign direct investment**

In the fourth quarter of 2024, Mexico recorded US\$676.48 million in foreign direct investment, falling 45.26% compared to the same period in 2023, considering revised figures. This is the lowest flow of foreign direct investment for a fourth quarter since 1985, when only US\$112.91 million was recorded. With this, investment reached US\$36,872.42 million in 2024, growing 1.11% over 2023. During 2024, new investments accounted for only 8.59% of total investment, being the lowest proportion on record and falling 39.27% with respect to 2023. Of the total foreign direct investment, 77.86% was for reinvestment of profits and 13.54% was for intercompany accounts. These items showed growth of 7.77% and 8.32%, respectively. The drop in investment in the fourth quarter of 2024 can be explained by the uncertainty generated by the tariffs that the United States could impose on Mexican products.

In the fourth quarter of 2024, the manufacturing industry recorded a disinvestment of US\$15.9 million. Although the disinvestment is significant, it was lower than the fourth quarter 2023 disinvestment of US\$503.9 million. Internally, in the same period of 2024, transportation equipment manufacturing recorded a strong disinvestment of US\$567.1 million, however, compared to the fourth quarter in previous years, it has not been the largest drop (the largest drop recorded in the fourth quarter was in 2023, when it fell US\$766.8 million). It is important to mention that this sub-sector has been registering disinvestment in the fourth quarter for 4 consecutive years.

With this, in 2024, foreign direct investment in the sector manufacturing registered an increase of 9.58%, a low growth compared to 2023 (28.67%). Inland, the transportation equipment manufacturing sector registered an increase of 35.11%, a low growth compared to 2023 (69.36%).

### **United States automotive exports**

In 2024, United States vehicle and auto parts exports to the world accounted for 6.96% of total United States exports. The 4 countries with the largest share as a destination for United States exports in this sector, together accounting for 68.29%, were: Canada (37.33%), Mexico (20.12%), Germany (6.39%) and China (4.45%).

During Donald Trump's first term in office (2016-2020), United States vehicle and auto parts exports fell 14.25%, which can be explained mainly by two factors: the pandemic and trade protectionism. Internally, during the same period, United States exports in this sector to Canada, Mexico and China suffered declines. Despite the trade war with China, the drop in vehicle and auto parts exports to China (26.06%) was not much greater than the drop in exports to Mexico (23.33%) and Canada (20.11%). United States vehicle and auto parts exports to Germany registered a growth of 1.25%.

On the other hand, during Joe Biden's administration (2020-2024), automotive exports registered an increase of 34.45%, which was a rebound effect due to the post-pandemic recovery and the strengthening of the T-MEC, which facilitated trade with Mexico and Canada. This was reflected in the growth of United States vehicle and auto parts exports to Canada (38.59%), Mexico (76.30%) and Germany (18.02%). At the same time, China suffered a 21.85% drop due to the trade war.



In 2024, 57.45% United States vehicle and auto parts exports were destined for Canada and Mexico, showing the heavy reliance of the United States on its T-MEC trading partners. Trump's decision to impose a 25% tariff on imports from these countries could completely alter this dynamic. Although the tariff was postponed taking effect on April 2, the risk remains latent. If Trump reimposes the tariff, companies would have to choose between: 1) absorbing part of the cost, affecting their profit margins and passing part of it on to the final consumer, which would make the price of vehicles in the United States more expensive, 2) requesting price decreases from their suppliers in Mexico and absorbing the other part of the tariff, which would reduce their profit margins, and 3) requesting discounts from their suppliers in Mexico, absorbing part of the tariff and passing part of the tariff on to the final consumer. This last point is the most likely to occur, which would impact the final price for United States consumers and the profit margins of United States and Mexican producers, which in turn would affect employment on both sides of the border.

**Gabriela Siller Pagaza, PhD**

Directora de Análisis Económico-Financiero

[gsiller@bancobase.com](mailto:gsiller@bancobase.com)

Tel. 81512200 ext. 223

**Jesús Anacarsis López Flores**

Subdirector de Análisis Económico-Financiero

[jlopezf@bancobase.com](mailto:jlopezf@bancobase.com)

**Paulina María Canales Siller**

Practicante de Análisis Económico-Financiero

[mcanales@bancobase](mailto:mcanales@bancobase)

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