Administrative Registration of the Light Vehicle Automotive Industry, March 2025

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Production

The Administrative Registry of the Light Vehicle Automotive Industry for March, showed that production was 338,669 units, showing an annual growth of 12.15% and a drop of 8.82% with respect to the historical maximum recorded for the same month in 2017.

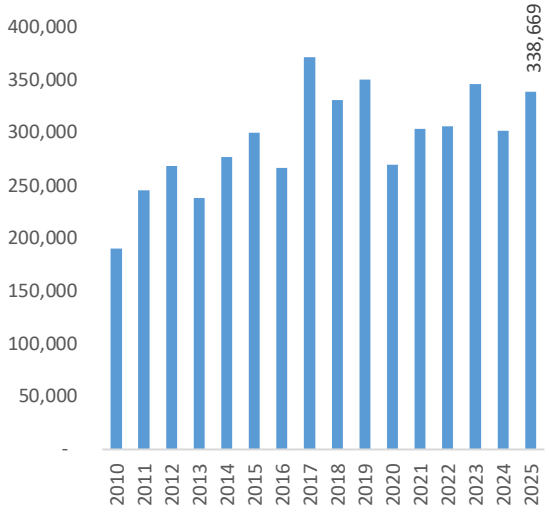
For the year-to-date, light vehicle production was 973,485, showing an annual growth of 4.80%. In the same period, light vehicle production was mostly represented by light trucks with 76.11% of production.

During March 2025, 87.69% of production was exported, decreasing 7.03 percentage points compared to the same month of 2024 (Figure 2). Domestic sales in March 2025 were equivalent to 37.61% of production.

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

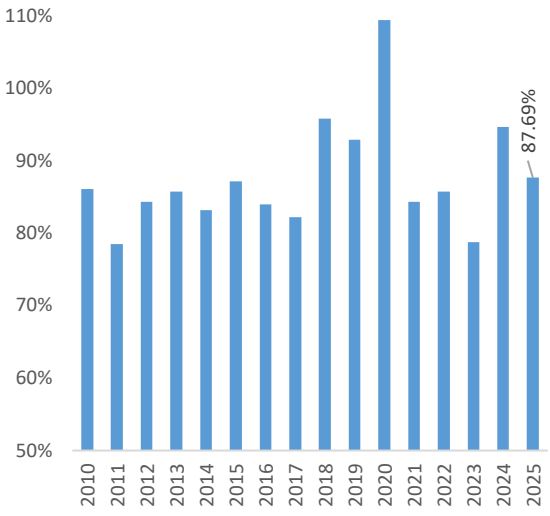
-General Motors (23.69% of total production), with an annual growth of 15.89%.
-Nissan (14.87% of total production), with an annual decrease of 0.85%.
-Chrysler (10.62% of total production), with an annual growth of 12.63%.

Figure 1. Production of light vehicles, March of each year



Source: GF BASE with information from INEGI.

Figure 2. Ratio of exports to production, March of each year



Source: GF BASE with information from INEGI.

Exports

In March, 296,964 units were exported, representing an annual growth of 3.83% compared to the same month of 2024 and a drop of 8.82% with respect to the historical maximum recorded for a same month in 2019. For the year-to-date, 775,866 light vehicles were exported, showing a drop of 6.04% compared to the same period in 2024.

The three brands with the highest exports of light vehicles in Mexico during March were:

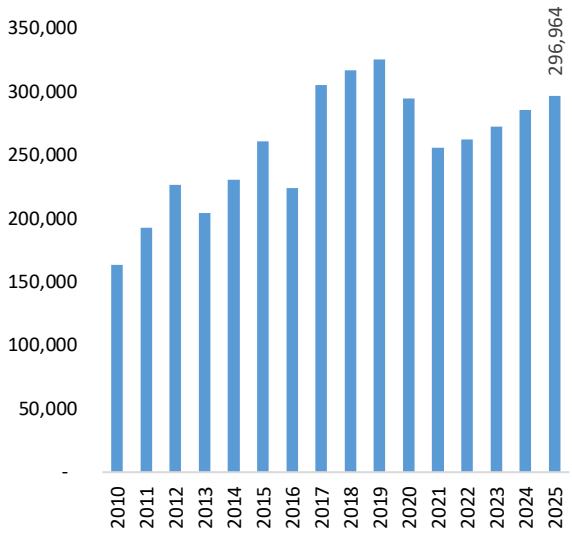
-General Motors (24.94% of total exports), with an annual growth of 12.56%.
-Nissan (13.81% of total exports), with an annual drop of 14.23%.
-Ford Motor (12.54% of total exports), with an annual growth of 26.84%.

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

-The United States representing 80.97% of the total, dropping 3.36 percentage points with respect to March 2024.
-Canada representing 8.48% of the total, increasing 9.41 percentage points with respect to March 2024.
-Germany representing 2.18% of the total, decreasing 12.82 percentage points with respect to March 2024.

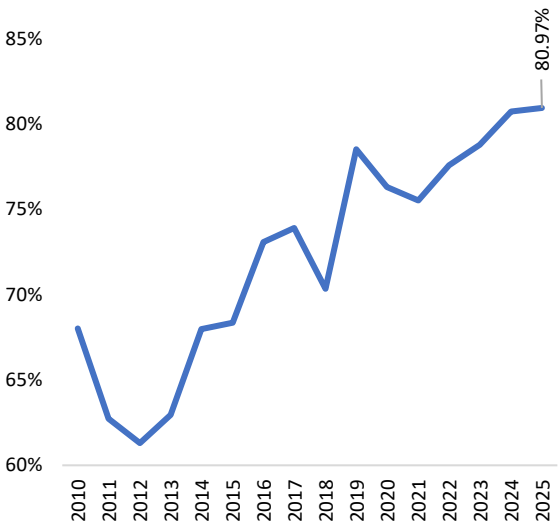
The United States has been the main destination for Mexico's light vehicle exports. In March 2025, 240,453 vehicles were shipped, growing 4.10% annually.

Figure 3. Exports of light vehicles, March of each year



Source: GF BASE with information from INEGI.

Figure 4. U.S. share as export destination country, March of each year



Source: GF BASE with information from INEGI.

Sales

In March 2025, 127,360 units were sold, showing an annual growth of 1.27%, the lowest annual growth for a March month since 2022, when a 1.16% drop was recorded.

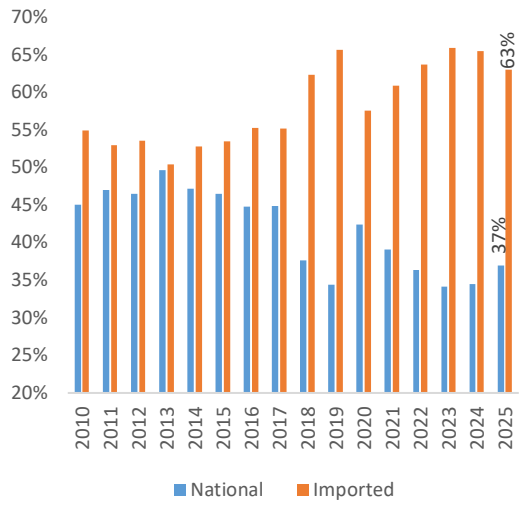
It is worth mentioning that sales are 7.27% below the all-time high recorded in 2017 for the month of March.

For the year-to-date, 365,025 units were sold, showing a growth of 3.33% compared to the same period in 2024 and a drop of 3.66% compared to the historical maximum recorded for the same period in 2017.

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

-Nissan (18.55% of total sales). Nissan has held this position for 28 consecutive months.
-General Motors (14.14% of total sales).
-Volkswagen (8.64% of total sales).

Figure 5. Imported vs. domestic vehicle sales (%), March of each year



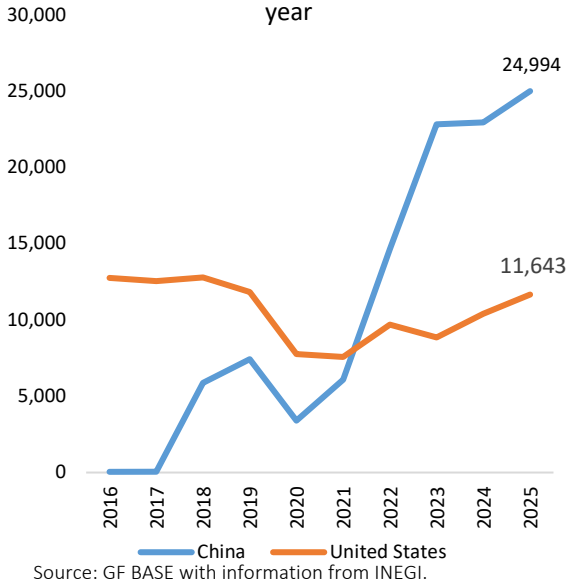
Source: GF BASE with information from INEGI.

Imported vs. domestic light vehicle sales

In March, 63.02% of sales in Mexico were of imported automobiles with 80,261 units. Sales of domestic vehicles accounted for 36.98% of total sales.

In the same month, 24,994 vehicles imported from China were sold, showing a growth of 8.96% 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 Chinese cars lead imported vehicle sales in the country since October 2021. Sales of imported vehicles from China for the month of March represented 19.62% of total sales of light vehicles in Mexico and 58.68% of total sales of imported vehicles. In the same period, the United States accounted for 9.14% of total sales and Brazil for 7.62%.

Figure 6. Imported vehicles from China and the United States, March of each year



Source: GF BASE with information from INEGI.

Domestic sales of hybrid and/or electric vehicles

Domestic sales of hybrid and/or electric vehicles are not considered in the light car sales statistics, i.e., they are accounted for independently. In March 2025, hybrid vehicle sales stood at 10,570 units, reaching an all-time high for this month and increasing 42.86% compared to the same month in 2024. On the other hand, sales of electric vehicles reached 1,655 units, falling 27.44% year-over-year.

Automotive industry tariffs

Trump imposed a 25% tariff on imports of cars, light trucks and auto parts produced outside the United States, which went into effect on April 3. The tariffs were applied to 41 different items. For Mexico, these included items comprise 39.33% of Mexican exports to the United States and 32.65% of total exports.

According to the tariff list published by the White House, 170 products related to the automotive industry were included, among which 17 subheadings correspond to vehicles and heavy trucks (classified under headings 8703 and 8704). In 2024, these 17 subheadings accounted for 15.55% of total U.S. imports from Mexico, 89.00% of which were made under the USMCA. In contrast, for Canada, these 17 subheadings accounted for 7.85% of total U.S. imports from Canada in 2024, with 97.90% compliance with the USMCA.

Of the total imports by the United States in 2024 of products from Mexico that were subject to the automotive tariff, 23.81% corresponds to finished vehicles (heading 8703). Viewed from another angle, 95.24% of what is imported under heading 8703 in 2024 now has the automotive tariff. Trump announced that U.S.-origin content will be exempt, which according to the Mexican Automotive Industry Association (AMIA) is 40% of each car on average, which would imply that the net tariff (60% of the car with the 25% tariff) would be 15%. Given that there are parts of the cars that cross the border several times, it was announced that all regional content will be temporarily exempted, which according to the USMCA must be 75% for the automotive sector, so the net tariff applicable is temporarily 6.25% (25% of the car with a 25% tariff).

On March 4, the United States imposed a 25% tariff on all imports from Mexico and Canada under the International Emergency Economic Powers Act (IEEPA) to combat the illegal flow of drugs and undocumented migrants. On March 6, a tariff exemption was announced for imports under the USMCA.

On March 12, tariffs on steel, aluminum and manufactured goods went into effect. These tariffs apply in addition to those that went into effect on March 4, so that goods exported from Mexico to the United States of steel, aluminum and their manufactures, outside of the USMCA, are now subject to a net tariff of 56.25%.

Finally, on April 2, Trump announced the so-called reciprocal tariffs, which consist of a general rate of 10% for all countries and higher tariff rates for a list of 57 countries. Mexico and Canada were not included in the list of reciprocal tariffs and instead, Trump's executive order stated that the 25% tariff that went into effect on March 4 remains in place, with exports that comply with the USMCA being exempt.

The automotive industry is key to the Mexican economy. In 2024, according to USA Trade data, the value of U.S. passenger car imports from Mexico alone was US$49.744 billion (about 2.7% of Mexico's GDP). That same year, Mexico exported 2,771,287 light vehicles to the United States, according to data from INEGI's automotive registry. Exports were mainly of the following brands: General Motors (25.68%), Ford Motor (12.93%), Nissan (11.79%), Chrysler (11.34%), Volkswagen (8.34%), Toyota (8.22%), Honda (7.63%), KIA (6.03%), Mazda (4.06%) and Audi (2.02%). Together, these brands accounted for 98.04% of new car exports to the United States.

Due to uncertainty over tariffs, Stellantis decided to temporarily suspend production at two of its seven plants located in Mexico. The Toluca assembly plant, where the Jeep Compass is manufactured and more than 2,500 workers are employed, began a pause in operations on April 4, which will last until May 4. The Saltillo Van assembly plant, where the Ram ProMaster is produced with more than 1,800 workers, began a break in operations on March 31 and will continue until April 13.

Considering only Jeep Compass data (Ram ProMaster data is not available), 10,768 units were produced in April 2024, of which 82.77% (8,913 vehicles) were exported. This production in the month represented 8.55% of the annual total produced for that vehicle, while exports for that month represented 7.20% of the annual total. Assuming similar figures for 2025, the one-month suspension implies a drop of approximately 8.55% in production and 7.20% in exports of this model. For Stellantis (according to the models available from INEGI), this would translate into a 4.28% drop in production and a 2.52% drop in annual exports. Likewise, at the Mexican automotive industry level, Stellantis' April pause would mean a 0.27% drop in production and a 0.25% drop in exports of light vehicles.

Finally, Stellantis announced the interruption of operations at its plant in Windsor, Canada, for a period of two weeks, resuming activities on April 21. This decision has resulted in the temporary layoff of 900 workers at five U.S. facilities responsible for supplying parts to the affected plants. This makes it evident that, given the linkages in the supply chains, imposing the tariff in the United States affects production in Canada and Mexico, which in turn has an indirect impact on U.S. employment.

USMCA compliance

Mexican and Canadian companies have the option of exporting to the United States using either the USMCA or the most-favored-nation principle. With the USMCA, companies have to comply with rules determined depending on the industry, while, when exporting using the most-favored-nation principle, companies pay the best tariff rate that the United States has granted to any country with which it does not have a trade agreement. In 2024, only 48.85% of the products that the United States purchased from Mexico were imported under the USMCA. Of the total products imported from Mexico under the USMCA, 45.17% was accounted for by Chapter 87 (vehicles).

According to USA Trade data, in 2024 the United States imported US$136,589.78 million in vehicles from Mexico (Chapter 87), accounting for 27.00% of total imports from Mexico. Of these vehicle imports from Mexico, 81.72% were imported under the USMCA. In February 2025 (latest available data), the USMCA compliance rate for chapter 87 was 79.01%, when US$9,955.02 million was imported.

In 2024, among the chapters comprising the automotive industry, the one with the highest compliance is vehicles for transporting goods with 99.56% exported from Mexico to the United States under the USMCA, while the one with the lowest proportion is trailers and semi-trailers for any vehicle with 7.84% of total exports (see Table 1).

Table 1. USMCA compliance with Chapter 87 in 2024.

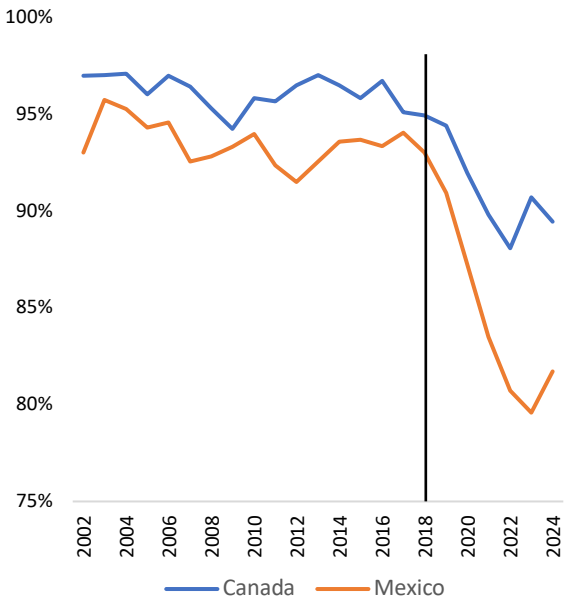
Product	USMCA compliance	Share of chapter 87
87 Vehicles, except railway or tramway, and their parts, etc.	81.72%	100.00%
8701 Tractors (except work vehicles of heading 8709)	97.24%	7.16%
8702 Motor vehicles for transporting more than ten persons	96.92%	0.08%
8703 Passenger cars and other vehicles mainly for transporting people	82.47%	36.42%
8704 Motor vehicles for the transport of goods	99.56%	27.20%
8707 Bodies (including cabs), for the motor vehicles of headings 8701 to 8705	34.75%	0.31%
8708 Parts and accessories for motor vehicles (of headings 8701 to 8705)	65.24%	26.48%
8709 Self-propelled works trucks, not fitted with lifting equipment; static tractors; parts	0.00%	0.06%
8711 Motorcycles (including mopeds) and bicycles with auxiliary motor	68.39%	0.01%
8713 Wheelchairs for persons with disabilities, whether or not motorized	0.00%	0.04%
8714 Parts and accessories for bicycles and wheelchairs	1.24%	0.05%
8716 Trailers, semi-trailers and other non-self-propelled vehicles; and their parts	7.84%	2.18%

Source: GF BASE with information from USA TRADE

It is important to note that, as of 2018, the year in which the USMCA was signed, the share of imports within the treaty, from the United States from Mexico and Canada, decreased significantly (Figure 7). This is due to two reasons: 1) companies positioned themselves within the transition regime and 2) the USMCA criteria became more complicated to comply with compared to NAFTA (such as the increase in regional content value and the implementation of labor content value), so Mexican companies saw that it was more convenient to export under the most favored nation principle. According to the World Trade Organization, prior to the entry into force of the 25% tariff, the products that the United States purchased from Mexico using the most favored nation principle were imported at an average tariff of 3.3% for non-agricultural products and 4.2% for agricultural products. These reduced tariffs could have generated incentives contrary to the objective of the agreement, since in certain cases it was more costly for companies to comply with the requirements established by the USMCA than to export under the most-favored-nation scheme.

It should be noted that the rules of origin establish specific criteria for the automotive sector, including the requirement that at least 75% of a vehicle's content must be of regional origin in order to be exported duty-free, which represents a significant increase over the 62.5% required under NAFTA. It also establishes that the value of the labor content must be at least US$16 per hour per worker, a rule not included in NAFTA.

Figure 7. U.S. imports of vehicles (Chapter 87) under the USMCA (%)



Source: GF BASE with information from USA Trade

Transitional regime

The transition regime is a mechanism established in the USMCA that allows companies in the automotive sector to gradually comply with the treaty's new rules of origin. Through this regime, vehicle and auto parts producers may request a period of adaptation to reach the required percentages of regional content, as well as the requirements on labor content and materials such as steel and aluminum, with a period of up to five years after the entry into force of the USMCA, which is June 1, 2025. This scheme was designed to facilitate the implementation of the USMCA in an industry with complex and interconnected value chains. To do so, companies must formally apply to join the scheme and submit a detailed plan of how they will comply with the requirements at the end of the period. Without this registration, companies cannot access the benefits of the transition regime, which allows them to be considered as originating even without fully complying with the rules of origin during the adaptation period. In the rules of origin, the transition regime highlights that:

1. The regional content value of vehicles may start at 62.5% and must be progressively increased to 75% by the end of the transition period. This value must be calculated under the net cost method, and the increase schedule is agreed between the government and the companies requesting the regime.
2. At least 70% of the steel and aluminum used in the production of a vehicle must originate in the region. In the transition regime, there is the possibility of making agreements or adjustments as long as the corresponding authorization is complied with.
3. It is required that 40% (in passenger vehicles) or 45% (in cargo vehicles) of the value of the vehicle must be produced by workers earning at least US$16 per hour. In the transitional regime, this percentage may be reduced by up to 5 percentage points from the general standard, if so established in the individual agreement with the commercial authority.
   Critical auto parts (such as engines, transmissions, batteries, etc.) have tiered regional content value requirements. For example, in some categories, you can start with 62.5% or 66% compliance and reach 75% or more by the end of the regime.

Although there is no public list that allows us to know which companies are currently under this regime, it can be intuited that it has been an important resource to facilitate the adaptation of automotive companies to the new rules. Likewise, the fact that more than half of Mexican exports in the sector are made under the most favored nation scheme reflects that for many companies it was convenient, until before the tariffs, to operate outside the treaty, rather than assume the costs of complying with its stricter requirements, something that Trump seems to seek to avoid.

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