

June 2026

AMERICAN AUTOMOTIVE AFFORDABILITY:

An Analysis of Affordable Vehicles in
the U.S. Market, and How Tariffs and
the USMCA Review Could Put Them at
Risk



KEY TAKEAWAYS

U.S. consumers have many choices when buying an affordable vehicle. The industry offered more than 70 models with affordable options across 17 different brands.

More than five million affordable vehicles (defined as an MSRP with \$35,000 or less) were sold in the U.S. last year, 38% of all non-luxury vehicle sales. International automakers accounted for 76% (four million) of these affordable vehicle sales.

More affordable vehicles were produced in the U.S. than imported from any country, totaling 31% of all affordable vehicles sales. Canada, Mexico, and the U.S. collectively made more than two-thirds of affordable vehicles sold in the U.S. last year.

POLICY CONSIDERATIONS

Section 232 tariffs on vehicles, parts, and materials increase costs for automakers and make it difficult for them to reduce prices and bring more affordable options to the U.S.

The ambiguity over the future of USMCA and curtailing of duty-free treatment for compliant vehicles and parts seriously threaten the affordable vehicle market.

USMCA allows automakers to achieve massive scales of production and fully integrated supply chains close to home, which helps automakers reduce costs and compete against non-market economies.

INTRODUCTION

For millions of Americans, access to affordable personal transportation is not merely a convenience, but an economic necessity, allowing them to maintain employment, take their children to school, access medical care, and manage everyday responsibilities. Vehicle ownership is essential for the majority of Americans, with more than 86% of U.S. households owning at least one automobile: a higher rate than households who hold retirement accounts (54%) or own a home (66%).¹ Fortunately, new car buyers are able to access many affordable options in the U.S. market, with more than five million affordable new vehicles sold in 2025.

However, recent concerning trends have shown vehicle affordability is waning in the U.S. market. Over the last five years, average transaction prices for new vehicles have increased by over 20%, crossing \$50,000 for the first time ever in September 2025.² While some of this increase is reflective of consumer preferences for larger, more expensive vehicles such as pickup trucks and SUVs, there are indications that the tariffs the auto industry has faced since 2025 are increasing the cost of vehicle ownership.

When vehicle costs become unaffordable, it is felt on a national scale, and trade policies that unnecessarily add additional costs to produce and sell vehicles in the U.S. only exacerbate the problem. Automakers are manufacturing and selling affordable vehicles in America, but trade uncertainty makes it difficult to maintain current pricing and nearly impossible to lower costs. For the auto industry to be able to continue offering affordable vehicles to U.S. consumers, it must be governed by stable trade policies, including a trilateral North American trade agreement.



¹ Federal Reserve Bank, 2022 Survey of Consumer Finances.

² Average New Vehicle Transaction Price Reports, Kelly Blue Book. Reports for January 2021, September 2025, and January 2026 utilized.

About Autos Drive America:

Autos Drive America is the trade association representing international automakers with operations in the United States. Its 12 automotive member companies—BMW, Honda, Hyundai, Kia, Mazda, Mercedes-Benz, Mitsubishi, Nissan, Subaru, Toyota, Volkswagen and Volvo—collectively employ 162,000 Americans and produced 4.9 million vehicles in the United States in 2024.³ Autos Drive America’s members are the leading auto producers in the United States, having out-produced the Detroit-3 for the past three consecutive years. Autos Drive America supports trade policies that open trade and investment in the automotive sector, expand employment opportunities for American workers, and preserve choice for American consumers.

Source and Methodology:

With the goal of gaining insight into the state of affordability in the U.S. new vehicle market, Autos Drive America analyzed data detailing CY2025 U.S. new light vehicle registration data purchased from S&P Global, a leading provider of automotive intelligence data. This data contained monthly new vehicle registrations by state, make, model, trim level, WMI, powertrain, and manufacturer suggested retail price (MSRP). Autos Drive America used this as the primary dataset for conducting its analysis into affordable vehicle sales, availability, and country of production.

All the data referenced in this report is related to the CY2025 U.S. new vehicle market onlyⁱⁱ; the used vehicle market was not considered in this analysis.⁴



HONDA



KIA



NISSAN
GROUP OF THE AMERICAS



TOYOTA



V O L V O

³ [International Automakers and Dealers in America, Economic Impact Report 2025](#). Autos Drive America and AIADA.

⁴ The terms “sales” and “registrations” are used interchangeably in this paper and refer to the same dataset.

AFFORDABLE VEHICLE SALES VOLUMES:

Defining "Affordable":

For purposes of this paper, Autos Drive America chose to define affordability as any vehicle with a Manufacturer's Suggested Retail Price (MSRP) of \$35,000 or less.⁵

Autos Drive America's analysis utilizes vehicle MSRPs rather than Average Transaction Price (ATP). ATP fluctuates due to supply, demand, Original Equipment Manufacturer (OEM) incentives, and regional factors, while the vehicle's MSRP remains static for a specific model year, thus providing consistent data throughout the year. Additionally, conducting this analysis based on MSRP eliminates the need to differentiate between purchased and leased vehicle registrations, as the vehicle's underlying MSRP does not change regardless of how the consumer acquires the vehicle. Therefore, while individual consumer prices may be different, MSRP provides a more solid, consistent metric with which to assess affordability on a mass scale.ⁱⁱⁱ

Edmunds.com, which tracks vehicle values and industry trends, recommends that a new vehicle payment should not exceed 15% of monthly post-tax income.⁶ Average weekly earnings for private sector workers in 2025 was \$1,248.86, approximately \$65,000 a year pre-tax.⁷ Using this weekly income figure, 15% of approximate monthly post-tax earnings results in \$650 as a reasonable monthly budget estimate^{iv} for a new vehicle payment based on post-tax income level.⁸

Autos Drive America calculated financing a vehicle with an MSRP of \$35,000, **plus typical dealer fees**, at prime+ rates (6.56% APR), with a term of 60 months and at least \$2,800 as a down payment (~8% of MSRP, or alternatively, putting \$0 down and extending the loan to 72 months), would keep monthly loan payments at or below the estimated monthly budget.⁹ These loan terms would result in a monthly payment of around \$631, but could change depending on state and local sales taxes, registration fees, value of any trade-in vehicle, and manufacturer incentives.



⁵ All references in this paper to "price" or "priced" are referring to the vehicle's MSRP, not the average transaction price.

⁶ Bret T. Evans, "How Much Car Can I Afford?" Cars.com, August 13, 2025

⁷ Bureau of Labor Statistics, Current Employment Statistics, Average Weekly Earnings for Private Sector Workers, Annual Average, CY2025.

⁸ Tax payment calculated based on single filer using a national average for state and local tax withholdings.

⁹ Terms based on Experian's "Automotive's State of the Automotive Finance Market, Q3 2025." Report also showed that 86% of buyers financing a new vehicle have a credit score rated prime+.

Dataset Narrowed to Focus on Non-Luxury Vehicle Sales:

In 2025, U.S. new vehicle registrations totaled more than 16.1 million. Removing luxury vehicle sales volumes, as well as custom productions, provided a dataset of 13.95 million sales across twenty vehicle brands, accounting for 86% of total new vehicle registrations.^v The weighted average MSRP for non-luxury (NL) sales was \$41,850 and the median MSRP was \$40,000.

The NL brands included in the dataset are listed below, with the parent company in parentheses for companies with multiple brands:

• Buick (GM)	• Honda	• Nissan
• Chevrolet (GM)	• Hyundai	• Ram (Stellantis)
• Chrysler (Stellantis)	• Jeep (Stellantis)	• Subaru
• Dodge (Stellantis)	• Kia	• Tesla
• Fiat (Stellantis)	• Mazda	• Toyota
• Ford	• MINI (BMW Group)	• Volkswagen
• GMC (GM)	• Mitsubishi	

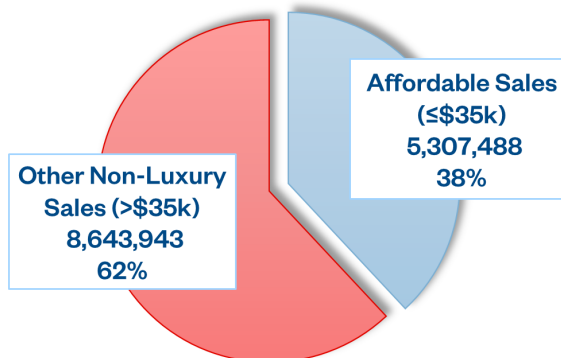
Over Five Million Affordable Vehicles were Sold in 2025, Nearly 40% of all Non-Luxury Sales:

Seventeen of the twenty brands listed above sold affordable vehicles last year.¹⁰ In total, 5.3 million affordable vehicles were sold in the U.S. in 2025, about 38% of the 13.95 million NL sales (see Figure 1) and more than twice the number of luxury vehicles sold. The weighted average MSRP of these 5.3 million affordable vehicles was \$28,750 and the median MSRP was \$29,250.

Toyota, General Motors (GM), Honda, Nissan, and Kia led in affordable vehicle sales volumes (Figure 2). For GM and Toyota to be the two leading sellers of affordable vehicles is in line with the overall market, as those companies are number one and two in terms of total U.S. market share (all vehicle sales, not just affordable).

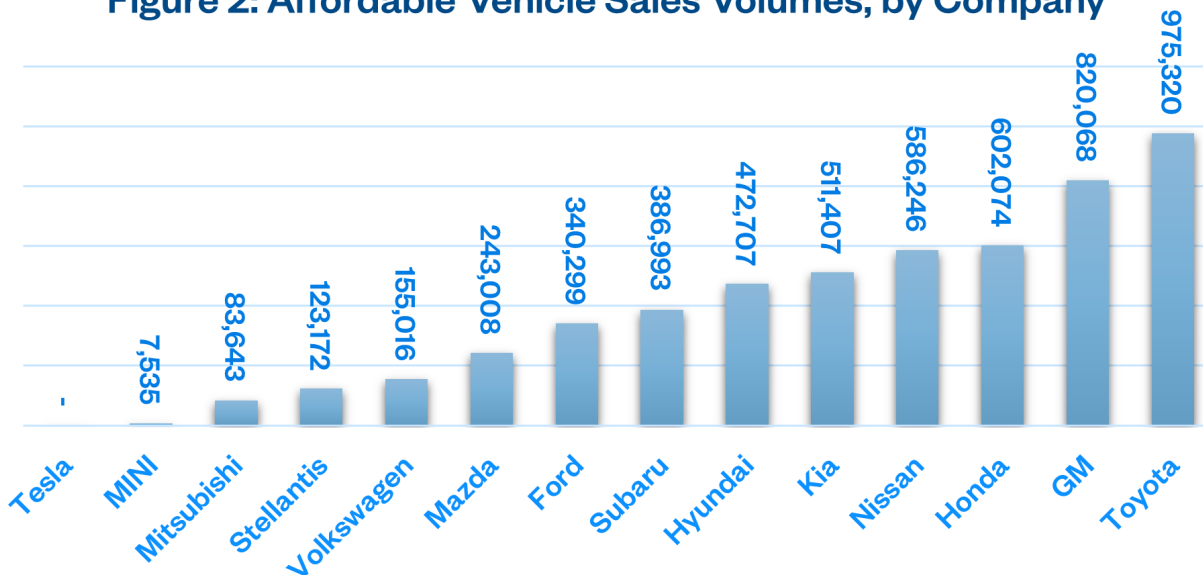
However, this is not an overall trend for other automakers. Ford and Stellantis, which are both in the top five by overall market share, ranked eighth and eleventh in affordable sales volume respectively. Kia and Nissan, despite being ranked seventh and eighth for total volume, are fourth and fifth in affordable vehicle market share.

Figure 1: Affordable Vehicles Accounted for 38% of the 13.95m Non-Luxury Sales



¹⁰Chrysler, Ram, and Tesla were the only non-luxury brands without notable affordable vehicle sales volumes in 2025 according to the dataset.

Figure 2: Affordable Vehicle Sales Volumes, by Company

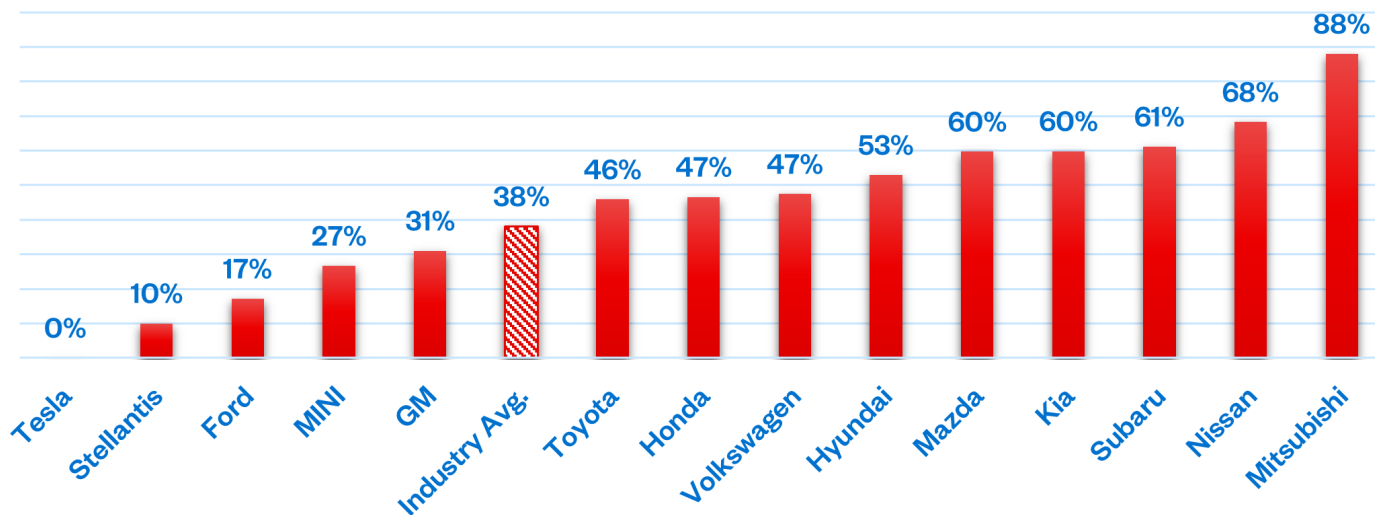


Affordable Vehicles Were Majority of Non-Luxury Sales for Some Companies:

For six auto manufacturers, affordable vehicle sales made up a majority of their U.S. NL sales, and most exceed the overall industry average. Figure 3 lays out affordable vehicle sales as a percentage of each company’s overall U.S. NL sales. Mitsubishi is the clear leader with 88% of the company’s total NL sales being affordable vehicles.

More than 50% of total U.S. NL sales by Nissan, Subaru, Kia, Mazda, and Hyundai were affordable vehicles. Collectively, these six companies represent 43% of all affordable vehicle sales (2.3 of 5.3 million), while only accounting for 27% of 2025’s 13.95 million total NL sales (3.75m).

Figure 3: Affordable Vehicles as Percent of Total NL Sales, by Company



Volkswagen, Honda, and Toyota make up the final three companies above the 38% industry average. Affordable vehicles comprise less than 50% of these three automakers' NL sales. However, their affordable vehicles are a significant contributor to their overall sales volumes. Collectively, these three companies accounted for 32% of all affordable vehicle sales (1.7m) and 27% of the overall NL sales (3.74m).

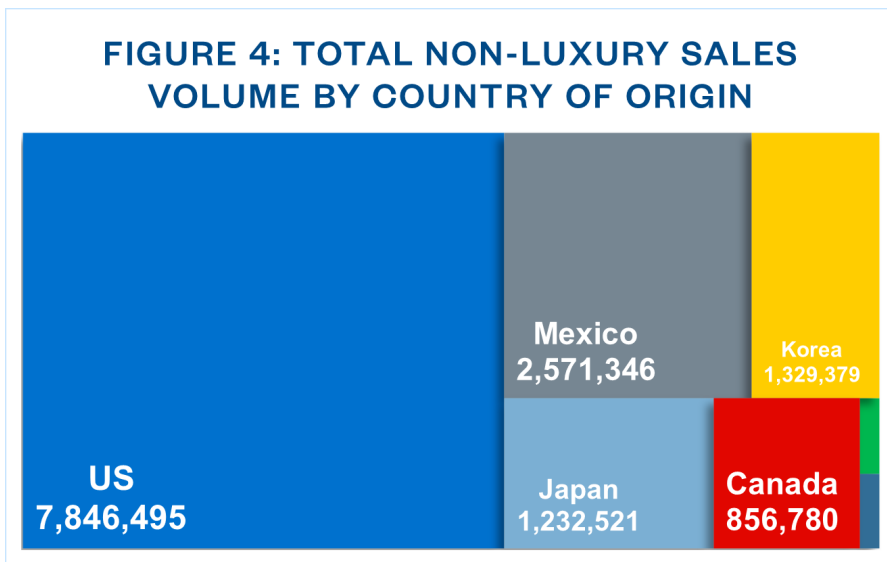
GM, MINI, Ford, Stellantis, and Tesla are the companies below the industry average, with affordable vehicles making up 31% or less of each company's NL sales. Stellantis had the lowest affordability percentage of any major legacy automaker at 10%. Collectively, these five companies account for 24% of all affordable vehicle sales (1.3m), and 46% of total NL sales (6.4m). The high overall market share of Ford, GM, and Stellantis, coupled with their proportionately lower affordable vehicle sales, drags the industry average down as a whole.

Overall, Autos Drive America's member companies accounted for 4 million (76%) of the 5.3 million affordable vehicles sold in the U.S. in 2025. Additionally, more than half of international automakers' NL sales last year were affordable vehicles, 53% collectively.

WHERE AFFORDABLE VEHICLES WERE PRODUCED:

The U.S. auto industry manufactures an average of ten to eleven million vehicles annually across more than 50 production facilities. Most of this production is sold domestically, with between 15% to 20% being exported to international markets.

Around 56% of all NL sales were U.S.-produced vehicles, totaling 7.84 million (see Figure 4). North American production as a whole accounted for 81% of all U.S. new NL sales.^{vi}



Domestic Production is America's Largest Source of Affordable Vehicles:

As seen in Figure 5, 31% (1.66m) of affordable vehicles sold last year were assembled in the U.S., making America the largest individual source of affordable vehicles for its domestic market. Sixty-eight percent of affordable vehicles were made in North America, benefiting from preferential trade under USMCA and a fully integrated manufacturing base, which allows automakers to achieve the scales of production needed to profitably produce lower cost vehicles.

Mexico is America’s second-largest single source for affordable vehicles, accounting for 28% (1.51m) of sales. Korea and Japan account for a cumulative 32% (1.65m), and Canadian vehicles make up less than 10% of sales. Less than 1% of affordable vehicles are imported from Europe and other sources (30,600).

Companies Vary in U.S.-Produced Affordable Vehicle Sales:

Autos Drive America’s members accounted for 1.46 million of the 1.66 million U.S.-produced affordable vehicles sold in 2025 (88%), and three-quarters of all North American-made affordable vehicles.

Japanese automakers accounted for 100% of affordable vehicles sourced from Japan. Hyundai and Kia imported 57% of all affordable vehicles from South Korea. GM accounts for the other 43% of affordable vehicle imports from Korea, which make up over half of the company’s 820,000 affordable vehicles sold in the U.S. in 2025.

Toyota and Subaru take the top two spots for the highest number of affordable vehicles assembled in the U.S. as a share of total affordable vehicle sales (53% and 44%, Figure 6). Toyota is the only company with more than 50% U.S.-produced affordable vehicle sales, the company’s other affordable vehicles were imported from Canada and Japan (see Figure 7).

Nissan and Ford tied for third at north of 40% U.S.-made (Figure 6), with Mexico making up the remainder of their affordable vehicle sourcing. Honda, which has one of the

highest U.S.-made/U.S.-sold percentages of any automaker (for total U.S. sales, including luxury vehicles), is at 35%, selling affordable vehicles produced in Canada and the U.S. at similar volumes, with vehicles produced in Mexico at 25% and Japan at 2% (see Figure 7). Thirty percent of Hyundai’s affordable vehicle sales were from their U.S. plant in Montgomery, AL, with the remainder coming primarily from South Korea.

Figure 5: Volume of Affordable Vehicle Sales, by Origin

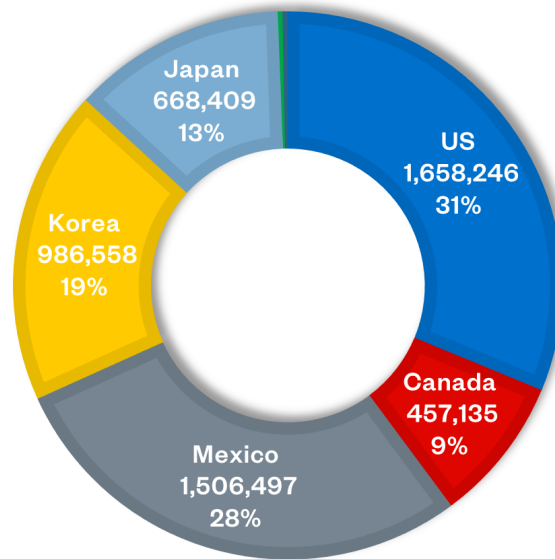
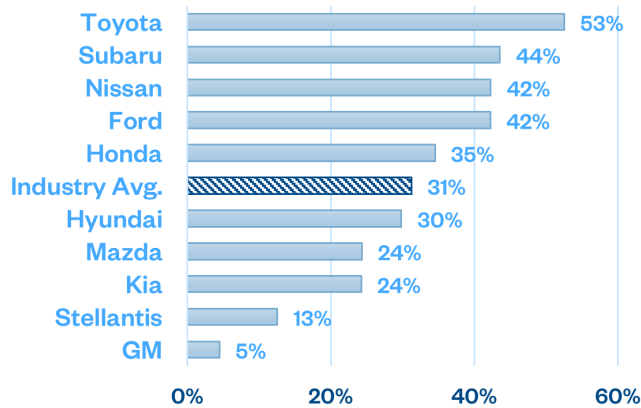
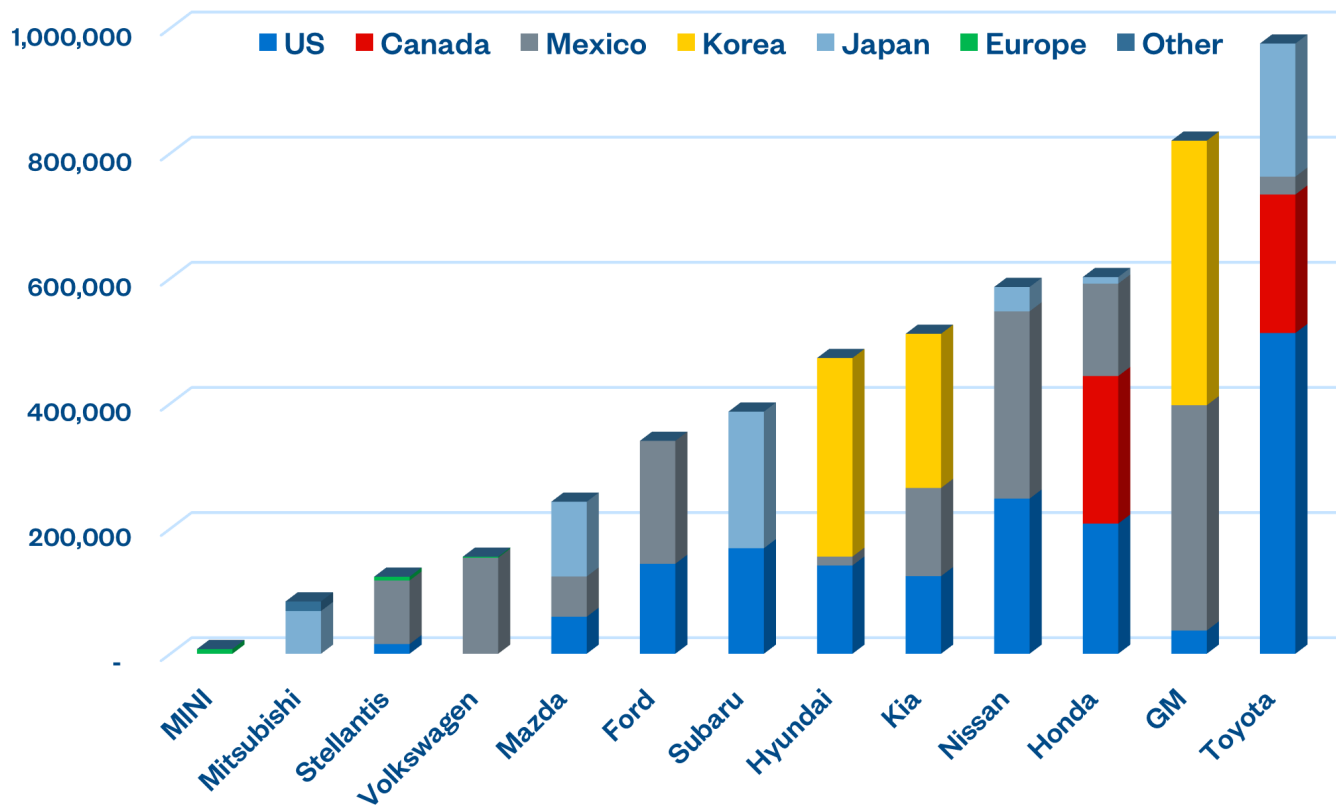


Figure 6: Percent U.S. Sourcing of Total Affordable Vehicle Sales, by Company



Mazda and Kia sold affordable vehicles from the U.S. and Mexico at relatively even rates, around 24% from each, with imports from Japan and South Korea being those company’s main sources of affordable vehicles, respectively. Stellantis and GM bring up the rear at 13% and 5%. More than half of GM’s affordable vehicles were sourced from South Korea (51%), with Mexico accounting for the bulk of the remainder. Stellantis sourced over 80% of their affordable vehicles from Mexico. MINI, Mitsubishi, and Volkswagen sourced none of their affordable vehicles from the U.S., despite Volkswagen currently having a U.S. manufacturing presence.

Figure 7: Origin of Affordable Vehicles by Company and Country



U.S. Production is Focused on Segments with Fewer Affordable Vehicles:

The U.S.-made share of affordable vehicles is lower than what it is for overall NL sales (see Figures 4 and 5), and much of this is due to which vehicles are prioritized for production in the U.S. by automakers. The automotive industry is one that prefers to build vehicles in the same country or region as they are sold. As U.S. consumers have shifted their preferences towards larger vehicles over the past twenty-plus years, U.S. production has pivoted towards those models to meet consumer demand, reducing production of smaller, more affordable vehicles.



Examining 2025 U.S. production data, out of nearly 10 million vehicles produced:¹¹

- ▶ 13% of production (1.27m) were luxury vehicles (all luxury vehicle segments);
- ▶ 25% (2.5m) were pickup trucks;
- ▶ 19% (1.9m) were SUVs, minivans, and full-sized vans;
- ▶ 32% (3.14m) were crossovers; and
- ▶ 12% (1.17m) were passenger cars (sedans).

As outlined in the next section, over 95% (5.1m) of affordable vehicle sales last year were crossovers and passenger cars, but these two market segments only accounted for 42% (4.3m) of U.S. production.

These production choices are reflected in some companies' ability to provide American produced affordable vehicles. For example, only 5% of GM affordable sales were assembled in the U.S. The company's only American affordable sedan, the Chevy Malibu, was removed from its lineup in 2024 (with some remaining inventory selling into 2025). This was one of the company's two U.S.-made affordable options other than the Chevy Colorado, according to the dataset.

Meanwhile, Toyota has not removed sedans from their U.S. production lineup (neither have Honda, Hyundai, Kia, or Nissan). The company has an entire facility in [Blue Springs, Mississippi](#) dedicated to Corolla production. Toyota also has other sedans and affordable crossover production in Kentucky (Camry) and Alabama (Corolla Cross). These three models alone accounted for 92% of Toyota's U.S.-made affordable vehicle sales, and almost half of the company's total affordable sales.

¹¹U.S. Light Vehicle Production by Model, CY2025, Omdia.



WHAT MODEL LINES WERE AFFORDABLE:

The new vehicle registration data utilized for this paper included details on vehicle model, trim level, and drivetrain. With this, Autos Drive America was able to determine which specific model lines made up the affordable vehicle volumes by automaker: essentially, how many different individual affordable options each company offered U.S. consumers in 2025 as part of their model lineups.

Determining Which Model Lines Offered Reasonably Available Affordable Options:

The analysis on model line data was not as straightforward as determining sales volumes or vehicle origin. Model lines have trim levels (base, limited, premium, etc.) and additional options with different MSRP levels, creating an MSRP range for each model line. For example, registration data of Mazda's CX-50, their Alabama-made crossover, showed 25 different MSRP figures, starting at \$28,950 and going up to \$43,300.

Due to this MSRP variance, a model line's affordable registrations as a share of its total registrations became the chosen metric for determining which individual models could be considered affordable. With this method, it is more prudent to look through the lens of whether model lines had reasonably available affordable options rather than being considered completely affordable or not at all. Additionally, this method filtered out model lines that may have a base trim level priced below \$35,000 but with little to no sales of such, preventing an over-count of how many model lines had affordable options.

Going back to the Mazda CX-50 as an example, 59,200 of its 110,600 registrations had a listed MSRP below \$35,000, giving it an affordability percentage of 54%. Therefore, the CX-50 can be considered a model line with reasonably available affordable options. On the opposite end, the Ram Truck (Tradesman Package^{viii}) had 95,700 registrations and only 265 of those were listed with an MSRP of \$35,000 or less, giving it a 0.3% affordability percentage, meaning it did not have reasonably available affordable options. This same calculation was made for any model line that had affordable registrations to establish a list from which further analysis could be done.

For making determinations on which model lines have reasonably available affordable options (“affordable options” going forward), models were analyzed based on the criteria below:

- Models were considered and counted on a make and model basis (e.g. Ford Maverick, Hyundai Tucson, Toyota Corolla, etc.).
 - Multiple trim levels and powertrains for the same model line were not counted as separate models, but rather as part of one model line. For example, the regular gasoline powertrain versus the hybrid powertrain versions of the Honda CR-V: volumes for both were included in overall volumes for the Honda CR-V.
- For individual models to be considered as having affordable options, it must meet or exceed the following two metrics:
 - More than 500 total registrations, regardless of MSRP.
 - At least 5% of the model line’s total registration volume was affordable vehicles.

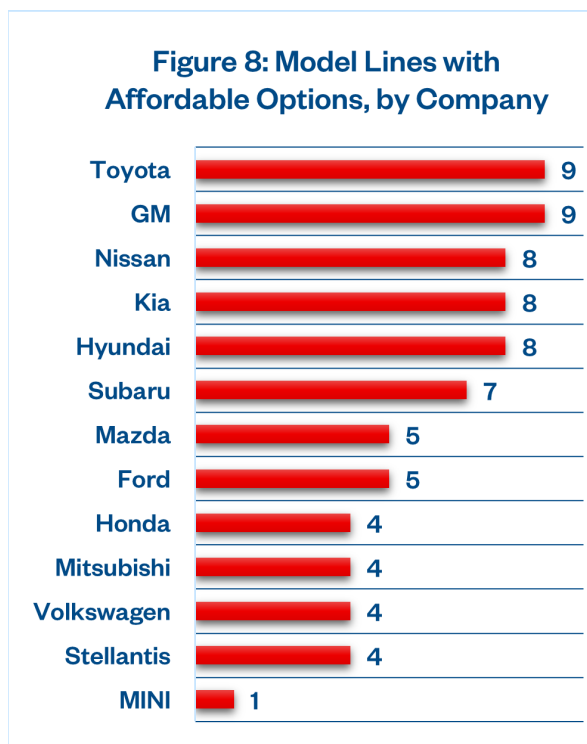
Affordable Model Offerings Spread Amongst Industry:

Overall, there were 76 individual model lines with affordable options (full list in the appendix in Table 1) that made up the 5.3 million affordable vehicle registrations. When compared to the aggregate registrations for these model lines (registration volumes at all MSRP levels for each model), 73% of the collective volume for these model lines were affordable vehicles. The affordability percentage of each individual model line ranged from 6% to 100%.

Most affordable vehicle registrations were model lines with very high affordability percentages. Forty-two of the 76 models had more than 90% of their registration volume priced at \$35,000 or less. These forty-two models collectively accounted for 56% of the 5.3 million affordable vehicle registrations, demonstrating that affordable vehicle sales were not heavily concentrated in just a few model lines.

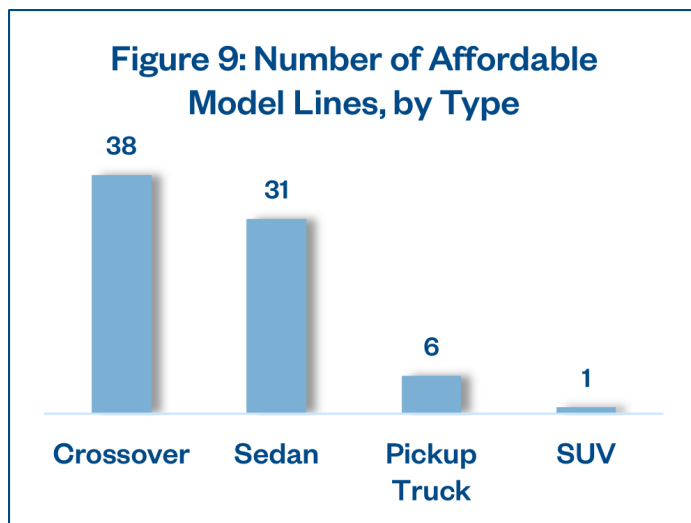
Overall, the affordable model line offerings were relatively spread out among the thirteen companies that provided options (Figure 8).

No single company stood far ahead of the rest. Toyota and GM had the highest number of options at nine each, with Nissan, Kia, and Hyundai each offering eight separate model lines. Nearly all of Subaru’s lineup had affordable options, and Mitsubishi’s entire lineup offered options priced at \$35,000 or less.



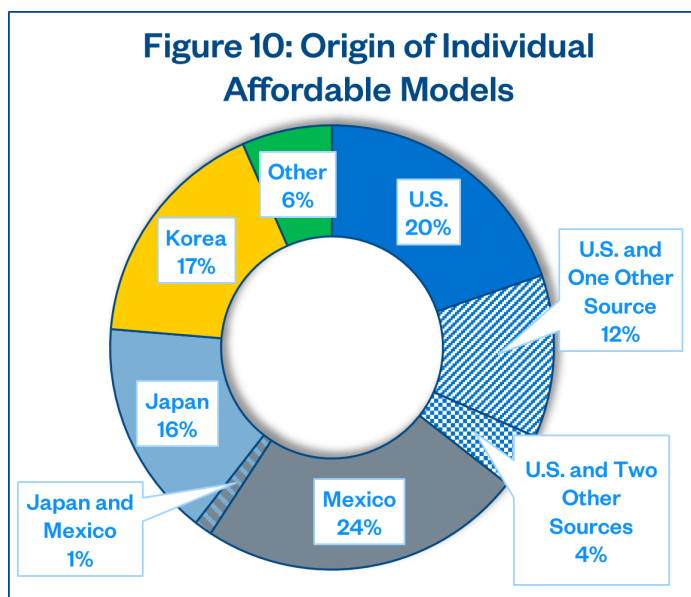
Affordable Models Provide Broad Array of Consumer Choice:

The affordable models on the U.S. market provided consumers with a variety of different vehicle types to choose from. About half of the 76 affordable model lines were crossovers (see Figure 9), varying from small-to medium-sized crossovers, which accounted for 60% of total affordable vehicle registration volumes. Sedans (again, varying in size) amounted to 31 separate model lines and 36% of affordable registration volumes. There were six pickup models and one SUV model (the Jeep Wrangler) that provided options at \$35,000 or less, totaling around 5% of total affordable registrations. Approximately 16% of affordable registrations were electric vehicles (BEV), hybrids (HEV), and plug-in hybrids (PHEV).



Affordable Model Line Sourcing:

As noted in the section outlining where affordable vehicles were produced, the U.S. is the largest source of affordable vehicles for the market, with 68% of all affordable vehicles sold last year manufactured in North America. The distribution of where these affordable models were made tracks with overall sales volume ratios. The U.S. accounts for 27 of the 76 individual models. Fifteen of those were wholly sourced from the U.S. and twelve were sourced from the U.S. as well as one or two other countries (for example, 6 models were sourced from both U.S. and Japanese production facilities). Figure 10 gives a breakout on the origins of these models.



TRADE POLICY CONSIDERATIONS:

The data paints a clear picture: Americans currently have access to a variety of affordable vehicles, which were purchased at significant volumes last year. Even with these options available, automakers continue to consider or plan on adding new sedan models and inexpensive crossovers to their U.S. lineups to meet consumers' needs.¹²

Automakers are working to increase their U.S. production and minimize costs in an effort to lower prices. However, these efforts will not bear fruit so long as the industry is facing ever-higher tariff costs and uncertainty ahead of the upcoming USMCA review.

Recent Tariff Increases Hurt Vehicle Affordability:

The current economic environment in the United States has impeded automakers' ability to reduce prices for the consumer. Section 232 tariffs imposed last year on finished vehicles, auto parts, and primary inputs like steel, aluminum, and copper, have taken a large bite out of the industry's bottom line with industry estimates nearing \$36 billion spent on tariffs in 2025.¹³ These Section 232 tariffs have impacted America's largest automotive trade partners; including Canada, the EU, Japan, Mexico, and South Korea, among others.

As these costs mount, affordable vehicle availability is positioned to suffer most, as lower-cost vehicles return the lowest profit margins of vehicles on the market. Given that only 31% of affordable vehicles are produced fully in the United States (see Figure 5), these trade policies put an undue burden on the automakers who sell affordable vehicles. Even domestically-produced affordable vehicles are not shielded from the damaging impact of tariffs, as the Section 232 tariffs on steel, aluminum, auto parts, and other pieces of the supply chain have significantly increased the costs of vehicle inputs, of between \$1,600 to \$2,000 per domestically made vehicle.¹⁴

The academic literature on the effects of tariffs has become very clear over the last several years; U.S. tariffs are primarily borne by U.S. manufacturers and U.S. consumers.¹⁵ Given that today's tariff rates are higher than they have been in decades, and if rates remain elevated, automakers will be forced to make tough decisions on vehicle pricing and availability in the United States.



¹² John Irwin, "Why automakers are reconsidering sedans after years of crossover dominance," Automotive News, April 19, 2026.

¹³ John Irwin, "Trump tariffs have cost automakers at least \$35 billion since 2025," Automotive News, March 16, 2026

¹⁴ Robert Duffer, "Tariff Costs: New Car Prices Up 10% Since Last Year," Kelly Blue Book, March 30, 2026

¹⁵ Mary Amiti, Stephen J. Redding, and David E. Weinstein, "Who's Paying for the US Tariffs? A Longer-Term Perspective," NBER Working Paper 26610 (2020).

Broad tariffs on finished vehicles and inputs, coupled with market uncertainty, will have a chilling effect on vehicle production plans. Automakers will not invest capital in vehicle production without confidence that their products will sell, leading them to become more risk-averse to potential overproduction as the increased costs due to tariffs raise the potential financial losses from unsold inventory. This decreased production, over time, results in lower new vehicle inventories.

Typically, automakers estimate future sales volumes and produce vehicles to meet next month's or next quarter's estimated demand. This practice typically leads to some overproduction, which is sold at a discount via manufacturer and dealer incentives or rebates. This is done to make room for inventories of the next model year, allowing prudent new vehicle buyers ample opportunity to save money. Healthy vehicle inventories also prevent scarcity-driven price increases, which plagued the market during and after the COVID pandemic.¹⁶

An uncertain trade environment dissuades OEMs from maintaining the inventory size needed to prevent such increases and provide incentives and discounts to consumers. The U.S. market has begun showing warning signs of these cost increases occurring. In March 2026, it was reported that new vehicle inventory levels had fallen for twelve months straight, every month since tariffs were announced.¹⁷



¹⁶ Jane Ulitskaya, "Inventory Shortage Update: Should You Wait to Buy a Car?" Cars.com, January 13, 2022,

¹⁷ Adam Ragozzino, "US Light Vehicle Inventory Fell for the 12th Month in a Row Year-Over-Year in March," Omdia, April 2, 2026



United States - Canada - Mexico Agreement is Vital to Maintaining Affordability in U.S. Market:

As seen in the section on affordable vehicle origin, 68% of affordable vehicles sold in the U.S. market last year were made in North America. While the U.S. was the largest source of those vehicles, Canada and Mexico were critical sources of affordable vehicles, totaling nearly two million between the two countries. Many of those vehicles contain a significant percentage of U.S.-made parts, made possible by the large scales of production the industry achieves under a trilateral United States-Mexico-Canada Agreement (USMCA). For example, Honda and Toyota produce millions of engines in the U.S., which they use in many Canadian and Mexican-made vehicles, including affordable models such as the Mexican-made Honda HRV.

During the first Trump Administration, USMCA, a replacement for the region's 1994 NAFTA, was negotiated. The new agreement set forth some of the strictest rules of origin (ROO) the automotive industry ever included in a trade agreement, aiming to incentivize North American manufacturing and higher wages. Key provisions include a Regional Value Content (RVC) threshold that requires 75% of the value of a vehicle's components to be sourced within the three countries to qualify for duty-free status. Additionally, the agreement introduced a novel Labor Value Content (LVC) rule, mandating that 40–45% of a vehicle's value must be produced by workers earning at least \$16 USD per hour. To further solidify regional supply chains, automakers must also certify that at least 70% of their steel and aluminum purchases originate in North America and must be melted and poured in the region starting in 2027.

The industry began investing heavily in North America shortly after the agreement was signed in November 2018 in order to meet the agreement's new content standards. Between 2019 and 2025, the industry invested over \$380 billion in North America, with more than 75% of that going into production and operations located in the U.S.¹⁸

¹⁸ Center for Automotive Research (CAR), Book of Deals; 2019, 2020, 2023, and 2024.

The agreement stipulated a mandatory 2026 joint review. As the review approaches, it is essential that policymakers give the agreement's new rules time to work as automakers bring new investments online, cycle through discontinued models, and make new sourcing decisions that are in line with the agreement's rules. Automakers plan new models, choose suppliers and sign contracts sometimes as far as 5-7 years ahead of new production. Because the new USMCA rules were only established six years ago and have only been fully implemented for under one year, the full picture of how the USMCA has benefited the United States automotive industry does not yet exist.

Should the USMCA review result in even stricter ROOs, automakers will again be faced with spending tens of billions more to reach new compliance levels, which may not even result in duty-free treatment. Currently, vehicles imported from Mexico and Canada face a 25% Section 232 tariff rate with a carveout for U.S. content, resulting in effective tariff rates dependent on the model line and the value of the U.S. content in the vehicle.

The USMCA keeps the U.S. automotive industry competitive on the global stage, combining the market strength of North America, utilizing the comparative advantages of each country and maintaining the flow of vehicles that meet the American consumer's needs across all economic conditions.

Chinese-Made Vehicles Are Not the Answer:

Some have proposed opening the U.S. market to [Chinese-made vehicles](#) as a remedy to the affordability issue. While this may increase the number of affordable options for American consumers, allowing Chinese OEMs access to the U.S. market would be a grave mistake. There are significant national security and economic concerns regarding China's industrial practices ranging from intellectual property theft and unfair subsidization to outright espionage via Chinese-made tech products. As this paper has laid out, USMCA provides automakers with large scales of production and integrated supply chains. These are key factors in how the industry can produce affordable vehicles at scale and compete in the global market against unfair economic practices.

Allowing Chinese automakers to build production facilities in the U.S. or North America would not solve this issue either, as seen in the alleged human rights abuses by Chinese OEMs in Brazil and Hungary.¹⁹ Fortunately, the U.S. has addressed this issue with the Department of Commerce's Information and Communications Technology and Services (ICTS) rule, a very capable measure finalized in 2024 that prevents Chinese auto companies from breaking into the U.S. market.

Threats to Affordable Vehicles also Endanger American Jobs:

Around one million Americans are employed in automotive manufacturing: not only in direct production of vehicles and parts, but in, research and development, logistics, finance, corporate operations, and more. Additionally, over three million people work at U.S. dealerships and repair shops. An unpredictable trade environment has the potential to do far more than threaten the availability of affordable vehicles; it could create a ripple effect that would impact jobs in sales, production, and an entire economic ecosystem.

¹⁹ Fabio Teixeira, "Brazil puts China's BYD on list of shame for workers' past slavery-like conditions," Reuters, April 6, 2026 & Janyce McGregor, "EV giant BYD accused of forced labour violations at European factory," CBC, April 8, 2026.



CONCLUSION:

While rising average transaction prices for new vehicles have fueled concerns of an affordability crisis in the U.S. automotive market, the data in this paper shows a starkly different market reality. Significant volumes of affordable vehicle options, across a wide spectrum of different brands and segments, remain available for American consumers.

The conversation must now shift to how to ensure automakers can continue to provide affordable options for American consumers. The automotive industry's success hinges upon a stable and reliable trade landscape, and disruptive trade policies and escalating tariff costs are actively undermining the industry's ability to offer consumers the vehicles that fit their needs, lifestyles, and, most importantly, their budgets. When coupled with USMCA's uncertain future, subject to the upcoming review, these factors could deliver a decisive blow to the affordable vehicle market, adding undue strain upon millions of Americans and the transportation access they rely on.

APPENDIX

Table 1 – Model Lines with Affordable Options

Make and Model	Type	Percent of Registrations, ≤\$35,000
BUICK ENCORE GX	Crossover	100%
BUICK ENVISTA	Crossover	100%
CHEVROLET BLAZER	Crossover	6%
CHEVROLET COLORADO	Pickup Truck	24%
CHEVROLET EQUINOX	Crossover	89%
CHEVROLET MALIBU	Middle Sedan	100%
CHEVROLET TRAIL BLAZER	Crossover	100%
CHEVROLET TRAX	Crossover	100%
DODGE HORNET	Crossover	91%
FIAT 500	Small Sedan	100%
FORD RANGER	Pickup Truck	11%
FORD MUSTANG	Middle Sedan	32%
FORD BRONCO SPORT	Crossover	60%
FORD MAVERICK	Pickup Truck	80%
FORD ESCAPE	Crossover	91%
GMC TERRAIN	Crossover	81%
HONDA CR-V	Crossover	27%
HONDA ACCORD	Middle Sedan	78%
HONDA CIVIC	Small Sedan	100%
HONDA HR-V	Crossover	100%
HYUNDAI SANTA FE	Crossover	6%
HYUNDAI SANTA CRUZ	Pickup Truck	64%
HYUNDAI TUCSON	Crossover	64%
HYUNDAI SONATA	Middle Sedan	93%
HYUNDAI ELANTRA SEDAN N	Small Sedan	95%
HYUNDAI KONA	Small Sedan	96%
HYUNDAI ELANTRA SEDAN	Small Sedan	100%
HYUNDAI VENUE	Crossover	100%
JEEP WRANGLER	SUV	12%
JEEP COMPASS	Crossover	100%
KIA SORENTO	Crossover	37%
KIA SPORTAGE	Crossover	80%
KIA NIRO	Crossover	98%
KIA FORTE	Small Sedan	100%
KIA SOUL	Small Sedan	100%
KIA K5	Middle Sedan	100%
KIA K4	Small Sedan	100%
KIA SELTOS	Crossover	100%
MAZDA MX5	Small Sedan	53%
MAZDA CX-50	Crossover	54%

Make and Model	Type	Percent of Registrations, ≤\$35,000
MAZDA CX-5	Crossover	74%
MAZDA 3	Small Sedan	92%
MAZDA CX-30	Crossover	94%
MINI COOPER	Middle Sedan	48%
MITSUBISHI OUTLANDER	Crossover	85%
MITSUBISHI OUTLANDER SPORT	Crossover	100%
MITSUBISHI ECLIPSE CROSS	Crossover	100%
MITSUBISHI MIRAGE	Small Sedan	100%
NISSAN LEAF	Crossover	20%
NISSAN FRONTIER /XE	Pickup Truck	40%
NISSAN ROGUE	Crossover	78%
NISSAN ALTIMA	Middle Sedan	100%
NISSAN KICKS	Crossover	100%
NISSAN KICKS PLAY	Crossover	100%
NISSAN SENTRA	Small Sedan	100%
NISSAN VERSA	Small Sedan	100%
SUBARU WRX	Middle Sedan	34%
SUBARU OUTBACK	Crossover	39%
SUBARU FORESTER	Crossover	50%
SUBARU BRZ	Small Sedan	54%
SUBARU LEGACY	Middle Sedan	92%
SUBARU CROSSTREK	Crossover	100%
SUBARU IMPREZA	Small Sedan	100%
TOYOTA TACOMA	Pickup Truck	12%
TOYOTA bZ	Crossover	63%
TOYOTA CAMRY	Middle Sedan	65%
TOYOTA RAV4	Crossover	74%
TOYOTA GR 86	Small Sedan	91%
TOYOTA COROLLA	Small Sedan	100%
TOYOTA COROLLA CROSS	Crossover	100%
TOYOTA PRIUS	Middle Sedan	100%
TOYOTA PRIUS PRIME	Middle Sedan	100%
VOLKSWAGEN GTI	Middle Sedan	23%
VOLKSWAGEN TIGUAN	Crossover	58%
VOLKSWAGEN TAOS	Crossover	100%
VOLKSWAGEN JETTA	Middle Sedan	100%

Endnotes:

ⁱWMI is the first three characters of a Vehicle Identification Number (VIN) that uniquely identify the vehicle's manufacturer and country of origin.

ⁱⁱThe dataset did not discern between fleet and retail sales. Autos Drive America recognizes that some of the included vehicle registrations were likely sales to companies, governments, and rental fleets rather than via a dealership to individual consumers. Having reviewed fleet sales data for CY2025, we are confident that the vast majority of the registrations presented in this paper were retail sales to consumers and thus the conclusions made are valid. In the interest of both transparency and brevity, this endnote serves as the caveat that some of the registrations shown are potentially fleet sales.

ⁱⁱⁱThe manufacturer's suggested retail price (MSRP) serves as a standardized baseline established by the automaker to provide a consistent "sticker price" for a vehicle across all dealerships. However, the average transaction price (ATP) represents the amount consumers pay after factoring in dealership markups, manufacturer incentives, and individual negotiations. ATP can be significantly lower than MSRP when manufacturers are offering purchase incentives or dealers are having sales promotions to clear out old inventory or meet sales goals (known as "to move the metal" in the auto industry).

^{iv}With federal and average state taxes withheld, weekly income was calculated at \$1,083. Below is additional data supporting the estimated monthly budget figure:

- The estimate was also compared to the Census Bureau's 2024 median household income estimate of \$84,000 (the latest data at time of writing) to ensure this was a reasonable estimate for what the typical buyer could afford for a monthly vehicle loan payment.
- Experian, [Automotive's Automotive Consumer Trends Market Q4 2025](#) report cites that more than half of new vehicle buyers earn \$75,000 or more annually.
- Furthermore, a [poll conducted by Edmunds.com](#) in 2024 showed 48% of car buyers want to spend \$35,000 or less for a new car.

^vLuxury brand sales include registration volumes of Acura, Aston Martin, Audi, Alfa Romeo, Bentley, BMW, Cadillac, Ferrari, Fisker, Genesis, Ineos, Infiniti, Jaguar, Land Rover, Lexus, Lincoln, Lucid, Maserati, McLaren, Mercedes-Benz, Polestar, Porsche, Rivian, Rolls Royce, Vinfast, and Volvo. Collectively, these brands accounted for 2.2 million registrations out of the 16.1 million total registrations.

^{vi}All production references, including the terms "produced," "made," "manufactured," "sourced," and "originated" are in reference only to the location of vehicle final assembly. All U.S.-assembled vehicles contain both domestic and globally sourced parts.

^{vii}This Ram Truck calculation only considered its lowest trim level, the "Tradesman," when calculating an affordability percentage, the only such time this calculation is made on a trim-level basis. The Ram Truck's total 2025 registrations (all trim levels) was 366,700, of which 265 were priced affordably, a 0.072% affordability percentage.

^{viii}The cumulative volume of all models that had affordable registrations but did not meet the criteria to be included in the count of models with affordable options (about ten model lines), was less than 0.1% of total affordable registrations. Thus, the affordable volume of those models was not discounted from the overall affordable vehicle sales volumes.