

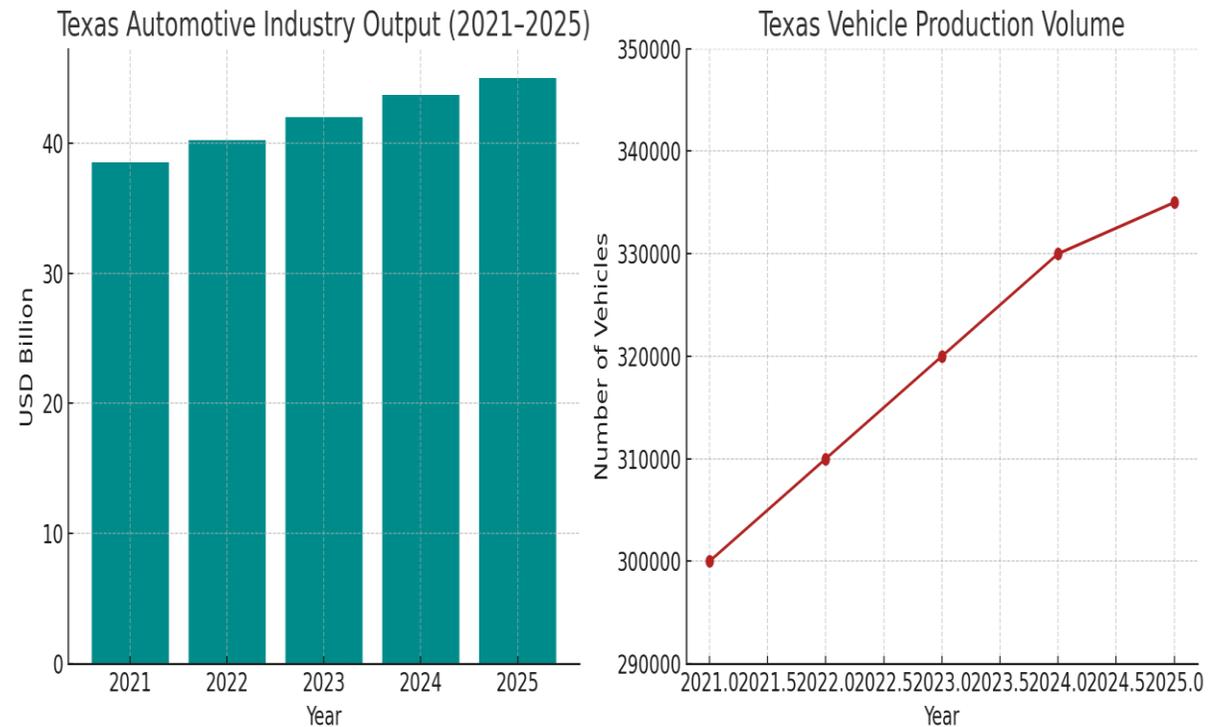
Market Overview- Automotive Industry

In 2025, Texas stands as a pivotal player in the U.S. automotive landscape, driven by a robust manufacturing base, strategic location, and a growing emphasis on electric vehicle (EV) innovation. The state's industry is navigating challenges such as international trade dynamics and evolving consumer preferences, while capitalizing on opportunities presented by technological advancements and policy shifts.



Economic Contributions & Employment

Texas's automotive sector contributes significantly to the state's economy, with major manufacturing facilities like Toyota's San Antonio plant and Tesla's Gigafactory in Austin. These facilities, along with a network of suppliers and related businesses, support thousands of jobs and generate substantial economic activity. The state's strategic position facilitates efficient supply chain operations, bolstering its role in national and international automotive markets.



Current Trends & Challenges

Trade Policy Impacts:

The implementation of a 25% tariff on foreign-made vehicles and auto parts has led to increased vehicle prices, with estimates suggesting an average rise of \$4,000 per car. This has caused a surge in North Texas car sales as consumers aim to purchase vehicles before further price hikes.

Cross-Border Supply Chain Disruptions:

Tariff threats on imports from Mexico and Canada pose risks to the integrated North American auto industry. Vehicles assembled in Texas, such as Toyota's Tundra and Sequoia, rely heavily on components manufactured in Mexico, making them vulnerable to increased production costs and supply chain disruptions.

EV Innovation and Manufacturing:

Companies like REE Automotive are advancing EV technology in Texas, with plans to commence production of their modular EV platforms in the state. This positions Texas as a growing hub for EV manufacturing and innovation.

Regulatory Changes:

Starting January 1, 2025, Texas eliminated mandatory vehicle safety inspections for non-commercial vehicles, though emissions testing remains in certain counties. This policy shift may influence vehicle maintenance practices and regulatory compliance within the state.

Source: [Texas EV Policy and Tesla Competition](#)

