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Automotive Regionalism and Transnational Capitalism: Engines of Latin American Regional Integration

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Abstract

This working paper examines the strategic role of the automotive industry in regional integration processes in Latin America from a critical international political economy perspective. It proposes the concept of automotive regionalism to account for a specific form of regional integration shaped by the strategies of transnational capital and mediated by state structures in peripheral economies. Rather than approaching the automotive industry as a sectoral case within broader integration processes, the paper conceptualizes it as a vector through which regional integration is materially organized, politically stabilised, and ideologically legitimised. Historically associated with import-substitution industrialisation and national development strategies, the automotive industry has been rearticulated under conditions of neoliberal globalization as a relevant axis of regional articulation. However, rather than generating trajectories of autonomous development, this reconfiguration has reinforced forms of structural dependency. Through a comparative analysis of Mercosur and the United States–Mexico–Canada Agreement (USMCA), the paper argues that these schemes do not constitute alternative stages of a linear integration trajectory, but rather differentiated configurations of automotive regionalism, shaped by specific state-capital relations and transnational corporate strategies, which converge in the reproduction of dependent forms of regional integration.

Keywords

Automotive industry, regionalism, transnational capital, Latin America, critical international political economy.

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1. Introduction

In 1966, Ernst Haas warned the doctrinaires of Latin American unity—particularly those affiliated with the Economic Commission for Latin America (ECLAC) about the problems that had emerged in the European integration process after 1945, especially during the 1963–1965 period. His central argument was that economic integration did not necessarily lead to political unity, and that such a process should not be understood as linear or cumulative. On the contrary, he argued that the persistent tension between integration and disintegration, expressed as the conflict between unity and fragmentation, was embedded in the socioeconomic structures of nations. To approach what he termed “spillover”—the transfer of loyalties to supranational institutions—it was necessary to identify the “functional equivalents” of sectoral integration: “in Europe, coal and steel fulfilled that role; in Latin America, it might perhaps be the automobile industry, road-building equipment, or glass” (1966, pp. 36–37).

However, the integration projects implemented in Latin America in the following decades—especially the Latin American Free Trade Association (LAFTA, 1960) and its reconfiguration into the Latin American Integration Association (LAIA, 1980)—failed to construct an equivalent functional logic. With advances and setbacks, a strategy of fragmented agreements prevailed, based on positive lists and oriented more toward trade balancing than toward structuring reciprocity among asymmetric countries (Obaya, 2007). This trajectory reflects one of the persistent dilemmas of regional integration processes in the Global South: the unresolved tension between a form of productive integration led by transnational capital and the possibility of a development-centred regionalism based on the idea of “development from within” (Sunkel, 1995).

Following the crisis of the agro-export accumulation model, between the 1930s and 1940s, Latin America—and particularly Brazil, Mexico, and Argentina—adopted a development strategy centred on import substitution industrialisation (ISI), in which the automotive sector became consolidated as one of the strategic sectors in terms of employment, balance of payments, and technological innovation. In the 1990s, within the framework of emerging subregional integration schemes, both the USMCA (formerly NAFTA) and the Southern Common Market (Mercosur) implemented policies aimed at integrating their automotive markets into the global economy, once again assigning a central role to the sector in their internationalisation strategies. However, this process reinforced a peripheral pattern of insertion into global value chains, further aggravated by the institutional fragmentation of regional frameworks.

Against this backdrop, this paper advances the concept of automotive regionalism to problematize a specific form of regional integration in Latin America, understood as a historically situated configuration articulating transnational capital and state structures in peripheral economies. Rather than approaching the automotive industry as a mere sectoral case within broader integration processes, the paper conceptualises it as a strategic vector through which regional integration is materially organised, politically stabilised, and ideologically legitimised. In this sense, automotive regionalism operates simultaneously as an economic and political project that articulates the functional concentration of productive activities with specific mechanisms for the reproduction of dependency, by enabling the extended valorisation of devalued or non-competitive investments and technologies from industrialised countries, under more flexible regulatory contexts and within protected regional markets (Rodríguez Díaz, 2023). From a comparative political economy perspective, the paper analyses the cases of Mercosur and the USMCA, arguing that these schemes do not represent alternative stages of a linear integration trajectory, but rather differentiated political economies of automotive regionalism that converge in the reproduction of dependent forms of regional integration.

In analytical terms, this study departs from institutionalist and strictly economistic approaches, adopting instead a critical international political economy framework (CIPE) based on the notions of regionalism as a state-led project (Börzel & Kim, 2022), as a contingent sociospatial formation—drawing on Jessop’s contributions on state rescaling and the sociospatial strategies of capitalism (Jessop, 2002), and as a historically situated ideological practice (Söderbaum, 2005). In line with Vivares and Dolcetti-Marcolini (2015), it is based on the premise that “regionalism cannot be reduced to mere trade and formal institutional integration,” but must be understood as a historical process that reflects “far-reaching transformations in development models, state forms, and the interrelations between the state and social forces” (Vivares & Dolcetti-Marcolini, 2015, p. 5). In this sense, automotive regionalism should not be seen merely as a reflection of market logic or governmental political will, but rather as the result of a complex articulation of class interests, capital dynamics, and institutional structures shaped by shifting regional and global contexts.

Some perspectives hold that while the USMCA (then NAFTA) led to a hierarchically integrated but functionally coordinated relationship between assembly plants in Mexico and suppliers located in the US and Canada, Mercosur revealed a more fragmented configuration, with limited regional coordination and weak supplier integration. This situation is explained in part by the persistence of divergent national regulations, but more fundamentally by the strategies adopted by foreign-owned terminal companies; both countries, Brazil and Mexico, offer preferential access to large markets: Mexico to the US, Brazil to its Mercosur partners. As noted in *The Economist* (2012) the Mexican model—more open, more export-oriented, and more integrated with developed markets—seems to be outperforming the Brazilian one.

By contrast, other interpretations have highlighted that beyond these two divergent paths of Latin American automotive regionalism, the processes of trade liberalisation and insertion into global value chains have deepened dependence on intermediate inputs and promoted exports with limited capacity to generate employment and income in both countries (Vital da Costa, Reis Castilho, & Puchet Anyul, 2021). As Shapiro (1993) cautions, liberalisation alone, without an active industrial policy, has tended to reinforce import dependency and restrict local value-added generation.

This paper is structured as follows: after this introduction, the first section presents a brief analysis of the conceptual polysemy of regionalism and outlines the main elements for defining and problematising the notion of automotive regionalism. The second section addresses the key contributions of CIPE to the study of automotive regionalism in Latin America. The third section offers an analytical description of how the automotive sector became one of the vectors of regional integration in the region. The final section compares the cases of Mercosur and the USMCA, showing that despite divergent trajectories, both have reinforced dependence on transnational capital. The conclusion offers some reflections and projections for future research.

2. Regionalism: The Polysemy of the Concept

It is impossible to analyse the global economy and the international system over the past century without considering regionalism and regional integration processes not only as a political practice promoted by state and non-state actors, but also as a field of study characterised by theoretical, methodological, ontological, and epistemological plurality. This plurality constitutes the starting point for the conceptualisation of automotive regionalism developed in this paper. The definition of regionalism as an analytical category has varied over time and across geographic contexts (Söderbaum, 2015).

More generally, regionalism refers to “structures, institutions and dynamics of cross-border cooperation, beyond the nation-state and below the global scale” (Lenz & Striebinger, 2017, p. 41, cited in Eder, 2022, p. 7), and can be situated along a continuum whose poles range from intergovernmental regional cooperation to supranational regional integration (Börzel, 2011, p. 10). From this perspective, regionalism refers to the processes and structures involved in region-building through closer economic, political, security and socio-cultural ties between geographically proximate states and societies (Börzel & Kim, 2022, p. 3). Although regionalism is often associated with regional trade agreements (RTAs) registered at the World Trade Organization (WTO), geography is not a strictly determining criterion, since there are RTAs concluded between countries and regions that do not belong to the same territorial space (Börzel & Kim, 2022, p. 3).

In contrast to more economic and institutionalist approaches, and from an ideational and constructivist perspective, Söderbaum conceives regionalism as “a set of ideas, values and policies aimed at creating a regional space, and is therefore linked to ideology, identity and political will” (Söderbaum, 2005, p. 6). According to this view, regionalism is a deliberate political project aimed at establishing a region that transcends nation-states, often embodied in intergovernmental regional organisations but also promoted by non-state actors (Söderbaum, 2016, cited in Litsegård & Mattheis, 2024). In the same line, it is also defined as “a set of practices and ideas aimed at structuring and organising regional space beyond the state, articulating economic, political and social interests around projects of regional integration or cooperation” (Vivares & Dolcetti-Marcolini, 2015, p. 7).

From a Latin American perspective, Briceño Ruiz (2013) emphasises that regionalism does not constitute a homogeneous or linear process, but rather manifests itself through different axes, models, and rhythms of integration, reflecting the coexistence of divergent economic and political projects within the region. In this sense, regionalism expresses competing development models and differentiated patterns of international insertion, rather than a single or cumulative integration trajectory. Complementarily, from the political economy of South American regionalism, Tussie and Trucco (2010) stress that integration processes cannot be understood exclusively based on systemic incentives or institutional designs but must be analysed through

the interaction between national actors, state structures, and transnational dynamics. Within this approach, the state does not appear as a unitary actor, but rather as a space of conflict and articulation of interests, in which business strategies-including those of transnational corporations-political preferences, and social demands converge.

Complementing this perspective, although he does not define regionalism explicitly, Jessop (2002) argues that regions should not be understood as predefined spatial units, but rather as contingent constructions resulting from socio-spatial strategies embedded in historical and relational arrangements.

This polysemic perspective of regionalism is aligned with the argument made by Perrotta and Pocelli (2023), who state that “regionalism is, ultimately, what academia makes of it,” highlighting the historically situated and discursively constructed nature of the field. These authors emphasise that not only regions themselves, but also the ways in which they are conceived, are shaped by epistemological disputes, theoretical traditions, and the conditions of knowledge production. This view resonates with the perspectives that link regionalism to values, identities and political projects.

In this regard, the specialised literature used in this paper not only expands existing explanatory frameworks, but by adopting a critical lens, also questions the underlying assumptions from which regional phenomena are defined and studied. From this point of view, and in relation to the definitions reviewed here, regionalism is understood as an ideational, political and socio-spatial construction that requires a deeper inquiry into its material foundations and structural dimensions. Following Briceño Ruiz (2013) and Tussie and Trucco (2010), this approach allows regionalism to be analysed as a political economy of conflict and articulation, in which development models, state actors, and capital strategies-including those of transnational corporations-play a central role in shaping integration processes. This conceptualisation provides the basis for advancing a CIPE approach to automotive regionalism, understood not as a mere functional response to globalisation, but as a contested terrain shaped by processes of capital accumulation, hegemonic projects, and struggles over legitimacy.

3. The Critical International Political Economy of Regionalism

Building on the conceptual discussion of regionalism developed in the previous section, this study adopts a CIPE perspective to analyse regional integration as a historically constituted and politically contested process. Rather than conceiving regionalism as a functional response to interdependence, CIPE enables an examination of how regional projects are embedded in broader dynamics of capitalist restructuring, class relations, and power asymmetries.

This study adopts the perspective of CIPE, grounded in neo-Gramscian historical materialism, to analyse the role of transnational capital in automotive regionalism in Latin America. As Cafruny, Talani and Pozo Martin (2016) argue, CIPE does not constitute a unified paradigm but rather a pluralist field marked by a shared concern with structural asymmetries, historical specificity, and the ideological foundations of capitalist globalization (2016, p. 1). From this standpoint, regionalism cannot be understood solely as a response to growing economic interdependence resulting from the productive and financial transnationalization that characterised neoliberal globalisation in the 1990s. On the contrary, CIPE enables an analysis of how regionalism is politically constituted and materially embedded within broader processes of capitalist restructuring.

Along similar lines, Shields, Bruff and Macartney (2011) assert that CIPE should not be seen as a coherent paradigm, but rather as a “field of dialogue, debate and dissent” (p. 1). They propose a relational and historically situated approach to critical IPE, one that captures the multiple trajectories of capitalism without reducing them to closed theoretical frameworks (Shields, Bruff & Macartney, 2011). As Bruff (2011) notes, orthodox IPE tends to adhere to a false dichotomy between state and market, often attributing different normative properties to each (p. 83). To overcome this, he calls for a revision of the ontological assumptions underpinning the discipline, rejecting binaries such as state/market or structure/agency, and questioning how knowledge and practices become institutionalised. Cox (1981) had already criticised the binary logic of orthodox IPE-particularly its mainstream definitions of the state-arguing instead for the need to conceptualise different configurations of the “state-society complex” (1981, p. 127).

In this way, the critical approach reintroduces the political into the study of the global political economy, allowing regionalism to be understood not as a neutral form of governance, but as a contested terrain shaped by struggles over accumulation, power, and legitimacy, in which integration processes can be understood-following Poulantzas (1978)-as a condensate of class forces, that is, as institutional arrangements in which conflicts between social forces are condensed and crystallised, tending systematically to favour dominant fractions of capital.

CIPE further emphasises that international orders are neither ahistorical nor natural, but contingent constructions shaped by social power relations. As argued in Rodríguez Díaz (2024), this perspective makes it possible to move beyond both realist state-centrism and the limits of liberal institutionalism, by reintroducing into the analysis of “the international” key categories such as accumulation, class, exploitation, and hegemony. In this way, regionalism can be understood as part of a transnational *blocco storico* (Gill, 2002) that articulates social interests and material structures within a given global order.

Within this framework, the state cannot be understood as a “black box” operating on the international stage, but rather as a historically specific condensation of social relations (Poulantzas, 1978), which in the current context has been reshaped by the imperatives of transnational capital. As has been argued, the post-Fordist state has progressively reoriented its functions towards global competitiveness, investment attraction, and the facilitation of accumulation, rather than welfare provision or redistribution (Rodríguez Díaz, 2024). Accordingly, regional integration projects must be seen as historically situated political responses to these transformations, which in the Latin American context have oscillated between dependence on transnational capital and attempts to construct autonomous development spaces.

The Marxist revival in International Relations (Anievas et al., 2010) provides analytical tools to examine how regional processes express the contradictions between transnational logics of accumulation and state structures. This approach allows CIPE to reconnect structural dynamics and political agency dialectically, understanding regionalism not as a mere reflection of economic interdependence, but as a contested hegemonic strategy in which transnational fractions of capital, states, and social forces struggle to define the terms of the emerging global order (Cox, 1981, 1987).

Within this line of thought, Robinson (2007) conceptualises the transnationalisation of capitalism through the emergence of a Transnational Capitalist Class (TCC), reclaiming the centrality of class analysis in a context marked by accelerated structural transformations. From this perspective, regional integration emerges as a political strategy functional to the uneven development of capitalism. Cocks (1980, p. 4) argues that integration processes cannot be understood independently of the historical conditions of accumulation. For him, integration performs a dual role: on the one hand, it provides the political infrastructure necessary for the expansion of productive forces; on the other, it legitimises the power relations sustaining capitalist social structures. Similarly, van Apeldoorn (2002, p. 21) argues that European integration did not simply respond to technical demands or external pressures but was the result of the conscious political action of transnational capitalist actors oriented towards the construction of a new historical bloc. From this perspective, integration constitutes a field of struggle in which class interests are condensed, hierarchies reconfigured, and forms of domination or consensus naturalised. These contributions are central to understanding the relationship between capital and regionalism in Latin America, where integration processes have also functioned as mechanisms for adapting peripheral economies to the imperatives of transnational capital.

CIPE provides a theoretical framework for approaching regionalism as a historical and political construction rather than as a functional response to interdependence. By incorporating categories such as class, hegemony, and historical bloc, this perspective allows for an analysis of how regional projects reflect tensions between transnational capitalist logics and state structures. CIPE thus offers a particularly useful lens for examining the automotive sector as a vector of regionalism in Latin America, as it concentrates strategic disputes around international insertion, industrial policy, and the scope for autonomy. The next section explores how this sector has operated as a structuring axis of differentiated regional processes within Mercosur and the USMCA, revealing the contradictory dynamics of dependency, development, and power under contemporary capitalism.

4. The Automotive Industry as a Vector of Regionalism

Building on the analytical framework developed in the previous sections, this section examines the automotive industry as a strategic sector through which regionalism and the dynamics of transnational capital are articulated. From a CIPE perspective, the automotive industry is not approached as a mere sectoral case, but rather as a privileged vector through which to observe how processes of regional integration materialise in productive, institutional, and territorial terms.

Throughout the 20th century, the automotive industry consolidated itself as one of the pillars of capitalist accumulation, particularly in developed countries, where it played a key role in both the organisation of labour (Fordism and post-Fordism) and in the design and implementation of specific industrial policies. It occupied a key position in the economic development of the US during the interwar period, in Europe throughout the 1950s and 1960s, and was crucial for Latin America and the Caribbean

(LAC) between the 1960s and 1970s. This centrality cannot be explained solely by its spillover effects on other sectors, but also by its strategic role in processes of industrial and technological modernisation and in the configuration of national economies.

In Latin America, the automotive industry historically developed under ISI schemes, based on strong state intervention aimed at promoting local production through tariff protection, local content requirements, and agreements with transnational corporations. This process gave rise to a productive structure dominated by foreign-owned subsidiaries, characterised by high technological dependence, limited design capabilities, and a subordinate insertion into global value chains (Mortimore, 1993; Kosacoff, Todesca & Vispo, 1991). While these schemes enabled the creation of industrial capabilities and employment, they also consolidated patterns of specialisation based on mature technologies and the reproduction of structural asymmetries between core and peripheral economies (ECLAC, 2005). These pre-existing characteristics profoundly conditioned the way in which the automotive industry was subsequently rearticulated under regional integration schemes, reinforcing its role as a privileged vector of dependent insertion into the global economy.

Moreover, the automotive industry drives demand for a wide range of inputs—such as steel, rubber, electrical components, plastics, and more recently digital services and critical materials—thereby reinforcing its systemic character within the productive apparatus. For this reason, both under the so-called “old regionalism” associated with ISI and under the “new regionalism” linked to regional integration schemes during the heyday of globalisation, the automotive sector has been considered strategic and has received differentiated attention from states. This reflects multiple factors: its impact on direct and indirect employment; its effects on the balance of payments, as it combines exports of final goods with imports of intermediate inputs; its linkages with engineering-intensive and high-technology activities; and its capacity to generate knowledge spillovers throughout the wider productive apparatus (Arza & López, 2008).

From a political economy perspective, this centrality of the automotive sector helps explain why it has been recurrently incorporated as a core element of state development strategies and international insertion, and why processes of regional integration have operated as key institutional frameworks for its productive organisation.

To situate the automotive industry as a vector of regionalism within a longer historical perspective, Figure 1 offers an analytical reconstruction of the major phases of automotive capitalism. Rather than proposing a linear or homogeneous periodisation, the figure links dominant production models, technological regimes, and historical configurations of state power, highlighting how successive waves of automotive industrialisation have been embedded in broader transformations of the global political economy.

Phase	Mode of industrialisation	Dominant production model	Core production techniques	Historical configuration	Leading states / regions
First automotive revolution (1890–1973)	First phase of automotive industrialisation (internationalisation of capital)	Fordism (American model)	Mass production; economies of scale; standardisation	British Pax American Pax	United Kingdom; United States
First automotive revolution (1974–2008)	Second phase of automotive industrialisation (productive and financial transnationalisation)	Post-Fordism (Toyotism; Ohnoism)	Just-in-time production; cost reduction; flexible specialisation	Neoliberal globalisation	Economic Triad (US–EU–Japan)
Second automotive revolution (2008–)	Third phase of automotive industrialisation (regionalisation and decoupling)	Platform-based production; automation; autonomous vehicles	Electromobility; Internet of Things (IoT); hydrogen; connectivity; 5G; Artificial Intelligence	Interregnum (crisis of globalisation)	China and emerging markets

Table 1. The historical transformation of the automotive industry: production regimes, technologies and state configurations
Source: Author’s elaboration based on Rodríguez Díaz (2023)

Note: This figure provides an analytical reconstruction of the historical phases of the automotive industry, linking production models, technological regimes, and configurations of state power. It does not imply a linear or homogeneous trajectory but rather highlights dominant patterns and structural transformations within global automotive capitalism.

As shown in Table 1, the first automotive revolution unfolded in two main phases. The initial phase was associated with Fordist mass production and the internationalisation of capital under British and subsequently American hegemony, in which the automotive industry became a cornerstone of industrial capitalism. The second phase, emerging after the crisis of Fordism in the 1970s, corresponded to the transnationalisation of production and finance, marked by post-Fordist organisational models—such as Toyotism and Ohnoism—and by the consolidation of neoliberal globalisation under the leadership of the economic triad.

With the crisis of Fordism in the mid-1970s, a new regime of automotive accumulation emerged, based on just-in-time (toyotist) production and the global reorganisation of capital, which disrupted the traditional geography of the automotive sector. Lead firms began a process of vertical disintegration, offshoring, and fragmentation of production chains, restructuring their strategies on a global scale. The international recession triggered by the 1973 oil crisis pushed many firms to reorganise inefficient plants that produced costly vehicles, giving rise to a new territorial pattern of specialization known as the new international division of labour (Fröbel, Heinrichs & Kreye, 1980). As Treacy (2021) notes, “the automotive industry displays a hierarchical governance structure, in which leading firms define the rules of the game and shape the industrial upgrading strategies of peripheral countries” (2021, p. 115).

This shift marked a transition from integrated production models to transnational production networks articulated around global value chains (GVCs). Lead firms from the economic triad (the US, Europe, and Japan) redefined their position as organising nodes within these networks, outsourcing functions to specialised suppliers according to the demands of the assemblers and generating highly hierarchical structures within the GVCs. While the dominant logic prioritised global efficiency and standardisation, tensions persisted between the global rationality of firms and the specificities of regional contexts, revealing the structural heterogeneity in the modes of operation of assemblers. In this sense, as Carrillo, Lung and van Tulder et al. (2004) argue, the automotive industry can be understood as a paradigmatic case of “regionalised globalisation”, in which productive fragmentation coexists with territorial concentration and control exercised from the headquarters of lead firms.

The current period, conceptualised here as a second automotive revolution, is characterised by a third phase of industrialisation based on regionalisation and processes of decoupling. This phase is defined by the diffusion of new technological regimes—electromobility, digital platforms, artificial intelligence, connectivity, and automation—and by the reconfiguration of global automotive capitalism under conditions of geopolitical fragmentation and crisis. Within this context, China and other emerging economies have gained prominence as leading sites of production, technological development, and market expansion.

Under these conditions, regional integration schemes have come to play a central role as institutional frameworks through which transnational firms reorganise automotive production territorially. In Latin America, both Mercosur and NAFTA/USMCA have emerged as privileged arenas for this process, offering protected regional markets, specific rules of origin, and regulatory devices that facilitate the territorialisation of transnational capital in the sector, albeit under differentiated productive and institutional configurations.

These differences do not correspond to successive stages of a single process, but rather to differentiated regional trajectories in the organisation of the automotive sector, shaped by the interaction between corporate strategies, state capacities, and specific institutional designs. The following section develops a comparative analysis of the institutional and productive configurations of Mercosur and USMCA, with the aim of examining how these differentiated trajectories of automotive regionalism have operated as mechanisms of dependent insertion into the global economy, albeit through distinct regional arrangements.

5. Mercosur and USMCA: automotive Regionalism in Comparative Perspective

This section operationalises the concept of automotive regionalism through a comparative political economy analysis of Mercosur and the USMCA. Rather than treating these schemes as successive stages along a single integration trajectory, they are analysed as differentiated regimes of regional integration, expressing distinct configurations of state–capital relations, productive organisation, and modes of insertion into global automotive value chains.

In Latin America, the development of the automotive industry has historically been linked to the ISI model of accumulation. Between the 1950s and 1980s, countries such as Argentina, Brazil, and Mexico implemented protectionist policies, industrial subsidies, and national content requirements to foster domestic vehicle production. In this context, local subsidiaries of

transnational corporations became central actors in the industrialisation process, operating under regulatory frameworks designed to promote national capabilities. As Pinto et al. (2020) argue, these state-led policies were key to building a nationally rooted automotive industry, albeit with a strong presence of foreign capital (p. 37).

Following the 1982 debt crisis and the neoliberal shift brought by the “Washington Consensus” during the 1990s, ISI was replaced by strategies of trade liberalisation, labour flexibilisation, and foreign direct investment (FDI) promotion. The global restructuring of capital—particularly from the 1970s onward—redefined the region’s role, transforming it from a nationally oriented producer to a peripheral assembler subordinated to global corporate strategies (Arteaga García et al., 2020, p. 65). As these authors point out, “trade liberalisation, deregulation, and privatisation weakened the state’s ability to influence the development of the automotive sector, undermining national control mechanisms over subsidiaries” (2020, p. 101).

This process of restructuring was particularly evident in the two main regional integration schemes involving the automotive industry in Latin America: Mercosur and Mexico’s integration into NAFTA, later reformulated as USMCA. While both schemes facilitated the regional reorganisation of automotive production, they did so through substantively different productive, institutional, and political configurations.

5.1 Forms of Productive Regionalization

In the case of Mercosur, the attempt to establish a Common Automotive Policy (CAP) between Argentina and Brazil—initially bilateral and later regional—laid the foundations for the formation of a regional automotive value chain. The specialised literature suggests that “regional integration in Mercosur constitutes a framework developed by automotive capital to reproduce itself under quasi-normal conditions, through the appropriation of extraordinary social wealth” (Guevara, 2011, cited in Rodríguez Díaz, 2021, p. 6). However, this integration process was not associated with an autonomous development project; rather, it was shaped by the global production strategies of parent companies. According to Monteiro Teixeira (2020), “the dominant logic was that of a subordinated integration, functional to global corporate strategies, which relocated production processes based on efficiency and cost criteria” (2020, p. 144). Treacy further develops this argument, noting that “Mercosur’s integration conditions were not designed by states to foster development, but were instead determined by the restructuring needs of lead firms” (Treacy, 2021, p. 117).

In this sense, Mercosur became a space in which regional integration mediated the territorial organisation of production without fundamentally altering the subordinate position of the region within global automotive capitalism. The regional market itself played a central role in the realisation of profitability, particularly in Brazil, operating as a protected space of demand rather than as an export platform oriented towards technological upgrading.

By contrast, under USMCA automotive regionalism has taken the form of a hierarchically integrated and strongly export-oriented system centred on the US. Mexico was incorporated primarily as an assembly platform, specialising in labor-intensive stages of production and exporting the bulk of its output to the US market. This configuration reflects a disciplined form of regionalised globalism, characterised by high levels of functional coordination and tight integration into North American value chains, but limited scope for domestic capability building.

As shown in Figure 1, automotive production in USMCA consistently exceeds that of Mercosur by a wide margin, reflecting the structural scale of North American integration. At the same time, the Mercosur trajectory exhibits higher volatility and a stronger sensitivity to macroeconomic shocks, underscoring the distinct political economy underpinning each form of automotive regionalism.

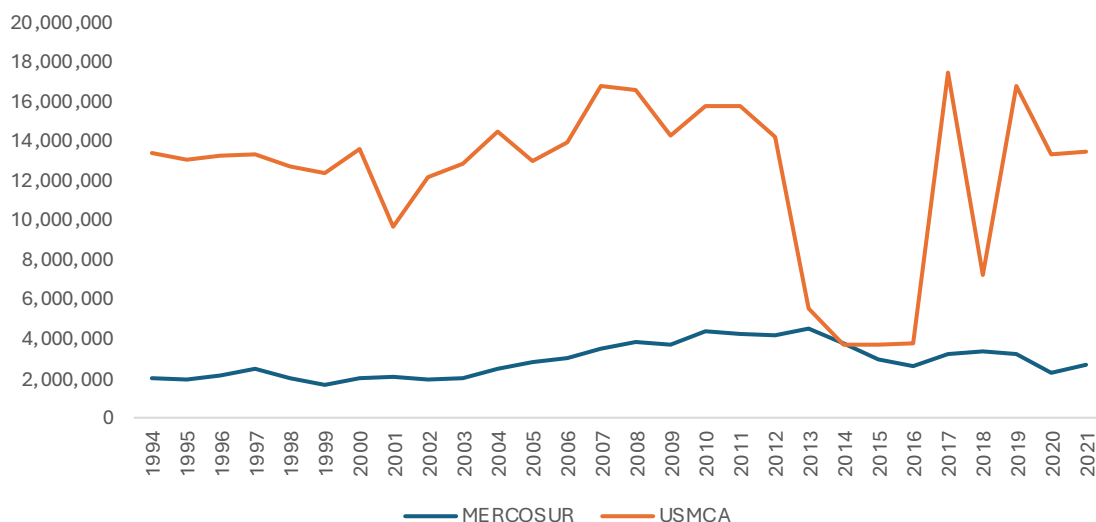


Figure 1. Automotive production in Mercosur and USMCA (1994–2021)

The figure compares total motor vehicle production in Mercosur and USMCA, highlighting differences in scale, volatility and long-term trajectories across the two integration regimes.

Source: Author’s elaboration based on BTS and OICA production statistics.

5.2 The State and Integration Frameworks

State involvement under USMCA has largely focused on facilitating efficiency, market access, and regulatory stability, with limited use of industrial policy instruments aimed at steering technological upgrading or strengthening domestic supplier networks. As Pinto et al. (2020) explain, Mexico’s integration strategy relied on attracting FDI without strong regulation of national content, resulting in specialisation in final assembly with weak backward linkages to the domestic productive structure (see also Graña & Cesaña, 2020, pp. 98–105). Preferential access to the US market fostered rapid sectoral growth but failed to generate an autonomous industrial base or significantly enhance systemic competitiveness. Although Mexico has become one of the world’s leading vehicle exporters, its production structure remains weakly embedded in domestic value chains and highly vulnerable to corporate decisions taken by foreign headquarters.

Company	Home country	Production footprint (Mercosur)	Production footprint (USMCA)	Position within the integration regime	Core regional strategy
Volkswagen	Germany	Brazil (Anchieta, Taubaté, São José dos Pinhais); Argentina (Pacheco)	Mexico (Puebla); United States (Chattanooga)	Market-oriented production within Mercosur; export platform within USMCA	Extension of product life cycles and platform rationalisation in Mercosur; export-oriented integration into North American value chains
Stellantis	Netherlands	Brazil (Betim, Goiana); Argentina (El Palomar); Uruguay (Nordex)	Mexico (Toluca, Saltillo); United States	Protected regional market production in Mercosur; efficiency-seeking integration in USMCA	Platform sharing and regional specialisation under a global portfolio and cost-optimisation strategy
General Motors	United States	Brazil (São Caetano do Sul, Gravataí); Argentina (Alvear)	Mexico (Ramos Arizpe, Silao); United States	Regional market-oriented production in Mercosur; export assembly hub in Mexico	Cost optimisation, flexible sourcing and export-oriented production within North American value chains
Toyota	Japan	Argentina (Zárate); Brazil (Sorocaba, Indaiatuba)	Mexico (Guanajuato, Baja California); United States	Dual positioning combining regional market orientation and selective exports	Gradual electrification and differentiated product strategies across regional markets
BYD	China	Brazil (Camaçari, Bahia – announced / under implementation)	–	Market-entry strategy centred on electric vehicles and regional hub formation	Greenfield investment targeting the Mercosur market, leveraging industrial policy incentives and the electric mobility transition

Table 2. Transnational automotive firms and regional strategies in Mercosur and USMCA (including BYD Brazil).

Source: Author’s elaboration based on ANFAVEA, ADEFA, AMIA, UNCTAD, and corporate annual reports.

Note: Firm strategies and technological profiles are reconstructed from official industry associations and publicly available annual reports; the table is intended to capture dominant strategic orientations rather than provide an exhaustive firm census

In Mercosur, states played a more visible—yet unstable—role through instruments such as the Common Automotive Policy and a series of bilateral agreements. However, this form of state intervention was primarily oriented towards stabilising existing investments and managing distributive conflicts between member countries, rather than promoting sustained processes of structural transformation or technological upgrading. In this sense, state action functioned more as a mechanism of mediation and containment of transnational capital strategies than as a driver of autonomous development. These differentiated state-mediated integration frameworks are reflected in the production footprints and regional strategies adopted by major transnational automotive firms across Mercosur and USMCA (see Table 2).

5.3 Transnational Capital Strategies and Structural Outcomes

In both integration regimes, the regional automotive industry was reconfigured in line with the global strategies of lead firms, consolidating patterns of flexible specialisation and a regional division of labour functional to transnational capital. As Rodríguez Díaz (2023) argues, “the regional bloc [Mercosur] is, to a large extent, the result of internationalisation strategies pursued by firms within the broader transnationalisation of the capitalist accumulation model since the 1970s” (p. 5). While these configurations allowed for a certain degree of coordination and complementarity among countries, they also reproduced structural dependencies in technological, financial, and decision-making domains.

From a comparative perspective, both schemes reproduce dependency, albeit through different mechanisms. Under USMCA, dependency is primarily reinforced through hyper-specialisation and export dependence on the US market. In Mercosur, dependency is sustained through productive fragmentation, limited innovation, and the reproduction of protected regional markets characterised by low technological intensity. These differentiated mechanisms are reflected in long-term investment dynamics across the two integration regimes.

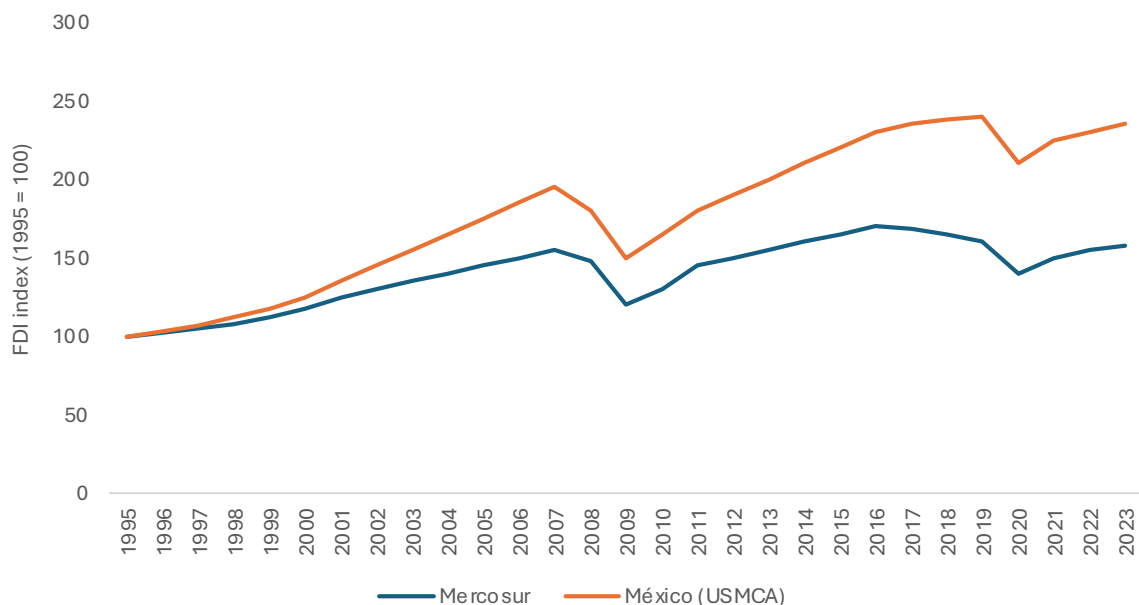


Figure 2. FDI trends in Mercosur and Mexico (1995–2023, index 1995 = 100)

Source: Author’s elaboration based on UNCTAD World Investment Reports; sectoral context from ANFAVEA, ADEFA and AMIA.

Figure 2 presents an indicative index of foreign direct investment inflows used as a proxy to capture long-term investment dynamics relevant to the automotive sector. While not sector-specific, the index highlights Mexico’s sustained attractiveness as an export-oriented investment platform, in contrast to the more volatile and market-dependent investment dynamics observed in Mercosur.

These differences underscore the need to conceptualise automotive regionalism as a historically situated configuration of transnational accumulation, in which regional integration schemes mediate—but do not reverse—structural power relations between capital, states, and territories. Taken together, the historical development and recent evolution of the automotive industry in Latin America illustrate the close relationship between capitalist accumulation processes, the peripheral insertion of emerging economies into global value chains, and the strategies of transnational capital. In both Mercosur and NAFTA/USMCA, regional integration has not been driven by autonomous industrial development projects but has instead been conditioned by global production restructuring dynamics originating in corporate headquarters. Despite their differentiated trajectories, both models exhibit subordinated forms of specialisation, low density of local linkages, and growing technological and financial dependence. In this context, automotive regionalism in Latin America constitutes a specific form of regional governance in which the interests of transnational capital have tended to prevail over state-led developmental strategies.

6. Conclusions: Towards a Critical Conceptualization of Latin American Automotive Regionalism

Automotive regionalism in Latin America should be understood as a historically specific expression of the transformations of capitalism—first international and later transnational—rather than merely as a functional strategy of states’ international insertion. In this particular form of sectoral regionalism, historical processes of productive restructuring converge with the interests of transnational capital and with institutional designs that organise regional economic space according to the logics of capital accumulation. Given its technological intensity, strong spillover effects, and centrality within global value chains, the automotive industry constitutes a particularly revealing empirical case for analysing how capital organises productive functions, disciplines territories, and reshapes state forms within regional integration processes.

As this working paper has shown, regional integration processes do not respond exclusively to economic imperatives rather, they materialise power relations under specific historical conditions. Carrillo, Lung and van Tulder already noted that the automotive industry “became a carrier of regionalism, as patterns of production, trade and investment began to align with emerging

regional blocs” (2004, p. 2). From this perspective, automotive regionalism can be conceptualised as a form of territorial institutionalisation of transnational capitalism, driven both by the organisational strategies of transnational corporations and by state policies aimed at securing competitiveness, macroeconomic stability, and investment inflows.

Van Apeldoorn’s contribution to the study of European integration proves particularly fruitful for a critical, sector-based analysis of regionalism. His work highlights how regional projects reflect not only the reorganisation of capital, but also hegemonic struggles over the type of economic and political order to be stabilised: “European integration is not simply the result of exogenous pressures or functional demands, but of the conscious political action of a transnational capitalist class seeking to construct a new historical bloc at the European level” (van Apeldoorn, 2002, p. 21). When projected onto the Latin American context—and bearing in mind Ernst Haas’s early warnings regarding the limits of mechanically transferring the “original model” of integration—this analytical lens allows automotive regionalism to be understood not as a neutral instrument of intergovernmental cooperation, but as part of broader strategies aimed at securing the political-institutional conditions for capital reproduction at the regional scale.

In a convergent register, Cocks had already argued that integration processes should be seen as political responses to the endemic problems of capitalist development, insofar as they provide “the political infrastructure necessary to expand productive forces and a means of legitimising the power required to sustain the social relations characteristic of these societies” (1980, p. 4). This insight is particularly useful for interpreting the trajectory of Latin American automotive regionalism, which has historically oscillated between the promise of endogenous productive integration and the consolidation of new forms of technological dependence, productive fragmentation, and subordination to transnational capital strategies.

From a critical international political economy perspective, the Latin American case also confirms an early observation formulated by Shapiro (1993): the shift from import-substitution regimes towards export-oriented strategies in the automotive industry did not entail a rupture with structural dependency, but rather its reconfiguration under new institutional forms. Trade liberalisation and foreign direct investment promotion coexisted with persistent technological and decision-making dependence of local subsidiaries vis-à-vis their headquarters. This dynamic remains evident in both Mercosur and USMCA, albeit through differentiated mechanisms of integration into global value chains.

Recent empirical research reinforces this diagnosis. Reis’s (2025) doctoral thesis, focusing on the comparative trajectories of Brazil and Mexico, shows how automotive restructuring under regional integration regimes has deepened patterns of subordinated specialisation, limited the density of local linkages, and consolidated structural dependence on strategic decisions taken outside the region—even in contexts of production growth and export expansion. These findings resonate directly with the results presented in this working paper and underscore the need to approach automotive regionalism as a historically specific configuration of transnational capitalism, rather than as an “incomplete” or transitional stage of integration.

Finally, the ongoing transition towards electromobility introduces a new layer of complexity into the analysis of Latin American automotive regionalism, without necessarily altering its underlying structural foundations. As argued in recent work (Rodríguez Díaz, 2026, under review), the emergence of China as a hegemonic actor in the electric automotive industry—and particularly the expansion of firms such as BYD in Brazil—simultaneously opens opportunities for productive insertion and risks reinforcing historical patterns of dependency. The shift of technological leadership towards batteries, software and control over critical inputs highlights persistent regional limitations in key segments of the value chain. In this sense, electrification does not in itself represent a structural break with the past, but rather a reconfiguration of automotive regionalism under new technological and geoeconomic hierarchies.

In this sense, understanding Latin American automotive regionalism as a historically situated configuration of transnational accumulation not only enables a reinterpretation of past trajectories of productive integration, but also opens a broader analytical agenda for examining how such configurations are rearticulated in the face of ongoing technological, geoeconomic and political transformations. Far from constituting a closed or exhausted phenomenon, automotive regionalism emerges as a dynamic process shaped by continuities and reconfigurations, inviting comparative analysis across time periods, regions and productive paradigms. From this perspective, the automotive sector provides a privileged window through which to explore contemporary transformations of capitalism, the persistent tensions between integration, dependency and autonomy, and the structural limits of development projects in peripheral economies.

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