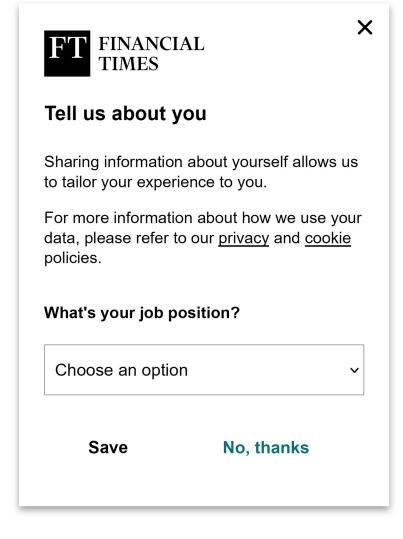
US trade

Donald Trump's Mexico tariffs would shift plants to Asia, warns car parts maker

Sumitomo Electric head says president's proposed 25% duty would amount to the US 'strangling' itself



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The Ysleta-Zaragoza bridge on the US-Mexico border. Mexico makes almost half of the car parts imported by the US © David Peinado/Bloomberg

Harry Dempsey and David Keohane in Tokyo 8 HOURS AGO

Donald Trump's proposed tariffs on Mexiitself and are likely to force production to the world's largest manufacturers of car ci

Osamu Inoue, president of Sumitomo Ele Toyota and Stellantis, among others, said Mexican goods would do more harm to Us of car parts investment in Mexico.

"I think that's strangling your own neck," up in Mexico to make things to send to the then it will have a huge impact."

Mexico is the world's fourth-largest expor \$126bn and accounting for 42 per cent of

The country specialises in labour-intensiv motors for electric cars. US companies mainvestment in the country, according to M Association.



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Japan's Sumitomo Electric vies with Yazaki as the world's largest maker of wire harnesses, which hold together the nearly three miles of electrical cables in every car that carry instructions to steer wheels, slam brakes and open the boot. One in every four cars globally contains its wire harness.



Wire harnesses, a vital but obscure low-cost part, hold together to Mexico has become an important product harness makers because of its cheaper lab could cause that to unwind.

The president has threatened to introduce Mexico and Canada <u>as early as February 1</u> and immigrants into the US.

If the tariffs are introduced, Sumitomo an production to south-east Asian countries stariffs of 5 per cent apply to US-bound exp

"Even paying tariffs, it's still cheaper to m currently," said Inoue. "If tariffs will really— I don't know— 10 or 20 per cent on sou production accordingly."

Mexican trade experts and companies view



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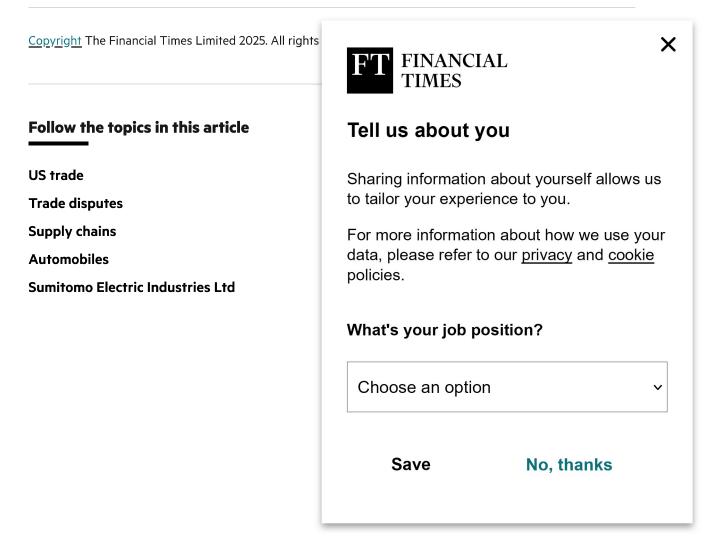
compared with Asia as the worst outcome, as it would lose relative competitiveness to countries such as Vietnam.

The labour-intensive production of wire harnesses is not likely to move to the US either, added Inoue, given the high minimum wages and difficulty in retaining workers.

Manufacturing of the vital but obscure low-cost part shot to global prominence in 2022, when BMW and Volkswagen were forced to shut wiring factories in Ukraine because of Russia's full-scale invasion.

Inoue said that if the war ended, it would increase production in Ukraine because of rising wages in neighbouring Romania, which became an alternative alongside Morocco and Tunisia.

As well as wire harnesses, Sumitomo Electric is one of the world's top suppliers of optical fibre cables used by data centres, semiconductor materials and submarine cables to transmit power from offshore wind farms to land.



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