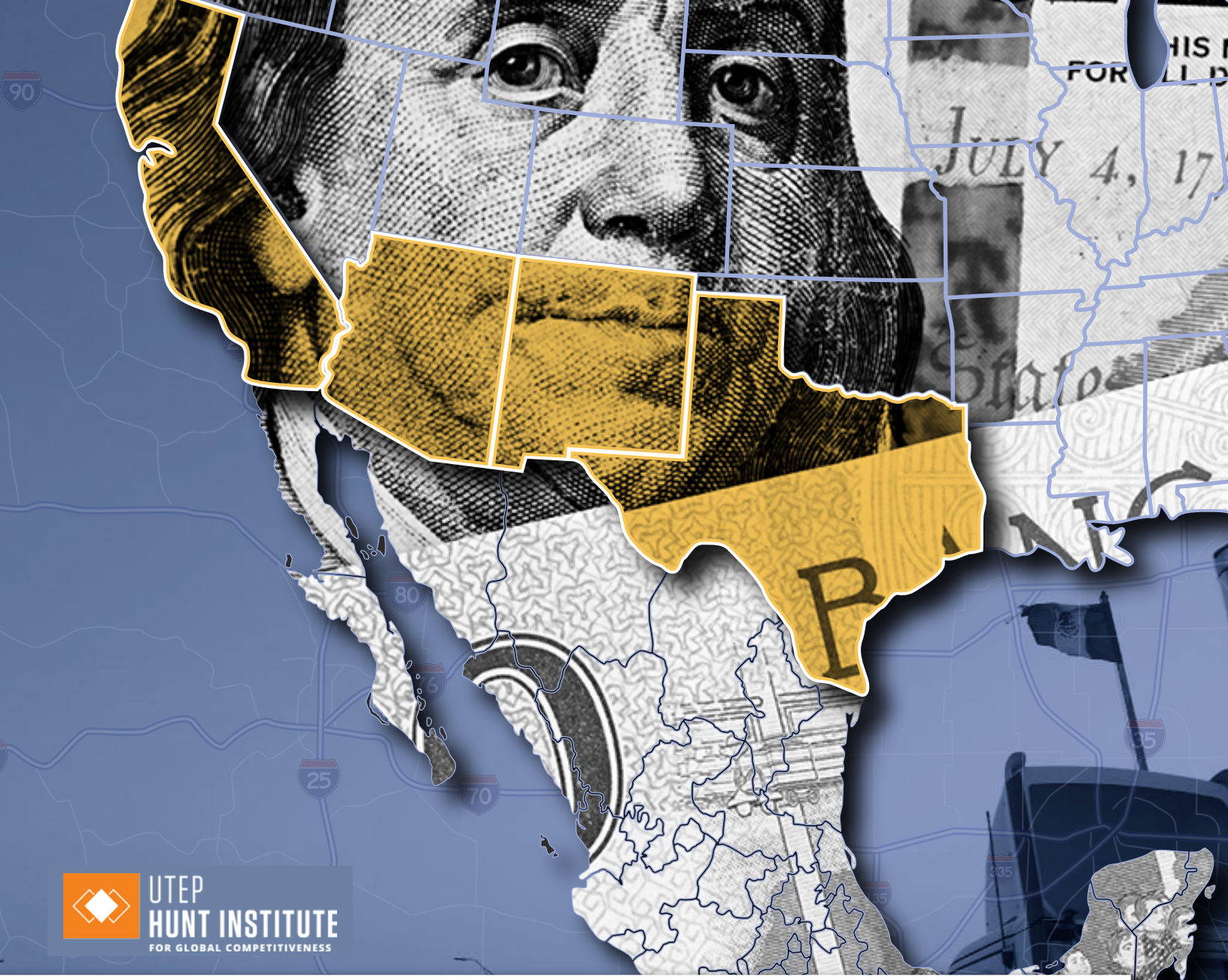

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The Vital Role of U.S.-Mexico Border States in International Trade

Strengthening Bilateral Commerce Through Integrated Regional Markets

Part II

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Executive Summary

Trade along the U.S.–Mexico border is anchored by four states: Texas, California, Arizona, and New Mexico. Together, they form one of the most dynamic economic regions in North America. These states are not only among the largest contributors to U.S. trade overall but also serve as gateways that connect domestic industries to Mexico's production networks and agricultural corridors.

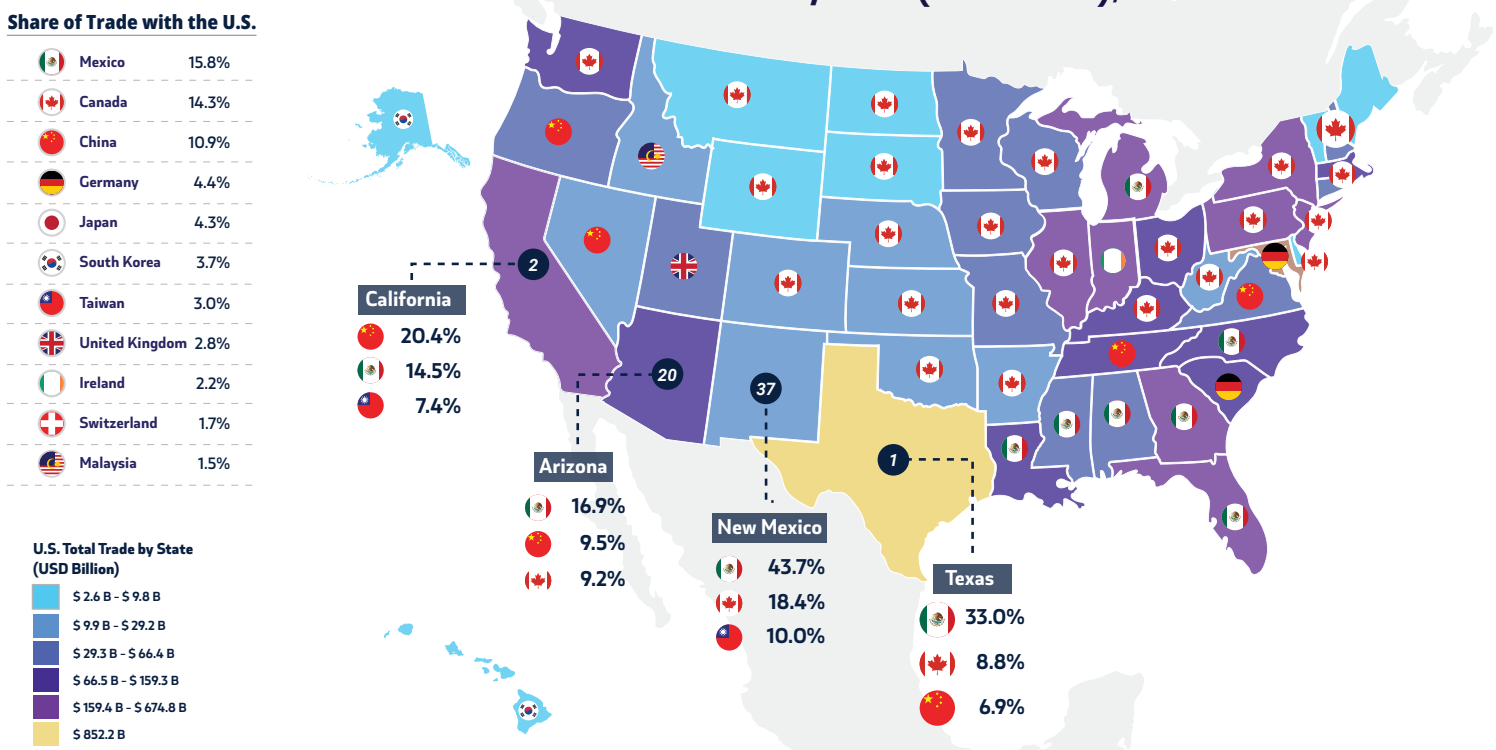
In 2024, Texas and California led the nation in total trade, reporting values of $852.2 billion and $674.8 billion, respectively. Their position at the top reflects the scale of their economies as well as their deep integration with Mexico, which is Texas's primary commercial partner and California's second most significant.

The border infrastructure that supports this exchange is essential. More than $737.6 billion in trade with Canada and Mexico moved through Southwest land ports in 2024, underscoring their indispensable role in U.S. commerce. Texas alone handled roughly two-thirds of all U.S.–Mexico land-based trade, linking the automotive, technology, and energy sectors to cross-border highways, rail systems, and industrial zones. California's ports reinforced ties with Baja California's advanced industries, channeling flows in electronics, health technologies, and agriculture. Arizona strengthened its presence in copper and fresh produce, while New Mexico experienced striking growth, particularly in electronics and medical equipment.

Taken together, these developments confirm that the Southwest border states are indispensable to both U.S.–Mexico relations and the broader functioning of global supply chains. Their land ports sustain regional integration, enable billions of dollars in cross-border commerce, and secure the competitiveness of industries that rely on efficient and resilient trade corridors.

The Significance of International Trade in the U.S.-Mexico Border States

Figure 1.
U.S. Total Trade by State (USD Billion), 2024



The U.S.-Mexico border states, commonly referred to as the Southwest border states, include California, Arizona, New Mexico, and Texas. In 2024, the Southwest border states, particularly Texas and California, emerged as the top U.S. states in global trade. Texas led the nation with total trade valued at $852.2 billion, representing 16.0% of the country's total trade. California followed in second place with $674.8 billion, accounting for 12.7%, while Illinois ranked third with $299.0 billion, making up 5.6% of total trade. Among the other Southwest border states, Arizona ranked 20th with $74.5 billion or 1.4%, and New Mexico ranked 37th with $21.1 billion or 0.4%. These figures highlight Texas's dominant role in international trade, particularly in comparison to its neighboring border states.

The trade landscape of the Southwest border states is significantly shaped by strong economic ties with key global partners, particularly Mexico, China, Canada, and Taiwan. In Texas, the top three trading partners are Mexico, Canada, and China. Trade with Mexico reached $281.2 billion, accounting for 33.0% of Texas's total trade. Canada followed with $75.2 billion or 8.8%, while trade with China amounted to $58.4 billion or 6.9%. These strong trade relationships emphasize Texas's strategic economic ties, particularly with Mexico, which plays a vital role in the state's trade landscape. From the Southwest border states, California is the only one with China as its top trading partner.

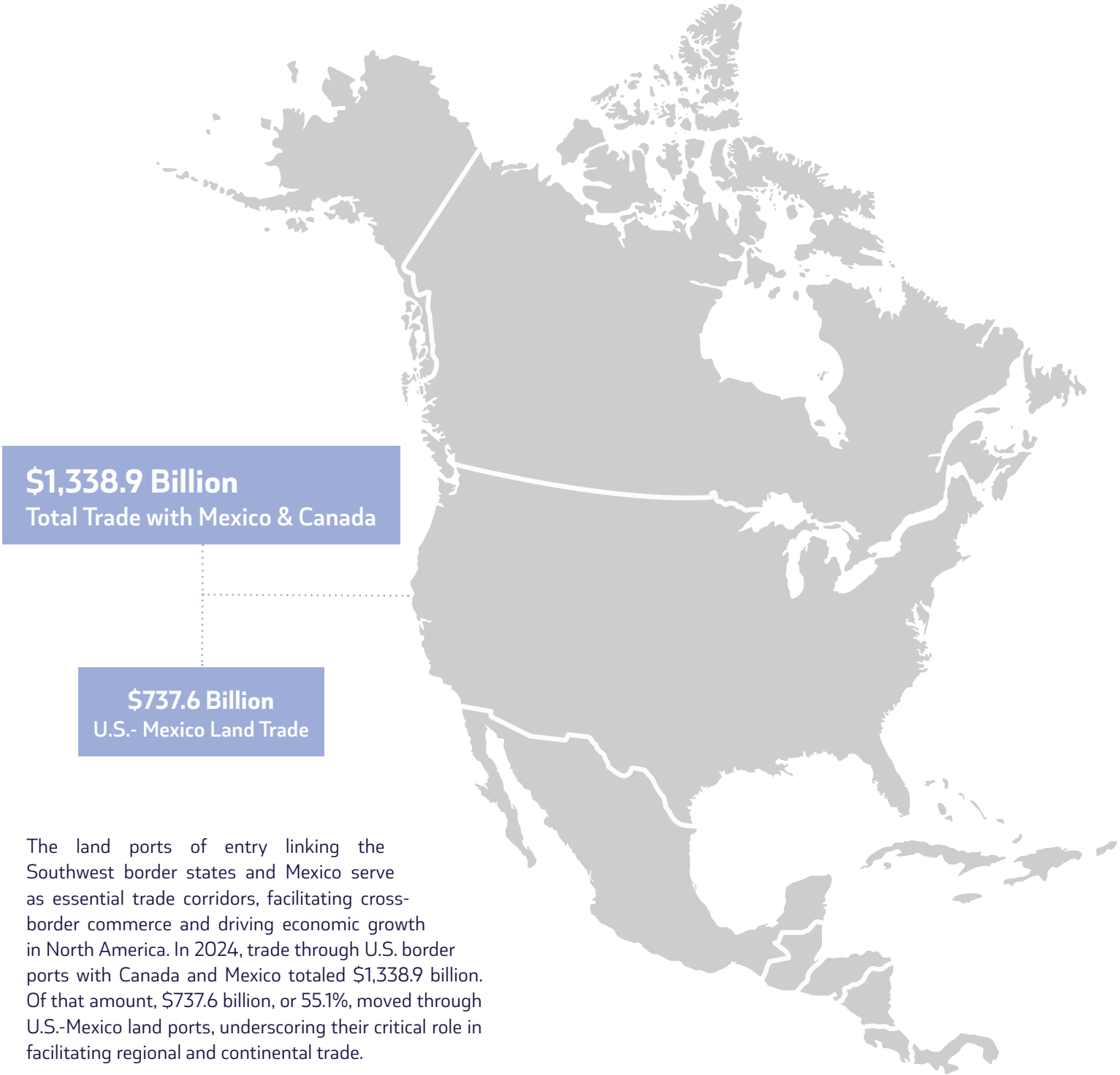
While Mexico ranks as the United States' top trading partner overall in terms of trade value, a state-by-state breakdown shows that Canada is the leading partner for 29 states, Mexico for 10 states, and China for 5.

Figure 2.
Texas Trade with the World and Mexico, 2024

	Texas Trade with World	Texas Trade with Mexico
Total Imports	$397.2 B	$157.6 B
Total Exports	$455.0 B	$123.6 B
Total Trade	$852.2 B	$281.2 B

Source: Hunt Institute using data from the U.S. Census Bureau.

The Strategic Role of the Southwest Border States' Land Ports



$1,338.9 Billion
Total Trade with Mexico & Canada

$737.6 Billion
U.S.- Mexico Land Trade

The land ports of entry linking the Southwest border states and Mexico serve as essential trade corridors, facilitating cross-border commerce and driving economic growth in North America. In 2024, trade through U.S. border ports with Canada and Mexico totaled $1,338.9 billion. Of that amount, $737.6 billion, or 55.1%, moved through U.S.-Mexico land ports, underscoring their critical role in facilitating regional and continental trade.

Texas: A Trade Powerhouse

Largest U.S.–Mexico Trade Gateway

Texas handled 66.1% ($312.3 B) of all trade through the U.S. Border

Texas is the leading gateway for U.S.–Mexico trade, operating 12 land ports of entry, more than any other Southwest state. In 2024, these land ports handled 66.1% ($312.3 billion) of total cross-border trade passed through the U.S.-Mexico border.

Texas integrates major interstate highways such as I-10, I-35, I-37, I-20, and I-45 with regional routes to connect efficiently to the rest of the United States. It also hosts the largest rail system in the country, where Union Pacific and BNSF link directly to Mexico's Ferromex and Kansas City Southern de México at key crossings in Eagle Pass, Laredo, El Paso, and Brownsville. These corridors extend trade into the industrial hubs of Chihuahua, Coahuila, Nuevo León, and Tamaulipas, strengthening North American supply chains.

For 23 consecutive years, Texas has ranked as the leading U.S. state for exports by land ports and, for the past eight years, has also led the nation in imports from global markets.[1] Its sustained dominance in trade is supported by a strong foundation of natural resources, advanced manufacturing capabilities, and a favorable business environment. Additionally, Texas is home to 35 foreign trade zones and more than 1,900 foreign-owned corporations, reinforcing its role as a critical hub for international commerce.

In 2024, Texas exported $126.3 billion worth of goods to international markets through its land ports, accounting for 18.4% of total U.S. land exports. Simultaneously, it imported $186.0 billion in goods from global markets, representing 19.7% of the nation's total land imports.

Land import activity through Texas increased by 11.2% compared to 2023 and was up 61.4% from 2019. While exports registered a modest decline of 0.5% from the previous year, they remained 14.6% above the 2019 import value. Overall, total trade through Texas land ports grew by 6.1% year over year and 38.5% compared to 2019.

The trade activity through Texas' land ports is a major economic driver, with exports contributing 4.7% to the state's GDP in 2024. The vast majority of this trade, 82.2%, was moved by truck, followed by 16.0% by rail, with only 1.8% transported by other modes of transportation.

Texas emerged as the leading U.S. state in international trade, with top traded commodities concentrated in the technology, energy, and automotive sectors.

Computers and IT hardware lead Texas imports by a wide margin, totaling $35.2 billion and accounting for 18.9% of the state's total imports, the highest in the nation. Texas and Mexico share a deeply integrated electronics supply chain, with computer components often crossing the border multiple times during manufacturing and assembly. Passenger vehicles rank second, valued at $16.4 billion (8.8% share), supported by Mexico's auto industry, from OEMs in the Bajío region to suppliers in Chihuahua that provide parts and finished vehicles. Commercial and cargo transport vehicles follow with $8.9 billion in imports (4.8% share), also holding the second-highest ranking across states, a sector that mirrors the same cross-border dynamics as passenger vehicles.

As for exports, refined petroleum products and derivatives dominate Texas' economy, valued at $12.6 billion and representing 10.0% of the state's total exports. Texas leads the nation in oil and gas resources, with five major formations: the Permian Basin, Eagle Ford, Barnett Shale, Haynesville Shale, and the Granite Wash. Among these, the Permian Basin plays a pivotal role by supplying most of the oil and gas that underpin Texas's export infrastructure, particularly liquefied natural gas and crude oil shipped from Gulf Coast ports to international markets. Semiconductors and microelectronics follow at $8.9 billion (7.1% share), supported by more than 200 firms in manufacturing, testing, and distribution, including Texas Instruments, NVIDIA, NXP, and X-FAB. Office machine components and accessories come third, valued at $7.5 billion and comprising 5.9% of Texas's total exports, with leading companies such as Office Machines, Inc. (OMI) and Function4 anchoring the industry. All three of these top commodities rank first nationwide in their respective categories.

1 "Trade and Export", Texas Economic Development & Tourism Office: https://gov.texas.gov/business/page/trade-and-export

Figure 3.
Texas State Infrastructure

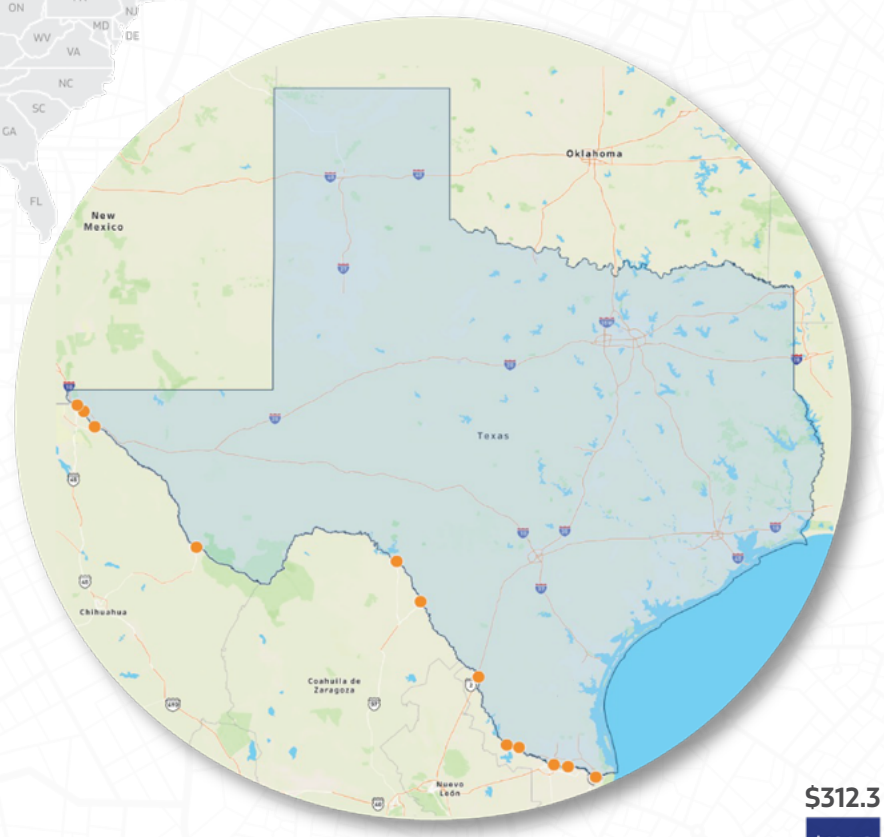


Figure 5.
Texas State Top Import & Export Commodities by Land, 2024

Total Imports: $186.0 Billion

Computers & IT Hardware
$35.2 B
18.9% Share
Ranked #1 in all States

Passenger Vehicles
$16.4 B
8.8% Share
Ranked #2 in all States

Commercial & Cargo Transport Vehicles
$8.9 B
4.8% Share
Ranked #2 in all States

Total Exports: $126.3 Billion

Refined Petroleum Products & Derivatives
$12.6 B
10.0% Share
Ranked #1 in all States

Semiconductors & Microelectronics
$8.9 B
7.1% Share
Ranked #1 in all States

Office Machine Components & Accessories
$7.5 B
5.9% Share
Ranked #1 in all States

Figure 4.
Texas Trade with the World by Land in Selected Years (USD Billion)

	2019 vs 2024	2023 vs 2024
Total Imports	61.4%	11.2%
Total Exports	14.6%	-0.5%
Total Trade	38.5%	6.1%

Note: HS 4-digit codes for traded commodities. World trade value through land only.
Source: Hunt Institute using data from the U.S. Census Bureau.

California:
A Leader in Electronic, Healthcare, & Agriculture

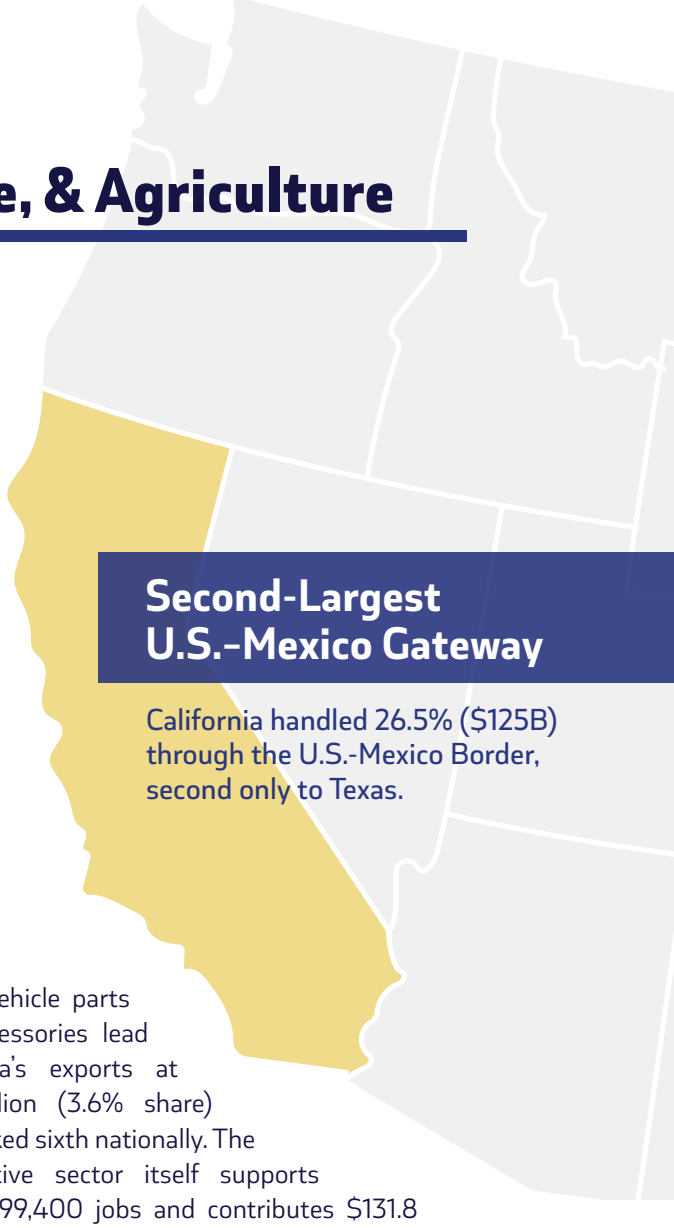
California, the second-largest gateway for U.S.–Mexico trade after Texas, operates six land ports of entry along its border with Baja California. In 2024, these cross-border commodities accounted for 26.5% ($125.0 billion) of all trade moving through the U.S.–Mexico border. Their efficiency is supported by the transportation network that includes major interstate highways such as I-5, I-8, I-10, and I-15, along with rail connections that extend into Southern California's logistics hubs and ports. Combined with proximity to Baja California's advanced manufacturing clusters, this infrastructure positions California as a vital corridor for high-value trade, particularly in electronics, healthcare, and agricultural products.

In 2024, the state imported $76.7 billion worth of goods through its land ports, an increase of 2.8% from 2023 and 3.6% from 2019. Meanwhile, California exported $48.3 billion in goods globally in 2024. This marked a 1.3% decline from 2023, but a 20.5% increase compared to 2019.

Overall, total trade through California's land ports rose by 1.2% from 2023 and 9.6% when compared to 2019. In 2024, the total trade through the California–Mexico border ports contributed 3.0% to the state's GDP.

California maintained its position as a vital trade hub, with strong performances in technology, healthcare, and advanced manufacturing.

The top three imported commodities in California are electronic display and broadcasting equipment, passenger vehicles, and medical devices and equipment, with $6.2 billion (8.1% share), $6.1 billion (8.0% share), and $4.0 billion (5.2% share), respectively. Both electronic display and broadcasting equipment and medical devices and equipment rank first nationwide, while passenger vehicles rank third. Much of this trade is tied to Baja California's industrial base: Tijuana is recognized as the TV capital of North America, hosting companies such as Samsung, Foxconn, TCL, and Panasonic. The region also anchors the automotive sector with Toyota and a network of auto parts suppliers. Baja California also stands out as a leading hub for medical device production, with more than 80 manufacturers, including Medtronic and Welch Allyn, producing a wide range of class I, II, and III products from prosthetics and catheters to pacemaker batteries and surgical kits.



Second-Largest U.S.–Mexico Gateway

California handled 26.5% ($125B) through the U.S.-Mexico Border, second only to Texas.

Motor vehicle parts and accessories lead California's exports at $1.7 billion (3.6% share) and ranked sixth nationally. The automotive sector itself supports about 899,400 jobs and contributes $131.8 billion to the state's GDP, with annual new vehicle sales of $82.8 billion and $10.65 billion in related tax revenue.[2] Computers and IT hardware also reached $1.7 billion (3.5% share), ranking second nationwide. California is a global leader in this field, with its high-tech ecosystem anchored by companies such as NVIDIA and Apple and strengthened by a deep pool of technological talent. Innovation in semiconductors, AI, and emerging computing technologies makes the sector a major driver of economic growth, extending across computer manufacturing, hardware engineering, and the development of specialized hardware for areas like quantum computing and autonomous vehicles. Aerospace vehicles, engines, and components followed at $1.5 billion (3.0% share), placing fifth among all states. The state's aerospace and defense legacy remains unmatched, with one-third of all U.S. space technology companies based in California.[3]

2 Alliance for Automotive Innovation. California Economic Data. https://www.autosinnovate.org/resources/insights/ca

3 Chad McElroy, "SoCal in the Age of Commercial Space," Inland Empire Outlook, Spring 2025, Rose Institute, 2025, PDF, p. 19, https://roseinstitute.org/wp-content/uploads/2025/04/IEO-Spring-2025_SoCal-in-the-Age-of-Commercial-Space_FINAL.pdf.

Figure 6.
California State Infrastructure

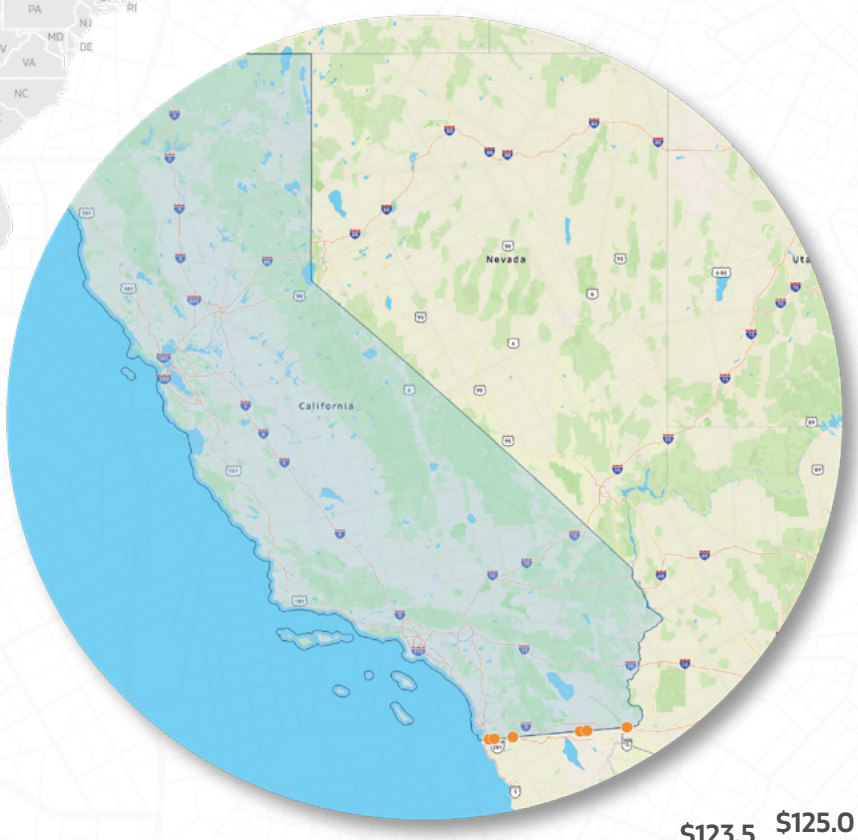


Figure 8.
California State Top Import & Export Commodities by Land, 2024

Total Imports: $76.7 Billion

Electronic Display & Broadcasting Equipment
$6.2 B
8.1% Share
Ranked #1 in all States

Passenger Vehicles
$6.1 B
8.0% Share
Ranked #3 in all States

Medical Devices & Equipment
$4.0 B
5.2% Share
Ranked #1 in all States

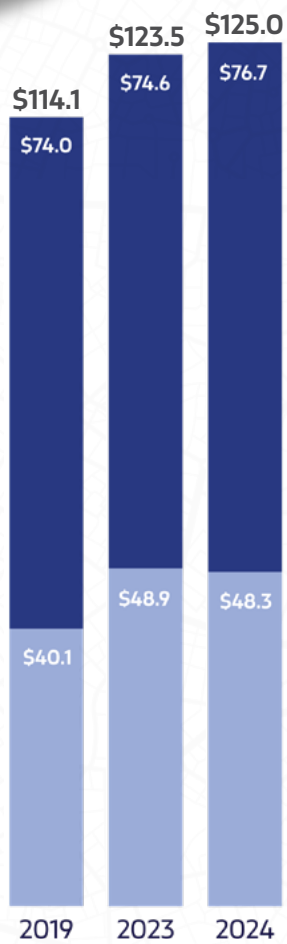
Total Exports: $48.3 Billion

Motor Vehicle Parts & Accessories
$1.7 B
3.6% Share
Ranked #6 in all States

Computers & IT Hardware
$1.7 B
3.5% Share
Ranked #2 in all States

Aerospace Vehicles, Engines & Components
$1.5 B
3.0% Share
Ranked #5 in all States

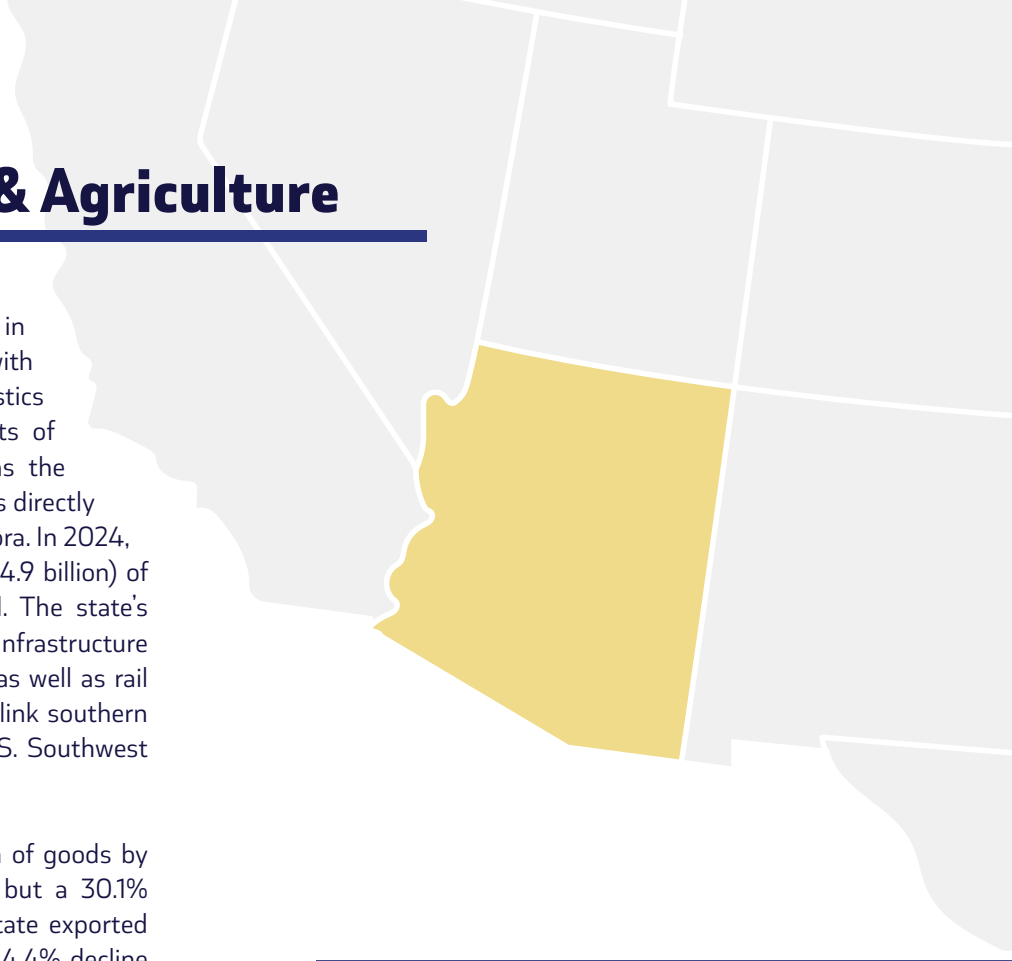
Figure 7.
California Trade with the World by Land in Selected Years (USD Billion)



	2019 vs 2024	2023 vs 2024
Total Imports	3.6%	2.8%
Total Exports	20.5%	-1.3%
Total Trade	9.6%	1.2%

Note: HS 4-digit codes for traded commodities. World trade value through land only.
Source: Hunt Institute using data from the U.S. Census Bureau.

Arizona:
Strength in Copper & Agriculture



Arizona plays a modest but strategic role in U.S.-Mexico trade due to its shared border with Mexico and its evolving transportation and logistics infrastructure. Arizona operates six land ports of entry, with Nogales and San Luis serving as the primary commercial gateways. These land ports directly connect Arizona with the Mexican state of Sonora. In 2024, Arizona's ports of entry accounted for 5.3% (24.9 billion) of total U.S.–Mexico cross-border trade by land. The state's trade flows are supported by an extensive infrastructure network that includes I-8, I-10, I-17, and I-40, as well as rail connections operated by Union Pacific, which link southern Arizona to major logistics hubs across the U.S. Southwest and beyond.

In 2024, Arizona imported $14.4 billion worth of goods by land, reflecting a 0.9% decrease from 2023 but a 30.1% increase compared to 2019. Meanwhile, the state exported $10.6 billion in goods globally, representing a 4.4% decline from 2023 and a 10.1% increase from 2019.

Arizona's total land trade decreased by 2.4% in 2023 but rose 20.8% compared to 2019. In 2024, this trade activity accounted for 4.5% of the state's total GDP.

Arizona contributes to U.S.-Mexico trade through activity in agriculture, mining, and advanced manufacturing.

In 2024, Arizona's top three imported commodities included fresh and chilled vegetables with $1.2 billion (8.3% share), electrical and telecommunications wiring with $1.2 billion (8.3% share), and fresh and chilled tomatoes with $1.0 billion (7.0% share). Arizona also ranked as the top U.S. importer of both fresh and chilled vegetables and chilled tomatoes.

On the export side, Arizona's top three commodities in 2024 include copper ores and concentrates with $1.6 billion (15.3% share), aerospace vehicles, engines, and components with $0.7 billion (6.9% share), and repaired and returned goods with $0.7 billion (6.6% share). Copper ores and concentrates remained the state's most significant export in 2024, with Arizona ranking first in the nation for this commodity.

A $24.9 Billion Trade Corridor

Arizona's ports accounted for 5.3% of all trade through U.S.-Mexico border in 2024.

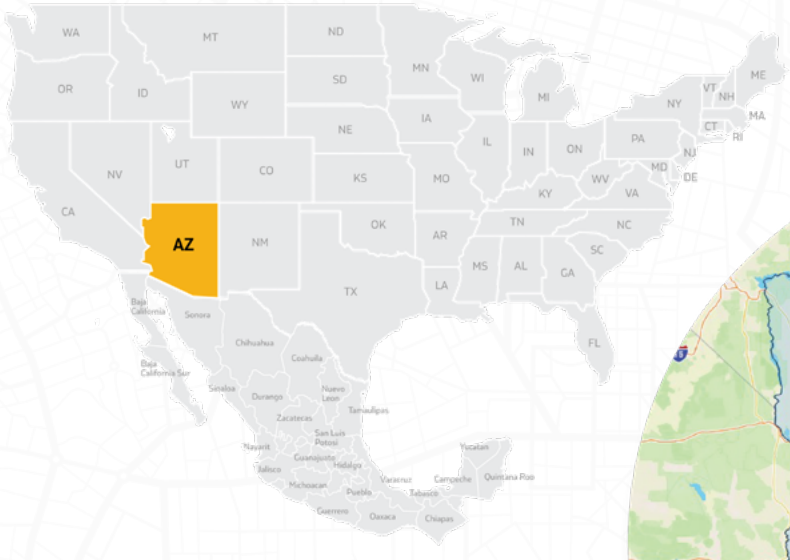


Figure 9.
Arizona State Infrastructure

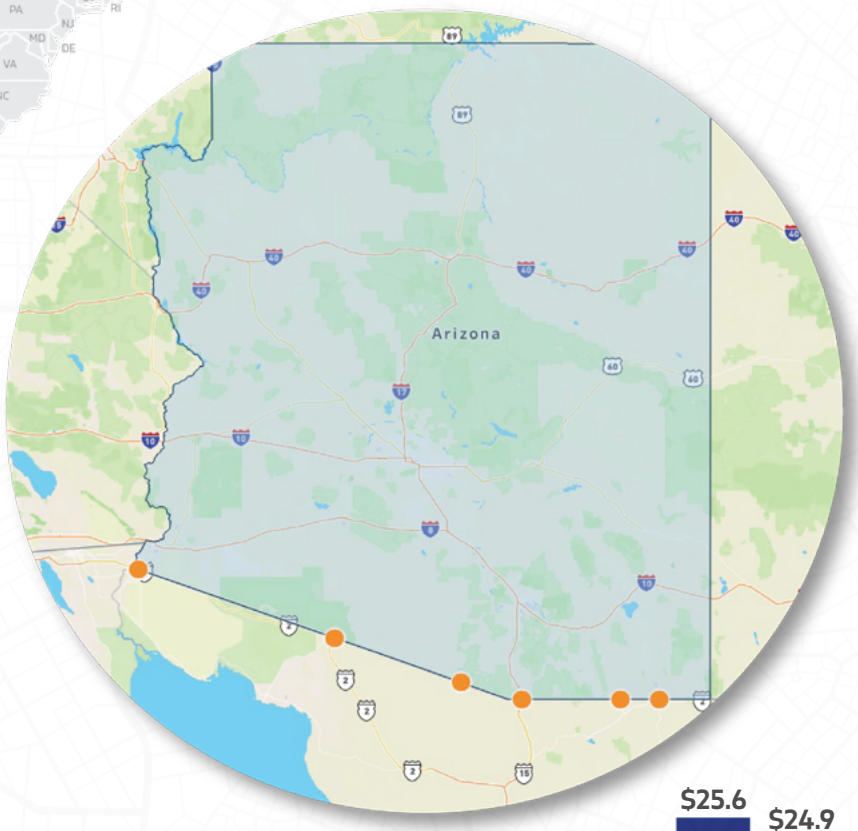


Figure 11.
Arizona State Top Import & Export Commodities by Land, 2024

Total Imports: $14.3 Billion

Fresh & Chilled Vegetables
$1.2 B
8.3% Share
Ranked #1 in all States

Electrical & Telecommunications Wiring
$1.2 B
8.3% Share
Ranked #4 in all States

Fresh & Chilled Tomatoes
$1.0 B
7.0% Share
Ranked #1 in all States

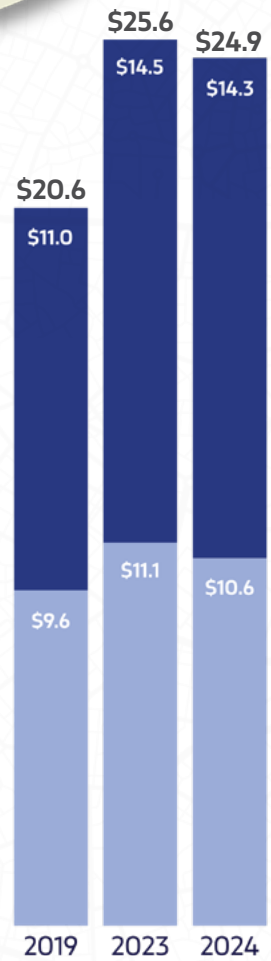
Total Exports: $10.6 Billion

Copper Ores & Concentrates
$1.6 B
15.3% Share
Ranked #1 in all States

Aerospace Vehicles, Engines & Components
$0.7 B
6.9% Share
Ranked #10 in all States

Trade of Repaired & Returned Goods
$0.7 B
6.6% Share
Ranked #4 in all States

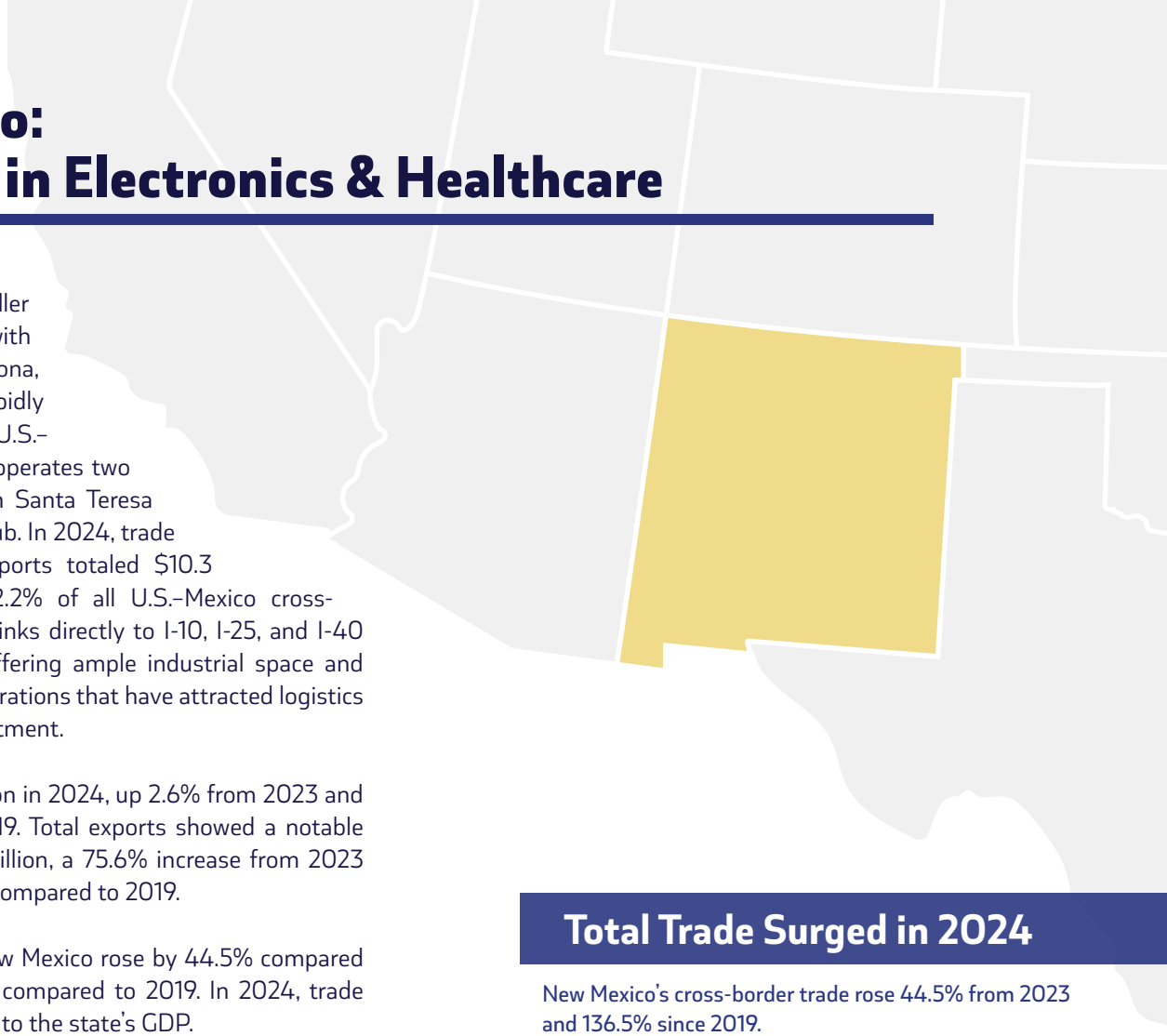
Figure 10.
Arizona Trade with the World by Land in Selected Years (USD Billion)



	2019 vs 2024	2023 vs 2024
Total Imports	30.1%	-0.9%
Total Exports	10.1%	-4.4%
Total Trade	20.8%	-2.4%

Note: HS 4-digit codes for traded commodities. World trade value through land only.
Source: Hunt Institute using data from the U.S. Census Bureau.

New Mexico: Advancing in Electronics & Healthcare



New Mexico, though smaller in scale compared with Texas, California, and Arizona, has emerged as a rapidly expanding gateway for U.S.–Mexico trade. The state operates two land ports of entry, with Santa Teresa serving as the primary hub. In 2024, trade through New Mexico's ports totaled $10.3 billion, accounting for 2.2% of all U.S.–Mexico cross-border flows. The state links directly to I-10, I-25, and I-40 to other states, while offering ample industrial space and streamlined customs operations that have attracted logistics and manufacturing investment.

Imports totaled $3.1 billion in 2024, up 2.6% from 2023 and 69.1% higher than in 2019. Total exports showed a notable increase, reaching $7.2 billion, a 75.6% increase from 2023 and an 186.0% increase compared to 2019.

Overall, total trade in New Mexico rose by 44.5% compared to 2023 and by 136.5% compared to 2019. In 2024, trade activity contributed 7.3% to the state's GDP.

Cross-border trade continues to support key sectors of New Mexico's economy, particularly electronics manufacturing and healthcare.

In 2024, the state's leading imports included medical devices and equipment, nuclear materials and radioactive substances, and telecommunication and networking devices, with $1.0 billion (31.5% share), $0.4 billion (13.1% share), and $0.1 billion (6.7% share), respectively. New Mexico ranked third nationally in imports of both medical devices and equipment, and nuclear materials and radioactive substances.

The top exports in 2024 included office machine components and accessories, digital and analog storage media, and telecommunication and networking devices, with $4.0 billion (56.1% share), $0.9 billion (12.3% share), and $0.3 billion (4.2% share), respectively. Exports of office machine components and accessories, and digital and analog storage media ranked second nationally.

Total Trade Surged in 2024

New Mexico's cross-border trade rose 44.5% from 2023 and 136.5% since 2019.

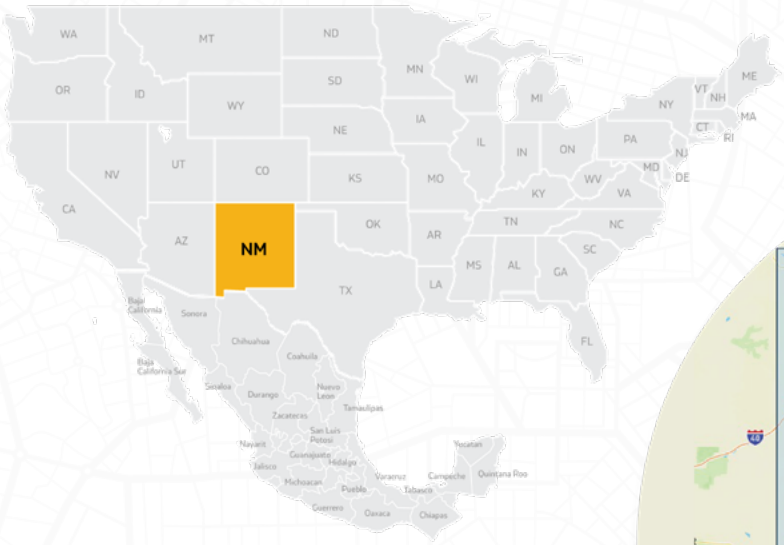


Figure 12.
New Mexico State Infrastructure

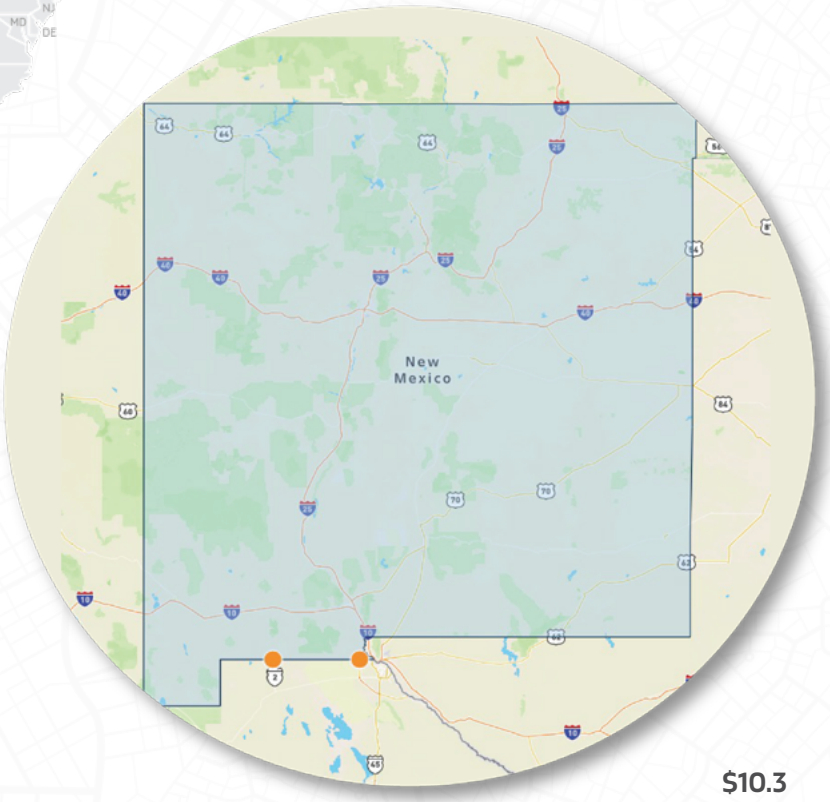


Figure 14.
New Mexico State Top Import & Export Commodities by Land, 2024

Total Imports: $3.1 Billion

Medical Devices & Equipment
$1.0 B
31.5% Share
Ranked #3 in all States

Nuclear Materials & Radioactive Substances
$0.4 B
13.1% Share
Ranked #3 in all States

Telecommunication & Networking Devices
$0.2 B
6.7% Share
Ranked #12 in all States

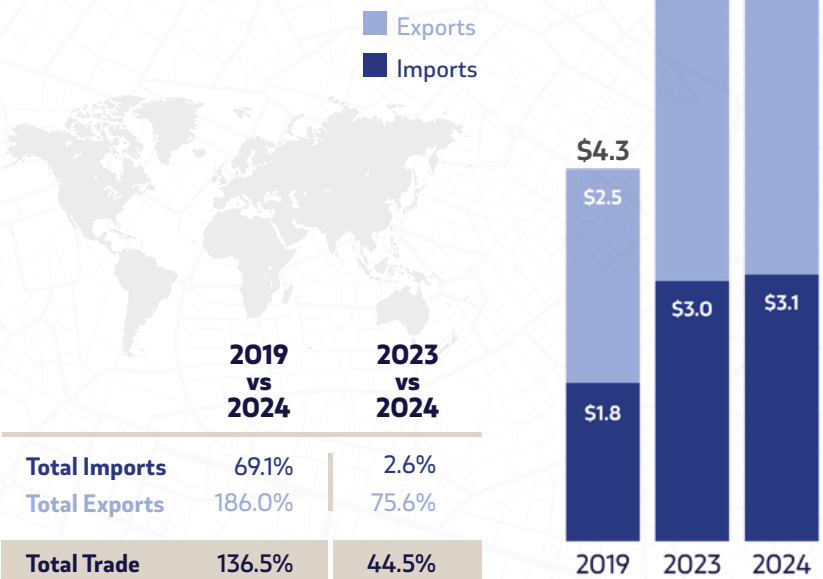
Total Exports: $7.2 Billion

Office Machine Components & Accessories
$4.0 B
56.1% Share
Ranked #2 in all States

Digital & Analog Storage Media
$0.9 B
12.3% Share
Ranked #2 in all States

Telecommunication & Networking Devices
$0.3 B
4.2% Share
Ranked #6 in all States

Figure 13.
New Mexico Trade with the World by Land in Selected Years (USD Billion)



	2019 vs 2024	2023 vs 2024
Total Imports	69.1%	2.6%
Total Exports	186.0%	75.6%
Total Trade	136.5%	44.5%

Note: HS 4-digit codes for traded commodities. World trade value through land only.
Source: Hunt Institute using data from the U.S. Census Bureau.

Conclusion

The U.S.–Mexico border states are vital in international trade, with their land ports serving as indispensable arteries of the North American economy. Texas, California, Arizona, and New Mexico each contribute unique strengths, from energy and advanced manufacturing to agriculture and electronics, that collectively reinforce the region's role as a cornerstone of U.S. competitiveness.

Looking ahead, the capacity of these border states to sustain growth will depend on investment in infrastructure, the modernization of customs processes, and policies that enhance binational cooperation. As industries deepen their integration and supply chains become increasingly regionalized, the Southwest border will remain a strategic focal point for trade flows. Strengthening these corridors will be essential not only for the prosperity of the border states but for the resilience of the United States' position in global commerce.

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