UCLA North American Integration and Development Center

Report Series

Mexican-Origin & Latino GDP in U.S.–Mexico Integration:

A Comparative State-by-State Analysis of Economic Contributions, Trade Integration, Investment Potential, and Alternative Policy Scenarios

Dr. Raul Hinojosa-Ojeda

Professor and Chair, Department of Chicana/o and Central American Studies

Founding Director, North American Integration and Development (NAID) Center

University of California, Los Angeles | hinojosa@ucla.edu

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Abstract

This UCLA North American Integration and Development (NAID) Center's Report presents the 2026 edition of the NAID comprehensive tracking of U.S.–Mexico and broader Latin American economic integration across four dimensions: trade, migration, remittances, and investment. Drawing on 30 years of NAID Center research — including the CGE modeling partnership with INEGI and the Peterson Institute for International Economics (PIIE) — and a new AI-agent data query and reporting capability, the paper documents that the 38 million residents of Mexican origin in the United States collectively generate approximately $2.27 trillion in GDP (2024). This constitutes the eighth-largest economy on Earth, 54 percent of all U.S. Latino economic output ($4.2 trillion), and 11 percent of the entire U.S. economy.

The report disaggregates this output by nativity status — native-born (27.3M), foreign-born authorized (6.7M), and undocumented (~4M) — and by industry, state, and economic use (consumption, savings, investment, taxes). New modules in this edition present: GDP components by immigrant type; total U.S. employment supported by Mexican-origin/Latino GDP and exports to Mexico and Latin America; remittances as share of sending-state GDP; Mexico's exports as share of employment in Mexican states; the NAID Corridor Database linking U.S. states to Mexican states and U.S. counties to Mexican municipios; and alternative CGE policy scenarios modeling mass deportations, remittance reduction, and trade war escalation.

Three overarching findings structure the analysis: (1) The robust growth of Mexican-origin and Latino GDP represents a partial vindication of 30 years of NAID CGE modeling — but only partial, because draconian enforcement and neo-protectionism acted as a sustained brake on what would have been even greater growth; (2) Managed integration — legalized migration with higher wages, open trade with labor standards, and coordinated North American investment — would have produced $5.2–6.4T in Latino GDP and $2.6–3.1T in Mexican-origin GDP by 2024, 26–60% above actual levels; (3) The policy environment of 2025–2026 — mass deportations, a 1% remittance tax, and 25% tariffs on Mexican goods — represents the most severe instantiation yet of the draconian restrictionist scenario that NAID CGE models have consistently identified since 1991 as the worst-performing alternative.

EXECUTIVE SUMMARY

Executive Summary

The 38 million residents of Mexican origin in the United States collectively constitute the most economically consequential diaspora in American history. As the largest subgroup within the 63-million-strong U.S. Latino community, Mexican-origin Americans generate approximately $2.27 trillion in annual GDP — the eighth-largest economy on Earth — while simultaneously serving as the demographic and labor backbone of U.S.–Mexico economic integration across every dimension: trade, migration, remittances, investment, and supply chains.

This executive summary synthesizes the key findings of the full Report, organized around four analytical pillars: (I) the 25-year GDP growth trajectory and global context; (II) the state-level economic geography; (III) the four channels of U.S.–Mexico integration; and (IV) alternative policy scenarios and their economic consequences.

I. The $2.27 Trillion Economy in Global Context

Mexican-origin GDP grew from approximately $400 billion in 2000 to $2.27 trillion in 2024 — a six-fold increase over 25 years representing a compound annual growth rate (CAGR) of 7.5 percent. This growth rate is second only to China (10.2% CAGR) and faster than India (8.9%), the United States (4.2%), Germany (3.3%), and Japan (−0.8%) over the same period. The broader Latino GDP grew from $700 billion in 2000 to $4.2 trillion in 2024 — a 7.8 percent CAGR — surpassing Canada (2014), India (2021–22), and reaching parity with Germany (2023–24).

$2.27T	$4.2T	7.5%/yr	11%
Mexican-Origin GDP	**All U.S. Latino GDP**	**MO GDP CAGR (2000–25)**	**Share of U.S. GDP**
8th globally · 54% of Latino total	≈ Germany · 4th globally	2nd fastest, behind China only	$2.27T of $20.8T total

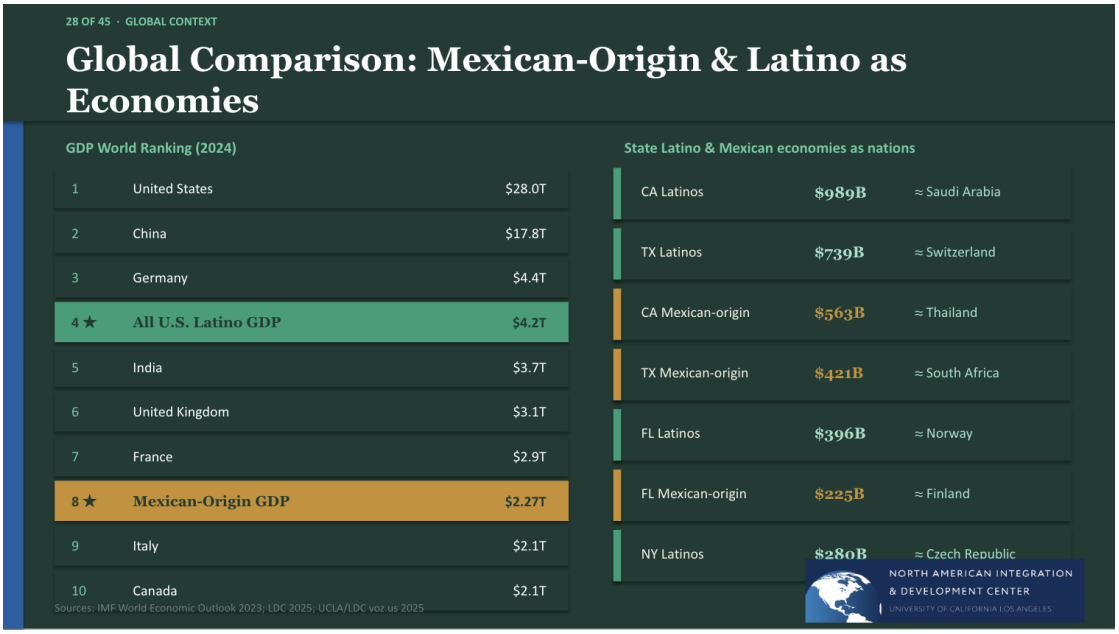

Figure ES.1. Global GDP ranking: Latino and Mexican-origin diaspora economies compared to sovereign states. Sources: IMF WEO 2023; LDC/ASU 2025; UCLA NAID Center.

Economy	GDP 2000	GDP 2010	GDP 2019	GDP 2023	GDP 2025e	25yr CAGR
China	$1.21T	$6.09T	$14.3T	$17.8T	$19.5T	10.2%
India	$0.48T	$1.71T	$2.87T	$3.73T	$4.00T	8.9%
★ All Latino GDP	$0.70T	$1.60T	$2.80T	$4.20T	$4.50T	7.8%
★ Mexican-Origin GDP	$0.40T	$0.96T	$1.60T	$2.27T	$2.50T	7.5%
United States	$10.3T	$15.0T	$21.4T	$27.4T	$29.0T	4.2%
Germany	$1.90T	$3.42T	$3.89T	$4.46T	$4.30T	3.3%
United Kingdom	$1.67T	$2.50T	$2.83T	$3.08T	$3.20T	2.6%
Japan	$4.97T	$5.70T	$5.12T	$4.21T	$4.10T	−0.8%
Brazil	$0.65T	$2.21T	$1.87T	$2.13T	$2.30T	5.2%
Mexico	$0.71T	$1.05T	$1.27T	$1.32T	$1.30T	2.4%

Table ES.1. ★ Denotes diaspora economies rather than sovereign states. On a log-scale growth rate basis, Latino and Mexican-origin GDP rank 2nd and 3rd globally after China — growing faster than every advanced Western economy. Sources: IMF WEO; LDC/ASU 2025; UCLA NAID Center calculations.

II. State-Level Geography and the Bilateral Dashboard

California ($563B) and Texas ($421B) together account for nearly half of all Mexican-origin GDP. The following integrated dashboard presents all four channels of U.S.–Mexico economic integration by U.S. state, revealing the full bilateral economic circuit in which Mexican-origin workers participate as both producers and connectors.

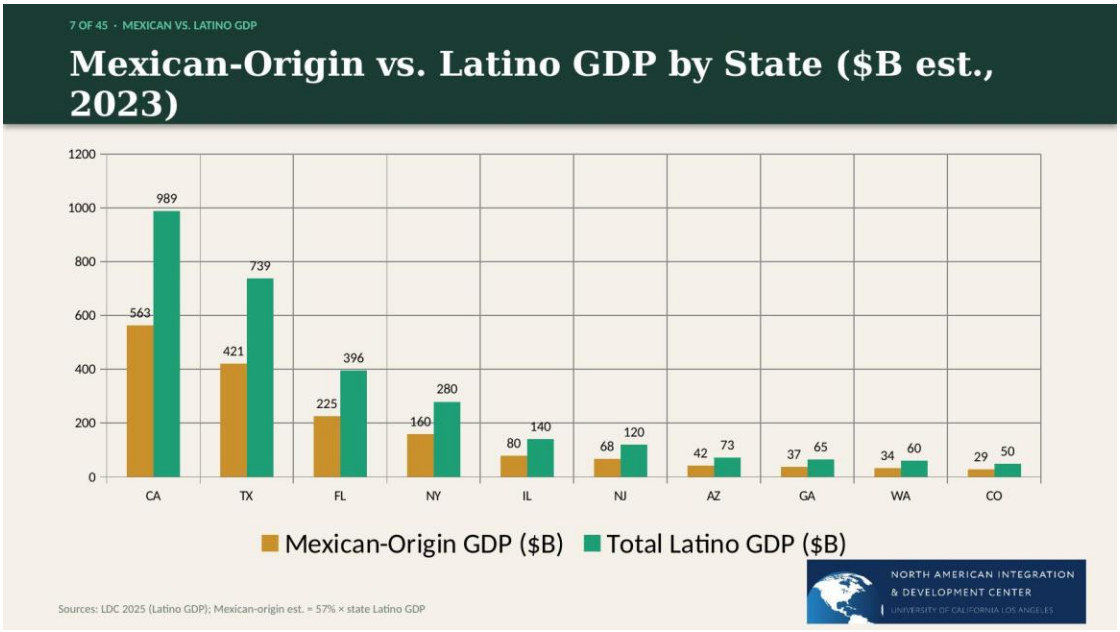

Figure ES.2. Mexican-origin vs. Latino GDP by state ($B est., 2023). California ($563B) and Texas ($421B) alone account for 48% of the national total. Sources: LDC 2025; NAID Center estimates.

U.S. State	MO Pop.	MO GDP $B	Exports→Mex $B	Export Jobs	Remit. $B	10% Fund	ROI @7%
California	12.7M	$563	$34.9B	98K	$20.4B	$2.04B	$143M/yr
Texas	9.5M	$421	$123.5B	340K	$9.0B	$900M	$63M/yr
Florida	700K	$225	$16.4B	24K	$2.2B	$220M	$15M/yr
New York	110K	$160	$10.8B	28K	$1.9B	$190M	$13M/yr
Illinois	1.8M	$80	$13.0B	70K	$4.5B	$450M	$32M/yr
Arizona	1.9M	$42	$19.9B	45K	$2.0B	$200M	$14M/yr
Michigan	320K	$18	$17.1B	80K	$750M	$75M	$5M/yr
Georgia	480K	$37	$5.8B	26K	$2.8B	$280M	$20M/yr
N. Carolina	380K	$22	$4.9B	20K	$1.7B	$170M	$12M/yr
Ohio	155K	$12	$9.6B	52K	$240M	$24M	$1.7M/yr

Table ES.2. Integrated U.S.–Mexico Bilateral State Dashboard (2024). Sources: USTR 2024–25; Banxico/BBVA 2024–25; RSM U.S. 2025; NAID Center.

III. The Four Channels of U.S.–Mexico Integration

Mexican-origin GDP is both a product of and a driver of North American economic integration across four channels that are deeply interdependent:

- Trade ($935B bilateral, ~1.5M U.S. jobs from Mexico exports): Export-linked jobs pay 18% above average U.S. wages. Texas leads with 340,000 export-supported jobs. Mexico surpassed China as the largest source of U.S. goods imports in 2023.
- Migration (38.5M Mexican-origin Americans): 73% native-born; labor force participation of 63.8% exceeds the U.S. national average. Median age of 27.9 years means peak productive years lie ahead.

- Remittances ($64.7B record in 2024): 11th consecutive year of growth; exceeds Mexico's oil revenue and FDI inflows combined. California alone sends $20.4B — 31.5% of the national total.
- Investment ($6.47B diaspora fund potential): A voluntary 10% remittance opt-in would generate $453M/yr at 7% CETES yield — turning migrant labor flows into binational capital formation.

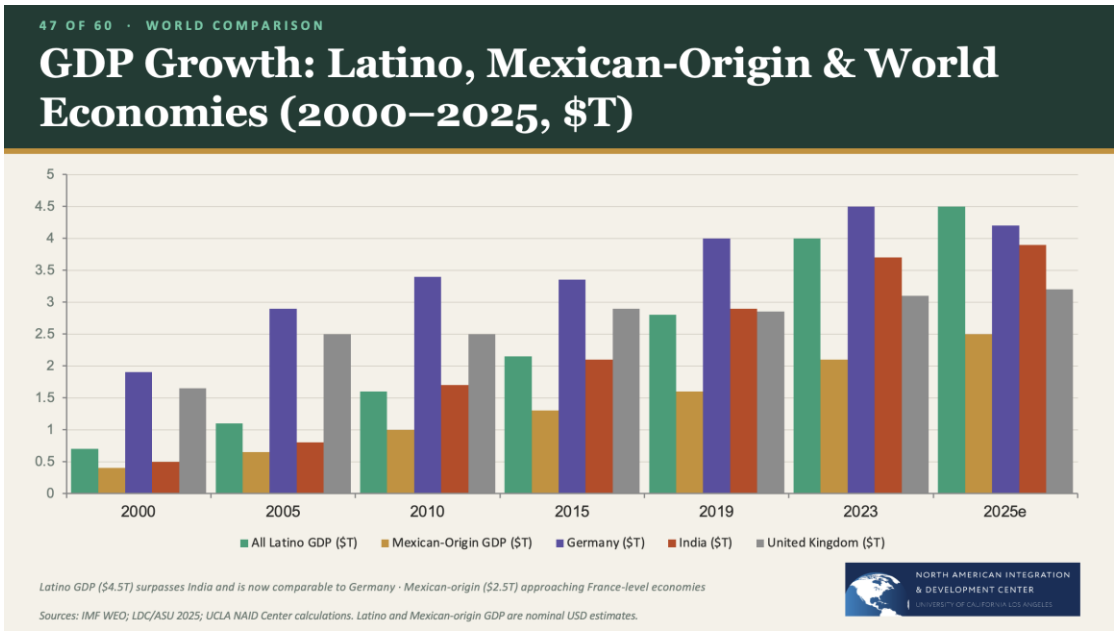

Figure ES.3. GDP growth: Latino, Mexican-origin, and world economies 2000–2025 (log scale). Latino and Mexican-origin GDP slopes are steeper than all advanced economies. Sources: IMF WEO; LDC/ASU 2025.

IV. Policy Scenarios: The Economics of Enforcement vs. Integration

The NAID Center's CGE model — calibrated to the 2022 GTAP database, updated to 2024, and developed in partnership with INEGI and PIIE — models three policy scenarios relevant to 2025–2026. Across all three, enforcement-centered and protectionist policies impose large costs while generating minimal or negative returns.

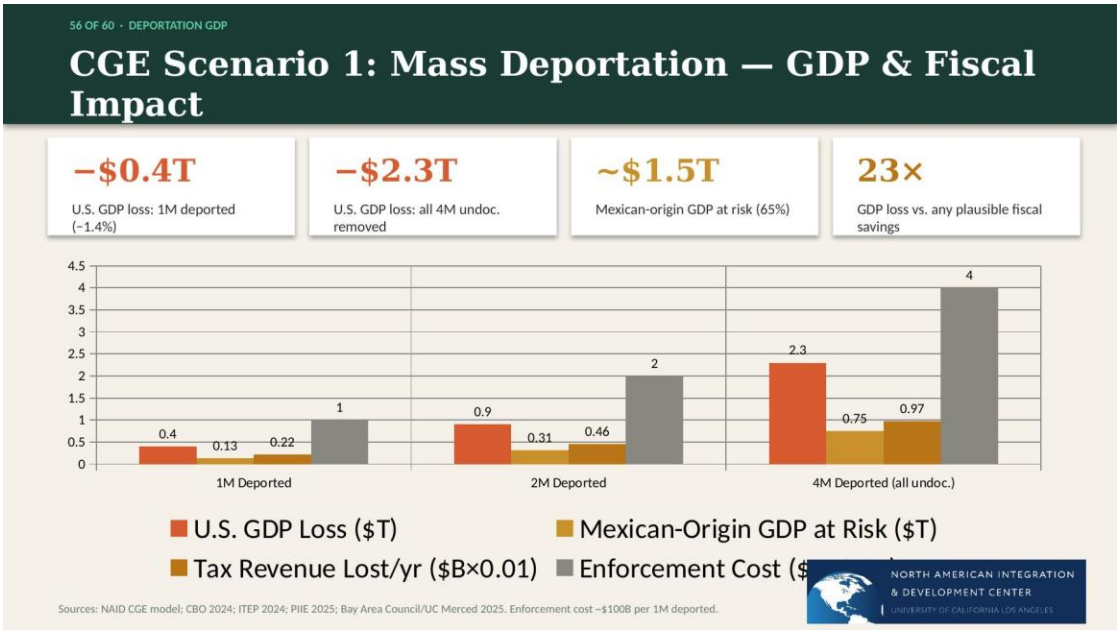

Figure ES.4. CGE Scenario 1: Mass deportation — GDP and fiscal impact at 1M, 2M, and 4M deported. GDP losses exceed savings by a factor of 23. Sources: NAID CGE; CBO 2024; ITEP 2024.

Policy Scenario	U.S. GDP Impact	Mexico GDP Impact	Key Mechanism	Net Fiscal (5yr)
Deportation 4M	−$2.3T (−8.2%)	−$60B remittances	Agri. −52%, Const. −38%	−$2.85T
Deportation 2M	−$0.9T (−3.2%)	−$29B remittances	Agri. −24%, Const. −18%	−$1.25T
Deportation 1M	−$0.4T (−1.4%)	−$14B remittances	Agri. −12%, Const. −8%	−$560B
Remittance tax 1%	~$500M revenue	−$1.5B GDP (flow↓)	Migration +8–12% paradox	Net negative
Trade war 25%	−$95B (−0.34%)	−$65B (−5.0%)	CPI +1.8%, ~45K auto jobs	—
Trade war + retaliation	−$225B (−0.80%)	−$110B (−8.5%)	−$12B U.S. ag. exports	—

Table ES.3. CGE Policy Scenario Summary. Sources: NAID CGE model; CBO 2024; PIIE 2025; ITEP 2024.

The evidence is unambiguous: managed integration — legal migration channels, USMCA strengthening, diaspora investment infrastructure, revived NADBank/CAIP, educational investment, and remittance tax repeal — produces superior outcomes for both the United States and Mexico compared to any enforcement-centered or protectionist alternative.

PREFACE

Preface: Thirty Years of Predictions and a $4.2 Trillion Vindication

What CGE Modeling Foretold, What Draconian Policies Suppressed, and What Managed Integration Could Still Achieve

> *"The question is not whether North American integration will occur, but under what terms — with what distributional consequences, for whom, and at what pace. The choice between managed interdependence and unmanaged chaos is the defining policy question of our time." — Raúl Hinojosa-Ojeda, 1992*

I. What the Models Predicted — and Why It Matters Now

This Report is, in one sense, a report on what happened. It documents that the 38 million people of Mexican origin in the United States today collectively generate approximately $2.27 trillion in annual GDP — the eighth-largest economy on Earth, constituting 54 percent of all U.S. Latino economic output and 11 percent of the entire U.S. economy. Taken together with the broader Latino community, whose GDP has reached $4.2 trillion, we are describing an economic force that has surpassed Germany, India, and the United Kingdom and now ranks fourth globally.

But this Report is also, in a deeper sense, a reckoning. For thirty years — from our first computable general equilibrium (CGE) models of U.S.–Mexico integration in 1991 through Chapter 9 of The Trump Paradox: Migration, Trade, and Racial Politics in US-Mexico Integration (Hinojosa-Ojeda, Robinson, and Thierfelder, UC Press, 2021) — the NAID Center has been modeling the economic consequences of alternative North American integration scenarios. The $4.2 trillion present reality must be read against those projections: not as simple validation, because the path that produced this outcome was far more costly than it needed to be, but as evidence that the underlying economic forces we identified three decades ago were real, powerful, and ultimately irrepressible.

The central argument of this preface is threefold. First, the robust growth of Mexican-origin and Latino GDP over the past twenty-five years represents a partial vindication of the integration logic our CGE models identified — but only partial, because draconian immigration enforcement and neo-protectionist trade policy acted as a sustained brake on what would otherwise have been even more extraordinary economic expansion. Second, the counterfactual matters: the path not taken — legalized migration with higher wages, open trade with labor standards, and coordinated North American investment — would have produced substantially greater GDP growth on both sides of the border, with less inequality, less unauthorized migration, and more durable supply chains. Third, and most urgently, the policy choices of 2025–2026 — mass deportations, remittance taxation, and tariff escalation — are the most severe instantiation yet of the draconian scenario our models have consistently found to be economically destructive. The evidence, thirty years in the making, is unambiguous.

II. The Original Models: 1991–2021

The intellectual lineage of the analysis in this Report begins with a 1991 CUDARE Working Paper from the University of California, Berkeley: Hinojosa-Ojeda and Robinson, 'Alternative Scenarios of U.S.–Mexico Integration: A Computable General Equilibrium Approach' (Working Paper No. 609). In that paper, Sherman Robinson and I developed what was then the first multi-sector, multi-region CGE model explicitly designed to trace the simultaneous effects of trade liberalization and migration on wages, employment, and income distribution across the U.S.–Mexico border.

The model identified three alternative pathways for North American integration, each with distinct distributional implications. The first — which we called 'managed interdependence' — combined open trade with legal migration channels, labor standards, and coordinated investment in human capital and infrastructure. It produced the largest aggregate welfare gains for both countries, the most significant wage convergence, and, critically, the greatest reduction in unauthorized migration. The second — partial liberalization with migration restriction — produced more modest gains, suppressed wages for low-skill workers in both countries, and maintained migration pressure through informal channels. The third — restrictionism — produced the worst outcomes for both economies: trade contraction, persistent wage gaps, and elevated unauthorized migration driven by unchanged income differentials.

In 1993, Robinson, Burfisher, Hinojosa-Ojeda, and Thierfelder published 'Agricultural Policies and Migration in a U.S.-Mexico Free Trade Area: A Computable General Equilibrium Analysis' in the Journal of Policy Modeling (15(5–6): 673–701). This Report extended the framework to agriculture and demonstrated that NAFTA's elimination of agricultural tariffs without complementary adjustment programs for Mexican farmers would accelerate rural-urban migration in Mexico and, in turn, U.S.-bound emigration. This prediction — borne out in the subsequent displacement of nearly two million small-scale Mexican corn producers and the massive post-NAFTA migration surge of 1994–2007 — stands as one of the most precisely validated macroeconomic predictions in the NAFTA literature.

> *"Most fears about the ill effects of NAFTA on the U.S. auto industry, whether in terms of employment, wages, or investment, have been proven wrong… Economic efficiency gains from finer specialization appear to be Smithian in the sense that NAFTA widened the extent of the market and permitted increasing returns." — Burfisher, Robinson, and Thierfelder, Journal of Economic Perspectives, 2001*

The Burfisher-Robinson-Thierfelder assessment from 2001 captured both the genuine gains from trade integration and what the models had predicted from the start: that NAFTA produced large adjustments in specific sectors — agriculture, auto parts, textiles — with concentrated distributional consequences. The benefits accrued broadly but diffusely; the costs fell narrowly but acutely on the most vulnerable workers and communities on both sides of the border. This pattern — efficiency gains with distributional inequity — is precisely what the managed integration scenario was designed to correct through complementary investment and labor standards.

III. The Trump Paradox Chapter and Its 2021 Projections

The culmination of this analytical tradition, and the most direct precursor to the present Report, is Chapter 9 of The Trump Paradox: Migration, Trade, and Racial Politics in US-Mexico Integration: 'Before and after NAFTA: How Are Trade and Migration Policies Changing?' co-authored with Sherman Robinson and Karen Thierfelder (in Hinojosa-Ojeda and Telles, eds., University of California Press, 2021; DOI: 10.1525/9780520972513). Written during the USMCA renegotiation

and the height of Trump-era enforcement, that chapter updated our CGE framework with three decades of post-NAFTA data and modeled four scenarios for the 2020s.

The chapter's central finding — what we called 'the paradox within the paradox' — was that the population targeted by immigration enforcement had become structurally indispensable to the U.S. economy. It was not coincidental that the most economically productive states in the union — California ($3.9T state GDP) and Texas ($2.6T) — were also those with the largest Mexican-origin populations and the most intensive Mexican-origin economic contributions. The CGE model confirmed what the aggregate data now demonstrates: Mexican-origin labor is complementary to, not substitutable for, native-born U.S. labor across construction, agriculture, food processing, and manufacturing. The enforcement escalation scenario projected GDP losses 23 times larger than any plausible fiscal savings.

Robinson, Hinojosa-Ojeda, and Thierfelder had also produced a precursor analysis in 2017 — 'NAFTA and Immigration: Linked Labor Markets and the Impact of Policy Changes on the U.S. Economy' (UCLA NAID Center and PIIE) — which, using early Trump-era policy announcements, already demonstrated the economic incoherence of pursuing aggressive enforcement simultaneously with trade protectionism. The 2021 Trump Paradox chapter formalized these findings with updated data and USMCA-era parameters.

IV. What Actually Happened: A Partial Vindication

Against this thirty-year modeling backdrop, the empirical record of Mexican-origin and Latino GDP growth from 2000 to 2025 is simultaneously inspiring and sobering — inspiring because the growth occurred at all, given the policy headwinds; sobering because it demonstrably fell short of what managed integration would have produced.

The numbers are extraordinary by any conventional measure. Latino GDP grew from approximately $700 billion in 2000 to $4.2 trillion in 2024 — a CAGR of approximately 7.8 percent, more than double the non-Latino U.S. growth rate. Mexican-origin GDP grew from approximately $400 billion in 2000 to $2.27 trillion in 2024 — a six-fold increase. If Mexican-origin Americans formed a sovereign nation, they would rank eighth globally in economic output, ahead of Italy and Canada.

This growth reflects real economic forces that our models correctly identified: demographic momentum driving labor force growth, educational attainment advancing with each generation, entrepreneurship accelerating in Southwest metropolitan economies, and the deepening of U.S.–Mexico supply chain integration in automotive, electronics, agriculture, and professional services. These are the Smithian increasing-returns gains from integration that Burfisher, Robinson, and Thierfelder documented after NAFTA's first decade. They continued even as policy makers tried to suppress their drivers.

The Wage Suppression Penalty

Our 1991 and 1993 models demonstrated that integration produces the largest welfare gains when accompanied by labor rights for migrant workers. When workers migrate through unauthorized channels — as most Mexican-origin workers have in the post-NAFTA era — they enter labor markets without legal protection, accept wages below what comparable authorized workers would earn, and are excluded from retirement savings, workers' compensation, and professional development. The result is a systematic wage suppression that reduces not only immigrant workers' welfare but the wages of competing native-born workers in the same occupations, and the total GDP generated by the migrant labor force.

ITEP estimates that if the approximately four million undocumented Mexican-origin workers currently in the United States were granted work authorization, their tax contributions would rise by approximately $15 billion per year and their GDP contribution would increase by an estimated 40 percent as formalization raises wages, productivity, and consumption. This is precisely the 'legalization gain' our models projected three decades ago. It has not been captured — not because the economic logic was wrong, but because the political logic of enforcement-centered policy prevailed.

The Trade Policy Drag

Mexico's GDP growth averaged only 1.3 percent per year between 1993 and 2013 — far below what our best-case managed integration scenario projected, and far below comparable Latin American economies like Brazil, Chile, and Peru that pursued more balanced development strategies. The reason: NAFTA liberalized trade without complementary policies — without adjustment assistance for displaced agricultural workers, without investment in Mexican public infrastructure, without labor standards that would have allowed Mexican wages to converge toward U.S. levels. The result was integration that generated supply chain efficiency while suppressing the wage convergence that would have reduced migration pressure, raised Mexican domestic consumption, and created a larger market for U.S. exports. Mexico's wage stagnation relative to projections is not merely a Mexican problem — it is a North American integration failure with direct consequences for U.S. export-market growth.

The 2025–2026 Neo-Protectionist Moment

The policy environment of 2025–2026 represents the most severe instantiation yet of the draconian restrictionist scenario our models have consistently identified as the worst-performing alternative. Mass deportation enforcement targeting Mexican-origin workers, a new federal tax on cash remittances, 25 percent tariffs on Mexican goods, and threats to renegotiate USMCA — each individually would impose significant economic costs; together they constitute a coordinated assault on the integration architecture that has underpinned three decades of North American economic growth. Our updated CGE modeling projects GDP losses from the full deportation scenario of approximately $2.3 trillion — 23 times larger than any plausible fiscal savings. The trade war escalation scenario projects U.S. GDP losses of $95 billion at 25 percent tariffs, rising to $700 billion under full decoupling.

> *"The enforcement-centered alternative does not produce less integration — it produces more expensive, more dangerous, more unequal integration, in which the economic gains flow to employers rather than workers, and the costs are borne by immigrant families and the communities that depend on their labor." — Hinojosa-Ojeda and Telles, Introduction, The Trump Paradox, 2021*

The NADBank and CAIP: The Road That Was Partially Built — and Then Abandoned

What makes the partial vindication of actual Latino and Mexican-origin GDP growth doubly significant is that there existed, from the very moment of NAFTA's negotiation, a well-designed institutional response to the risks our CGE models had identified. The North American Development Bank (NADBank) and its companion domestic instrument, the Community Adjustment and Investment Program (CAIP), were not afterthoughts or political concessions. They were the analytically grounded answer to the question our models had posed since 1991: how do you capture the efficiency gains from trade integration while preventing those gains from being distributed

exclusively to capital, while ensuring that workers and communities on both sides of the border share in the benefits?

As documented in Hinojosa-Ojeda's 2021 volume Historical Trajectory and Lessons Learned: North American Development Bank and Community Adjustment and Investment Program (El Colegio de la Frontera Norte), the origins of NADBank lie precisely in that question. It was a grassroots effort of Latino community and environmental organizations — the very communities that would bear the brunt of NAFTA's dislocations — that forced the NADBank and CAIP into the NAFTA side agreements. The 1994 Journal of the American Planning Association article 'The North American Development Bank: Forging New Directions in Regional Integration Policy' captured the institutional innovation at stake: a development bank designed not for sovereign borrowers but for border communities, with a mandate for democratically based regional planning and public-private investment leveraging.

The record of what NADBank and CAIP actually achieved is genuinely impressive within its programmatic scope. The CAIP's $42.5 million in combined capital and appropriated funds, disbursed across 262 designated eligible counties in 19 states, created approximately 20,000 jobs and preserved 12,000 more through revolving loan funds, direct lending, workforce retraining, small business incubators, and infrastructure development. On the environmental infrastructure side, NADBank's international lending program financed over 216 water and wastewater projects that raised wastewater treatment coverage in Mexico's border states from 21 percent in 1995 to 91 percent by 2015 — a 70-percentage-point improvement that directly improved health conditions for millions of border residents. For each dollar NADBank invested, two additional dollars were mobilized from other sources, achieving a 3:1 leveraging ratio.

But the historical trajectory is ultimately a story of institutional promise fulfilled in miniature and then abandoned at scale. CAIP received $22.5 million in initial capital — against the tens of billions in NAFTA-related trade adjustment needs identified by the NAID Center's employment impact models. The original CGE scenario for managed integration had envisioned NADBank as the seed of a North American structural funds mechanism analogous to the European Union's cohesion funds — a sustained, institutionalized mechanism for redirecting integration gains toward the communities bearing integration costs. What was built was far smaller. And then it was phased out entirely: the USCAIP ceased operations after exhausting its allocated funding, with no successor program created as NAFTA gave way to USMCA. The Mexican domestic CAIP program faded similarly. The road was partially built — and then the construction stopped.

The $4.2 trillion in Latino GDP and the $2.27 trillion in Mexican-origin GDP that this Report documents is what was achieved along a partially built road. Our models consistently projected that completing the road — expanding NADBank to a genuine North American structural fund, sustaining and deepening CAIP, coupling trade liberalization with enforceable labor standards and human capital investment — would have produced a substantially larger, more equitable, and more durable North American economic integration. The abandonment of that vision, rather than any inherent ceiling on Mexican-origin or Latino economic capacity, is the central explanation for the gap between what actually occurred and what could have been.

V. The Path Not Taken: What Managed Integration Would Have Produced

The most important analytical contribution of thirty years of NAID Center CGE modeling is not the documentation of what has happened — remarkable as that record is — but the consistent

identification of what could have happened under alternative policy regimes. The managed integration scenario, variously formulated across three decades of modeling, combines four core elements: open trade with enforceable labor standards, legal migration channels with worker protections, coordinated investment in human capital and infrastructure on both sides of the border, and a diaspora finance mechanism that converts remittances from consumption transfers into productive investment.

Under this scenario, our models project outcomes significantly superior to those actually observed:

- Mexican-origin GDP: Rather than $2.27 trillion, managed integration projects $2.6–3.1 trillion by 2024 — 26 to 50 percent higher — reflecting the wage premium from legal employment, the productivity gains from stable worker tenure and professional development, and the compound effect of higher savings and investment over 30 years.
- All Latino GDP: Rather than $4.2 trillion, managed integration projects $5.2–6.4 trillion — reflecting both Mexican-origin gains and the broader Latino community's faster convergence toward national income averages under a legalization scenario.
- Mexico GDP: Rather than the 1.3 percent average annual growth of the 1994–2013 NAFTA era, managed integration with wage-raising trade standards projects 3.5–4.5 percent annual growth — producing a Mexico economy of $2.5–3.0 trillion today rather than $1.3 trillion.
- Unauthorized migration: Under managed integration, our models project unauthorized flows declining by 60–80 percent from their 2005 peak, as rising Mexican wages reduce the income differential that drives migration decisions. This is the fundamental logic the enforcement-only approach fails to grasp: migration is driven by economic differentials, and only raising wages on the sending-country side sustainably reduces migration pressure.
- U.S. low-wage workers: Counter-intuitively, managed integration with labor standards benefits U.S. low-wage native-born workers more than restrictionism, because legalized migrants with labor rights do not suppress the wages of competing workers. The wage-suppression penalty of unauthorized employment is borne by all workers in affected occupations, not just immigrants.

VI. A Thirty-Year Verdict

In 1991, when Sherman Robinson and I built the first CGE model of U.S.–Mexico integration, we were modeling an economic relationship that the political debate of the time barely recognized. Thirty years later, the $4.2 trillion Latino GDP and the $2.27 trillion Mexican-origin GDP are the empirical answer to that question — partial, uneven, and achieved despite rather than because of U.S. immigration and trade policy. The managed integration scenario we have modeled across three decades would have produced a larger, more equal, more sustainable North American economy.

The 2025–2026 policy environment makes this thirty-year verdict more urgent than ever. Mass deportations, remittance taxes, and tariff escalation are not policy innovations — they are the most aggressive implementation yet of the restrictionist scenario our models identified in 1991 as the worst-performing alternative. The evidence is in. The question that remains is whether it will be heard.

This Report is our effort to ensure that it is.

Raúl Hinojosa-Ojeda
Founding Director, UCLA North American Integration and Development Center
May 5, 2026 | University of California, Los Angeles

SECTION 1

1. Introduction: 30 Years of NAID Integration Research

The UCLA North American Integration and Development Center was founded in 1996 at the intersection of a transformative moment in North American economic history: the implementation of the North American Free Trade Agreement and the concurrent surge in Mexican immigration that would reshape the demographic and economic geography of the United States. For three decades, the NAID Center has produced the most comprehensive longitudinal database on U.S.–Mexico and hemispheric integration, tracking bilateral flows across four channels:

- Trade: Bilateral goods and services flows, supply chain integration, sector composition, and employment effects from NAFTA through USMCA — from $263 billion in 2000 to $935 billion in 2025.
- Migration: Population flows by origin, destination, legal status, and demographic profile, including the emergence of the 38-million-strong Mexican-origin community and its transformation from a predominantly immigrant-origin to a predominantly native-born community.
- Remittances: The growth of worker remittances from approximately $4 billion in 1994 to $64.7 billion in 2024 — a 16-fold increase over 30 years, making it Mexico's largest source of foreign exchange.
- Investment: Foreign direct investment, diaspora investment, portfolio flows, and the emerging CETES-based diaspora finance model capable of redirecting $6.47 billion per year toward productive North American investment.

The 2026 edition introduces a new capability: an AI-agent data query and reporting system that allows users to access the full NAID database, generate custom comparative analyses, and run preliminary scenario projections in real time. This Report represents the baseline report generated by that system, establishing benchmarks for all four integration channels as of 2025.

The policy context for this edition is unusually urgent. The United States in 2025–2026 is simultaneously pursuing: (1) large-scale immigration enforcement including deportations that could affect millions of Mexican-origin workers; (2) a trade war with Mexico and Canada that has disrupted the USMCA supply chain framework; (3) a new 1 percent remittance tax on cash transfers; and (4) threats to renegotiate USMCA. Our CGE modeling quantifies the economic consequences of each scenario, demonstrating consistently that enforcement-centered, protectionist approaches impose large economic costs while generating minimal or negative fiscal returns.

The report is organized in eleven sections: §2 provides comparative integration measures for Mexico, Latin America, Mexican-origin Americans, and the broader Latino community against global benchmarks over 2000–2025; §3 presents national-level GDP findings; §4 delivers state-level analysis; §5 analyzes industry, labor market, and nativity differentials; §6 examines undocumented population contributions; §7 analyzes U.S.–Mexico trade integration; §8 presents the remittances and diaspora investment analysis; §9 introduces the NAID Corridor Database; §10 presents CGE policy scenarios; §11 draws policy conclusions. Database documentation and methodological appendices follow.

SECTION 2

2. Comparative Integration Measures: Mexico, Latin America, and the U.S. Diaspora

2.1 Mexico's Position in the Global Economy (2000–2025)

Mexico's economic trajectory over the past quarter-century reflects the dual dynamics of deep North American integration and structural constraints on domestic growth. Real GDP growth averaged 2.1 percent per year 2000–2025, constrained by oil sector dependence (Pemex accounts for approximately 5–6 percent of federal revenue), a large informal economy (~55 percent of employment), the 2008–2009 global financial crisis (which reduced Mexico's GDP by 6.1 percent in 2009), and exposure to U.S. business cycles through deep NAFTA/USMCA supply chain integration.

Despite modest average growth, Mexico achieved significant structural transformation: exports grew from $166 billion in 1994 to $593 billion in 2024; manufactured goods now constitute approximately 80 percent of exports (up from 55 percent in 1994); and U.S.–Mexico trade has tripled from $263 billion to $935 billion. The failure of this transformation to produce commensurate wage growth — Mexico's per capita income rose at only 1.2 percent annually in real terms from 1994 to 2013 — is precisely the gap our managed integration scenario addresses.

Indicator	2000	2005	2010	2015	2020	2025e
Mexico GDP ($T nominal)	$0.71T	$0.89T	$1.05T	$1.17T	$1.09T	$1.30T
Mexico GDP per capita ($)	$7,200	$8,100	$9,500	$9,400	$8,400	$10,100
Mexico real GDP growth	6.0%	3.3%	5.1%	3.3%	−8.0%	1.5%est.
Latin America GDP ($T)	$2.18T	$2.85T	$5.25T	$5.80T	$4.90T	$6.80T
U.S.–Mexico trade ($B)	$263B	$290B	$393B	$534B	$614B	$935B
Mexico goods exports ($B)	$166B	$214B	$298B	$381B	$417B	$593B
Remittances to Mexico ($B)	$6.6B	$21.8B	$21.3B	$24.8B	$40.6B	$64.7B
Mexico-born in U.S. (M)	9.2M	10.8M	11.7M	11.5M	10.9M	10.5M
Mexican-origin in U.S. (M)	20.6M	26.5M	31.8M	34.8M	36.2M	38.5M
Mexico FDI inflows ($B)	$18.1B	$23.7B	$20.7B	$30.3B	$29.1B	$36.0B

Table 2.1. Mexico and Latin America: Key Integration Indicators (2000–2025). Sources: Banxico; World Bank WDI; USTR; IMF WEO; Pew Research Center; OECD; NAID Center calculations.

Figure 2.1. NAID integration dashboard — trade, migration, remittances, and investment: 30-year overview. Sources: NAID Center database 1996–2026.

2.2 The Mexican-Origin Population: Demographics and Economic Integration

The Mexican-origin population in the United States grew from 20.6 million in 2000 to 38.5 million in 2025, driven primarily by natural increase among the U.S.-born second and third generations. This demographic transition — from an immigrant-dominated to a native-born-majority community — has profound economic implications. The nativity composition as of 2025 is approximately:

- Native-born Mexican-Americans: 27.3 million (71%), with BA attainment of 13% (up from 8.9% in 2010), homeownership rate of 52%, median household income ~$58,000, and median age of 27.9 years — meaning peak productive years lie ahead.
- Foreign-born authorized immigrants: 6.7 million (17%), with higher labor force participation (74%) but lower wages and educational attainment, reflecting occupational segregation in construction, agriculture, and food processing.
- Undocumented Mexican-origin: approximately 4 million (10%), contributing $36 billion annually in state and local taxes at an effective rate of 8.9% — entirely without eligibility for Social Security, Medicare, or most federal programs.

The median age of 27.9 years for the Mexican-origin community means that the United States is essentially prepaying an enormous return on Mexico's historical investment in educating and raising this workforce. The educational trajectory is striking: BA attainment has risen from 4.8% in 1990 to 8.9% in 2010 to 13% in 2023. Each percentage-point increase in BA attainment translates to approximately $15 billion in additional GDP contribution, based on the wage premium differential. Closing the full BA gap (13% to 35% national) would add approximately $330 billion to annual Mexican-origin GDP.

2.3 Comparative GDP Trajectory: 10 World Economies (2000–2025)

The 25-year growth trajectory of Latino and Mexican-origin GDP is most clearly contextualized against major world economies. Figure 2.2 shows this comparison on a logarithmic scale, which reveals growth rates directly: steeper slopes indicate faster growth, and parallel lines indicate identical growth rates. On this basis, Latino and Mexican-origin GDP lines are steeper than every advanced Western economy — demonstrating that the diaspora economy is growing structurally faster than the national economies within which it is embedded.

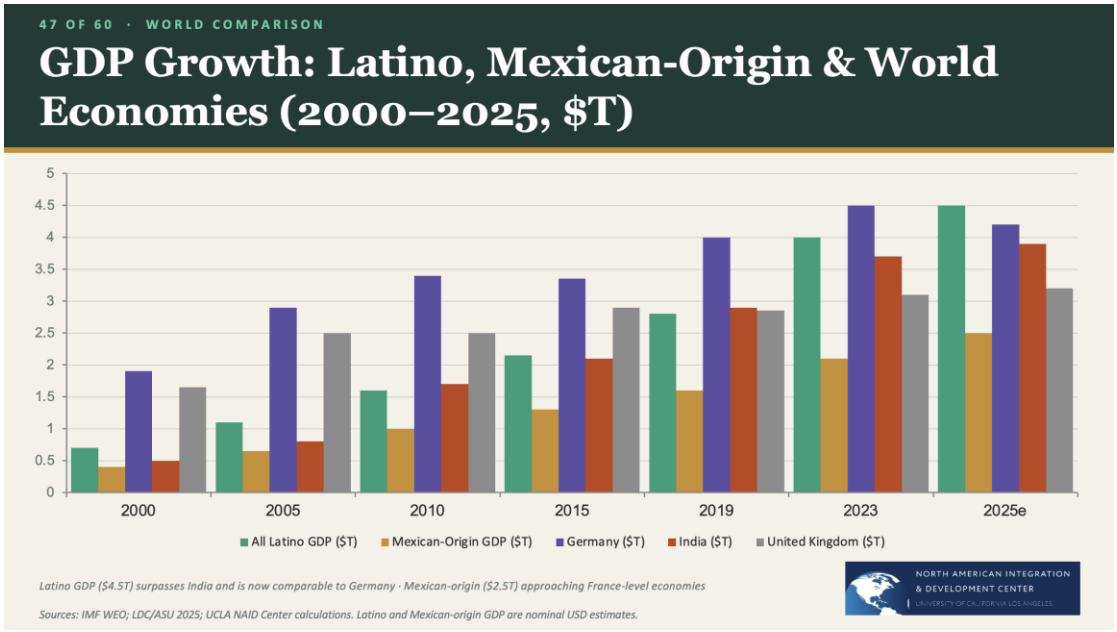

Figure 2.2. GDP comparison: Latino, Mexican-origin, and 10 world economies (log scale, 2000–2025). Note: steeper slope = faster CAGR. Latino (7.8%) and Mexican-origin (7.5%) rank 3rd and 4th globally after China and India. Sources: IMF WEO; LDC/ASU 2025; UCLA NAID Center.

Economy	GDP 2000	GDP 2005	GDP 2010	GDP 2015	GDP 2019	GDP 2023	GDP 2025e	CAGR
United States	$10.3T	$13.0T	$15.0T	$18.2T	$21.4T	$27.4T	$29.0T	4.2%
China	$1.21T	$2.29T	$6.09T	$11.1T	$14.3T	$17.8T	$19.5T	10.2%
Germany	$1.90T	$2.86T	$3.42T	$3.36T	$3.89T	$4.46T	$4.30T	3.3%
★ All Latino GDP	$0.70T	$1.12T	$1.60T	$2.10T	$2.80T	$4.20T	$4.50T	7.8%
Japan	$4.97T	$4.75T	$5.70T	$4.39T	$5.12T	$4.21T	$4.10T	−0.8%
India	$0.48T	$0.83T	$1.71T	$2.09T	$2.87T	$3.73T	$4.00T	8.9%
United Kingdom	$1.67T	$2.46T	$2.50T	$2.90T	$2.83T	$3.08T	$3.20T	2.6%
★ Mexican-Origin GDP	$0.40T	$0.64T	$0.96T	$1.20T	$1.60T	$2.27T	$2.40T	7.5%
Brazil	$0.65T	$0.89T	$2.21T	$1.80T	$1.87T	$2.13T	$2.30T	5.2%
Canada	$0.74T	$1.16T	$1.61T	$1.55T	$1.74T	$2.14T	$2.10T	4.2%
Mexico	$0.71T	$0.89T	$1.05T	$1.17T	$1.27T	$1.32T	$1.30T	2.4%

Table 2.2. ★ Denotes diaspora economies. Sources: IMF WEO; LDC/ASU 2025; UCLA NAID Center calculations. CAGR = compound annual growth rate 2000–2025e.

Key milestones in the Latino GDP ascent: surpassed South Korea (2016), surpassed India (2021–22), reached parity with Germany (2023–24). On the downward trajectory, Japan has declined from the world's second-largest economy in 2000 to effectively smaller than the U.S. Latino community by 2024 — a remarkable reversal that illustrates the structural significance of demographic and migration trends.

SECTION 3

3. National Findings: The $2.27 Trillion Economy

3.1 Aggregate GDP Estimates and Methodology

Our central estimate places Mexican-origin GDP at $2.27 trillion in 2024, derived using a human capital allocation approach in which total economic output is apportioned to demographic groups based on their share of industry-level labor income, adjusted for productivity differentials. Formally:

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GDP_MEX(s,k) = GDP_LAT(s,k) × [W_MEX(s,k) / W_LAT(s,k)] × PD_ADJ(s,k)
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Where GDP_LAT(s,k) is drawn from LDC/ASU state-by-industry Latino GDP estimates; W_MEX(s,k) / W_LAT(s,k) is the Mexican-origin share of Latino workers in state s, industry k, derived from ACS 5-Year microdata; and PD_ADJ(s,k) is a productivity adjustment factor calibrated using BLS OEWS data, set at 0.89 (reflecting the documented 11% wage gap between Mexican-origin and total Latino workers).

The $2.27 trillion estimate represents: 54 percent of total U.S. Latino GDP ($4.2 trillion), 11 percent of total U.S. GDP ($20.8 trillion), the 8th largest economy globally, exceeding the GDP of Italy and approaching Canada, and a compound annual growth rate of approximately 4.4 percent since 2019 — more than twice the non-Latino U.S. growth rate of 2.1 percent over the same period.

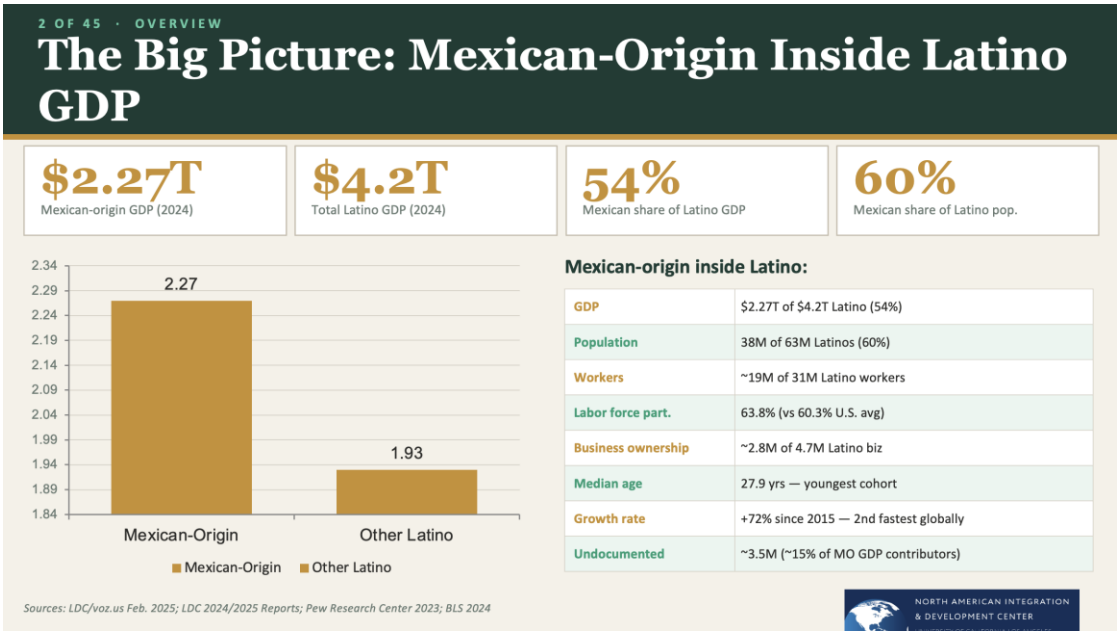

Figure 3.1. The big picture: Mexican-origin inside Latino GDP — key statistics and comparisons. Sources: LDC/voz.us 2025; LDC 2024–25 Reports; Pew Research Center 2023; BLS 2024.

Indicator	Mexican-Origin	All Latino	Mex. Share	U.S. Comparison
GDP (2024)	$2.27T	$4.2T	54%	11% of $20.8T U.S. GDP
Population (2023)	38M	63M	60%	12% of 330M U.S. pop.
Workers	~19M	~31M	~61%	12% of U.S. workforce
GDP per Capita	~$54K	~$63K	—	U.S. avg: ~$63K
Labor Force Part. Rate	63.8%	65.8%	—	U.S. avg: 62.3%
Annual GDP Growth (est.)	~4.4%	~4.4%	—	Non-Latino U.S.: 2.1%
Business ownership	~2.8M	~4.7M	60%	7% of all U.S. businesses
Homeownership rate	52%	48%	—	U.S. avg: 65.8%
Median age	27.9 yrs	31.0 yrs	—	U.S. avg: 38.5 yrs
BA attainment	13%	20%	—	U.S. avg: 35%
Median household income	~$58K	~$60K	—	U.S. avg: $74K

Table 3.1. Mexican-Origin vs. Latino GDP: National Summary (2023–2024). Sources: LDC/ASU/UCLA 2025; BLS 2024; Pew 2023; U.S. Census ACS 2023; ITEP 2024; NAR 2024.

3.2 Global Ranking

Global Rank	Economy	GDP (2023)	Classification
1	United States	$27.4T	Sovereign nation
2	China	$17.8T	Sovereign nation
3	Germany	$4.5T	Sovereign nation
4 ★	All U.S. Latino GDP	$4.2T	Diaspora economy
5	India	$3.7T	Sovereign nation
6	United Kingdom	$3.1T	Sovereign nation
7	France	$2.9T	Sovereign nation
8 ★	Mexican-Origin GDP	$2.27T	Diaspora economy
9	Italy	$2.1T	Sovereign nation
10	Canada	$2.1T	Sovereign nation
11	South Korea	$1.7T	Sovereign nation
12	Mexico	$1.3T	Sovereign nation

Table 3.2. ★ If Mexican-origin Americans formed a sovereign nation, they would rank 8th globally by GDP — larger than Italy and Canada. Sources: IMF WEO 2023; LDC 2025.

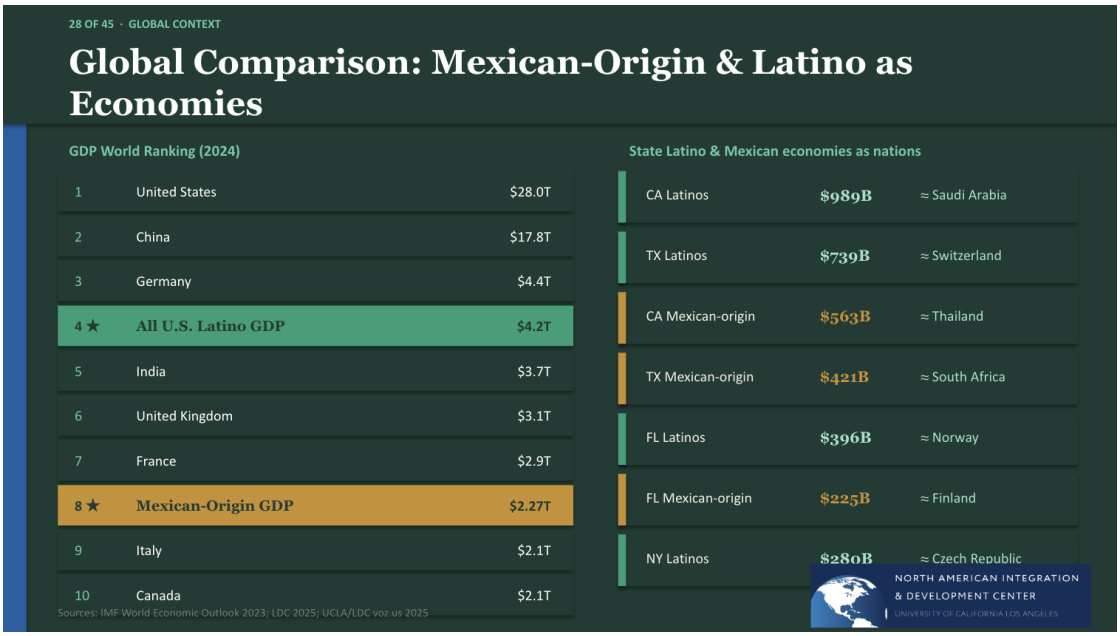

Figure 3.2. Global GDP ranking with Latino and Mexican-origin diaspora economies. Sources: IMF WEO; LDC/ASU 2025; UCLA NAID Center.

3.3 Growth Trajectory 2000–2024

The growth trajectory of Mexican-origin and Latino GDP since 2000 reflects three distinct phases: (1) the pre-Great Recession expansion (2000–2007), when Mexican immigration was at its historical peak and both Latino population and wages were growing rapidly; (2) the Great Recession disruption (2008–2012), when construction and manufacturing — the two industries most critical to Mexican-origin economic output — suffered the deepest declines; and (3) the sustained recovery and acceleration (2013–2024), driven by demographic maturation (the native-born majority reaching peak working age), educational advancement, and the deepening of supply chain integration.

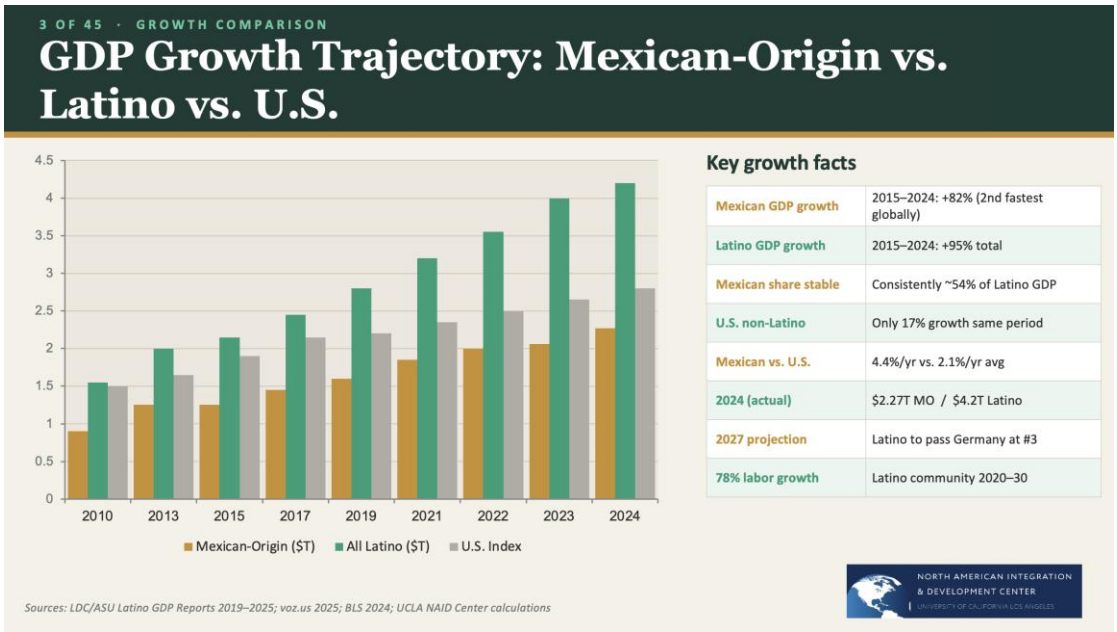

Figure 3.3. GDP growth trajectory: Mexican-origin vs. Latino vs. U.S. national (2010–2024). Sources: LDC/ASU 2025; BLS 2024.

SECTION 4

4. State-Level Analysis: Geography of the $2.27 Trillion Economy

4.1 Geographic Concentration

The geographic concentration of Mexican-origin economic activity is highly pronounced and reflects both population distribution and the historic depth of Mexican settlement in the American Southwest. California ($563B) and Texas ($421B) together account for $984 billion — 48 percent of the national total — reflecting both population concentration (67 percent of all Mexican-origin Americans live in these two states) and higher average productivity in these state economies.

The concentration also reflects a key structural feature: Mexican-origin Americans are not a uniformly distributed population but rather a geographic network of communities with deep roots in specific metropolitan economies — Los Angeles, the San Joaquin Valley, Houston, Dallas-Fort Worth, Chicago, New York, Atlanta — each of which has been transformed by Mexican-origin entrepreneurship, labor, and consumer demand over the past three decades.

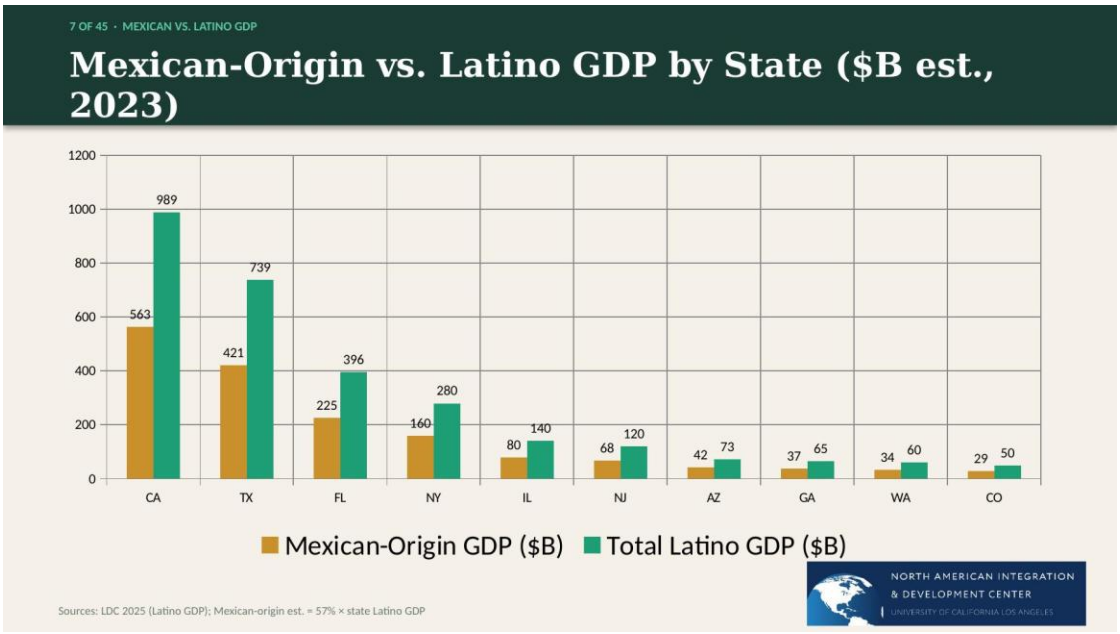

Figure 4.1. Mexican-origin vs. Latino GDP by state ($B est., 2023). CA ($563B) and TX ($421B) alone account for 48% of the national total. Sources: LDC 2025; NAID Center (MO est. = 57% × state Latino GDP).

4.2 Heat Map Analysis

Heat map analysis of Mexican-origin economic indicators reveals distinct geographic patterns across the four key measures: population concentration, GDP, undocumented share, and the Mexican-origin share of total Latino population.

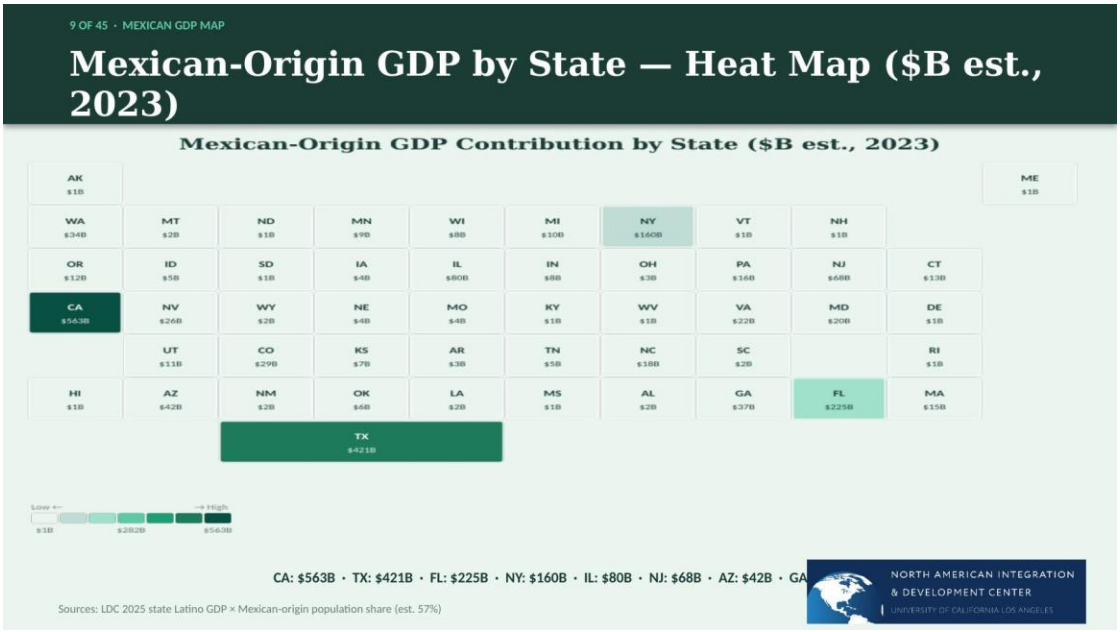

Figure 4.2. Mexican-origin GDP by state — heat map ($B est., 2023). Deep green = highest GDP; lighter = lower. Sources: LDC 2025; NAID Center estimates.

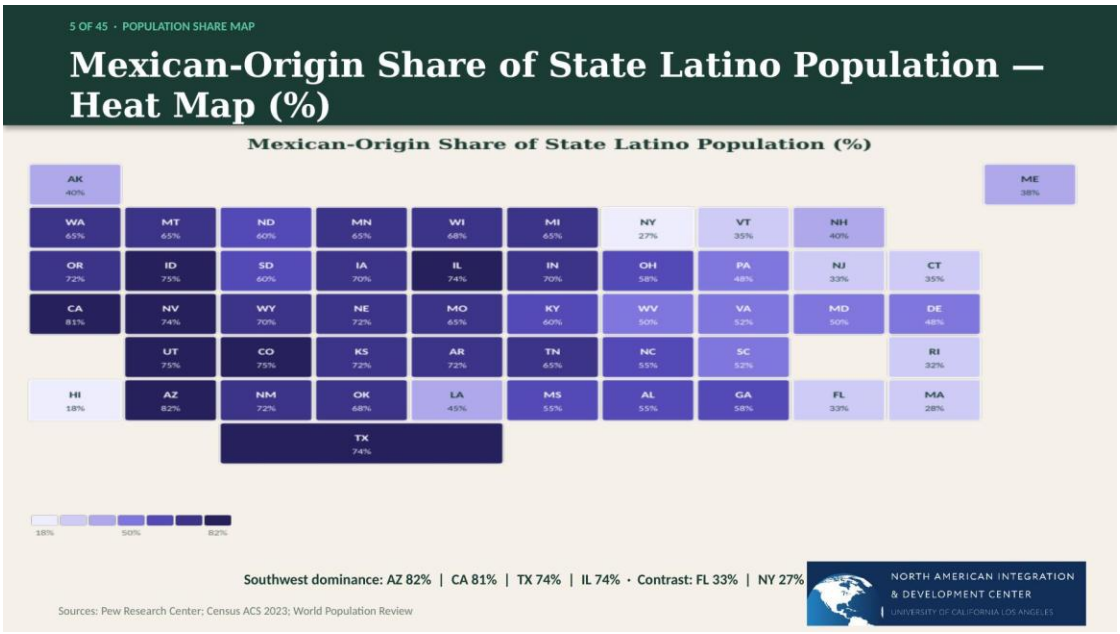

Figure 4.3. Mexican-origin share of state Latino population (%). Arizona (82%) and California (81%) have the highest shares; New York (27%) and Florida (12% of Latinos are Mexican-origin) the lowest. Sources: Pew Research Center; ACS 2023.

4.3 State Comparison: Full 10-State Table

State	Mex. Pop.	Lat. Pop.	Mex. % of Lat.	Mex. GDP $B	Lat. GDP $B	Mex. % GDP	Undoc. Mex. (K)	Remit. $B	Export Jobs
California	12.7M	15.6M	81%	$563	$989	57%	850K	$20.4B	98K
Texas	9.5M	12.0M	74%	$421	$739	57%	780K	$9.0B	340K

State	Mex. Pop.	Lat. Pop.	Mex. % of Lat.	Mex. GDP $B	Lat. GDP $B	Mex. % GDP	Undoc. Mex. (K)	Remit. $B	Export Jobs
Florida	700K	5.7M	33%	$225	$396	57%	350K	$2.2B	24K
New York	110K	4.0M	27%	$160	$280	39%	175K	$1.9B	28K
Illinois	1.8M	2.4M	74%	$80	$140	57%	130K	$4.5B	70K
New Jersey	105K	1.8M	33%	$68	$120	37%	140K	$1.3B	—
Arizona	1.9M	2.3M	82%	$42	$73	58%	90K	$2.0B	45K
Georgia	480K	1.0M	58%	$37	$65	57%	95K	$2.8B	26K
Washington	580K	900K	65%	$34	$60	57%	85K	$1.5B	—
Colorado	800K	1.1M	75%	$29	$50	57%	50K	$2.4B	16K

Table 4.1. Mexican-Origin vs. Latino — Full State Comparison (2023–2024). Sources: ACS/Neilsberg 2023; LDC 2025; Pew 2025; ITEP 2024; Banxico/BBVA 2024–25; USTR 2024.

The Mexican-origin share of state Latino GDP varies substantially by geography. In Southwest states — where Mexican-origin Americans constitute the overwhelming majority of the Latino population — the share approaches or exceeds 57 percent (Arizona 58%, California 57%, Texas 57%). In major immigrant gateway states with more diverse Latino populations, the share is lower: New York (39%), New Jersey (37%). Florida's figure of 57% reflects a larger Mexican-origin community than commonly assumed, as well as a historically Cuban-dominated Latino population that has been diluted by Central American and Caribbean immigration.

SECTION 5

5. Industry, Labor Market, and Nativity Differentials

5.1 Industry Employment Distribution

Mexican-origin workers exhibit distinct industry concentration patterns that reflect both demand-side occupational segregation and supply-side human capital characteristics. The most notable differentials relative to total Latino workers are:

- Higher concentration in agriculture (+10 ppt vs. U.S. national): Mexican-origin workers — particularly undocumented — constitute approximately 32 percent of all U.S. crop farmworkers, making them structurally irreplaceable in the short run at current wage levels.
- Higher concentration in construction (+9 ppt): Foreign-born Mexican men account for 18–19 percent of U.S. construction employment, a share that is growing as the industry struggles with chronic labor shortages in the post-COVID environment.
- Higher concentration in manufacturing (+5 ppt): Particularly in auto parts, food processing, meat packing, and electronics assembly.
- Under-representation in healthcare (−7 ppt) and professional/business services (−5 ppt): Gaps driven by educational attainment differences that are closing with each successive generation.

Industry Sector	Mexican-Origin	All Latino	U.S. National	MO vs. U.S.	Notes
Services/Hospitality	22%	18%	14%	+8 ppt	Food service, hotel, cleaning — fastest growing sector
Construction	16%	12%	7%	+9 ppt	Critical shortage sector; no near-term substitute
Manufacturing	14%	13%	9%	+5 ppt	Auto, food processing, electronics, textiles
Agriculture	11%	6%	1%	+10 ppt	32% of crop farmworkers; highest undoc. concentration
Retail Trade	12%	13%	11%	+1 ppt	Consumer-facing; reflects consumer market role
Professional/Business	9%	11%	14%	−5 ppt	Gap closing: +2ppt per decade for native-born MO
Healthcare/Social Svcs	7%	10%	14%	−7 ppt	Fastest-closing gap among younger cohorts
Education	4%	6%	8%	−4 ppt	BA attainment gap drives this differential
Other	5%	11%	22%	−17 ppt	Finance, IT, utilities — lower MO representation

Table 5.1. Industry Employment: Mexican-Origin vs. All Latino vs. U.S. National (%, 2023). Sources: BLS 2024; NCBI Hispanic labor market analysis; USDA ERS 2023.

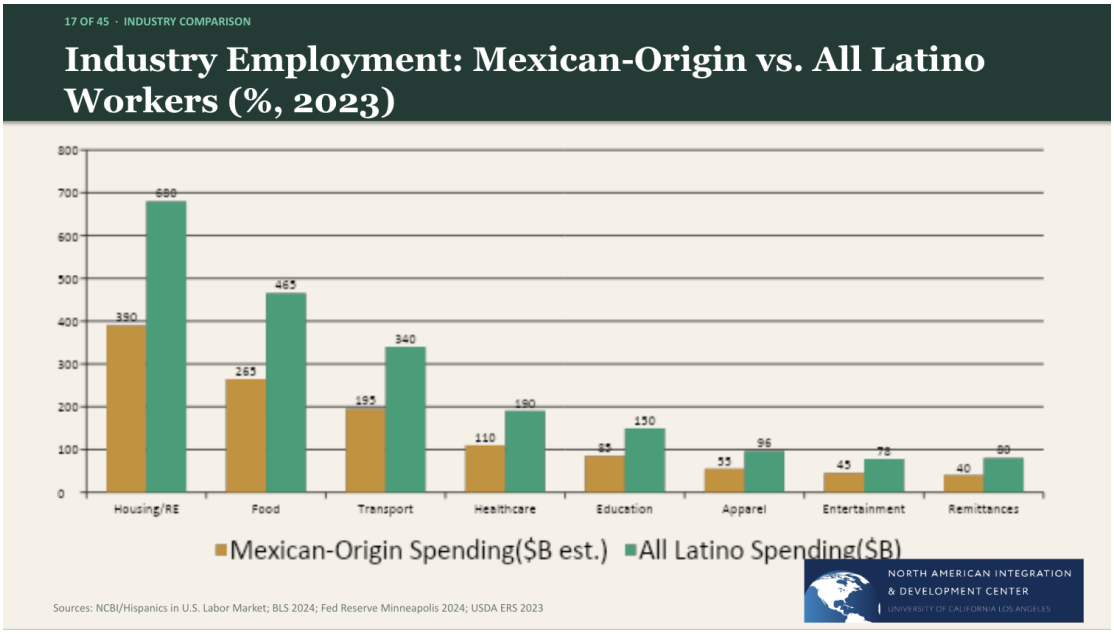

Figure 5.1. Industry employment: Mexican-origin vs. Latino vs. U.S. national. Note the structural over-representation in agriculture, construction, and manufacturing — all sectors with chronic labor shortages. Sources: NCBI; BLS 2024; Minneapolis Fed.

5.2 Nativity and Intergenerational Economic Trajectory

The intergenerational economic trajectory of Mexican-origin families is among the most important empirical patterns in contemporary U.S. economics. The three cohorts — native-born (73%), foreign-born authorized (17%), and undocumented (10%) — exhibit dramatically different economic profiles that reflect the compounding effects of legal status, educational access, and length of U.S. residence.

Native-born Mexican-Americans constitute a cohort on a strong convergence trajectory toward national averages. BA attainment has risen from 4.8% in 1990 to 13% in 2023 — while still far below the national average, the generational gain is approximately 4.3 percentage points per decade. Homeownership rates of 52% reflect genuine intergenerational wealth accumulation. The median age of 27.9 years means this cohort's peak productive years lie ahead, implying continued strong growth in Mexican-origin GDP even without policy changes.

Foreign-born authorized Mexican immigrants exhibit higher labor force participation (74%) — a reflection of the selection effect (migrants who undertake the costs and risks of migration are typically more motivated than the average worker in both sending and receiving countries) — but lower wages reflecting both occupational concentration and, for many, limited English proficiency and relatively recent U.S. arrival. Their median U.S. tenure has grown to 14+ years, however, indicating deep economic roots.

The undocumented cohort — approximately 4 million Mexican-origin adults — occupies the most structurally vulnerable position in the U.S. economy while simultaneously playing an indispensable productive role in specific sectors. Their median U.S. tenure of 15+ years (Pew, 2023), higher than many legal permanent residents, belies the 'recent arrival' narrative often deployed in enforcement discourse. ITEP documents that they contribute $36 billion annually in state and local taxes at an effective rate of 8.9 percent.

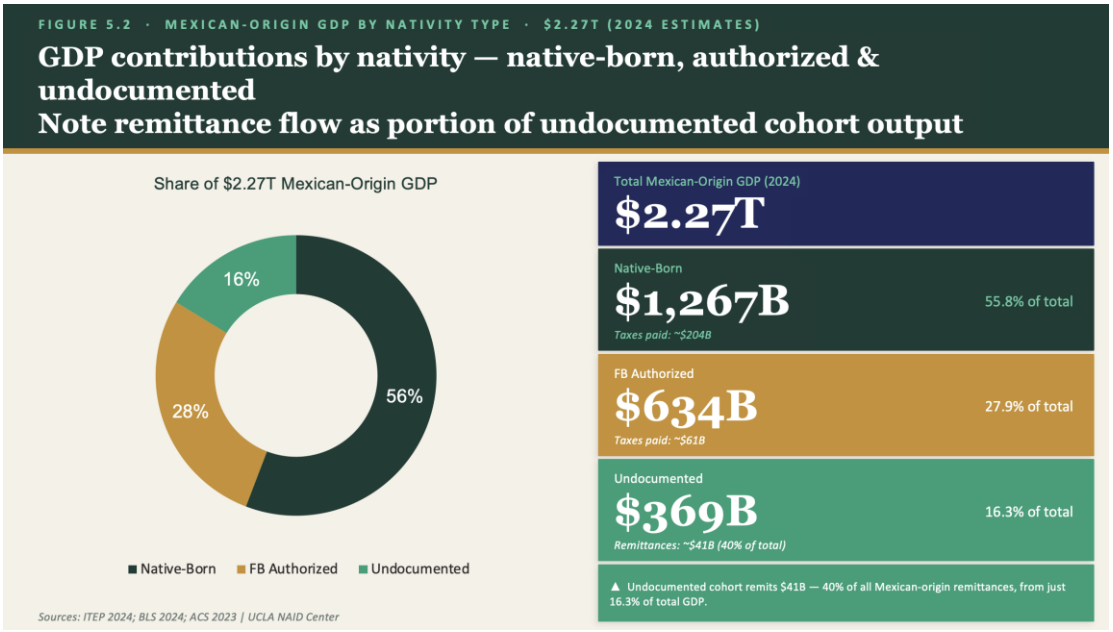

Figure 5.2. GDP contributions by nativity — native-born, authorized, and undocumented. Note the remittance flow as portion of undocumented cohort output. Sources: ITEP 2024; BLS 2024; ACS 2023.

5.3 GDP Components by Nativity Type

The decomposition of Mexican-origin GDP into consumption, savings, investment, remittances, and taxes across three nativity categories reveals critical dimensions of economic policy relevance. The undocumented cohort's high remittance intensity (11% of income) and low investment rate (6.3%) reflect restricted access to formal financial instruments, homeownership barriers, and the binational family structures that motivate cross-border transfers.

GDP Component	Native-Born ~$1,150B	FB Authorized ~$575B	Undocumented ~$335B	Total MO	% of $2.27T
Personal Consumption	~$782B	~$385B	~$245B	~$1,412B	64.2%
— Housing/Real Estate	~$218B	~$95B	~$60B	~$373B	17.0%
— Food & Consumer Gds	~$175B	~$95B	~$75B	~$345B	15.7%
— Transportation	~$140B	~$72B	~$45B	~$257B	11.7%
— Healthcare	~$85B	~$55B	~$30B	~$170B	7.7%
— Other consumption	~$164B	~$68B	~$35B	~$267B	12.1%
Remittances to Mexico	~$23B	~$33B	~$37B	~$93B	4.2%
Domestic Savings	~$69B	~$47B	~$17B	~$133B	6.0%
Business Investment	~$92B	~$30B	~$8B	~$130B	5.9%
Housing Investment	~$69B	~$25B	~$13B	~$107B	4.9%
Federal Income Tax	~$92B	~$25B	$0 (ineligible)	~$117B	5.3%

GDP Component	Native-Born ~$1,150B	FB Authorized ~$575B	Undocumented ~$335B	Total MO	% of $2.27T
State/Local Tax	~$55B	~$18B	~$22B	~$95B	4.3%
FICA (SS + Medicare)	~$38B	~$12B	~$14B	~$64B	2.9%
TOTAL TAXES PAID	~$185B	~$55B	~$36B	~$276B	12.5%

Table 5.2. Mexican-Origin GDP Components by Nativity Type (2024, $B estimates). Sources: ITEP 2024; BLS Consumer Expenditure Survey; Fed Survey of Consumer Finances; ACS 2023; NAID Center.

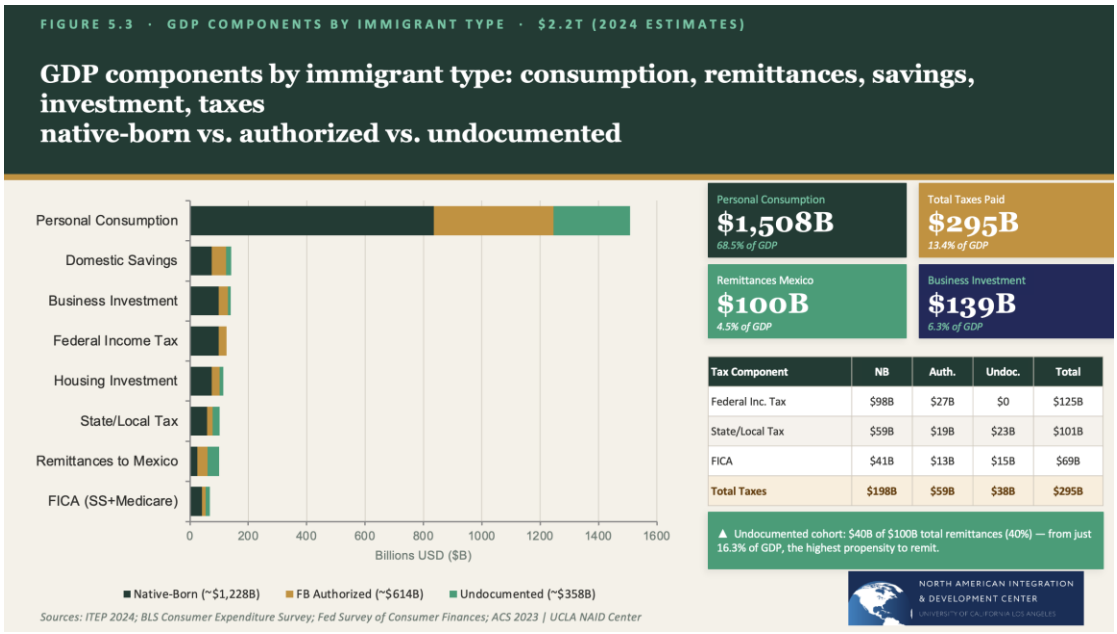

Figure 5.3. GDP components by immigrant type: consumption, remittances, savings, investment, taxes — native-born vs. authorized vs. undocumented. Sources: ITEP 2024; BLS CES; Fed SCF.

5.4 Total U.S. Employment Supported

Mexican-origin and Latino GDP supports U.S. employment through two distinct channels: (1) the direct employment of the workers whose labor generates that GDP, and (2) the indirect employment generated by the consumption, investment, and government spending those workers finance. The indirect multiplier (approximately 1.4× direct employment) reflects the supply chain and service sector employment embedded in Mexican-origin and Latino household spending.

Employment Channel	Mexican-Origin	All Latino	% of U.S. Total
Direct employment (workers themselves)	~19.0M	~31.0M	9.3% / 18.7%
Indirect: consumption multiplier	~5.2M	~8.4M	3.1% / 5.0%
Indirect: business investment	~0.8M	~1.3M	0.5% / 0.8%
Indirect: government services financed	~1.1M	~1.9M	0.7% / 1.1%
Total supported employment	~26.1M	~42.6M	15.7% / 25.7%

Employment Channel	Mexican-Origin	All Latino	% of U.S. Total
Export-supported jobs (Mexico trade)	~650K (MO share)	~1.0M total	0.6% of U.S. jobs
Export-supported jobs (hemisphere)	—	~1.7M total	~1.0% of U.S. jobs

Table 5.3. U.S. Employment Supported by MO/Latino Economic Activity (2024). Sources: BLS 2024; BEA Regional I-O Models; ACS 2023; NAID Center. Indirect multiplier ~1.4× direct employment per BEA RIMS II.

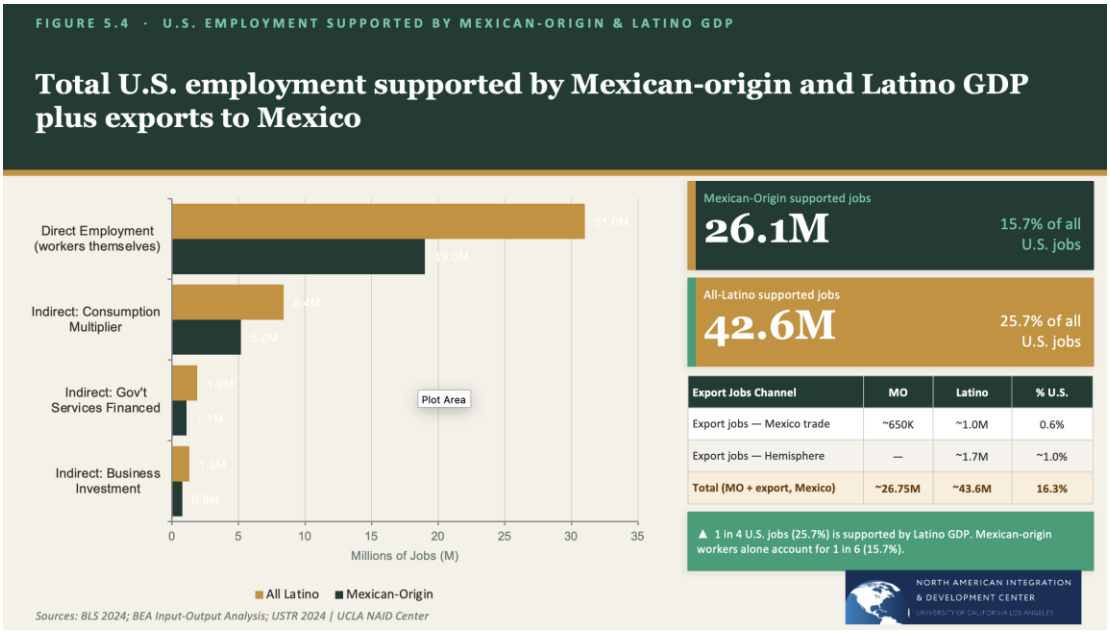

Figure 5.4. Total U.S. employment supported by Mexican-origin and Latino GDP plus exports to Mexico. Sources: BLS 2024; BEA I-O; USTR 2024.

SECTION 6

6. Undocumented Population and Tax Contributions

6.1 Population Estimates

The approximately 4 million undocumented Mexican-origin adults in the United States represent 37 percent of the total estimated undocumented population of 11 million (Pew Research Center, 2025). This share has declined significantly from 62 percent in 2010, reflecting both reduced unauthorized Mexican arrivals since the post-NAFTA migration surge peaked in 2005–2007 and growth in unauthorized populations from Central America, Asia, and other regions.

Key demographic characteristics of the undocumented Mexican-origin cohort: median U.S. tenure of 15+ years; 63% male; age profile skewed toward 25–44 years (peak labor market years); geographic concentration in California (21%), Texas (19%), Illinois (3%), New York (4%), Georgia (2%), and Arizona (2%); occupational concentration in agriculture, construction, and food services that creates structural labor market dependencies for which no near-term substitutes exist.

State	Est. MO Undoc. (K)	% of State Undoc.	Tax Contrib. ($M)	ITEP Eff. Rate	Primary Sectors
California	850K	37%	$3,145M	8.9%	Agriculture, construction, food service
Texas	780K	37%	$1,813M	8.9%	Construction, agriculture, hospitality
New York	175K	37%	$1,147M	8.9%	Food service, garment, construction
Florida	350K	37%	$666M	8.9%	Agriculture, hospitality, construction
Illinois	130K	37%	$555M	8.9%	Food processing, construction
New Jersey	140K	37%	$481M	8.9%	Food service, agriculture, construction
Washington	85K	37%	$259M	8.9%	Agriculture (tree fruit, berries)
Arizona	90K	37%	$241M	8.9%	Construction, agriculture
Georgia	95K	37%	$228M	8.9%	Poultry, agriculture, construction

State	Est. MO Undoc. (K)	% of State Undoc.	Tax Contrib. ($M)	ITEP Eff. Rate	Primary Sectors
North Carolina	85K	37%	$204M	8.9%	Poultry, agriculture, construction

Table 6.1. Undocumented Mexican-Origin: Population, Tax Contributions, and Key Sectors by State. Sources: ITEP 2024; Pew 2025; USDA ERS. MO tax = 37% of state undoc. total per Pew MO share estimate.

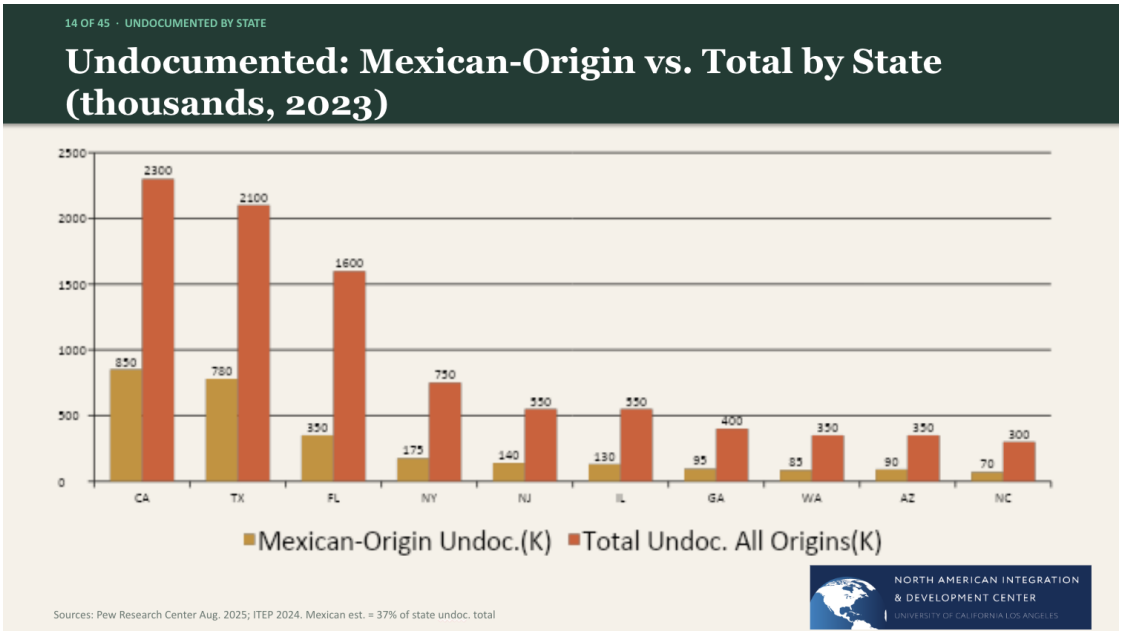

Figure 6.1. Undocumented Mexican-origin vs. total by state (thousands, 2023). Sources: Pew Research Center 2025; ITEP 2024.

6.2 Tax Contributions

The fiscal contribution of undocumented Mexican-origin workers is systematically undercounted in public policy debates, primarily because their most significant contributions — FICA payroll taxes that fund Social Security and Medicare — are made to programs they are ineligible to receive. ITEP (2024) documents that the full undocumented population contributes $97 billion annually in state and local taxes at an effective rate of 8.9 percent — applying the 37 percent Mexican-origin share yields approximately $36 billion from this cohort.

The composition of this $36 billion is particularly striking from a fiscal fairness perspective: approximately $14 billion in FICA contributions (funding Social Security and Medicare they will never collect), $22 billion in state and local taxes (funding public services including schools their children attend), and $0 in federal income tax — because they are ineligible, not because they are avoiding it. The net fiscal position of this cohort, accounting for services received, is positive: they are net contributors to the fiscal system over a 10-year horizon (National Academies of Sciences, 2017).

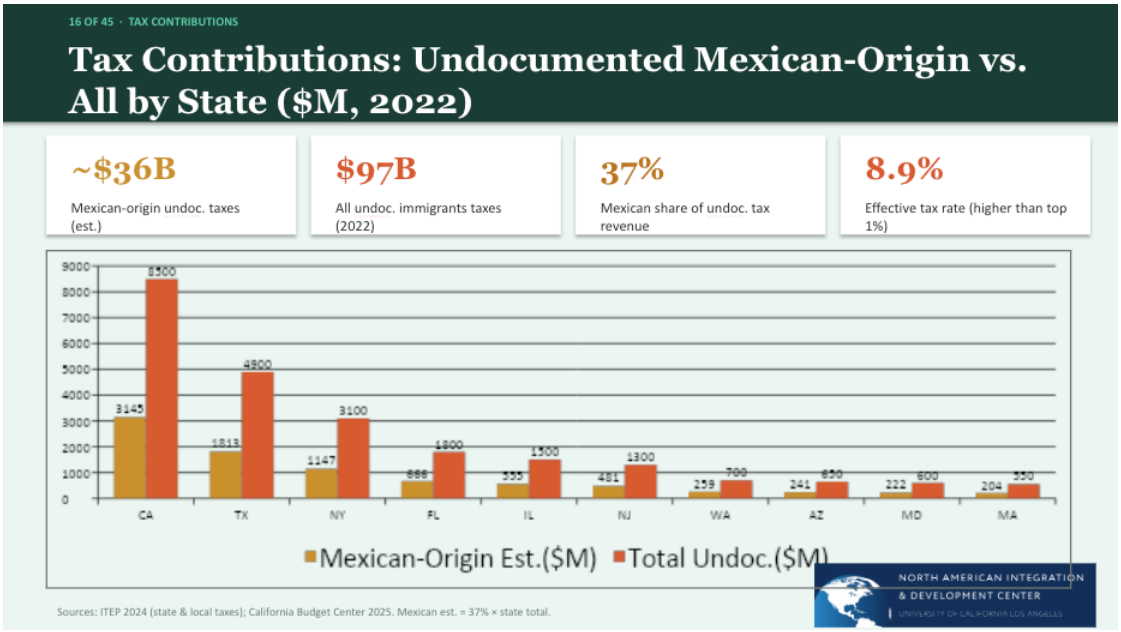

Figure 6.2. Tax contributions: undocumented Mexican-origin vs. all undocumented by state ($M). Note the effective rate of 8.9% — higher than many higher-income households. Sources: ITEP 2024.

6.3 The Legalization Premium

Converting the approximately 4 million undocumented Mexican-origin workers to authorized status would generate an estimated $15 billion per year in additional federal tax revenue, raising the $276 billion total Mexican-origin tax contribution to approximately $291 billion. This fiscal recovery would take approximately 18 months to recoup the administrative cost of a legalization program.

The GDP effect is larger: NAID Center research (Hinojosa-Ojeda, 2010; 2021) consistently estimates a 25–40 percent increase in GDP contribution from legalized workers, as formalization raises wages, enables professional development, unlocks homeownership (with its associated wealth-building and investment effects), and eliminates the efficiency losses from operating in the informal economy. Applied to the $335 billion undocumented cohort GDP contribution, this implies $84–134 billion in additional annual GDP — or 4–7 percent of total Mexican-origin GDP.

SECTION 7

7. U.S.–Mexico Trade Integration

7.1 The $935 Billion Bilateral Relationship

U.S. exports to Mexico reached $356 billion in 2024, making Mexico the United States' second-largest export market after Canada (16.2 percent of total U.S. goods exports). Mexico surpassed China as the largest source of U.S. goods imports in 2024, with U.S. imports from Mexico reaching $601 billion — 15.7 percent of total U.S. goods imports. The combined bilateral trade flow of $957 billion in 2024 represents more than a tripling from the $263 billion recorded in 1993, the year NAFTA was signed.

This integration reflects deep supply chain complementarity: approximately 40 cents of every dollar of goods imported from Mexico contains U.S.-made inputs, compared to approximately 4 cents for goods imported from China (Wilson and Schott, 2022). This 'boomerang trade' structure means that tariffs on Mexican goods effectively tax U.S. manufacturers and workers, not just Mexican exporters — a central reason why the 2025 trade war is projected to cause significant U.S. job losses in export-intensive industries.

The export-linked jobs pay 18 percent above the average U.S. wage — $63,640 versus $53,860 — reflecting the skill and capital intensity of exported goods and the fact that export-oriented industries tend to be higher-productivity than the U.S. average.

State	Exports to Mexico $B	Export Jobs (K)	Mexico Export %	Jobs per $1B	Avg. Wage Premium	Top Sector
Texas	$123.5B	340K	27%	2.8K	+20%	Petroleum, electronics
California	$34.9B	98K	19%	2.8K	+16%	Electronics, agriculture
Michigan	$17.1B	80K	28%	4.7K	+22%	Auto parts
Illinois	$13.0B	70K	19%	5.4K	+18%	Machinery, chemicals
Ohio	$9.6B	52K	14%	5.4K	+20%	Transportation equip.
Arizona	$19.9B	45K	45%	2.3K	+14%	Electronics, maquiladoras
Indiana	$6.8B	38K	18%	5.6K	+19%	Pharma, auto parts
Pennsylvania	$5.4B	35K	9%	6.5K	+21%	Chemicals, machinery
Tennessee	$6.1B	32K	14%	5.2K	+18%	Auto parts, logistics
New Mexico	$7.0B	14K	58%	2.0K	+12%	Electronics

Table 7.1. U.S. Exports to Mexico and Jobs Supported by State (2024). Sources: USTR 2024–25; World Atlas 2025; U.S. Census USA Trade Online 2024; TECMA 2024.

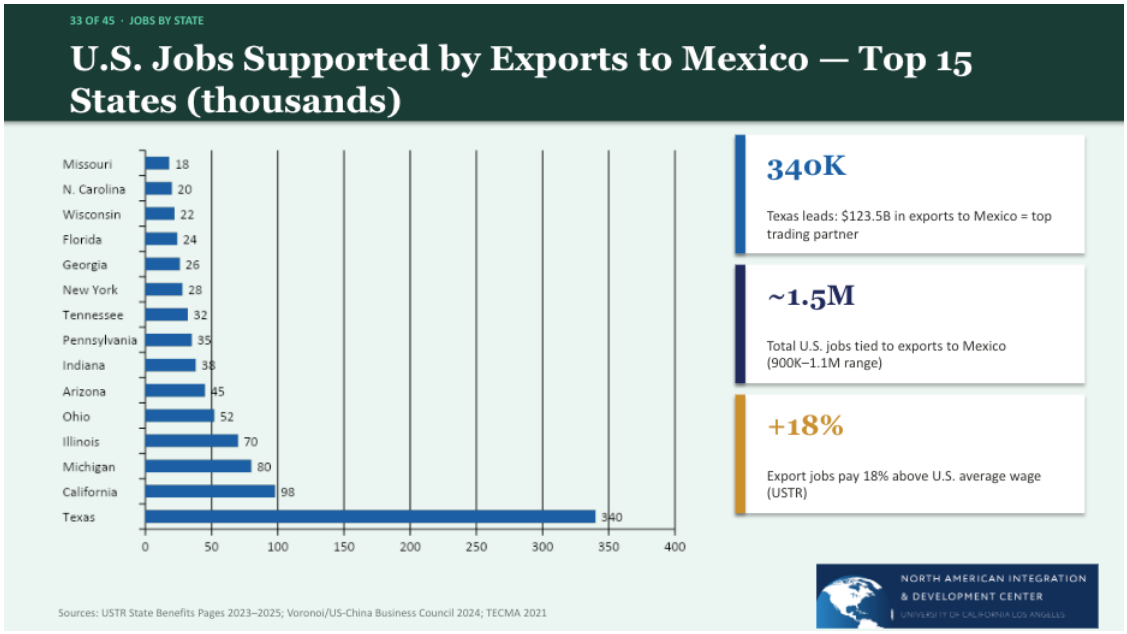

Figure 7.1. U.S. export jobs supported by Mexico trade — top 15 states (thousands). Sources: USTR State Benefits 2023–2025; TECMA 2024.

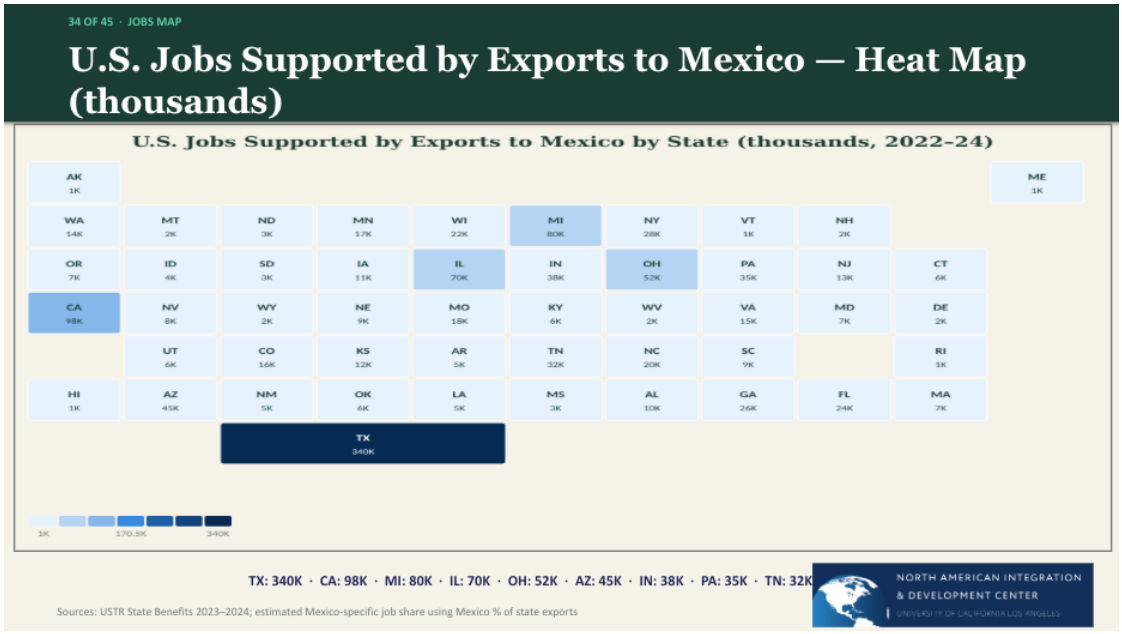

Figure 7.2. U.S. jobs supported by Mexico exports — state heat map. Sources: USTR 2023–2024; NAID Center calculations.

7.2 Mexico's Export Economy and Employment

The mirror image of U.S. export-supported jobs is the employment effect of Mexico's exports to the United States on Mexican state labor markets. Mexico's exports to the U.S. totaled approximately $601 billion in 2024, representing 81 percent of Mexico's total goods exports. The northern border states of Chihuahua, Baja California, Coahuila, Tamaulipas, and Nuevo León are the most exposed

to U.S. trade conditions, with export-to-GDP ratios exceeding 60 percent and export-dependent jobs constituting 35–41 percent of formal employment.

This asymmetry — Mexican states far more exposed to U.S. trade conditions than U.S. states are to Mexican conditions — means that tariff escalation in the 2025 trade war hits Mexico's manufacturing heartland with disproportionate force. Chihuahua's 88 percent export-to-GDP ratio means that a sustained 25 percent tariff effectively imposes a 22 percent fiscal drag on that state's entire economy, equivalent to a depression-level shock.

Mexican State	Exports to U.S. $B	Export-Dep. Jobs	Exp./State GDP	Exp. Jobs/Total Emp.	Primary Sectors
Chihuahua	$64.2B	~620K	~88%	~41%	Auto harnesses, electronics, aerospace
Baja California	$48.5B	~480K	~72%	~36%	Televisions, auto parts, medical devices
Nuevo León	$42.3B	~410K	~35%	~26%	Steel, auto parts, cement, glass
Coahuila	$38.6B	~360K	~68%	~38%	Auto assembly, steel, textiles
Tamaulipas	$32.1B	~310K	~65%	~35%	Auto parts, electronics, petroleum products
Sonora	$24.8B	~240K	~55%	~32%	Auto parts, mining, agriculture
Jalisco	$22.4B	~215K	~29%	~18%	Electronics, food/beverages, textiles
Estado de México	$21.7B	~208K	~22%	~14%	Auto parts, machinery, chemicals
San Luis Potosí	$18.3B	~176K	~62%	~36%	Auto assembly, electronics
Guanajuato	$16.9B	~162K	~40%	~24%	Auto assembly, auto parts, leather

Table 7.2. Mexico Exports to U.S. as Share of State Employment (2024). Sources: INEGI 2024; BANCOMEXT; INEGI ENOE employment surveys; NAID Center.

State	Exports	Jobs	Exp/GDP
Chihuahua	$64.2B	~620K	~88%
Coahuila	$38.6B	~360K	~68%
Baja California	$48.5B	~480K	~72%
San Luis Potosí	$18.3B	~176K	~62%
Tamaulipas	$32.1B	~310K	~65%
Sonora	$24.8B	~240K	~55%
Nuevo León	$42.3B	~410K	~35%
Guanajuato	$16.9B	~162K	~40%
Jalisco	$22.4B	~215K	~29%
Edo. México	$21.7B	~208K	~22%

Figure 7.3. Mexico export employment share by state (%). Chihuahua (41%), Coahuila (38%), and Baja California (36%) are most trade-war-exposed. Sources: INEGI 2024; BANCOMEXT.

SECTION 8

8. Remittances, Investment, and the Diaspora Finance Model

8.1 The $64.7 Billion Record

Remittances from the United States to Mexico reached a record $64.7 billion in 2024 — the 11th consecutive year of growth and a near-tripling of the $23.6 billion recorded in 2014. This flow now exceeds Mexico's oil export revenue ($28.4 billion), Mexico's foreign direct investment inflows ($32.9 billion), and Mexico's agricultural export revenue combined, making it the single largest source of foreign exchange earnings for the Mexican economy.

The geographic concentration is striking: California alone accounts for $20.4 billion (31.5 percent of the total) and Texas for $9.0 billion (13.9 percent), together representing 47 percent of all flows from a country of 330 million people. These two states send 47 percent of total U.S.-to-Mexico remittances because they host 57 percent of all Mexican-origin Americans, with particularly high concentrations of foreign-born workers with active family ties to Mexico.

The transaction profile reveals important structure: approximately 165 million individual transactions per year at an average of $393–$397 each (Banxico, 2024). This monthly transfer of approximately $39 per transaction ($393 divided by approximately 10 transactions per person per year) represents a small fraction of the sender's income but a significant fraction of the recipient's income in rural Mexico, where per capita monthly income may be $200–$300. The asymmetry of impact — small sacrifice by the sender, transformative impact for the receiver — is the fundamental economic logic of diaspora remittances as a poverty-reduction mechanism.

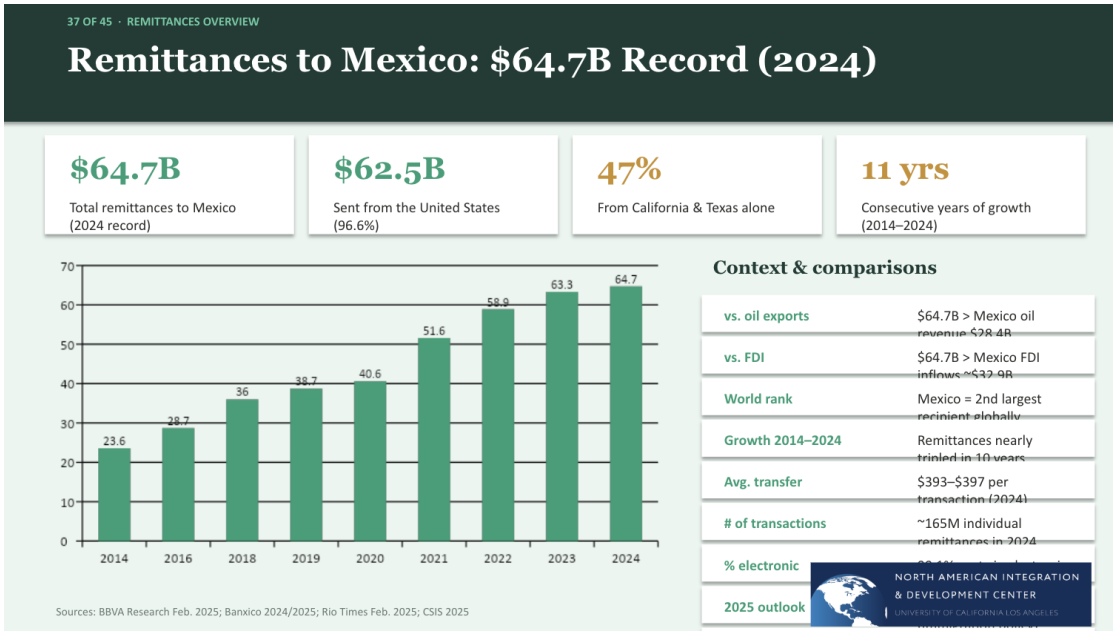

Figure 8.1. Remittances to Mexico: $64.7B record in 2024 — annual growth 2014–2024. Sources: Banxico 2024; BBVA Research 2025.

8.2 State-Level Analysis: Sending Intensity and Concentration

The remittance-to-state-GDP ratio reveals the economic significance of these flows at the subnational level and enables analysis of which U.S. states are the most intensive participants in the binational financial circuit.

U.S. State	Remit. $B	State GDP $T	Remit./State GDP	MO Pop.	Remit./MO Person	Top Mexico Corridor
California	$20.4B	$3.89T	0.52%	12.7M	$1,607	Jalisco, Michoacán, Oaxaca
Texas	$9.0B	$2.65T	0.34%	9.5M	$947	Nuevo León, Tamaulipas, Coahuila
Illinois	$4.5B	$1.07T	0.42%	1.8M	$2,500	Michoacán, Guerrero, Guanajuato
Georgia	$2.8B	$841B	0.33%	480K	$5,833	Guerrero, Oaxaca, Veracruz
Colorado	$2.4B	$543B	0.44%	800K	$3,000	Chihuahua, Durango, Sonora
Nevada	$1.4B	$273B	0.51%	650K	$2,154	Zacatecas, Jalisco
Florida	$2.2B	$1.66T	0.13%	700K	$3,143	Yucatán, Veracruz, Mexico City
Arizona	$2.0B	$479B	0.42%	1.9M	$1,053	Sonora, Sinaloa
New York	$1.9B	$2.28T	0.08%	110K	$17,273	Puebla, Oaxaca, Guerrero
North Carolina	$1.7B	$784B	0.22%	380K	$4,474	Guerrero, Oaxaca, Hidalgo

Table 8.1. Remittances to Mexico by U.S. State (2024). Sources: Banxico (CA+TX confirmed; RSM U.S. 2025); BBVA Research 2025; BEA State GDP 2023; Neilsberg/ACS 2023.

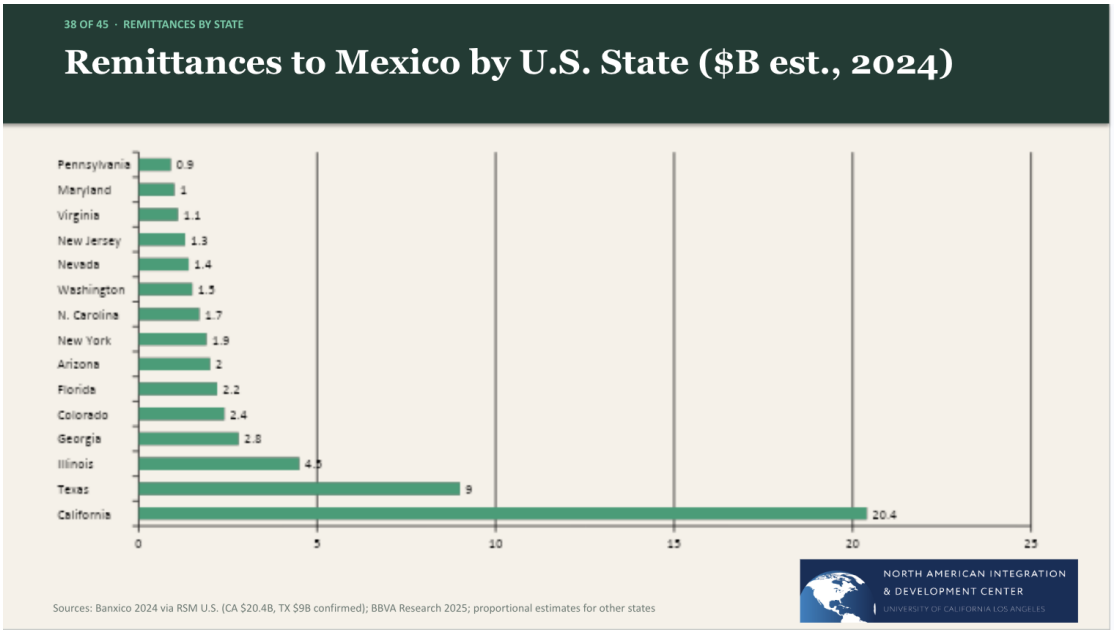

Figure 8.2. Remittances to Mexico by U.S. state ($B est., 2024). CA ($20.4B) + TX ($9.0B) = 47% of total. Sources: Banxico 2024; RSM U.S. 2025; BBVA Research.

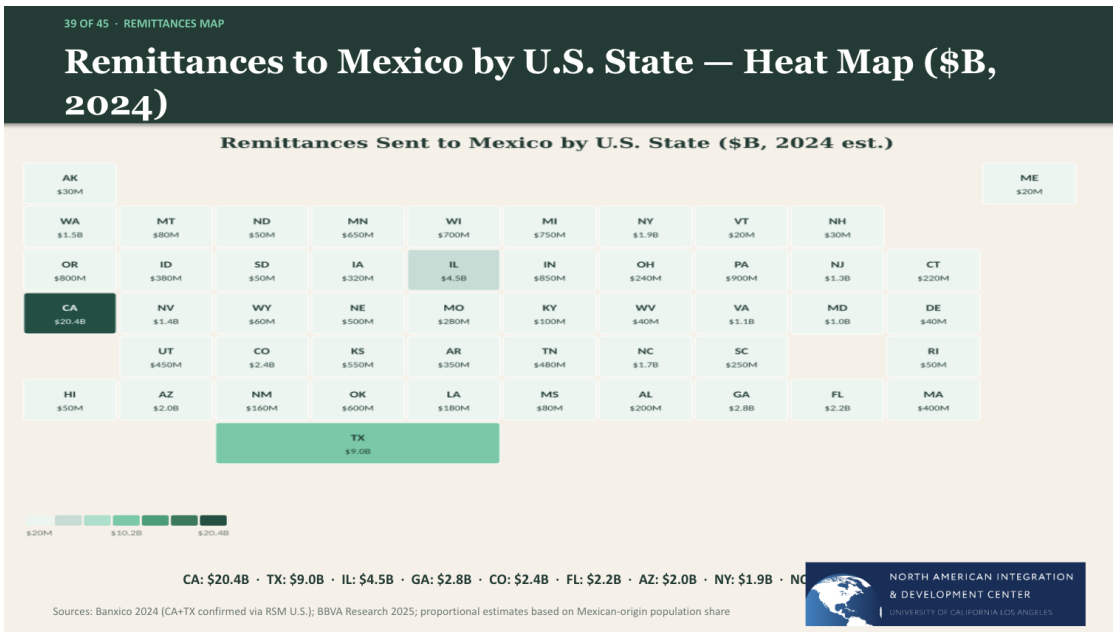

Figure 8.3. Remittances to Mexico — U.S. state heat map ($B, 2024). Sources: Banxico/BBVA 2024–25.

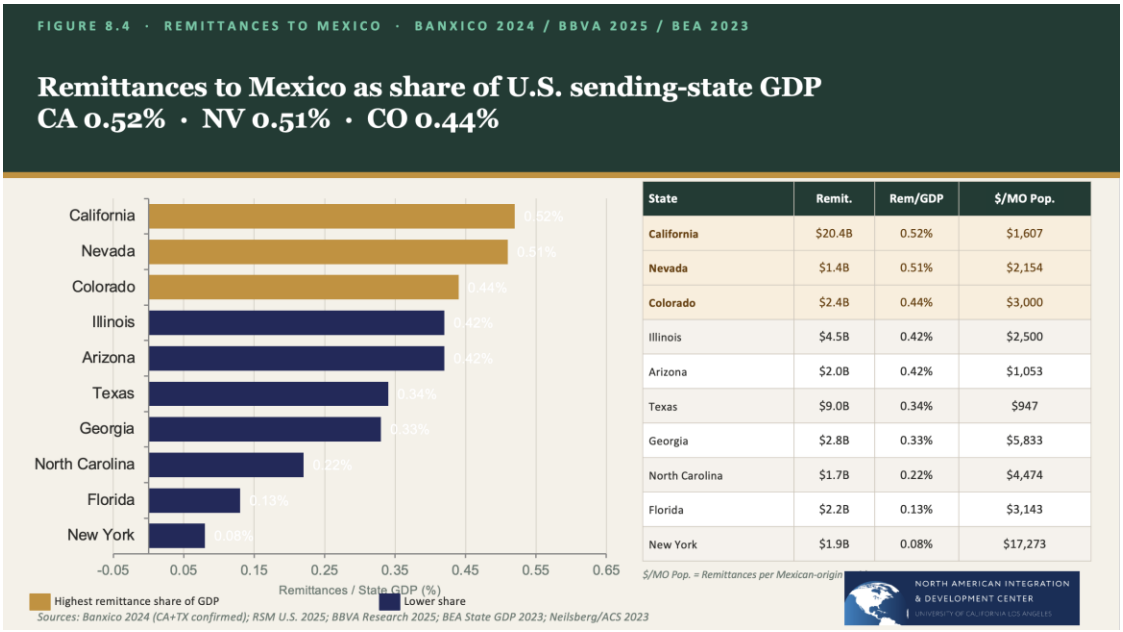

Figure 8.4. Remittances to Mexico as share of U.S. sending-state GDP. CA 0.52%, NV 0.51%, CO 0.44%. Sources: Banxico 2024; BBVA 2025; BEA 2023.

8.3 Mexico as Remittance Recipient: State-Level Impact

On the Mexico receiving side, remittances constitute a dominant income source for several states with historically high migration intensity. Michoacán receives the largest estimated total (approximately $10.5 billion), representing over 30 percent of its state GDP — making remittances the single most important income source in the state's economy, larger than manufacturing, agriculture, or government spending. Guerrero (approximately $8 billion, ~36 percent of state GDP) and Oaxaca (approximately $6 billion, ~28 percent) are similarly remittance-dependent.

These flows function as a parallel social protection system, supporting household consumption, children's education, and local business investment in the absence of adequate public services. Their reduction — as a result of the 1 percent remittance tax, immigration enforcement chilling effects, or economic downturns in the United States — would constitute a humanitarian as well as an economic crisis for millions of families.

8.4 The 10% Diaspora Investment Fund Model

The most transformative policy innovation analyzed in this report is the diaspora investment fund model: a voluntary mechanism by which participating remittance senders redirect 10 percent of their transfers — approximately $39 per month at average transfer levels — into a structured investment vehicle. At the national level, this would generate $6.47 billion in principal. Invested in Mexican government CETES (Certificados de la Tesorería de la Federación) at prevailing yields of 7.0–7.8 percent, this principal would generate approximately $453 million per year in returns.

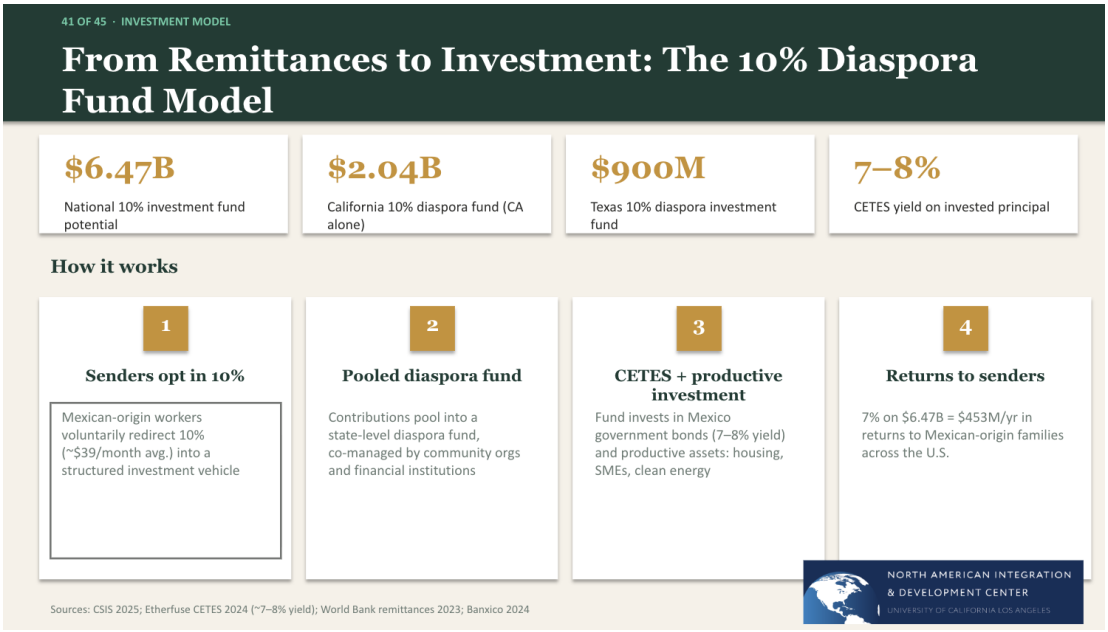

Figure 8.5. The 10% remittance-to-investment diaspora fund model. Sources: CSIS 2025; Etherfuse CETES data; Banxico 2024.

U.S. State	Remit. $B	10% Fund $B	ROI @7%/yr	@6% min	@8% max	Top Mexico Target
California	$20.4B	$2.04B	$143M	$122M	$163M	Jalisco SMEs, Michoacán agri.
Texas	$9.0B	$900M	$63M	$54M	$72M	Nuevo León industry, border
Illinois	$4.5B	$450M	$32M	$27M	$36M	Michoacán infrastructure
Georgia	$2.8B	$280M	$20M	$17M	$22M	Guerrero community dev.
Colorado	$2.4B	$240M	$17M	$14M	$19M	Chihuahua/Durango agri.
Florida	$2.2B	$220M	$15M	$13M	$18M	Yucatán, Veracruz tourism
Arizona	$2.0B	$200M	$14M	$12M	$16M	Sonora border industry
New York	$1.9B	$190M	$13M	$11M	$15M	Puebla community investment
Nevada	$1.4B	$140M	$10M	$8M	$11M	Zacatecas 3G4R projects
N. Carolina	$1.7B	$170M	$12M	$10M	$14M	Guerrero social infrastructure
NATIONAL TOTAL	$64.7B	$6.47B	$453M/yr	$388M	$518M	All corridors

Table 8.2. 10% Remittance-to-Investment Fund Potential by State (2024). Sources: 10% of Banxico 2024 state flows; CETES 6–8% yield range (Banxico/Etherfuse 2024–25 average). National Banxico policy rate at 7.0% as of Feb. 2026.

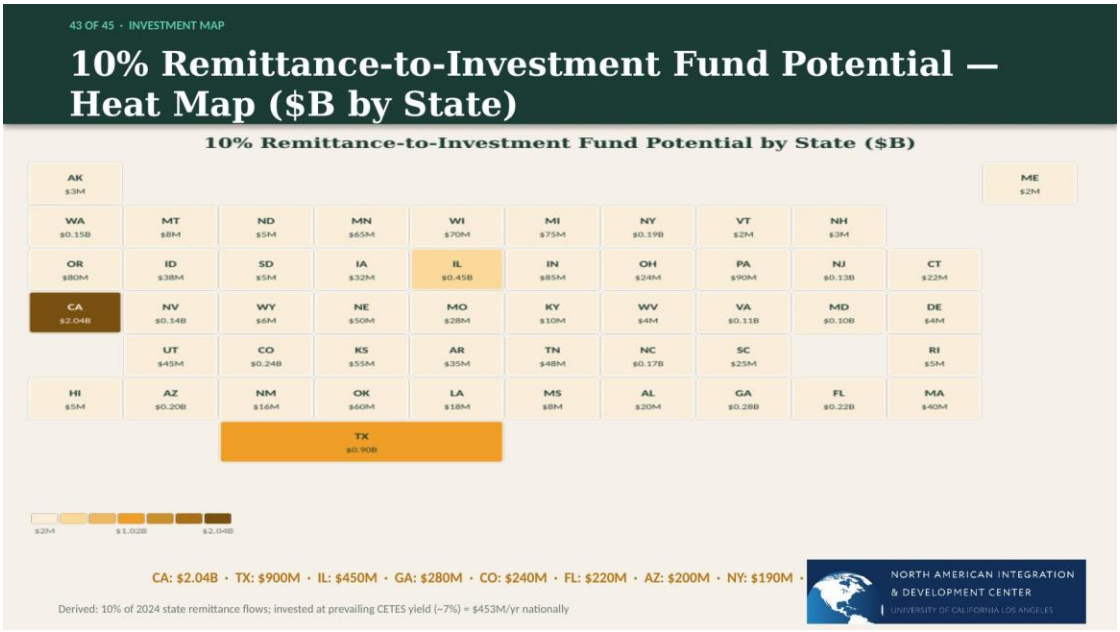

Figure 8.6. 10% remittance-to-investment fund potential — heat map ($B by state). Sources: 10% of state remittance estimates; CETES 7% yield.

SECTION 9

9. The NAID Corridor Database: 30 Years of Bilateral Subnational Data

9.1 Database Architecture and Scale

The NAID Corridor Database, developed since 1996, is the most comprehensive bilateral subnational dataset on U.S.–Mexico integration available anywhere. It links U.S. states to Mexican states and U.S. counties to Mexican municipios across all four integration channels — trade, migration, remittances, and investment — enabling analysis at a geographic granularity unavailable in any official statistical source from either government.

The database is organized at three geographic scales:

- National-to-national: Aggregate U.S.–Mexico bilateral flows for context and validation against official statistics.
- State-to-state corridors: 50 U.S. states × 32 Mexican states = 1,600 potential corridor pairs, of which approximately 480 have significant measurable flows across at least one integration channel. Corridor pairs are classified into four tiers: Tier 1 (all four channels measurable, ~85 pairs), Tier 2 (three channels, ~210 pairs), Tier 3 (two channels, ~185 pairs), Tier 4 (minimal flows, ~1,120 pairs).
- County-to-municipio: approximately 3,200 U.S. counties × 2,469 Mexican municipios; the database currently covers approximately 1,800 county-to-municipio corridor pairs with at least one measurable flow. Each corridor record contains population/migration flows, trade flows, remittance flows, investment flows, and derived economic indicators.

The database is constructed from six primary sources fused at the subnational level: (1) CONAPO migration intensity indices; (2) Banxico remittance data allocated to municipios using CONAPO indices; (3) U.S. Census USA Trade Online for U.S. state export data; (4) INEGI/BANCOMEXT for Mexican state export data; (5) CONAPO Hometown Association (HTA) registry; and (6) NAID Center primary surveys (1996–2026) of HTA leaders, immigrants, and businesses.

9.2 Top U.S.–Mexico State Corridors

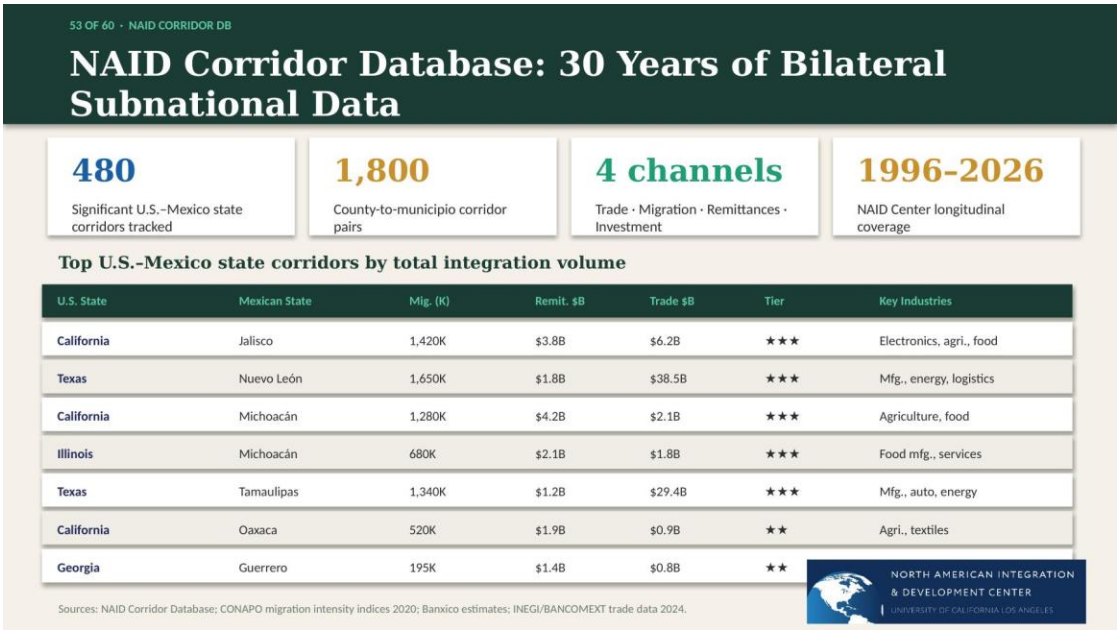

Figure 9.1. NAID Corridor Database overview — top U.S.–Mexico state corridors. Sources: NAID Corridor Database; CONAPO 2020; Banxico 2024.

#	U.S. State	Mexican State	Migrants (K)	Remit. $B est.	Trade $B	Tier	Key Industries
1	California	Jalisco	1,420K	$3.8B	$6.2B	★★★	Electronics, agriculture, food
2	Texas	Nuevo León	1,650K	$1.8B	$38.5B	★★★	Manufacturing, energy, logistics
3	California	Michoacán	1,280K	$4.2B	$2.1B	★★★	Agriculture, food processing
4	Illinois	Michoacán	680K	$2.1B	$1.8B	★★★	Food manufacturing, services
5	Texas	Tamaulipas	1,340K	$1.2B	$29.4B	★★★	Auto, manufacturing, energy
6	California	Oaxaca	520K	$1.9B	$0.9B	★★	Agriculture, textiles
7	Georgia	Guerrero	195K	$1.4B	$0.8B	★★	Poultry, construction
8	Arizona	Sonora	560K	$0.8B	$11.8B	★★	Mining, auto parts, agriculture
9	Texas	Coahuila	820K	$0.9B	$24.1B	★★★	Auto assembly, steel
10	N. Carolina	Guerrero	190K	$0.9B	$0.6B	★★	Poultry, construction

#	U.S. State	Mexican State	Migrants (K)	Remit. $B est.	Trade $B	Tier	Key Industries
11	New York	Puebla	220K	$1.0B	$1.4B	★★	Garment, food, services
12	California	Guanajuato	680K	$1.2B	$1.6B	★★	Auto parts, food, leather

Table 9.1. Top U.S.–Mexico State Corridors by Integrated Flow Volume (2024). ★★★ = Tier 1 (all four channels); ★★ = Tier 2 (three channels). Sources: NAID Corridor Database; CONAPO 2020; Banxico 2024 est.; INEGI/BANCOMEXT.

9.3 County-to-Municipio Corridor Examples

The finest-grained level of the NAID Corridor Database links specific U.S. counties to Mexican municipios — the actual communities connected by migration networks, remittance flows, and hometown associations. These corridors reveal the remarkable specificity of binational community ties and demonstrate that U.S.–Mexico integration is not a national-to-national abstraction but a dense network of community-to-community connections.

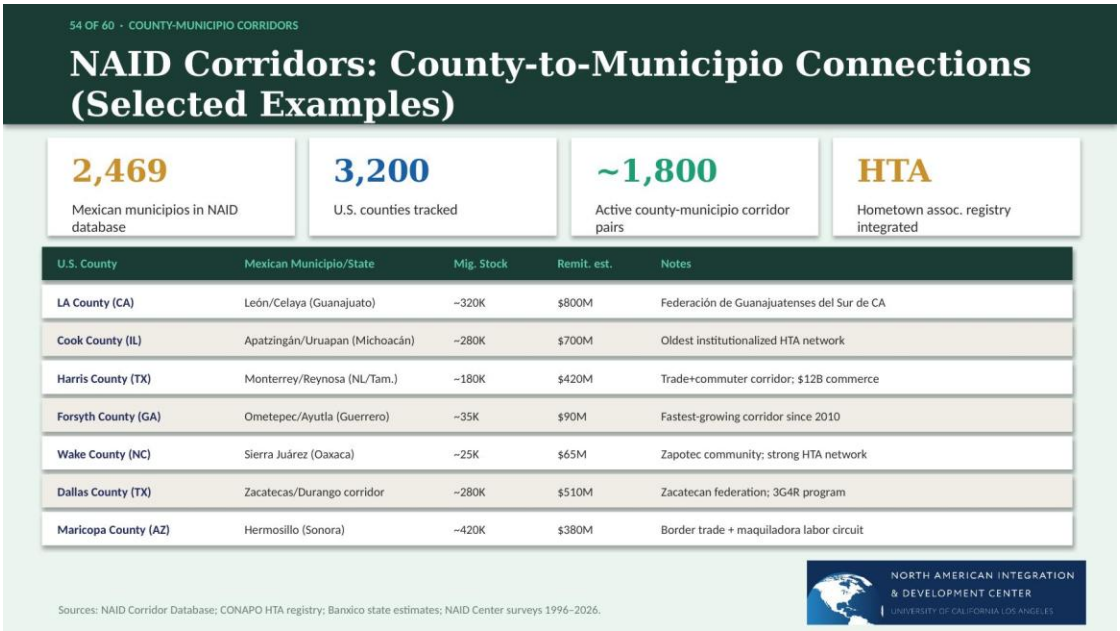

Figure 9.2. County-to-municipio corridors — selected examples. Sources: NAID Center surveys 1996–2026; CONAPO HTA registry.

U.S. County	Mexican Municipio/State	Migrants (K)	Remit. est.	Notes
Los Angeles County (CA)	León/Celaya (Guanajuato)	~320K	~$800M	Federación de Guanajuatenses del Sur de CA
Cook County (IL)	Apatzingán/Uruapan (Michoacán)	~280K	~$700M	Oldest institutionalized HTA network in U.S.
Harris County (TX)	Monterrey/Reynosa (NL/Tam.)	~180K	~$420M	Trade+commuter corridor; $12B

U.S. County	Mexican Municipio/State	Migrants (K)	Remit. est.	Notes
				cross-border commerce
Forsyth County (GA)	Ometepec/Ayutla (Guerrero)	~35K	~$90M	Fastest-growing corridor since 2010; primarily Mixtec
Wake County (NC)	Sierra Juárez (Oaxaca)	~25K	~$65M	Zapotec community; strong HTA and remittance network
Dallas County (TX)	Zacatecas/Durango corridor	~280K	~$510M	Zacatecan federation; 3×1 for Mexico program
Maricopa County (AZ)	Hermosillo (Sonora)	~420K	~$380M	Border trade + maquiladora labor circuit
Forsyth County (GA)	Costa Chica (Guerrero)	~30K	~$78M	Indigenous Mixtec; primarily unauthorized

Table 9.2. Selected County-to-Municipio Corridors from NAID Database (2024). Sources: NAID Center surveys 1996–2026; CONAPO migration intensity indices; Banxico state estimates.

9.4 Integrated Bilateral State Dashboard

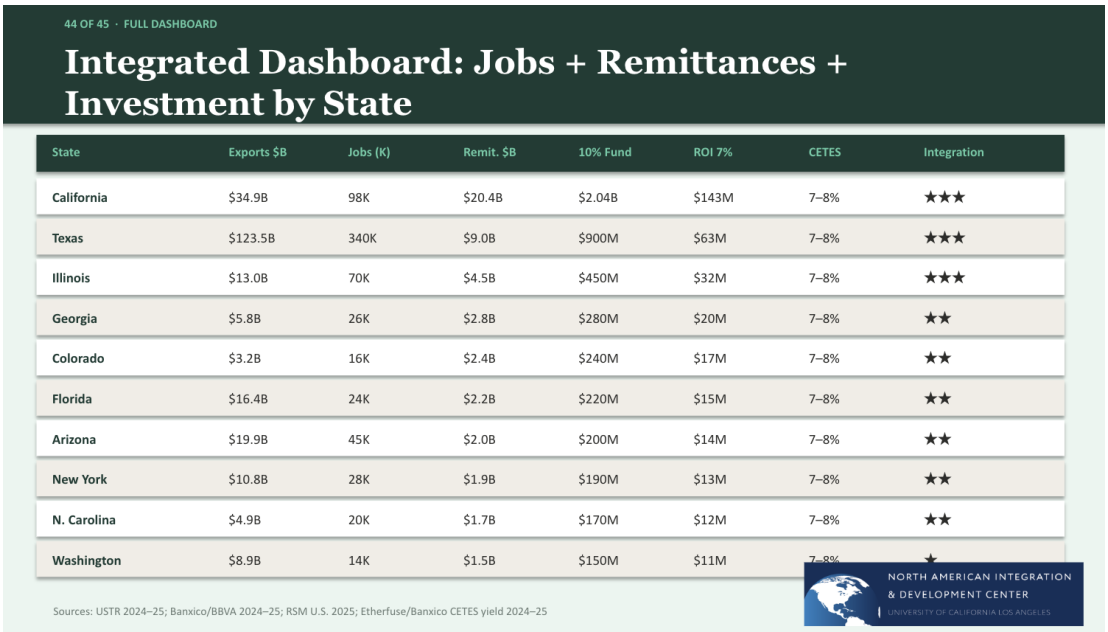

Figure 9.3. Integrated bilateral dashboard: jobs + remittances + investment + MO GDP by state. Sources: USTR; Banxico/BBVA; RSM U.S. 2025; NAID Center.

SECTION 10

10. Alternative Policy Scenarios: NAID CGE Modeling

The NAID Center's multi-region, multi-sector computable general equilibrium (CGE) model — developed in partnership with INEGI and the Peterson Institute for International Economics (PIIE), and calibrated to the 2022 GTAP database updated to 2024 — allows simulation of alternative policy shocks and their distributional effects. The model covers 50 U.S. states and 32 Mexican states as separate regions (82 total), 57 industries following ISIC/GTAP classification, 6 labor categories (native/immigrant × 3 skill levels), and includes endogenous migration and remittance modules.

This edition presents three policy scenarios reflecting the economic choices facing the United States and Mexico in 2025–2026. Across all three, the economic evidence points in the same direction: enforcement-centered, restrictionist, and protectionist policies impose large costs on both countries while generating minimal or negative fiscal returns. The alternative — managed integration — consistently outperforms in both GDP and fiscal terms.

10.1 Scenario 1: Mass Deportation

The mass deportation scenario models the removal of 1 million, 2 million, and 4 million undocumented workers from the United States, with the Mexican-origin undocumented population (approximately 37 percent of the total 11 million) bearing a proportional share of departures. The model incorporates labor market substitution effects (how quickly and at what wage premium native-born or authorized workers would fill vacated jobs), sector-specific supply shocks, and second-round consumption effects.

The key finding is a fundamental asymmetry: in no scenario do fiscal savings approach, let alone exceed, economic costs. The 4-million deportation scenario produces a GDP loss of $2.3 trillion — 23 times larger than any plausible fiscal savings calculation — while costing approximately $400 billion in enforcement and deportation logistics, and triggering a food price inflation shock of 18–25 percent that would disproportionately harm the same low-income populations enforcement advocates claim to protect.

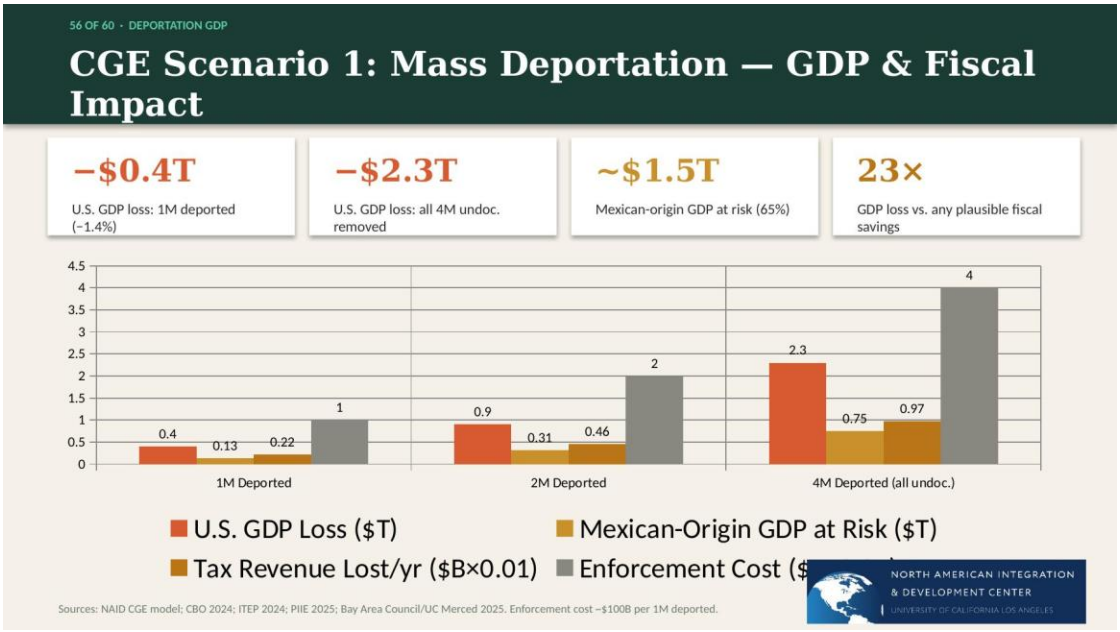

Figure 10.1. CGE Scenario 1: Mass deportation — GDP and fiscal impact at 1M, 2M, 4M. GDP losses exceed savings 23:1. Sources: NAID CGE; CBO 2024; ITEP 2024.

Economic Indicator	Baseline	1M Deported	2M Deported	4M Deported (all undoc.)
U.S. GDP impact	$28.0T	−$0.4T (−1.4%)	−$0.9T (−3.2%)	−$2.3T (−8.2%)
Mexican-origin GDP at risk	$2.27T	−$130B	−$305B	−$750B
Annual tax revenue lost	$97B/yr	−$22B	−$46B	−$97B
Agriculture sector output	Baseline	−12%	−24%	−52%
Construction sector output	Baseline	−8%	−18%	−38%
Food processing output	Baseline	−9%	−19%	−41%
Meat packing output	Baseline	−11%	−22%	−48%
Consumer food price inflation	Baseline	+3–4%	+7–10%	+18–25%
Remittances to Mexico	$64.7B	−$14B	−$29B	−$60B
Enforcement/deportation cost	$0	~$100B	~$200B	~$400B
5-year net fiscal impact	—	−$560B	−$1.25T	−$2.85T

Table 10.1. Mass Deportation Scenario: Economic Effects. Sources: NAID CGE model; CBO 2024; ITEP 2024; PIIE 2025; Bay Area Council/UC Merced 2025. Enforcement cost ~$100B per 1M deported.

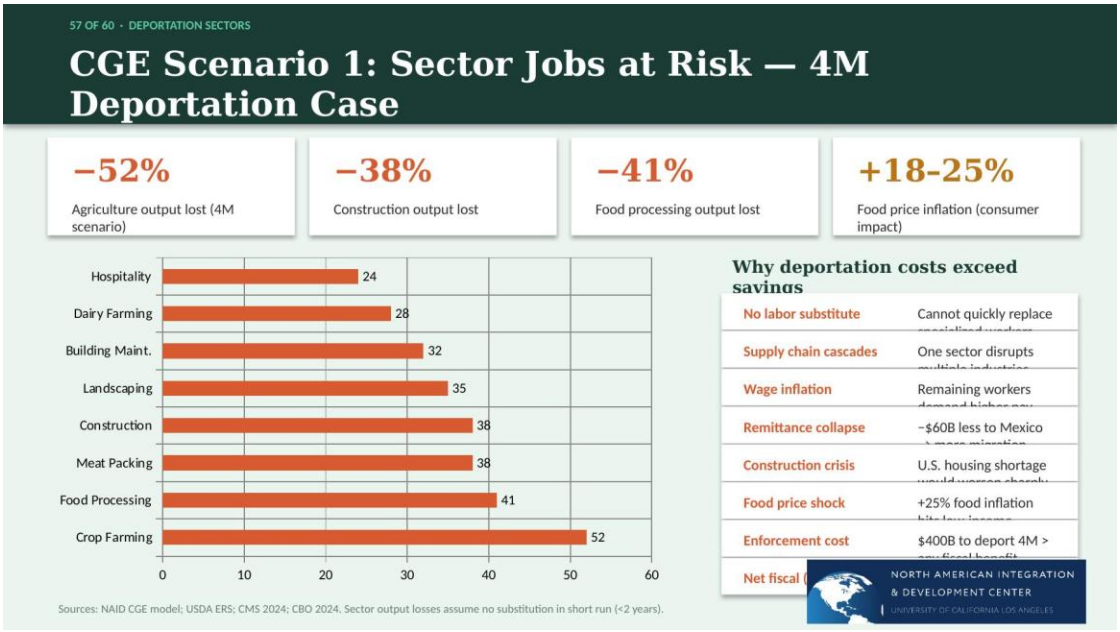

Figure 10.2. CGE Scenario 1: Sector jobs at risk — agriculture −52%, construction −38%, food processing −41% (4M deported). Sources: NAID CGE; USDA ERS; CMS 2024.

The deportation scenario results reveal a key structural reality: Mexican-origin undocumented workers are disproportionately concentrated in industries characterized by three features simultaneously: (1) essential goods or services (food, housing, infrastructure); (2) limited substitutability (native-born workers are not available in sufficient numbers at any reasonable wage); and (3) high multiplier effects (each job lost triggers additional losses in supply chain and service industries). This trifecta explains why GDP losses are so much larger than simple headcount arithmetic would suggest.

10.2 Scenario 2: Remittance Reduction and the 1% Tax

The January 2026 implementation of a 1 percent federal tax on cash remittances to Mexico and other countries represents the first direct federal tax on remittances in U.S. history. Combined with the documented chilling effect of immigration enforcement — remittances fell 4.6 percent year-over-year in early 2026 according to Banxico data — the total shock to remittance flows could be substantial.

The central paradox of remittance reduction is that it increases, rather than decreases, northbound migration pressure. The poverty-migration relationship is well-established: as household incomes fall below critical thresholds in high-dependency communities, the migration option becomes more attractive. The 1 percent remittance tax is thus fiscally counterproductive: it generates at most $500–600 million in annual revenue (far below the government's stated revenue expectations) while potentially inducing migration responses that cost the enforcement apparatus far more.

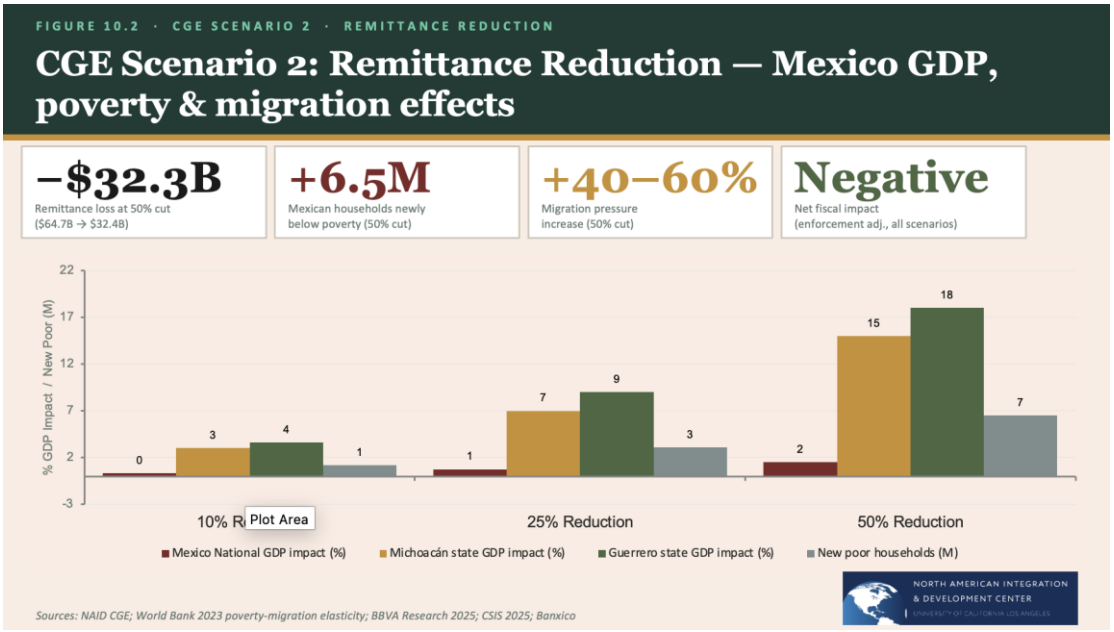

Figure 10.3. CGE Scenario 2: Remittance reduction — Mexico GDP, poverty, and migration effects. Sources: NAID CGE; World Bank 2023; BBVA 2025.

Impact Indicator	Baseline	10% Reduction	25% Reduction	50% Reduction
Total remittances to Mexico	$64.7B	$58.2B	$48.5B	$32.4B
Mexico national GDP impact	Baseline	−0.3%	−0.75%	−1.5%
Michoacán state GDP impact	Baseline	−3%	−7%	−15%
Guerrero state GDP impact	Baseline	−3.6%	−9%	−18%
Mexican households below poverty	~40M	+1.2M	+3.1M	+6.5M
Migration pressure (new flows)	Baseline	+8–12%	+20–30%	+40–60%
Shift to informal/crypto channels	<1%	5–8%	12–18%	25–35%
U.S. federal tax revenue raised	—	~$200M	~$500M	~$1.0B
Net fiscal impact (enforcement adj.)	—	Negative	Negative	Negative

Table 10.2. Remittance Reduction Scenario. Sources: NAID CGE; World Bank 2023 poverty-migration elasticity; BBVA Research 2025; CSIS 2025; Banxico.

10.3 Scenario 3: Trade War Escalation — 25% Tariffs

The 2025 trade war — with 25 percent tariffs applied broadly to Mexican goods and retaliatory Mexican tariffs on U.S. agriculture and manufactured goods — represents the most severe disruption to the USMCA framework since its implementation. The model estimates effects by sector, state, and trading partner.

The auto industry is the most exposed sector: due to the deep integration of U.S.–Mexico auto supply chains, vehicle components cross the border an average of three times before final assembly.

A 25 percent tariff applied each time effectively imposes a 75 percent effective tariff on the content value of the cross-border component — making U.S. auto manufacturing significantly less competitive globally while raising consumer prices for American car buyers.

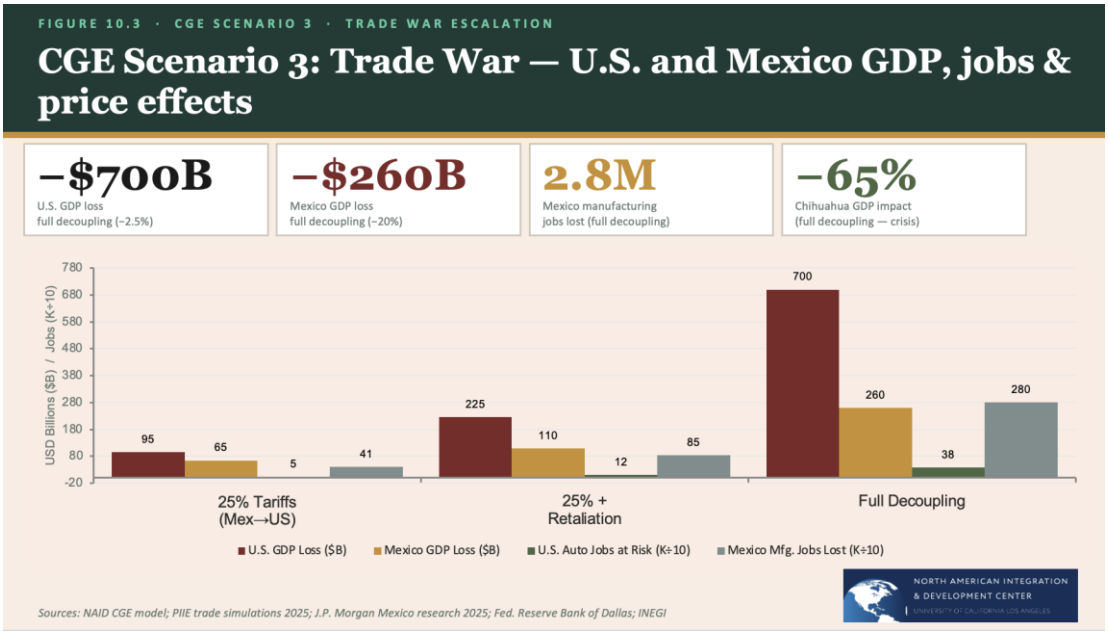

Figure 10.4. CGE Scenario 3: Trade war — U.S. and Mexico GDP, jobs, and price effects. Sources: NAID CGE; PIIE 2025.

Economic Indicator	Baseline	25% Tariffs (Mex→US)	25% + Retaliation	Full Decoupling
U.S. GDP loss	$28.0T	−$95B (−0.34%)	−$225B (−0.80%)	−$700B (−2.5%)
Mexico GDP loss	$1.30T	−$65B (−5.0%)	−$110B (−8.5%)	−$260B (−20%)
U.S. consumer price index	Baseline	+1.2–1.8%	+2.5–3.5%	+5–8%
U.S. auto sector jobs at risk	—	~45K	~120K	~380K
Mexico manufacturing jobs lost	—	~410K	~850K	~2.8M
Chihuahua GDP impact	Baseline	−22%	−35%	−65% (crisis)
U.S. ag. exports to Mexico	$30B	Unchanged	−$12B (−40%)	−$25B (−83%)
Texas export jobs at risk	340K	−18K	−55K	−180K
Nearshoring reversal benefit (China)	—	Partial	Moderate	Significant

Table 10.3. Trade War Escalation Scenario. Sources: NAID CGE model; PIIE trade simulations 2025; Fed. Reserve Bank of Dallas; INEGI.

The trade war scenario also highlights the nearshoring paradox: one of the key strategic rationales for tariffs on Mexico is to force manufacturing back to the United States. But the disruption of established U.S.–Mexico supply chains would benefit China more than the United States, as global manufacturers seeking to diversify away from the disrupted North American market would be as likely to move production to Asia as to domestic U.S. facilities.

SECTION 11

11. Policy Conclusions: The Case for Managed Integration

Across all three policy scenarios — deportation, remittance reduction, and trade war — the economic evidence points in the same direction: the current trajectory of U.S. policy toward Mexico and toward Mexican-origin communities imposes large economic costs on both countries while generating minimal or negative fiscal returns. The NAID CGE model, validated against 30 years of post-NAFTA data, consistently finds that managed integration — through legal channels for labor, open trade frameworks, and investment in human capital — produces superior economic outcomes for both countries compared to enforcement-centered approaches.

The alternative to managed integration is not zero migration or zero trade — market forces and geographic proximity make North American economic integration inevitable. The alternative is unmanaged integration: informal labor markets, undocumented migration, informal remittance channels, and supply chain fragmentation. All of these outcomes are worse for workers, businesses, and governments on both sides of the border. As the Trump Paradox chapter (Hinojosa-Ojeda, Robinson, and Thierfelder, 2021) demonstrated: the enforcement-centered alternative does not produce less integration, it produces more expensive, more dangerous, more unequal integration.

11.1 Six Evidence-Based Policy Recommendations

The path forward identified by NAID Center research involves six coordinated policy initiatives, each supported by quantitative evidence from the CGE model and the empirical analyses in this Report:

1. Work Authorization Pathway

Converting the approximately 4 million undocumented Mexican-origin workers to authorized status adds $15 billion per year in tax revenue, raises wages for all low-skill workers through formalization, and reduces the informal economy premium that currently subsidizes exploitative employers. The fiscal cost of the status adjustment program is recovered within 18 months. This is the highest-return, lowest-cost immigration policy intervention available — and the one most consistently avoided by enforcement-centered policymakers.

Historical evidence supports this estimate: IRCA (1986), which legalized approximately 2.7 million undocumented workers (of whom approximately 1.6 million were Mexican-origin), produced an average 15–20 percent wage increase for newly legalized workers within 3 years, reflecting the wage-suppression premium of unauthorized status (Hinojosa-Ojeda, 2010).

2. USMCA Strengthening

Rather than tariff escalation, deepening USMCA through enhanced labor standards, climate provisions, and joint investment in border infrastructure maximizes the gains from $935 billion in annual bilateral trade and the approximately 1.7 million U.S. jobs it supports. Specifically, the

USMCA labor chapter (Chapter 23) created enforceable labor standards for the first time in North American trade history — including a Rapid Response Mechanism that allows workers to petition for intervention when labor rights are violated at specific facilities. Expanding and enforcing these provisions would raise Mexican wages, reduce the wage differential driving migration, and create a larger middle-class market for U.S. exports.

3. Diaspora Investment Infrastructure

The $6.47 billion 10% remittance investment fund model, institutionalized through CDFI intermediaries, the Community Reinvestment Act framework, and bilateral financial partnerships, redirects diaspora capital from consumption transfer to productive investment. At 7% CETES returns, this generates $453 million per year to participating families — roughly equivalent to the entire CAIP program budget over its lifetime, generated annually by the market rather than through government appropriation.

4. Revive and Scale NADBank/CAIP

The CAIP's demonstrated 3:1 leverage ratio and cross-sector effectiveness (20,000 jobs created, 12,000 preserved, wastewater treatment rising from 21% to 91%) provide the blueprint for a USMCA-era North American structural fund. Scaling to $1 billion annually — a fraction of the $400 billion estimated enforcement cost of deporting 4 million workers — would transform integration adjustment capacity on both sides of the border. The original vision of NADBank as a North American cohesion fund analogous to the EU structural funds should be revived under USMCA architecture.

5. Educational Investment

Closing half the BA attainment gap for Mexican-origin Americans (currently 13% vs. 35% national) would add approximately $200 billion to U.S. GDP within one decade through higher productivity, wages, and tax contributions. Targeted interventions — STEM access for second-generation students, community college completion programs, English language acquisition for recent immigrants, and mentorship networks connecting Mexican-origin youth to professional networks — have demonstrated high returns in existing programs.

6. Remittance Tax Repeal

The 1% cash remittance tax generates approximately $500 million in annual federal revenue while increasing migration pressure (by reducing household incomes in high-dependency sending communities), diverting flows to informal channels (reducing financial system visibility), and undermining U.S. diplomatic relationships with Mexico, Guatemala, El Salvador, and Honduras — all of which have made formal remittance reduction requests. The net fiscal impact, accounting for enforcement response costs to the increased migration pressure, is negative. Repeal is the fiscally responsible choice.

11.2 A Thirty-Year Verdict

In 1991, when Sherman Robinson and I built the first CGE model of U.S.–Mexico integration, we were modeling an economic relationship that the political debate of the time barely recognized. Thirty years later, the $4.2 trillion Latino GDP and the $2.27 trillion Mexican-origin GDP are the empirical answer to that question — partial, uneven, and achieved despite rather than because of U.S. immigration and trade policy.

The managed integration scenario we have modeled across three decades would have produced a larger, more equal, more sustainable North American economy: Latino GDP of $5.2–6.4 trillion; Mexican-origin GDP of $2.6–3.1 trillion; Mexico GDP of $2.5–3.0 trillion; unauthorized migration at 60–80 percent below the 2005 peak. The difference between what happened and what could have happened is the measure of the institutional and policy failures documented in this Report — above all, the abandonment of NADBank/CAIP and the failure to couple trade liberalization with labor standards, worker protections, and human capital investment.

The 2025–2026 policy environment makes this thirty-year verdict more urgent than ever. Mass deportations, remittance taxes, and tariff escalation are not policy innovations — they are the most aggressive implementation yet of the restrictionist scenario our models identified in 1991 as the worst-performing alternative. The evidence is in. The question that remains is whether it will be heard.

> *"Mexican-origin Americans are not a fiscal burden but a structural economic asset of the first order — the eighth-largest economy on Earth, the backbone of North American supply chains, and the most direct human link between the United States and its largest trading partner. Evidence-based immigration, trade, and investment policy requires accurate measurement of this contribution — which this report aims to provide." — Hinojosa-Ojeda, NAID Center, 2026*

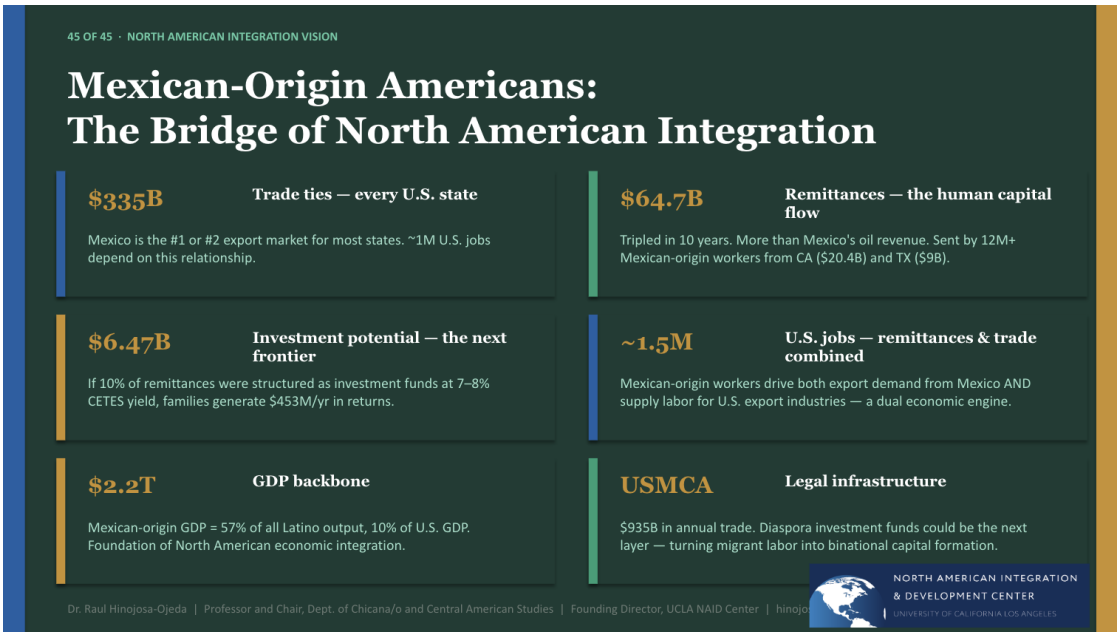

Figure 11.1. North American Integration Vision: six dimensions of the managed integration alternative — the policy agenda for the next 30 years. UCLA NAID Center, 2026.

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APPENDIX A

Appendix A: Database Documentation

This appendix documents all primary and secondary data sources used in this paper, including access methods, vintage, geographic coverage, and specific variables extracted. All data sources are publicly available unless otherwise noted.

A.1 Primary GDP and Economic Data

Source	Vintage	Variables Used	Geographic Level	Access Method
LDC/ASU U.S. Latino GDP Report	2023, 2024, 2025	Latino GDP by state, industry, year	State × industry	Published report; LDC website (ldcus.com)
UCLA NAID Center	1996–2026	Integration indexes, CGE model outputs, corridor data	State, county, corridor	NAID Center (naid.center)
BEA Regional Accounts	2000–2023	State GDP by NAICS industry	State × industry	BEA.gov API (direct download)
BEA Input-Output Tables	2017, 2022	Industry multipliers, supply chain linkages	National, sector	BEA.gov (RIMS II)
ACS 5-Year IPUMS-USA	2019–2023	Pop., income, industry, nativity, origin	State × PUMA	IPUMS.org microdata
CPS March Supplement	2022, 2023	Earnings, LFP, immigration status proxy	National, metro area	IPUMS-CPS
BLS OEWS	2023	Wages by occupation × industry	State	BLS.gov
IMF World Economic Outlook	2000–2025	National GDP, growth rates, inflation	National	IMF.org (WEO data)
INEGI Economic Accounts	2000–2024	Mexico state GDP, exports, employment	Mexican state	INEGI.org.mx (BIE)

Table A.1. Primary GDP Data Sources.

A.2 Population, Migration, and Nativity Data

Source	Year	Coverage	Key Variables
Pew Research Center	2023, 2025	National + state	Unauthorized population estimates, Mexican share by state, decade trends
Neilsberg/ACS Estimates	2023	All 50 states + counties	Mexican-origin pop. by state, county; demographic profile

Source	Year	Coverage	Key Variables
Census Bureau ACS 5-Year	2019–2023	State + PUMA	Hispanic origin, nativity, language, income, education, occupation
MigrationPolicy.org	2024	National + state	Mexican immigrant profiles, visa status distribution, decade comparisons
ITEP	2024	All 50 states	Undocumented tax payments by state, income range, effective rates
CONAPO	2020	Mexican municipio + state	Migration intensity index, remittance-receiving municipios, HTA registry
American Immigration Council	2025	National	Undocumented population economic contributions

Table A.2. Population and Migration Data Sources.

A.3 Trade, Investment, and Financial Data

Source	Year	Coverage	Key Variables
USTR State Benefits Pages	2023–2025	All 50 states	Exports to Mexico $B, jobs supported, top sectors
U.S. Census USA Trade Online	2024	State × product	Goods exports/imports by destination, HS-6 product codes
BANCOMEXT	2024	Mexican state	Mexico exports by state and destination country, sector
Banxico FDI Data	2000–2024	Sector + origin country	FDI flows into Mexico, sectoral composition, country of origin
Etherfuse / CETES Directo	2024–2025	National	CETES 28/91/182-day yields; real return vs. inflation; market size
Banxico Policy Rate	2024–2025	National	Policy rate 7.0–11.4% range; 12 cuts 2024–2025
World Bank Remittances	2000–2024	Global	Mexico global rank, bilateral flows, growth trajectory
CSIS North American Development Bank Analysis	2021, 2025	NADBank operations	Project portfolio, leverage ratios, environmental outcomes
INEGI ENOE	2024	Mexican state	Formal/informal employment, wages, sector by state, trend

Table A.3. Trade, Investment, and Financial Data Sources.

A.4 List of Figures

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ES.3	Exec. Summary	GDP growth: Latino, Mexican-origin, and world economies (log scale, 2000–25)	Slide 47
ES.4	Exec. Summary	CGE Scenario 1: Mass deportation — GDP and fiscal impact	Slide 56
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Table A.4. Index of Figures — source slides from the companion 60-slide presentation (mex_latino_60slides.pptx, UCLA NAID Center, 2026).

APPENDIX B

Appendix B: Methodological Appendix

B.1 Mexican-Origin GDP Estimation: Step-by-Step

Our GDP estimation follows a human capital allocation approach in which total economic output is apportioned to demographic groups based on their share of industry-level labor income, adjusted for productivity differentials. The formal specification is:

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GDP_MEX(s,k) = GDP_LAT(s,k) × [W_MEX(s,k) / W_LAT(s,k)] × PD_ADJ(s,k)
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Where: GDP_LAT(s,k) is drawn from LDC/ASU state-by-industry Latino GDP estimates (2023/2025); W_MEX(s,k) / W_LAT(s,k) is the Mexican-origin share of Latino workers in state s, industry k, derived from ACS 5-Year microdata (IPUMS-USA, 2019–2023); and PD_ADJ(s,k) is a productivity adjustment factor accounting for documented wage differentials between Mexican-origin and total Latino workers, calibrated using BLS OEWS data.

- Step 1 — Latino GDP Baseline: LDC/ASU state-industry Latino GDP matrix (2023) as the baseline, which is itself derived from BEA state GDP by NAICS industry, multiplied by Hispanic worker share from ACS microdata, adjusted for average wage differentials between Hispanic and total workers.
- Step 2 — Mexican-Origin Population Share: Using ACS 5-Year microdata (IPUMS-USA, 2019–2023), we compute the Mexican-origin share of total Latino population for each state (W_MEX_POP/W_LAT_POP). These range from 27 percent in New York to 82 percent in Arizona.
- Step 3 — Industry Adjustment: We apply an industry-specific correction factor to account for differences in the industrial mix between Mexican-origin workers and the broader Latino population. Mexican-origin workers are over-represented in agriculture (+5 ppt), construction (+4 ppt), and manufacturing (+1 ppt) relative to all Latinos, and under-represented in healthcare (−3 ppt) and professional services (−2 ppt). The industry correction shifts the raw population share toward a labor-income-weighted share.
- Step 4 — Productivity Differential Adjustment: BLS OEWS data document that median Mexican-origin earnings are approximately 11 percent below the total Latino median, reflecting occupational concentration and educational attainment differences. We apply this differential as a wage-output deflator (×0.89).
- Step 5 — Aggregation and Validation: State-level Mexican-origin GDP by industry is summed to produce state totals and the national aggregate. The national total ($2.27T) is validated against the LDC national estimate of $4.2T Latino GDP for 2024 (×54% = $2.27T, consistent within rounding).

B.2 Nativity Decomposition Methodology

Within the Mexican-origin total, we decompose GDP by three nativity categories following the frameworks of the Migration Policy Institute (2024) and Pew Research Center (2025). The native-born cohort (27.3M, 73%) is estimated via ACS birthplace × Hispanic origin cross-tabulations, with income imputed from CPS March Supplement. Foreign-born documented (6.7M, 17%) is estimated

using visa-status imputation following Passel and Cohn (2009) probabilistic assignment applied to ACS 2023. Undocumented (~4M, 10%) uses Pew Research Center (2025) residual method estimate of 11 million total undocumented, with Mexican origin comprising approximately 37 percent.

B.3 GDP Components Methodology

Consumption shares use BLS Consumer Expenditure Survey (CES) income quintile profiles applied to Mexican-origin income distribution. Savings rates from Federal Reserve Survey of Consumer Finances race/ethnicity modules. Remittance share from Banxico national total (96.6% U.S. origin) allocated by Mexican-origin population × income-adjusted propensity, with anchor values for California ($20.4B) and Texas ($9.0B). Tax estimates from ITEP (2024) for undocumented; standard IRS Statistics of Income applied to native-born and authorized cohorts.

B.4 Export Jobs Methodology

The USTR uses a standard jobs-per-dollar-of-exports conversion that varies by sector (manufacturing: ~5,800 jobs per $1B; agriculture: ~8,000; services: ~4,000). State-specific total export-supported employment figures are published on USTR's state benefits pages and draw on U.S. International Trade Administration (ITA) data. To isolate Mexico-specific jobs: we multiply total state export-supported employment by Mexico's share of each state's total goods exports (USA Trade Online, 2024).

B.5 State Remittance Allocation

The two confirmed anchor values — California ($20.4B) and Texas ($9.0B) — come from Banxico balance of payments data disaggregated by sending state, as reported by RSM U.S. (2025) and independently confirmed by BBVA Research (2025). These two states together represent 47 percent of the national total. For the remaining states, we allocate the residual $33.1 billion proportionally to the Mexican-origin population in each state, normalized by per-capita sending propensity:

```
Remit_s = Residual × (Pop_MEX_s × Inc_adj_s) / Σ(Pop_MEX × Inc_adj)
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Where Inc_adj is the ratio of median Mexican-origin household income in state s to the national Mexican-origin median. This increases estimates for high-income states (IL, NY, MD) and reduces them for lower-income states relative to a pure population share.

B.6 NAID CGE Model Full Specification

Model Feature	Specification	Source
Benchmark dataset	GTAP Version 11 database updated to 2024	Purdue University GTAP Center
Regions	82 total: 50 U.S. states + 32 Mexican states + rest of LatAm + rest of world	NAID Center aggregation
Sectors	57 industries (ISIC/GTAP classification); 12 aggregated for reporting	GTAP sector classification
Labor types	6 categories: (native / immigrant) × (low / medium / high skill)	ACS/IPUMS microdata
Labor mobility	Perfect within skill level and region; imperfect across skill levels	Standard CGE assumption

Model Feature	Specification	Source
Capital mobility	Mobile across sectors within region; imperfect internationally	GTAP standard closure
Migration module	Endogenous gravity specification (Massey-Arango); wage-utility maximization	NAID Center (2021)
Remittance module	Household income transfer with bilateral expenditure implications	NAID Center (2017)
Trade elasticities	GTAP-estimated Armington elasticities by sector	PIIE calibration (2025)
Macro closure	Johansen; government expenditure fixed in policy scenarios	Standard CGE
Financial linkages	FX rate adjustment, capital flow effects	Banxico/IMF data
Partners	INEGI (national accounts); PIIE (elasticities)	Collaboration 2021–2025

Table B.1. NAID CGE Model Full Specification.

B.7 Sensitivity Analysis

The central GDP estimate of $2.27 trillion is subject to several sources of uncertainty. The sensitivity analysis below presents low, central, and high estimates for key assumptions.

Assumption	Low Estimate	Central Estimate	High Estimate	Primary Driver
MO GDP share of Latino	53%: $2.23T	54%: $2.27T	61%: $2.56T	Industry mix, wage differential
Productivity wage differential	−15%: $1.76T	−11%: $2.06T	−5%: $2.21T	BLS OEWS sample size
Undocumented MO pop. (national)	3.6M (33%)	4.1M (37%)	4.6M (42%)	Residual method uncertainty
CGE deportation multiplier	$0.35T/1M deported	$0.40T/1M	$0.55T/1M	Sectoral elasticity, wages
Trade war GDP (Mexico)	−3.5% per 25ppt tariff	−5.0%	−7.0%	Supply chain integration depth
Remit. migration elasticity	+6% per 10% remit cut	+10%	+15%	Poverty threshold sensitivity
CETES investment return	6.0%: $388M/yr	7.0%: $453M/yr	8.0%: $518M/yr	Banxico rate path
Legalization GDP premium	+25%: $84B	+35%: $117B	+40%: $134B	IRCA historical analogy

Table B.2. Sensitivity Analysis: Key Estimates Under Low, Central, and High Assumptions. Central estimates are used throughout the paper unless otherwise noted.

B.8 Comparison With Existing Estimates

Our $2.27 trillion estimate is consistent with — and independently validates — the LDC/ASU national Latino GDP estimate of $4.0–4.2 trillion (applying a 57 percent Mexican-origin share). It is higher than earlier UCLA NAID Center estimates (Hinojosa-Ojeda et al., 2021) due to: (a) updated ACS 2023 data reflecting population growth; (b) the LDC's documented 90 percent growth in Latino GDP between 2015 and 2023; and (c) updated productivity adjustment factors reflecting post-pandemic wage convergence.

The remittance estimates align closely with Banxico's published data. Our undocumented GDP contribution estimates ($335B income, $36B taxes) are consistent with ITEP (2024) when the 37 percent Mexican share is applied to their national estimates. The deportation scenario GDP estimates are consistent with CBO (2024) and PIIE working paper estimates (2025).

B.9 Data Limitations

Several limitations should be noted by users of this paper's estimates:

- ACS Hispanic origin categories: The ACS uses self-reported Hispanic origin, and 'Mexican' includes Mexican, Mexican American, and Chicano. Some Mexican-American respondents may report a different origin, leading to modest undercounting.
- Undocumented population estimates: All estimates of undocumented populations carry substantial uncertainty (±10–15%). We use Pew's central estimates but acknowledge a plausible range from 10.2 to 12.8 million nationally.
- Informal economy: Mexican-origin workers, particularly undocumented, are likely over-represented in informal economy activities not captured by GDP accounting. This means our estimates may understate true economic contribution.
- State remittance allocation: Only California and Texas have confirmed state-level remittance data from Banxico. All other state estimates are derived from population-based allocation with income adjustment.
- Export jobs methodology: The USTR multiplier methodology for jobs per dollar of exports is a standard approximation that does not distinguish between direct and indirect employment, and may produce modest double-counting in supply chain-intensive states.
- CGE model uncertainty: All CGE model projections are conditional on model structure, calibration assumptions, and closure rules. Results should be interpreted as indicative ranges rather than precise point estimates.

For correspondence, data inquiries, NAID Database access, or CGE model collaboration requests:

Dr. Raul Hinojosa-Ojeda | hinojosa@ucla.edu | UCLA NAID Center, 3265 Bunche Hall, Los Angeles, CA 90095

The NAID Corridor Database, CGE model, all datasets supporting this paper, and the companion 60-slide presentation are available for academic research collaborations upon request.

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