Mexico Nearshoring: Opportunity for Manufacturers in China and the U.S.

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Nearshoring to Mexico has become more and more popular among businesses during the last two years mainly due to supply chain challenges for manufacturers of goods in countries outside of North America, such as China and others in the Asia-Pacific region. About 88 percent of U.S.-based small and medium-sized businesses will shift their supply chains towards using suppliers from Mexico or the U.S., with 45 percent of them planning to move all operations fully. The recent nearshoring trend has increased Mexico manufacturing sector, positioning Mexico as a key player in North America´s supply chain.

Mexico is the second largest commercial partner of the United States, after Canada, and it boasts the second largest economy in Latin America. Mexico has a vibrant economy where more than 90 percent of its international trade is protected by free trade agreements, and direct foreign investment from 2021 to 2022 surged by 12 percent for a total of $35.29 billion USD.

Outside of North America, China has become Mexico’s second-largest import partner after the U.S. China has also become Mexico’s largest trading partner in the Asia-Pacific region and its third largest export market. In terms of investment, it is estimated that there are approximately 1,289 Chinese companies doing business in Mexico.

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