

## NEARSHORING IN MEXICO, AN OASIS OF OPPORTUNITIES:

Mexico, with its thriving economy, advanced infrastructure, and a host of competitive advantages, is establishing itself as a nearshoring epicenter for both domestic and international companies. Through nearshoring, businesses can leverage Mexico's geographic proximity, free trade agreements, highly skilled labor, and export and production stimulus programs.

Nearshoring, the practice of moving business operations to nearby countries to reduce costs and improve efficiency, is a strategy gaining ground in Mexico. In a world where time is a scarce resource, Mexico's geographic proximity to major global markets, such as the United States and Canada, allows for shorter transit times, better coordination, increased quality control, and the ability to quickly respond to market fluctuations.

Furthermore, Mexico has a network of over 50 free trade agreements, including USMCA with the United States and Canada, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) with 11 Pacific countries, and the Global Agreement Mexico-EU. These agreements provide businesses with preferential access to international markets and facilitate trade by reducing tariff and non-tariff barriers.

Another competitive advantage of Mexico is its highly skilled and competitive workforce. The training of Mexican workers, combined with competitive labor costs, provides businesses with the perfect balance between quality and efficiency.

Export and production promotion programs, such as IMMEX, PROSEC, ALTEX, and the Eighth Rule, offer additional incentives. The IMMEX program allows the temporary importation of goods used in an industrial or service process for the production of export goods. The PROSEC Program reduces or eliminates tariffs on imports of inputs and materials used in the production of export goods. ALTEX, aimed at exporting companies, provides numerous fiscal and customs benefits. The Eighth Rule allows modifying the tariff fractions of goods to enjoy a preferential tariff.

In summary, nearshoring in Mexico offers businesses a unique combination of advantages including proximity to major markets, an extensive network of free trade agreements, a highly skilled labor force, and export and production stimulus programs.

In this regard, it is recommended that companies already operating in Mexico, or planning to do so, explore these opportunities and take advantage of the benefits Mexico offers in the world of international trade.

Some of the main advantages Mexico offers in terms of foreign trade include:

### **Geographic Proximity:**

Mexico shares a border with the United States and has easy access to Canada, which facilitates logistics and reduces shipping costs and times.

### **Free Trade Agreements:**

Mexico has over 50 free trade agreements, including USMCA, CPTPP, and the Global Agreement Mexico-EU, providing preferential access to global markets.

**Highly Skilled Workforce:**

Mexico has a large number of highly trained technical and university professionals who can contribute skills and knowledge to various industries.

**Competitive Costs:**

Labor costs in Mexico are globally competitive, allowing companies to keep production costs low.

**Export and Production Promotion Programs:**

Programs like IMMEX, PROSEC, ALTEX, and the Eighth Rule, among other mechanisms, offer a variety of incentives, including fiscal and customs benefits, to promote export and production.

**Modern Infrastructure:**

Mexico has robust infrastructure that includes seaports, airports, highways, and modern industrial parks.

**Business Culture:**

Mexican culture values long-term personal and business relationships, which can facilitate partnerships and business operations.

These advantages make Mexico an attractive place for nearshoring, positioning it as a key player in the world of international business.

