

# Nearshoring Report

*Updated to January 2024.*



## I. Nearshoring

### *Introduction.*

Nearshoring became a highly relevant topic in 2023 as companies relocated in response to the pandemic, geopolitical changes, and increased logistical costs. This trend has solidified Mexico's position as an engine for economic growth. With 14 Free Trade Agreements covering 50 countries and a compelling domestic market of 126 million consumers with growing purchasing power, Mexico has positioned itself as the top trading partner of the United States and one of the top 10 recipients of Foreign Direct Investment (FDI). These indicators confirm that relocation is a reality, not just an aspiration. Despite structural challenges such as the need for increased infrastructure investments, improvements in the governmental framework, and the promotion of clean energy, Mexico is well-positioned to capitalize on the benefits of Nearshoring. *Source: Ministry of Economy; INEGI; U.S. Census Bureau; as of December 2023.*

### *Macroeconomic Data.*

- **Gross Domestic Product (GDP):** In 2023, GDP grew by 3.2%, supported by private consumption and investment, surpassing expectations. For 2024, economists' consensus forecasts a growth of 2.4%, according to the latest Citibanamex survey. With Nearshoring in motion, growth will likely exceed projections with implementing new investment projects. According to the World Bank, the projected economic slowdown in 2024 could be offset by social transfers and increased public and private investment spending amid the growing Nearshoring activity. *(Source: INEGI)*
- **Gross Fixed Investment (GFI):** The Gross Fixed Investment indicator, encompassing company expenditures on machinery, transportation, and construction equipment, surged by 20.1% annually in November 2023, after reaching a historic high of 118.46 points in the previous month. The construction sector remained the primary driver of this growth, with a notable 21.4 percent annual increase and the initial signals of nearshoring, which play a significant role in investment and new facilities. *(Source: INEGI)*

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- Foreign Direct Investment (FDI): By the end of 2023, Mexico recorded \$36,058 million in Foreign Direct Investment (FDI), marking the highest figure on record. While the overall increase in FDI compared to the end of 2022 was 2.2%, excluding the movements of Televisa Univisión and Aeroméxico, the increase stood at an impressive 27%. The private sector announced 378 investments, projecting an FDI of \$110.744 billion, equivalent to 6.7% of the 2022 GDP, with expectations to create approximately 234,725 direct jobs, according to data from the Ministry of Economy. *(Source: INEGI)*

### *Most Benefited Sectors.*

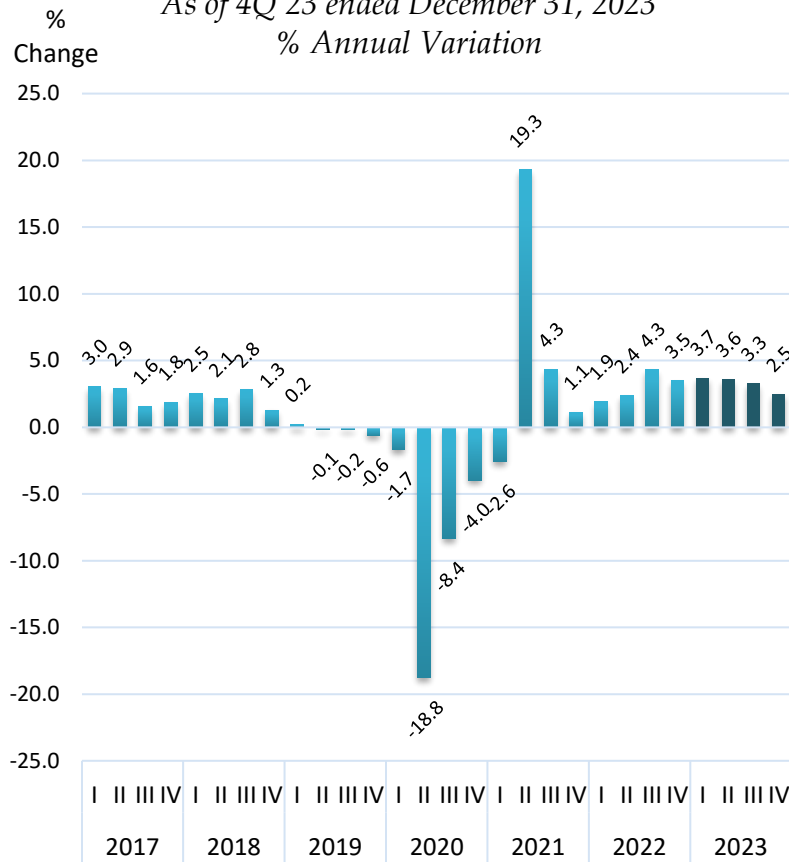
Based on recent reports, announcement plans for more than \$11 billion in Foreign Direct Investment (FDI) were identified in sectors such as automotive, electric vehicles, electronic circuits, clothing, footwear, and consumer goods. The demand for industrial parks is optimistic, with the Mexican Association of Industrial Parks (AMPIP) estimating a need for up to 8 million square meters by 2027, representing an investment of around \$3 billion.

### *Final Remarks.*

Mexico is poised to benefit from Nearshoring growth, supported by political interest and geopolitical fragmentation. Proximity to the United States, macroeconomic stability, competitive labor costs, a robust supply chain ecosystem, and the USMCA reinforce its position. Strategic investments in infrastructure will be crucial to capitalize on these opportunities and stimulate competitiveness and growth in both regions of the country. Although external factors may generate uncertainty, Mexico's solid macroeconomic fundamentals and financial reserves support the Nearshoring scenario.

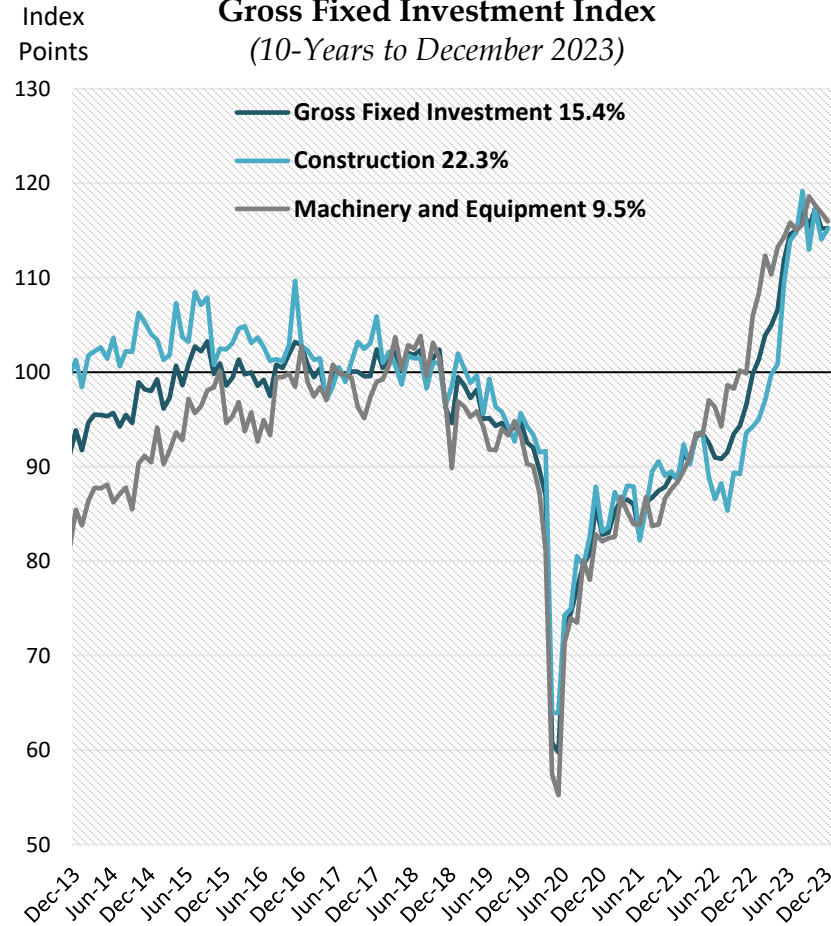
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**Quarterly Gross Domestic Product**  
As of 4Q'23 ended December 31, 2023  
% Annual Variation



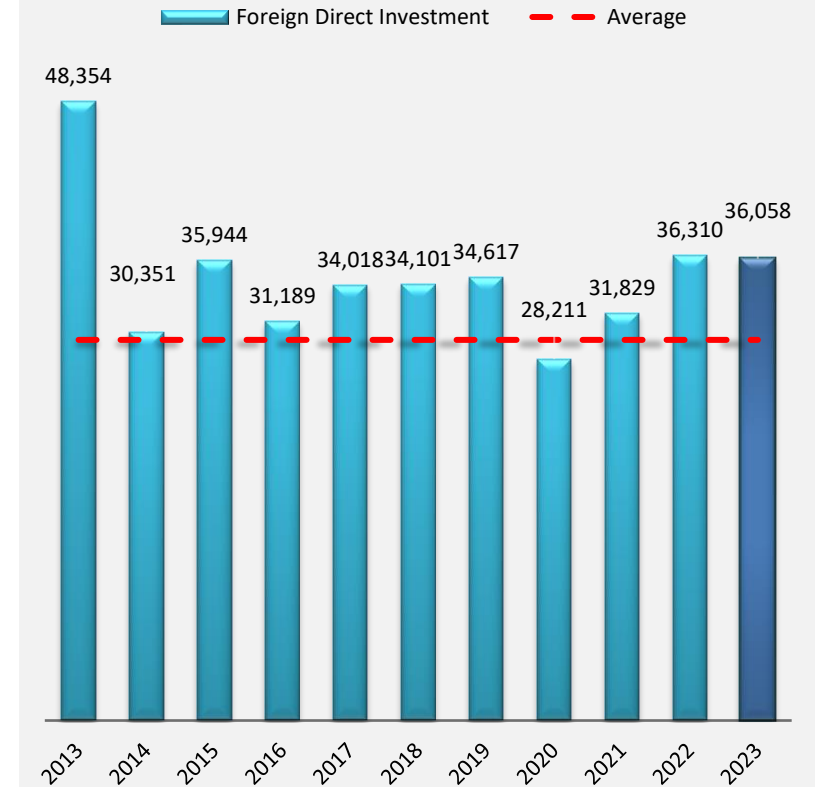
Source: INEGI.

**Gross Fixed Investment Index**  
(10-Years to December 2023)



Source: INEGI.

**Foreign Direct Investment**  
As of December 2023  
(Milion USD)



Source: Secretary of Economy.

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Country of Origin with the Highest FDI

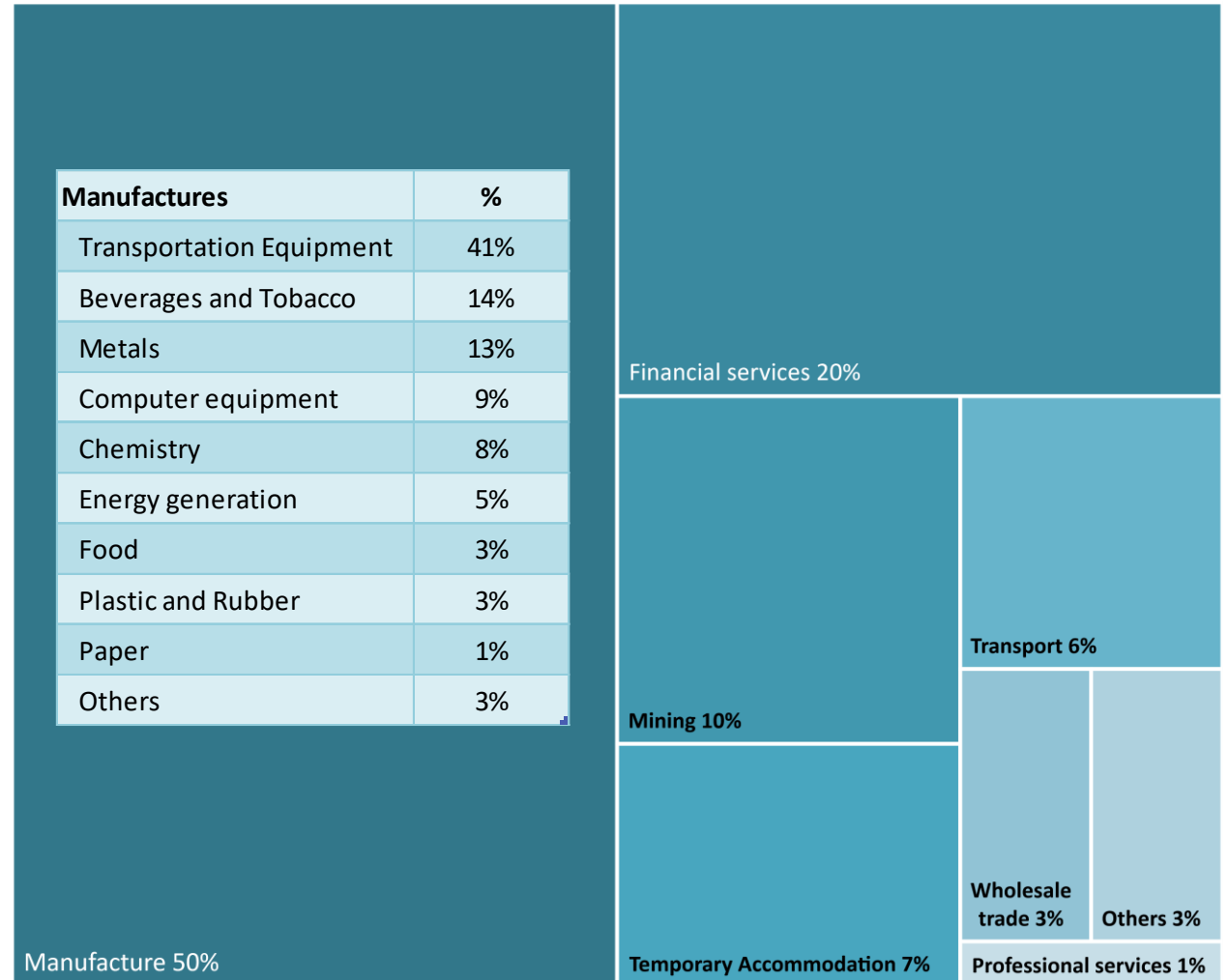
Top-Ten	USD Million	% of total FDI
United States	\$13,641	38%
Spain	\$3,774	10%
Canada	\$3,472	10%
Japan	\$2,909	8%
Germany	\$2,399	7%
Argentina	\$2,248	6%
United Kingdom	\$936	3%
Netherlands	\$892	2%
Belgium	\$759	2%
South Korea	\$497	1%
<b>Total</b>	<b>\$31,527</b>	<b>87%</b>

Top-Five FDI Investments by State (Million USD)



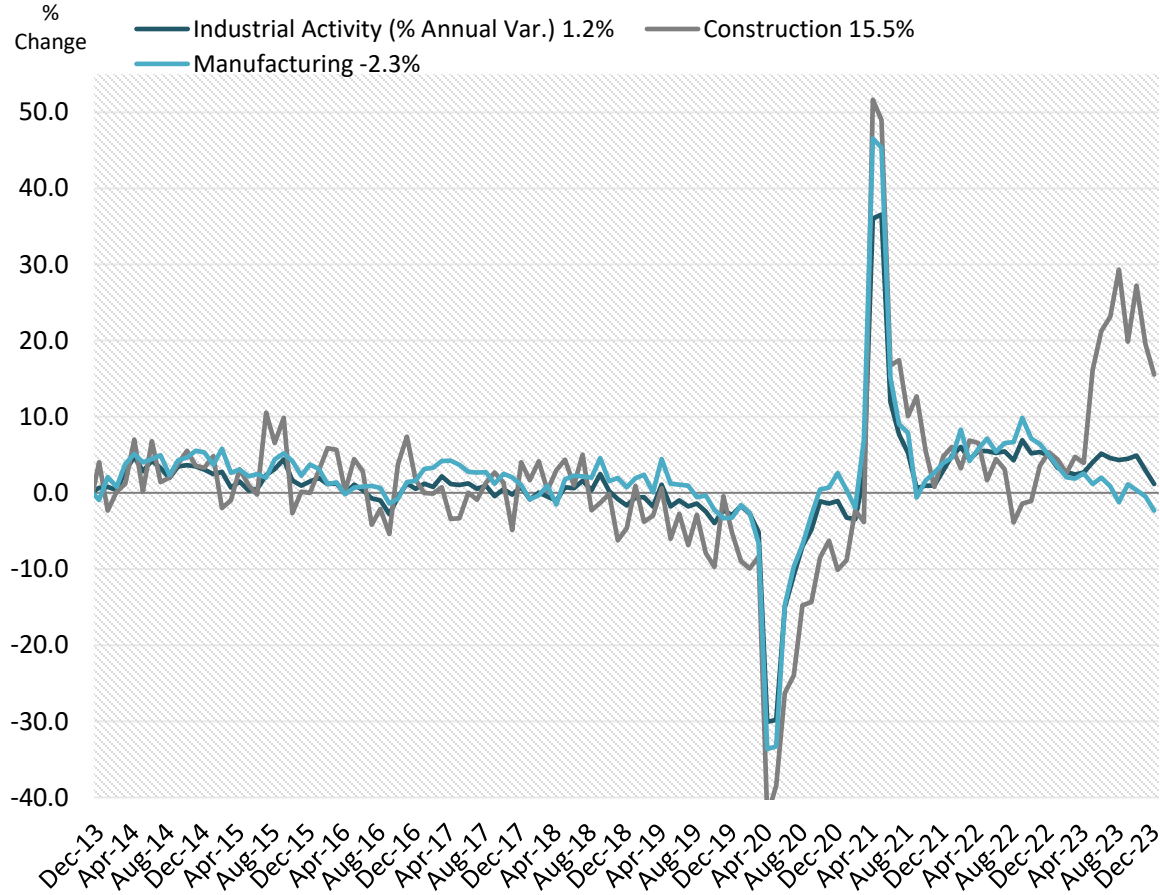
Source: Ministry of Economy.

Top FDI Investements by Sectors



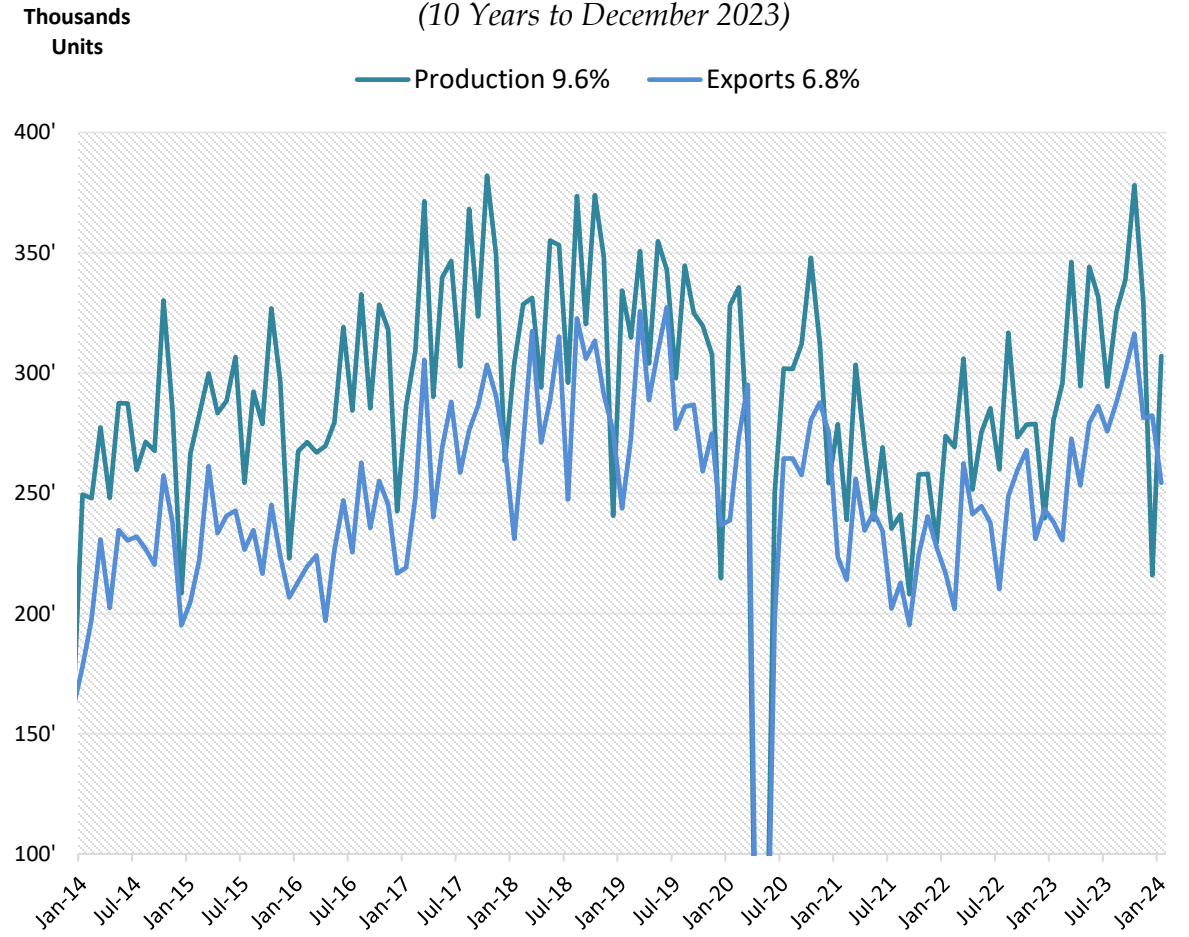
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**Industrial Activity**  
(10-Years to December 2023)



Source: INEGI.

**Vehicle Production and Exports YoY % Variation)**  
(10 Years to December 2023)



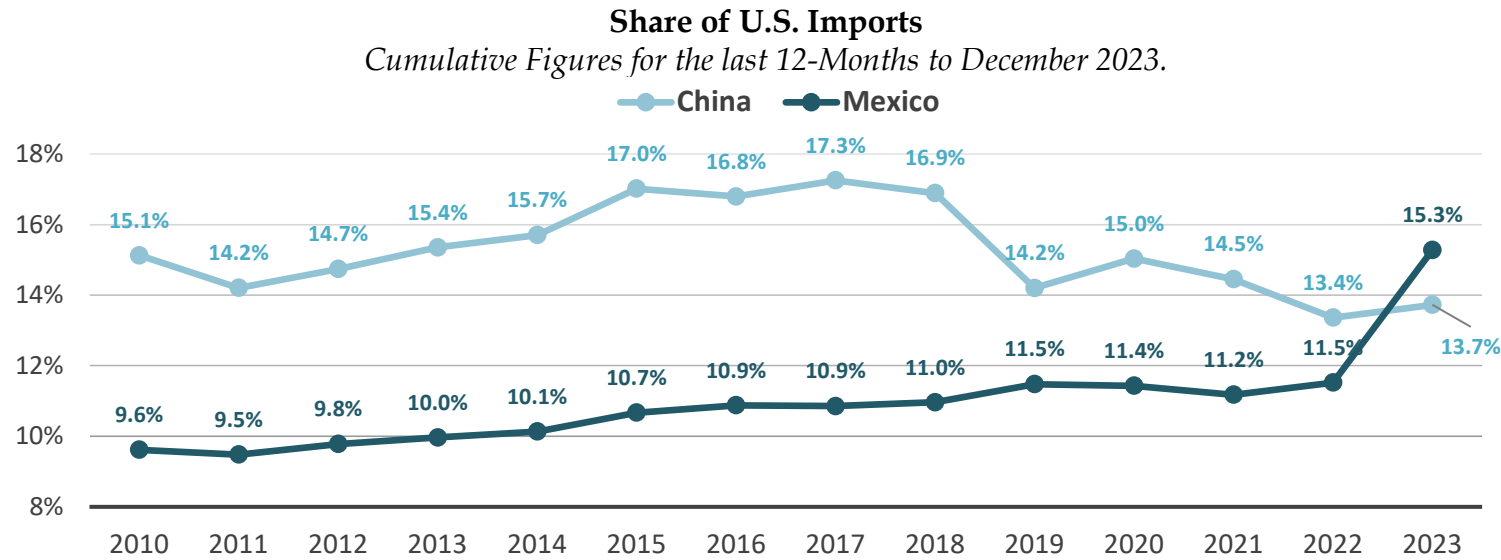
Source: INEGI.

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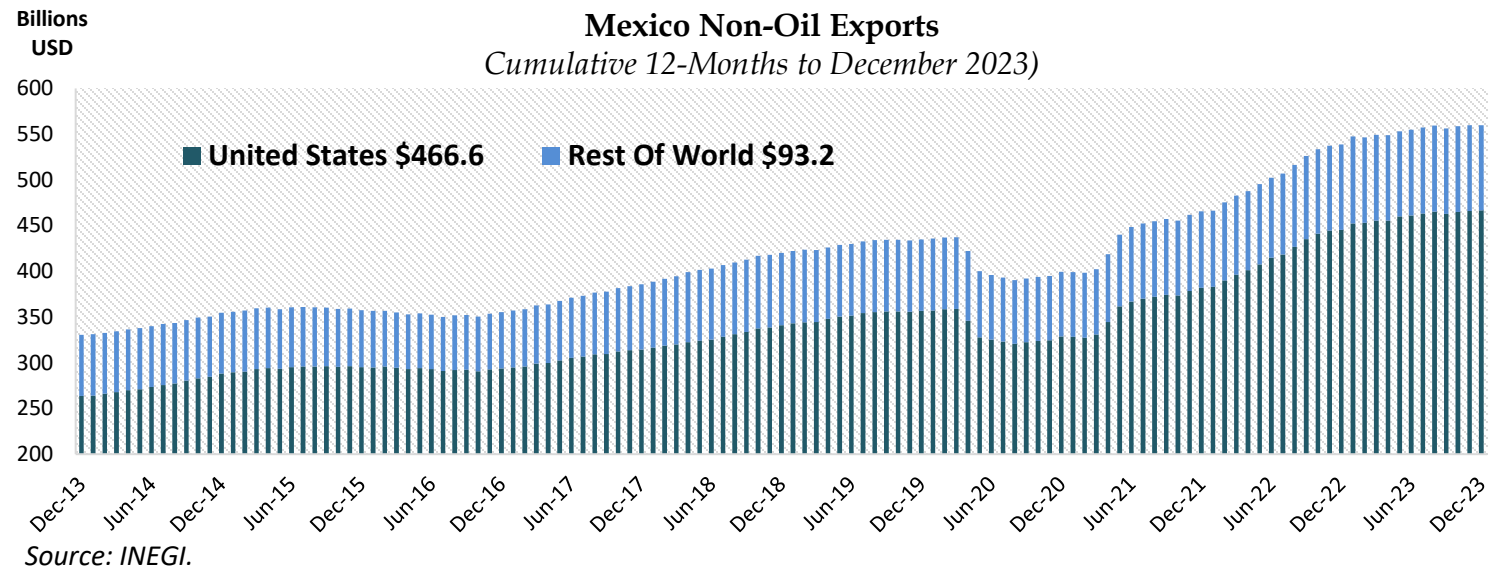
United States International Trade (YTD as of December 2023)										
Country	Exports	Imports	Total Trade	Balance		Country	Exports	Imports	Total Trade	Balance
Mexico	323,228	475,607	798,835	-152,379		India	40,117	83,768	123,885	-43,651
% of Total	16.0%	15.4%	15.7%			% of Total	2.0%	2.7%	2.4%	
Canada	353,235	421,096	774,331	-67,861		France	44,257	57,649	101,906	-13,392
% of Total	17.5%	13.7%	15.2%			% of Total	2.2%	1.9%	2.0%	
China	147,806	427,229	575,035	-279,423		Italy	28,930	72,942	101,872	-44,012
% of Total	7.3%	13.9%	11.3%			% of Total	1.4%	2.4%	2.0%	
Germany	76,699	159,720	236,419	-83,021		Brazil	44,808	39,122	83,930	5,686
% of Total	3.8%	5.2%	4.6%			% of Total	2.2%	1.3%	1.6%	
Japan	76,165	147,340	223,505	-71,175		Singapore	42,447	40,340	82,787	2,107
% of Total	3.8%	4.8%	4.4%			% of Total	2.1%	1.3%	1.6%	
Korea, South	64,836	116,235	181,071	-51,399		Hong Kong	27,768	4,184	31,952	23,584
% of Total	3.2%	3.8%	3.5%			% of Total	1.4%	0.1%	0.6%	
United Kingdom	74,090	64,285	138,375	9,805		Saudi Arabia	13,873	15,877	29,750	-2,004
% of Total	3.7%	2.1%	2.7%			% of Total	0.7%	0.5%	0.6%	
Taiwan	39,776	87,752	127,528	-47,976		All other countries	621,507	870,946	1,492,453	-249,439
% of Total	2.0%	2.8%	2.5%			% of Total	30.8%	28.2%	29.2%	
						<b>TOTAL 2023</b>	<b>2,019,542</b>	<b>3,084,092</b>	<b>5,103,634</b>	<b>-1,064,550</b>
						<b>TOTAL 2022</b>	<b>2,064,787</b>	<b>3,246,681</b>	<b>5,311,468</b>	<b>-1,181,894</b>
						<b>TOTAL 2021</b>	<b>1,754,578</b>	<b>2,832,946</b>	<b>4,587,524</b>	<b>-1,078,368</b>

Source: U.S. Census Bureau  
Amounts in millions of dollars

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Source: Bureau of Economic Analysis.



Source: INEGI.



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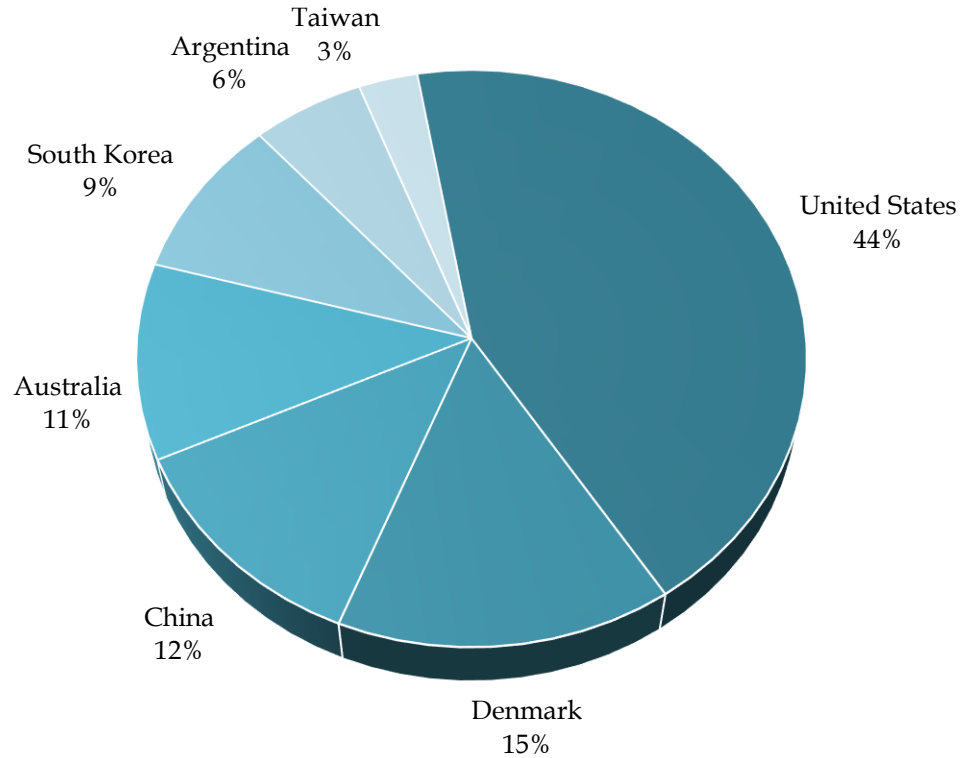
Main investments registered with the Ministry of Economy related to the reallocation ("Nearshoring") of the supply chain for the year 2023. (Million US Dollars)

Company	Country	Activity	Amount
Mexico Pacific Limited	United States	Natural Gas (Transportation)	\$15,000
TESLA	United States	Automotive	\$10,000
Copenhagen Infrastructure Partners	Denmark	Renewable Energy	\$10,000
Woodside Energy	Australia	Oil & Gas	\$7,200
KIA Motors	South Korea	Automotive	\$6,000
LGMG Group	China	Construction Machinery	\$5,000
Ternium	Argentina	Steel	\$3,808
CloudHQ	United States	Information Technology	\$3,600
Jetour	China	Automotive	\$3,000
Pegatron & Wistron	Taiwan	Computer Hardware (Chips)	\$2,000

*Source: Ministry of Economy; Local Newspapers.  
This information is for illustrative purposes only.*

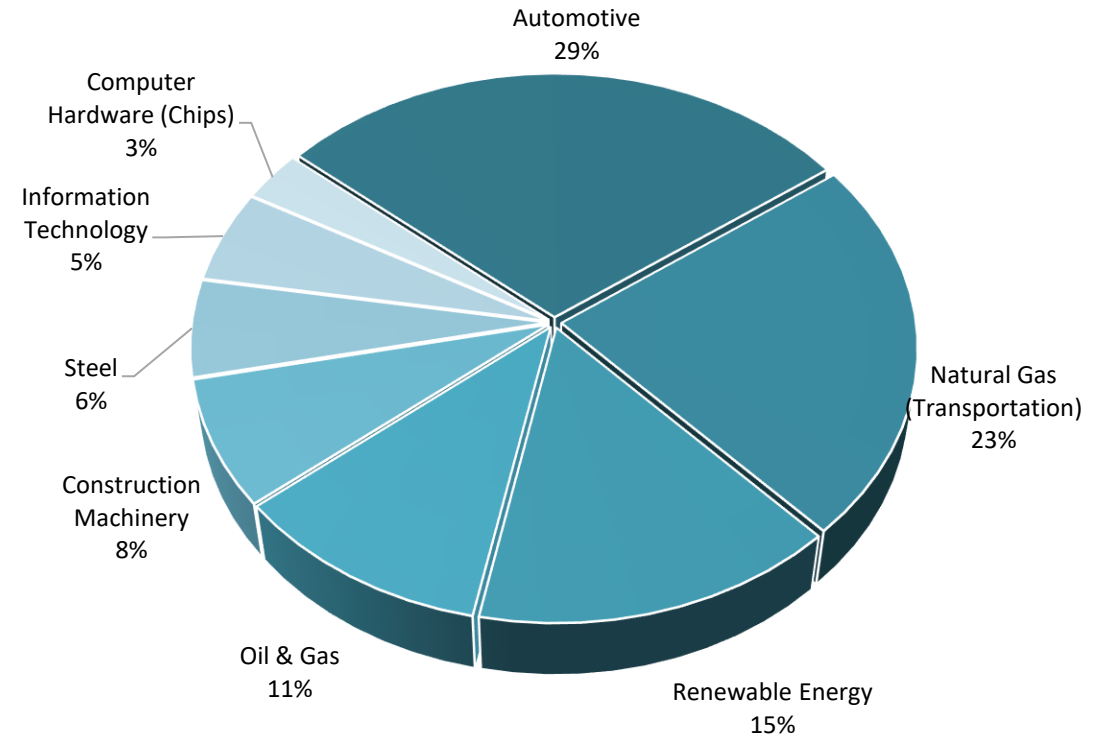
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**Investments by Country of Origin**  
(As of December 2023)



Source: Ministry of Economy; Local Newspapers.

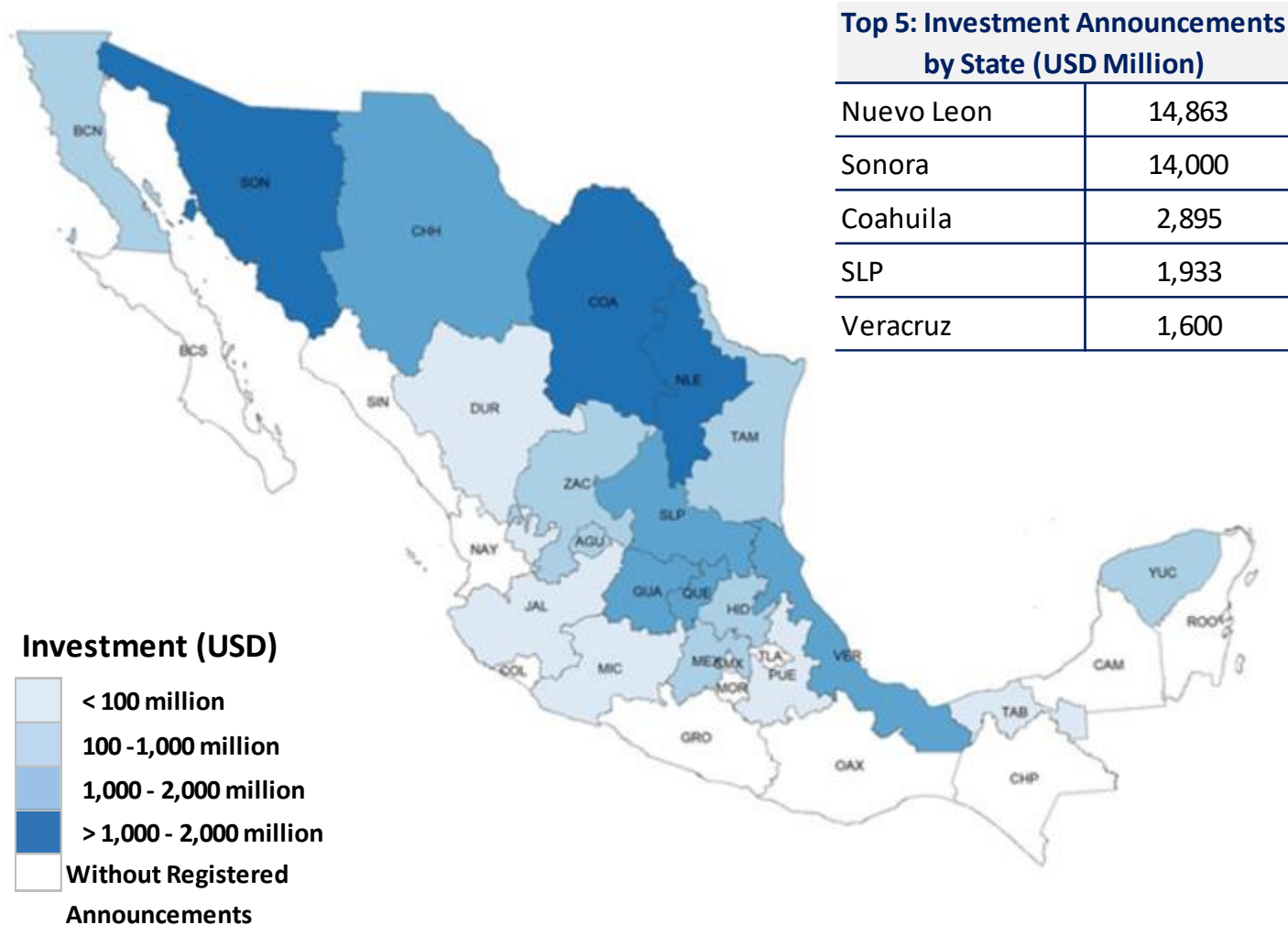
**Investment by Sectors**  
(As of December 2023)



Source: Ministry of Economy; Local Newspapers.

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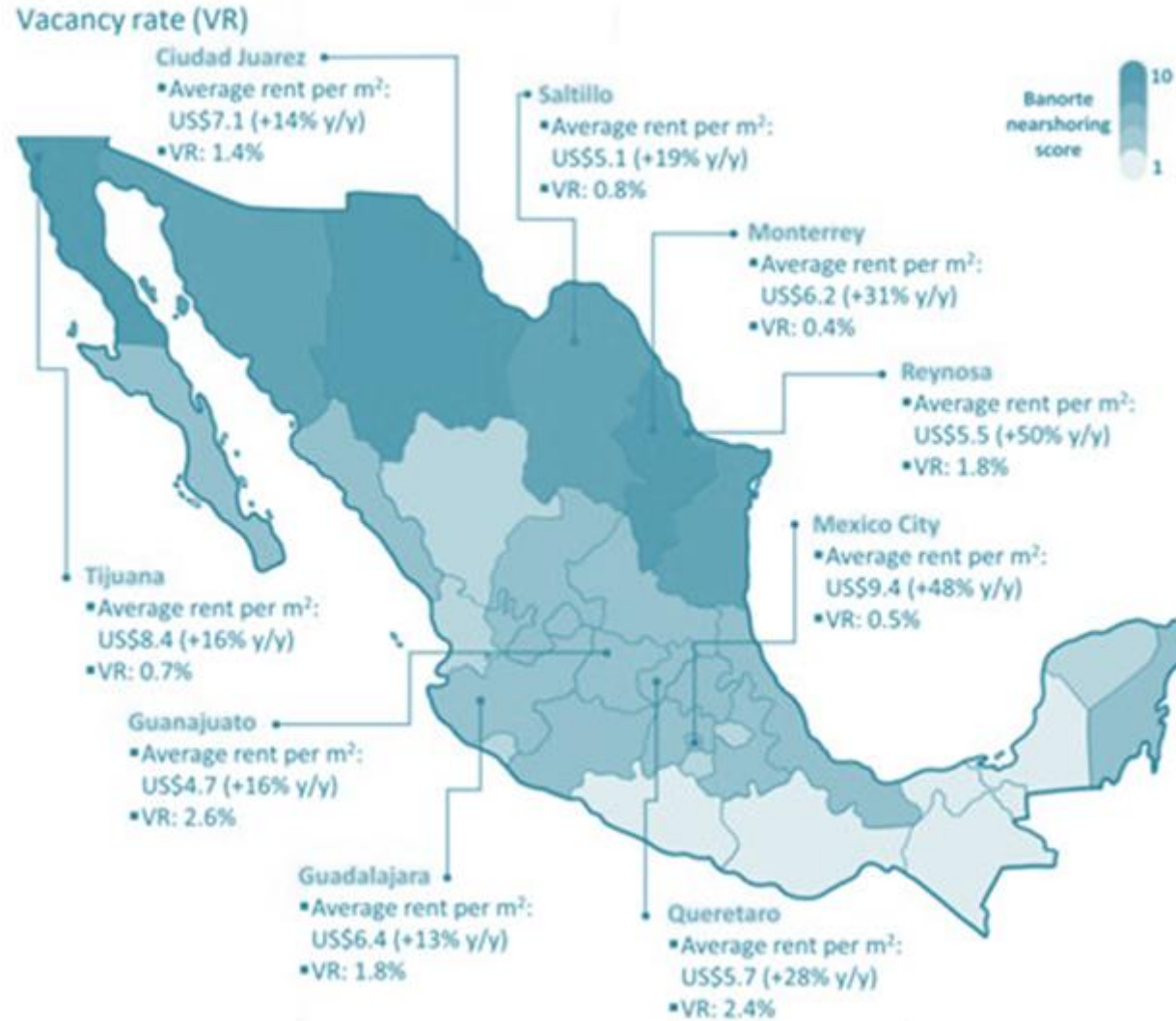
The main investment announcements have been located in the north of the country



Source: Integralia.

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Major Industrial Real Estate Markets in Mexico; as of September 2023.



Source: Newmark; Banorte.

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