

Nearshoring is becoming popular...

## What is it and can it help my Supply Chain?

Mexico is the leading exporter to the US and the most popular destination for Nearshoring.

### WHAT IS NEARSHORING?

Nearshoring is moving your manufacturing, assembly, or supply chain operations to a nearby country, typically one that shares a border or time zone rather than sourcing from a distant region like China or Southeast Asia. For U.S. companies, nearshoring is almost always referring to Mexico.

*"Most of my clients are not asking about nearshoring — they are asking how fast they can get their refunds. Nearshoring is a long term solution. The concerns for you are obviously volatility, technology level of your forwarder and the many compliance hurdles."*

— Diana Stinson, President, Texas Global Services · 22 years in the freight industry

## Nearshoring and Your Supply Chain

For over two decades, I have seen manufacturers and importers build their supply chains around China for the most part, chasing low costs and massive production ability. That model worked until it did not during COVID-19, exposing the fragile supply chain that spans 12,000-miles. Then, the U.S. trade policy, also known as tariffs, completely changed the landscape of imports.

Nearshoring is the strategic response to this change. By bringing production closer and reducing transit time, you have lowered your tariffs and built a supply chain that is more resilient. For companies that ship through the Port of Houston, Mexico is the next door manufacturing place to be right now. Yes, it is a foreign market with its own issues I have experienced first hand. Due to trucking safety, ocean transit is preferred.

## Why Is Nearshoring Accelerating Right Now?

The shift from talk to action happened for a few interconnected reasons, and they all compounded at once.

### THE NUMBERS BEHIND THE TREND

<p><b>\$41B</b></p> <p>Foreign direct investment into Mexico, Q1–Q3 2025</p>	<p><b>+15%</b></p> <p>Year-over-year FDI increase vs. 2024</p>	<p><b>89%</b></p> <p>USMCA utilization rate mid-2025 (up from ~45%)</p>	<p><b>#1</b></p> <p>Mexico's rank as top U.S. import source 2025</p>
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## The Tariffs Changed the Math and the Process

Tariffs on goods of Chinese origin have increased dramatically to say the least, 145% on some categories during 2025. Even after some rollbacks, I noticed the cost advantage of importing has completely eroded. When

you factor in lead times, port congestion, and carrying costs, I also noticed Mexico wins on total landed cost.

## The USMCA Makes Mexico Different From Everywhere Else

The United States-Mexico-Canada Agreement is a preferential trade framework that no other country has. Goods that meet USMCA rules of origin can move across the U.S.-Mexico border with zero or dramatically reduced tariffs. Asia has cheap labor, but they cannot offer what the USMCA can. That treaty is Mexico's structural advantage, and it is why companies that are serious about supply chain resilience are treating Mexico differently from every other low-cost alternative.

Understanding your HS code and tariff classification becomes critically important when nearshoring, because whether a product qualifies for USMCA preferential treatment depends on its specific classification and its rules-of-origin compliance. Getting this wrong is not a small error — U.S. Customs can come after you years later to collect the difference on these minor errors with major price tags.

## Supply Chain Resilience Has Replaced Pure Cost as the Priority

The recent events starting with the pandemic, the Suez Canal, and port congestion taught procurement teams a lasting lesson: efficiency alone is not a strategy. A supply chain that is optimized for cost only is a liability. Mexico's proximity to the U.S. gives companies the ability to respond quickly to demand changes, distribution capabilities and inventory concerns without disruption.

## What Is the USMCA and Why Does the 2026 Review Matter?

The USMCA replaced NAFTA in July 2020 and built in a six-year joint review clause. That review is happening in July 2026 — and the outcome will shape nearshoring decisions for years to come.

### ■ THE JULY 2026 USMCA REVIEW

#### Three Outcomes Are Possible

The three USMCA partners — the U.S., Mexico, and Canada — can (1) agree to extend the treaty through 2042 with modest modernization, (2) enter an annual review process that keeps the agreement but adds regulatory uncertainty, or (3) in the most unlikely scenario, begin termination proceedings that would end the treaty in 2036. Industry analysts broadly expect the agreement to survive, but with meaningful changes — particularly around rules of origin and Chinese-content restrictions.

## What Changes Are Expected?

The clearest signals point toward tighter restrictions on Chinese-sourced inputs in goods claiming USMCA benefits. Chinese firms leased over 5 million square meters of Mexican warehouse and manufacturing space partly as a route to U.S. market access, and U.S. policymakers are looking hard at that. Companies relying on Chinese components in their Mexico-assembled products should be assessing their exposure now — not after the review finalizes.

Other likely adjustments include enhanced verification and traceability requirements, higher regional value content thresholds in key sectors, and modernized digital trade provisions. None of these should alarm companies with genuinely compliant, USMCA-origin supply chains. They are designed to close loopholes, not

punish legitimate nearshoring.

## Nearshoring Options: What Are the Models?

There is no single way to nearshore. The right model depends on your product, volume, timeline, and risk tolerance. Here is how the most common structures work. Note that trucking from Mexico is more difficult than ocean. Your carrier and forwarder have a lot to do with your trucking success.

### Direct Manufacturing Relocation

A company closes or reduces its Asian manufacturing footprint and builds or leases production capacity in Mexico. This is the highest-commitment, highest-reward model. Industrial corridors in Nuevo León, Guanajuato, Querétaro, and Tamaulipas have deep supplier networks and specialized workforces built over decades in sectors like automotive, electronics, and aerospace.

### Shelter Manufacturing

A shelter company acts as the legal employer and administrative operator in Mexico while the foreign company maintains operational control of production. This is a popular entry point for companies that want Mexican manufacturing without the full legal and administrative burden of establishing their own Mexican entity. The shelter operator handles HR, payroll, customs compliance, and regulatory filings.

### Contract Manufacturing

Outsource production to an established Mexican manufacturer without owning any facility. Fastest to implement and lowest capital commitment, but you have less control over quality, capacity, and compliance. Works well for companies testing Mexico before committing to their own footprint.

### Near-Port Sourcing Through a Freight Forwarder

For companies not ready to move production but wanting shorter, more resilient supply lines, working with a licensed freight forwarder who knows the U.S.-Mexico trade lane is a critical first step. Moving cargo across the Texas-Mexico border involves customs documentation, USMCA certificate of origin filing, drayage, and regulatory compliance on both sides of the border.

<p><b>BEST FOR</b></p> <p><b>Companies With Existing Import Operations</b></p> <p>If you already import regularly, nearshoring expands what you are doing — not replaces it. Your freight forwarder can handle the cross-border documentation and compliance layer while you focus on sourcing.</p>	<p><b>BEST FOR</b></p> <p><b>High-Tariff Chinese Product Categories</b></p> <p>Electronics, textiles, steel, auto parts, plastics — these are categories where the tariff math has already shifted decisively in Mexico's favor for most volume levels.</p>
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**PLAN CAREFULLY****Products With Chinese-Sourced Components**

USMCA rules-of-origin compliance requires regional value content. Products assembled in Mexico from primarily Chinese inputs may not qualify — and the 2026 review may tighten this further.

**PLAN CAREFULLY****Highly Specialized or Low-Volume Products**

If your product requires very specific tooling, specialized labor, or small production runs, the infrastructure build-out in Mexico may not pencil out. Do a full landed cost analysis first.

## How Does Nearshoring Affect Freight and Logistics?

This is where the day-to-day operational reality hits. Nearshoring changes the mode, the documentation, the regulatory requirements, and the relationships you need. It is not just a sourcing decision — it is a logistics overhaul.

### Cross-Border Trucking and Drayage

Mexico-U.S. freight moves primarily by truck, often with drayage on both sides of the border — a Mexican carrier to the crossing point, then a U.S.-licensed carrier taking it forward. This requires coordination of carriers, customs brokers, and documentation that all align. Delays at the border crossing do not forgive incomplete paperwork.

### Customs Documentation Is More Complex, Not Less

The common assumption is that Mexico is simpler than importing from China. In some ways it is — transit time is shorter and tariffs are lower for USMCA-compliant goods. But the documentation is not simpler. You still need proper commercial invoices, packing lists, and Certificates of Origin. And to claim USMCA benefits, you need a properly completed USMCA Certificate of Origin. Errors here are not free. Customs can come back years later, just as they can on any misclassified import.

### HS Code Classification Still Matters

Whether goods qualify for USMCA preferential treatment depends partly on their HS code and the product-specific rule of origin attached to that code. The same product classified under two different HS codes may have dramatically different compliance requirements. A freight forwarder who understands both classification and USMCA rules-of-origin requirements is not a luxury — it is the difference between a shipment that clears cleanly and one that gets held.

*"The companies that are going to do this well are the ones who don't treat nearshoring as a procurement project and forget about the logistics side. The supply chain is only as strong as the freight moving through it. We see the problems in real time at the port and at the border — and we know which ones were preventable."*

— Diana Stinson, President, Texas Global Services

## What Companies Should Be Doing Right Now

The 2026 USMCA review creates urgency that was not there before. Companies that establish compliant supply chains before the review closes them off to risk. Companies that wait are planning under pressure.

- › Map your current bills of materials against USMCA rules-of-origin requirements — identify where Chinese-sourced components create exposure.
- › Run a total landed cost comparison for your highest-tariff product categories: China vs. Mexico-manufactured at current tariff rates.
- › Understand your HS code classifications for every imported product — and verify that the code you are using is correct.
- › If you are using a 3PL or carrier who is not experienced in cross-border Mexico trade, understand what that gap means for compliance.
- › Talk to a freight forwarder who knows U.S.-Mexico trade before signing manufacturing or sourcing agreements — freight surprises are expensive.
- › Do not confuse a short transit time with simple logistics — cross-border documentation requires the same rigor as any international move.

## How Does This Compare to Other Sourcing Strategies?

Factor	Mexico (USMCA)	China	Vietnam / SEA
U.S. Tariff Exposure	✓ Low for USMCA- compliant goods	✗ 10–145% depending on category	✗ Elevated; rising
Transit Time to U.S.	✓ 1–5 days by truck	✗ 20–40 days by ocean	✗ 25–45 days by ocean
Preferential Trade Agreement	✓ USMCA — legally binding	✗ None with U.S.	✗ None with U.S.
Labor Cost	Moderate — competitive for most goods	Rising significantly	Low, but infrastructure gaps
Supply Chain Resilience	✓ Short lead times, proximity	✗ Exposed to port disruptions, geopolitical risk	Moderate
USMCA Review Risk (2026)	Low for compliant chains; moderate if Chinese inputs used	Not applicable	Not applicable

## Texas Global Services and the Mexico Trade Lane

We are an FMC-licensed freight forwarder based in Houston — and the Texas-Mexico trade lane is not new territory for us. We handle ocean, air, and trucking movements including cross-border shipments, we manage export documentation, and we handle the customs compliance layer that companies often underestimate when they first start sourcing from Mexico.

There are concerns with this lane regarding trucking safety and you should speak with your forwarder about this. Ocean transit preferred.

If you're considering nearshoring, restructuring a supply chain, or moving a significant volume category from Asia to Mexico for the first time, the freight and compliance piece is not where you want surprises. Call us early. You would rather have us help you plan and take care of the right agencies than help you fix something after it goes wrong at the border. That is a guarantee.

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### **Diana Stinson**

*President, Texas Global Services*

Diana has been arranging international freight through the Port of Houston for over 22 years. Texas Global Services is an FMC-licensed Ocean Transportation Intermediary serving manufacturers, oilfield companies, and importers and exporters across the Gulf Coast region as well as globally. Family-owned and operated since founded by Diana Stinson in 2016 as a Woman Owned Small Business (WOSB).

### **Leslie Danaher**

*Global Shipping Specialist, Texas Global Services*

Based in Houston, TX, Leslie brings a robust skill set spanning supply chain management, project management, logistics services, and contracts and procurement. Drawing on experience from previous roles in the industry, Leslie has become an integral part of the Texas Global Services team and a premier freight forwarder in her own right.

## **Ask Your Nearshoring Question**

Contact Texas Global Services to discuss your supply chain, tariff exposure, or cross-border freight requirements. Include weights, dimensions, origin, destination, and timeline in your message.

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