

From Globalization to Regionalization: The Evolution of U.S.-Mexico Cross-Border Trade

Daniel Covarrubias, Ph.D.

July 25, 2023

**TRB Standing Committee on International Trade
and Transportation (AT020)**

INDICE

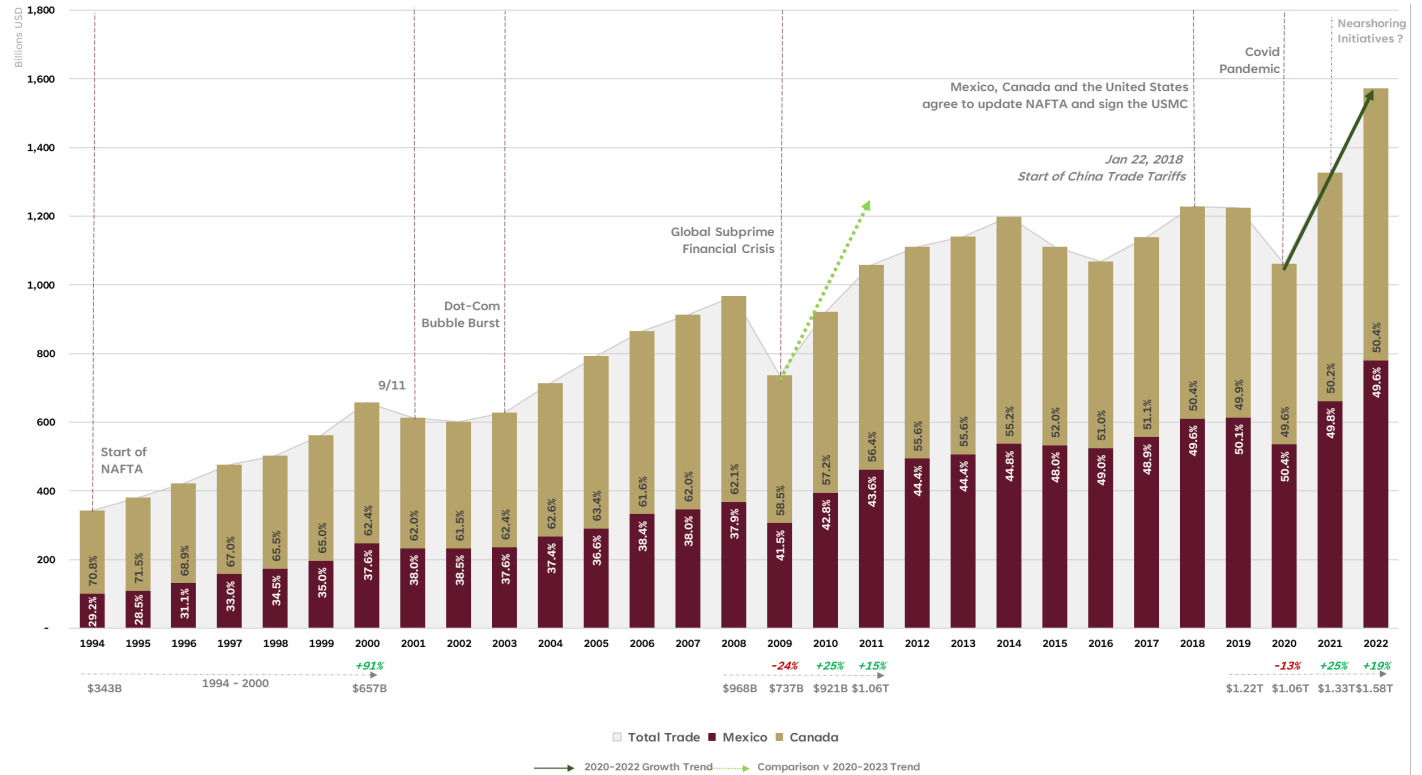
01 International Trade

02 Nearshoring

03 Smart Borders

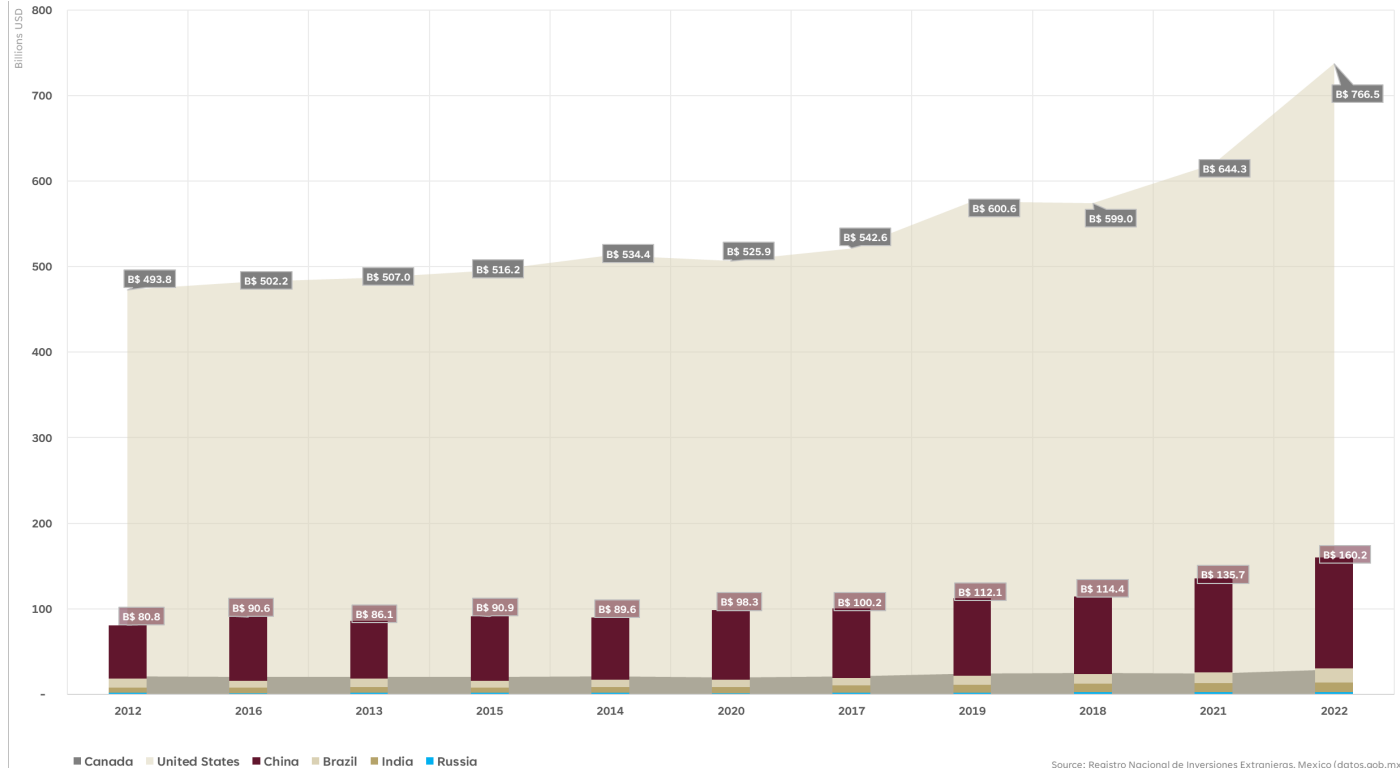
US TRADE MEX / CAN

NAFTA / USMC TRADE



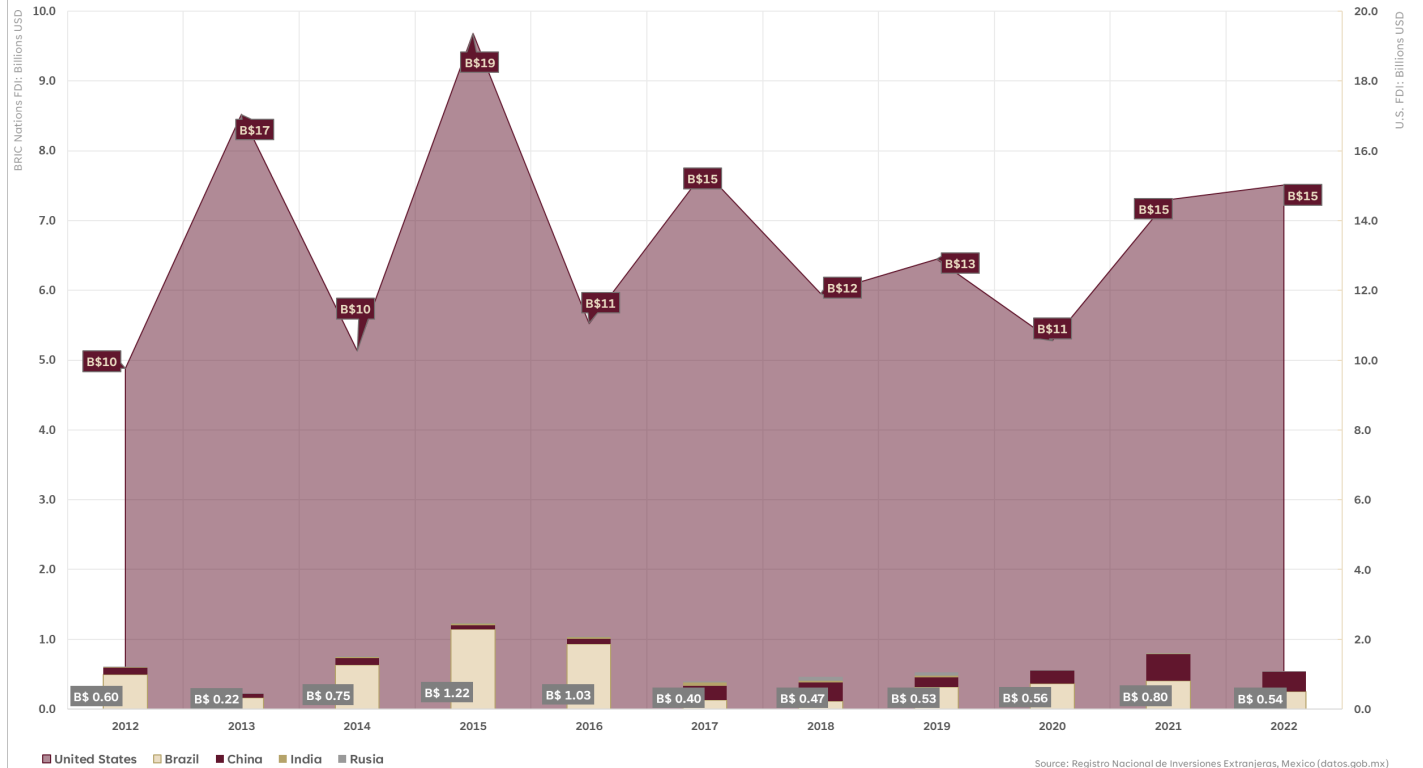
MEXICO TOTAL TRADE

MEXICO TOTAL TRADE ANNUAL TOTAL TRADE – USMCA VS BRIC



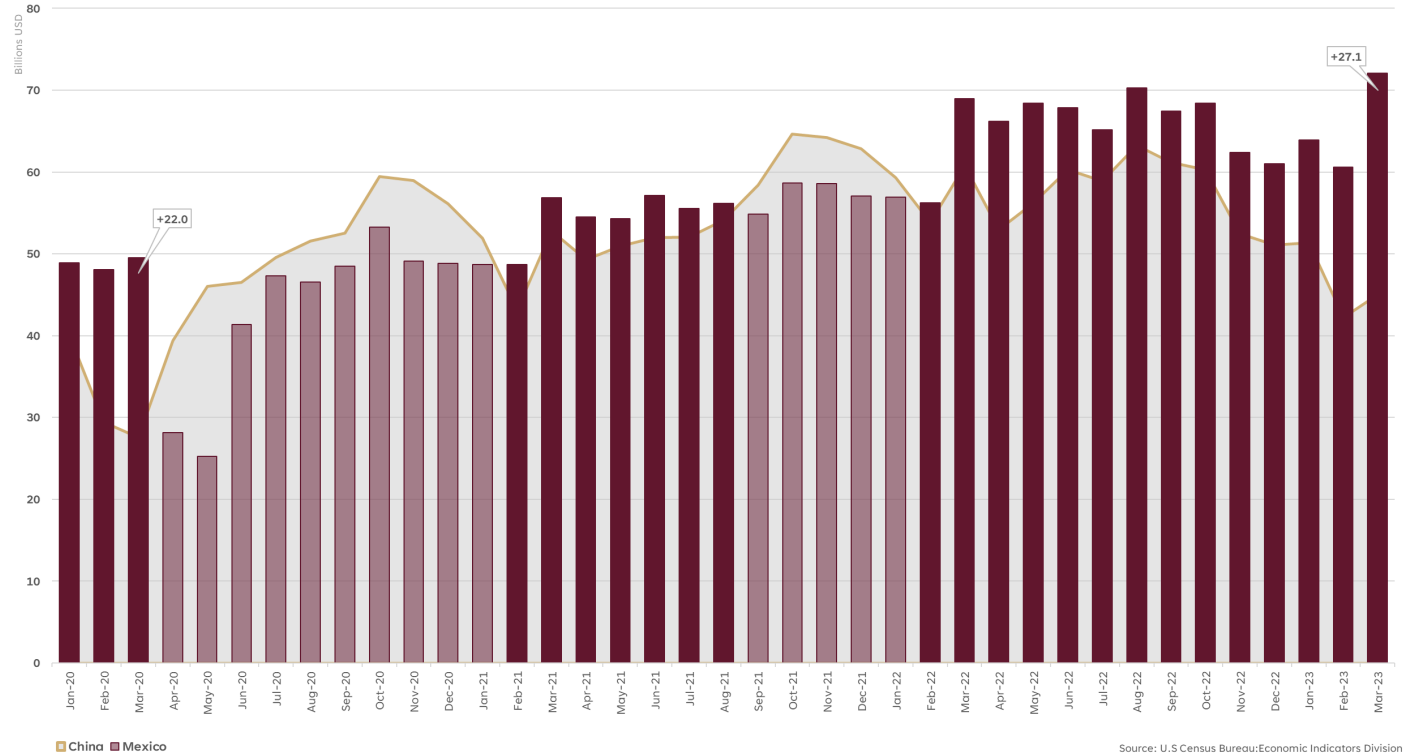
MEXICO FDI

MEXICO FOREIGN DIRECT INVESTMENT USA VS BRIC NATIONS



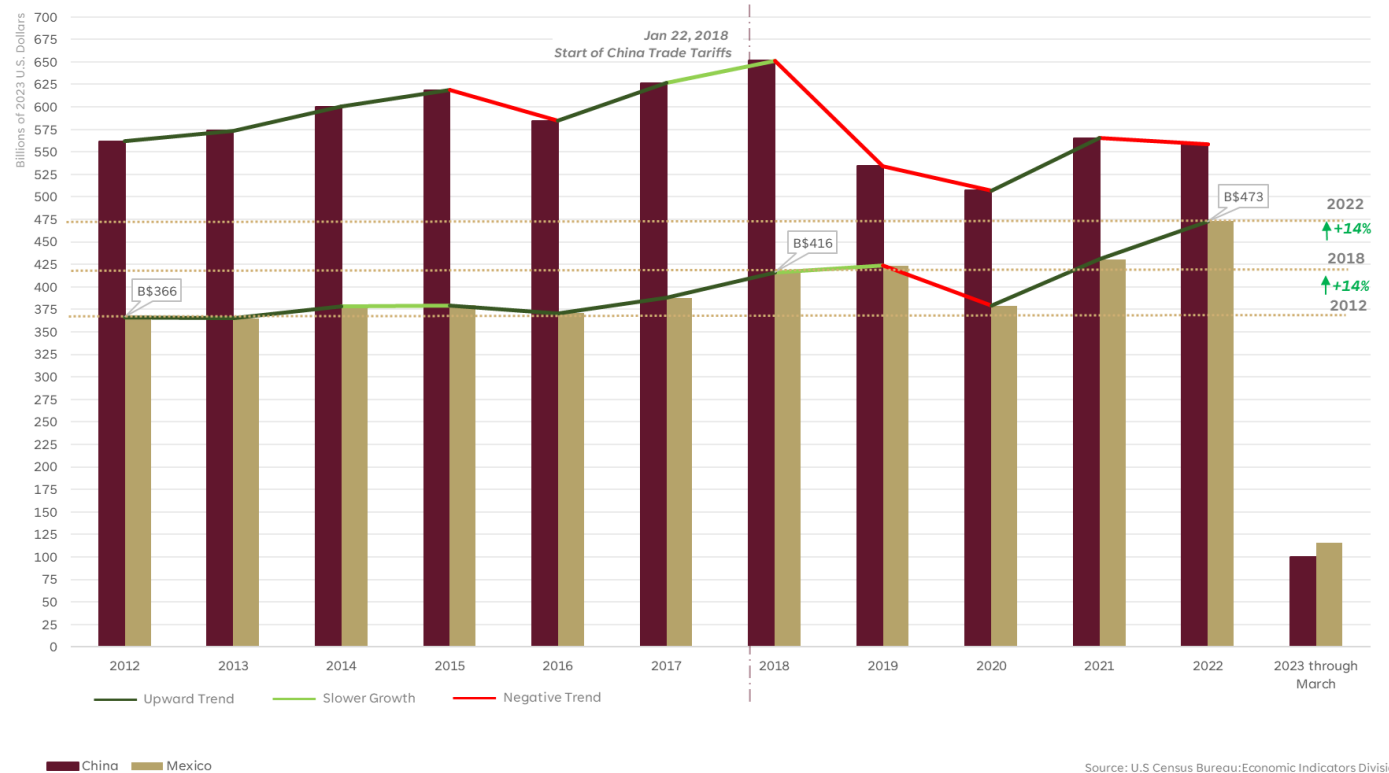
U.S. TRADE

U.S. TOP TRADING PARTNERS MONTHLY TRADE VALUE: MEXICO VS CHINA JAN-2020 to MAR-2023



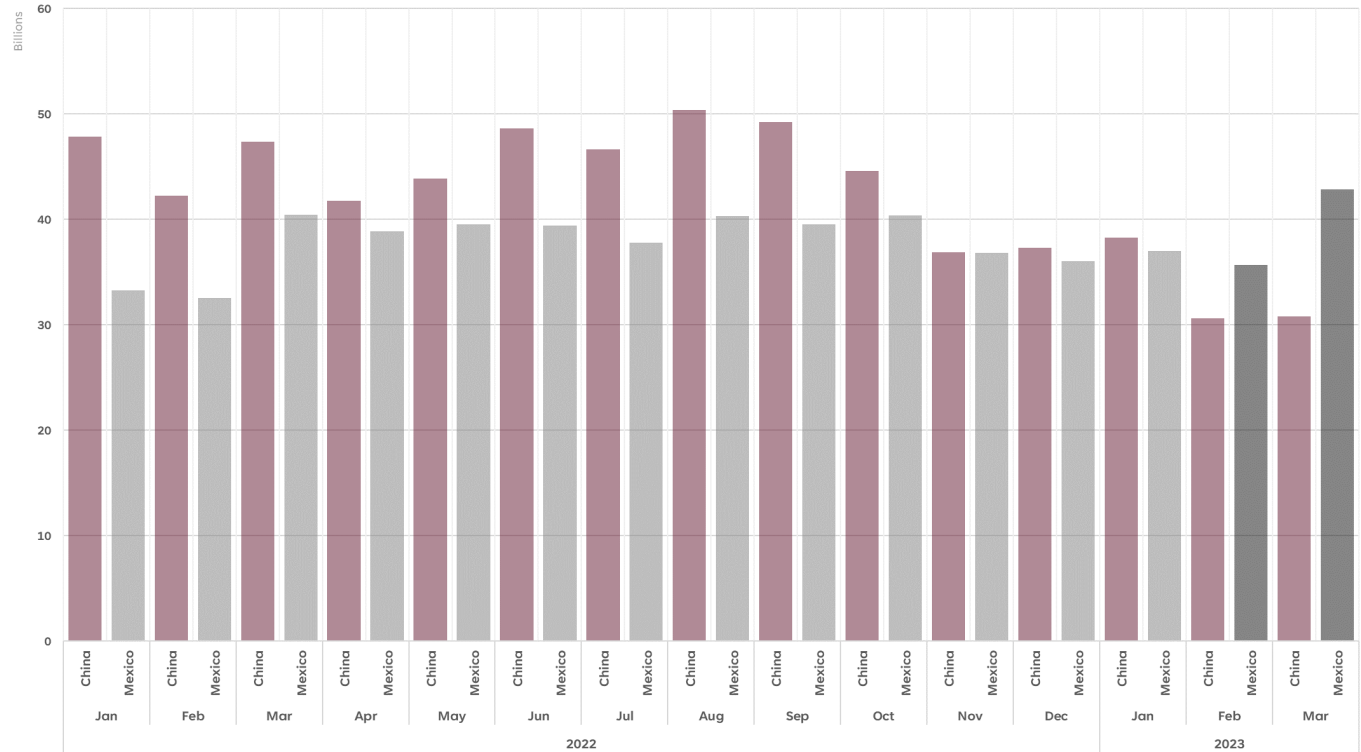
U.S. IMPORTS

U.S. TOTAL IMPORTS VALUE MEXICO VS CHINA 2012-2023 (ADJUSTED FOR INFLATION)



U.S. IMPORTS

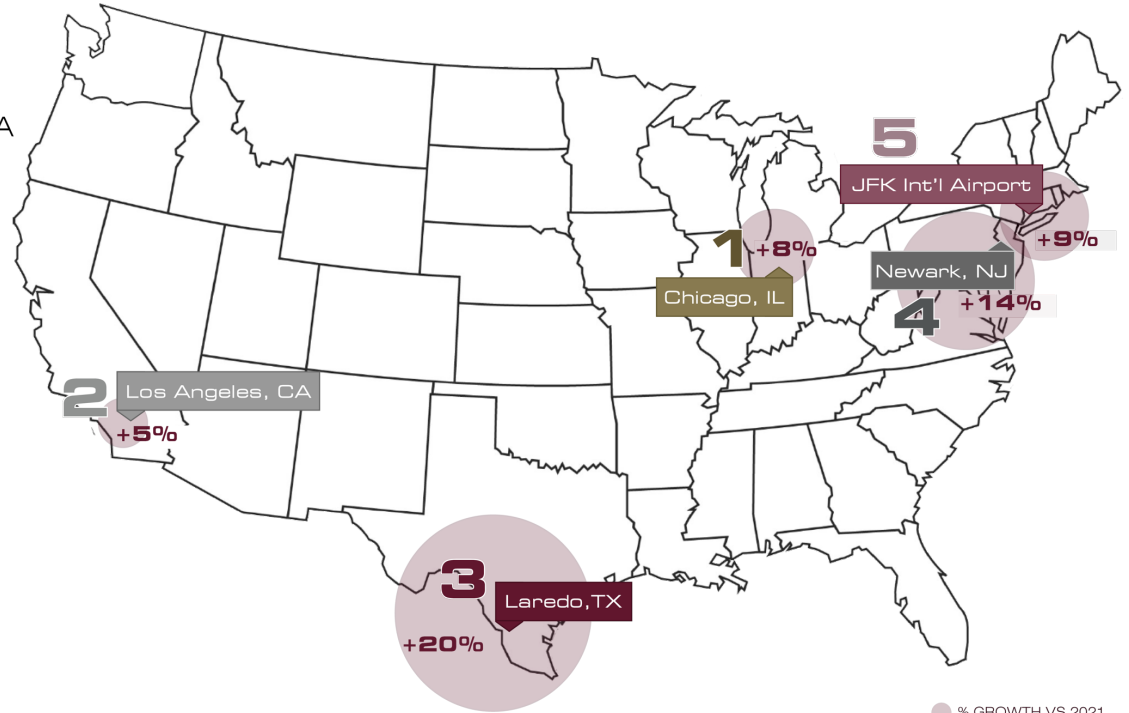
MONTHLY TOTAL U.S. IMPORTS MEXICO VS CHINA JANUARY 2022 - MARCH 2023



ADUANAS EE.UU.

2022 TOP 5 U.S. PORTS OF ENTRY BY TOTAL TRADE VALUE

- 1 \$330 billion
Chicago, IL
- 2 \$312 billion
Los Angeles, CA
- 3 \$299 billion
Laredo, TX
- 4 \$259 billion
Newark, NJ
- 5 \$258 billion
JFK Int'l Airport



TOP 5 POE 2022

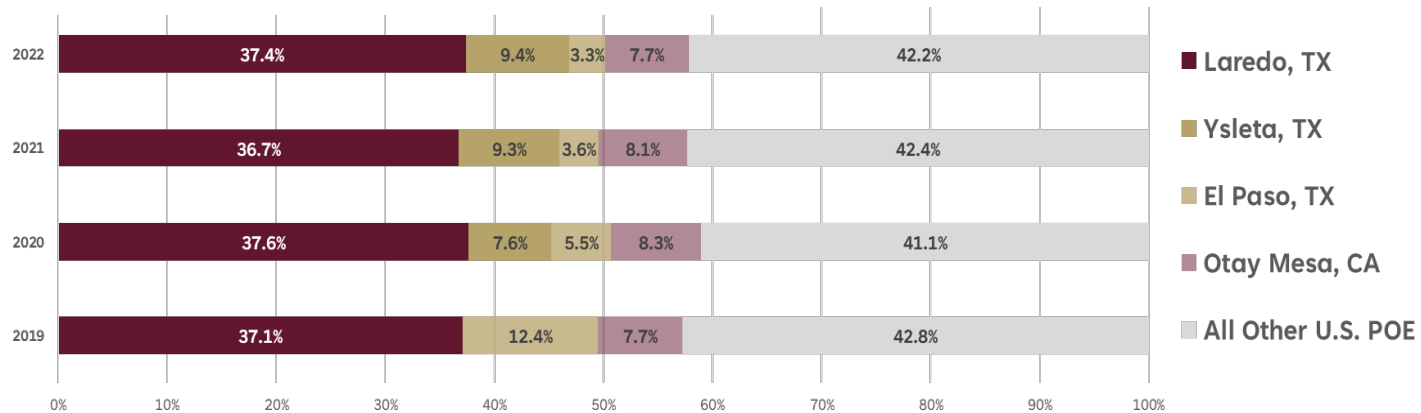
SHARE OF TOTAL U.S. TRADE



1
1
Laredo POE
\$292 billion

U.S. - MEXICO TOTAL TRADE

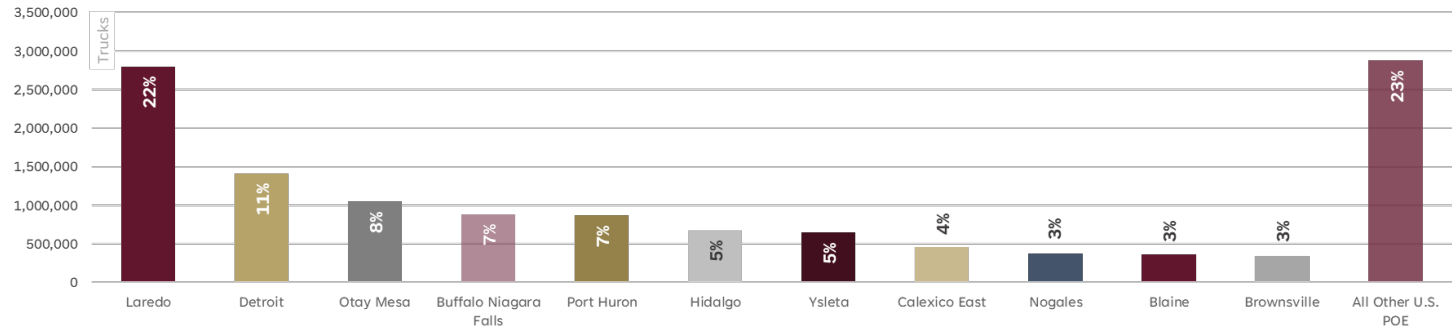
U.S. MAIN LAND PORTS OF ENTRY



- **300+ Ports of Entry**
- US-MX Land ports of entry account for over **81%** of US-Mexico trade by value.

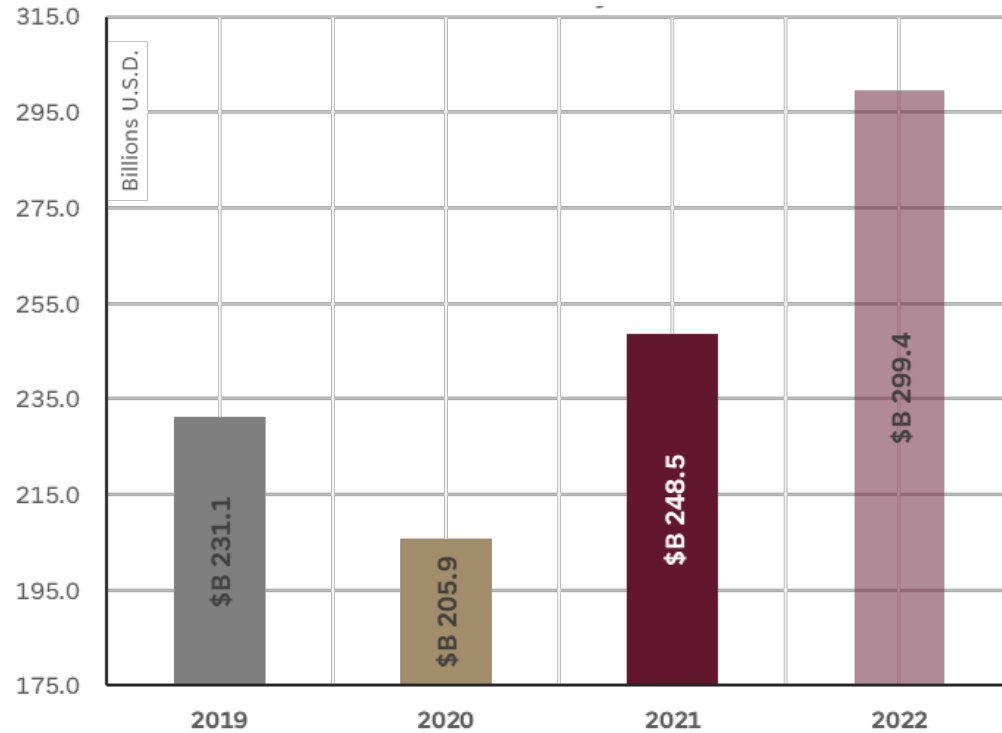
2022 SHARE NORTHBOUND CROSSINGS

U.S. MAIN LAND PORTS OF ENTRY



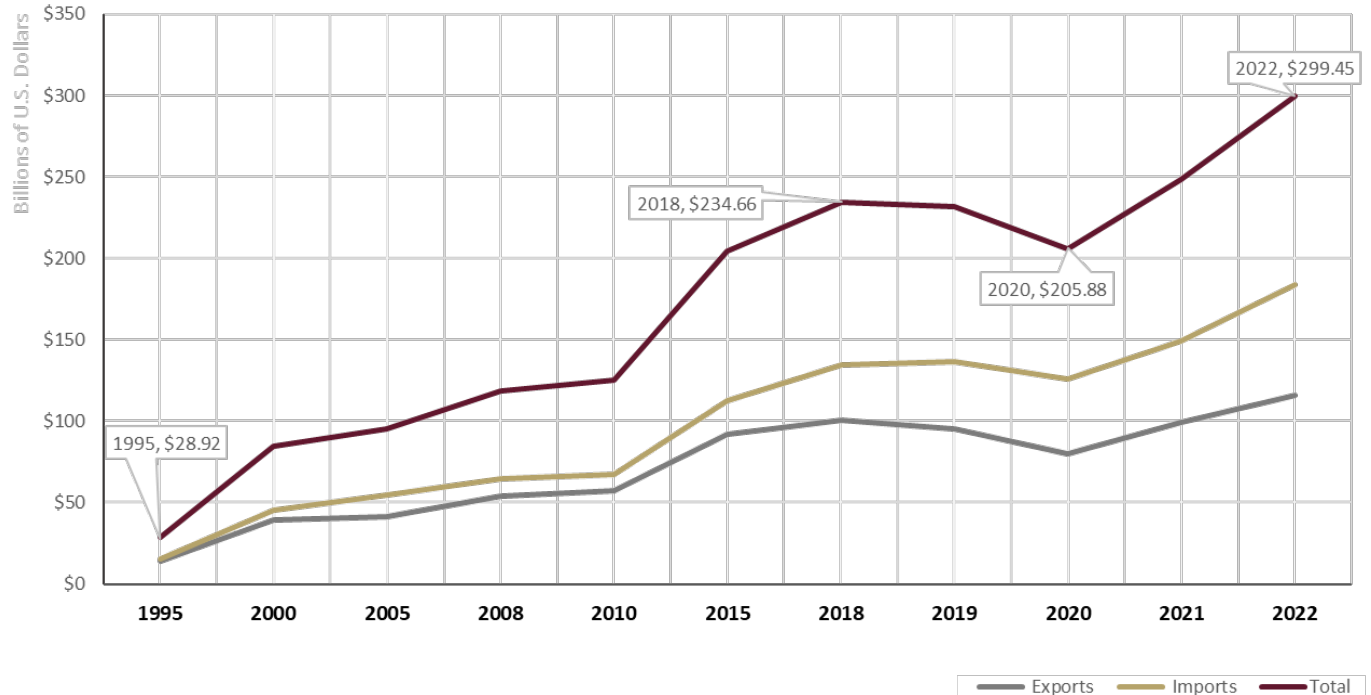
TOTAL TRADE

PORT LAREDO



TOTAL TRADE

PORT LAREDO

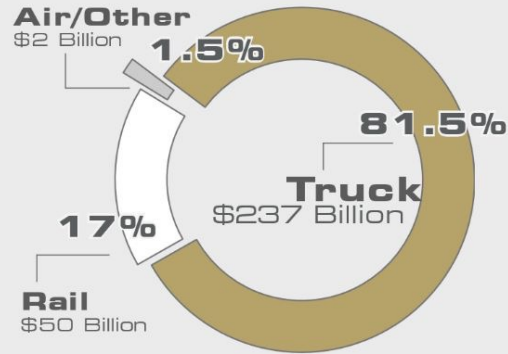


LAREDO POE 2022

IMPORT / EXPORT TRADE

Top Imports

- 1 Vehicles and Parts
\$54.7 Billion
- 2 Machinery, Boilers
\$38.1 Billion
- 3 Electric Machinery
\$28.6 Billion
- 4 Furniture, Bedding
\$6 Billion
- 5 Beverages, Spirits
\$5.1 Billion

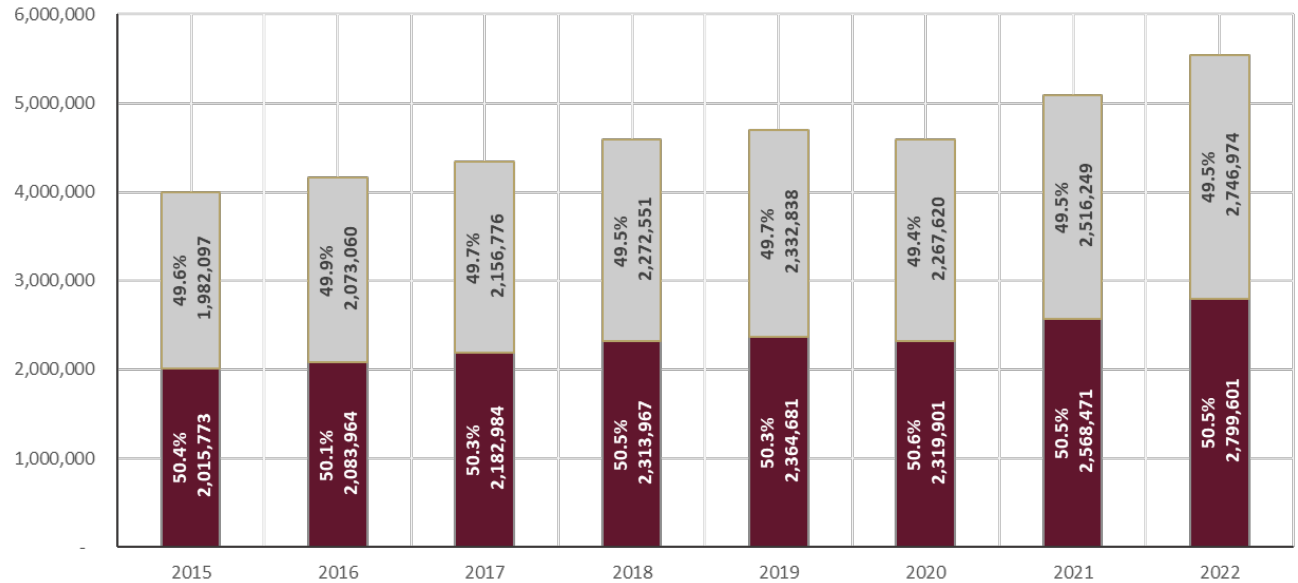


Top Exports

- 1 Machinery, Boilers
\$21.3 Billion
- 2 Vehicles and Parts
\$14.5 Billion
- 3 Electric Machinery
\$13.3 Billion
- 4 Plastics
\$11 Billion
- 5 Mineral Fuel, Oil
\$6.2 Billion

TOTAL TRUCK CROSSINGS

PORT LAREDO



■ Northbound ■ Southbound

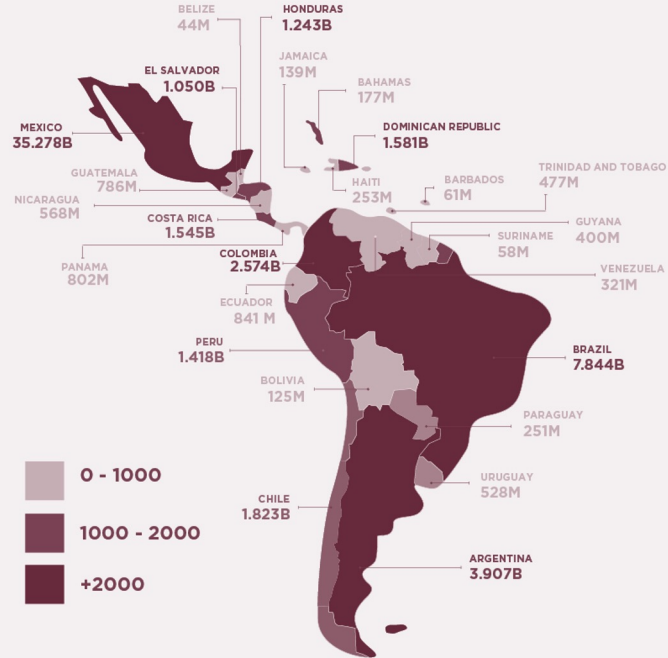
Source: City of Laredo Bridge System, Bureau of Transportation Statistics
Compiled by: Texas Center for Border Economic and Enterprise Development

The background of the slide is a dark red color with a faint, semi-transparent overlay of financial data. This data includes a grid of numbers and a line graph. The numbers are arranged in columns, with some values like 200, 1, 300, 2,000, 20,000, 13,100, 100,000, 45,000, 100, 400, 200, 2, 32,000, and 32,800. To the right of these numbers are values such as 69.00, 756.2, 747.5, 7.56, 7.56, 19.00, 2.12, 13.00, 135.00, 2.25, 4.75, 9.20, 7.00, 1.00, and 3.00. A line graph is visible on the right side, showing a fluctuating trend. The main text is centered and reads:

Nearshoring: A Boom for U.S. – Mexico Cross-Border Trade?

TOTAL NEARSHORING OPPORTUNITIES BY COUNTRY ADDITIONAL EXPORTS OF GOODS

(M: US\$ MILLIONS, B: US\$ BILLIONS)



0 - 1000
1000 - 2000
+2000

Nearshoring: potential opportunities for increased exports, by country

Trade in goods only - US\$ millions

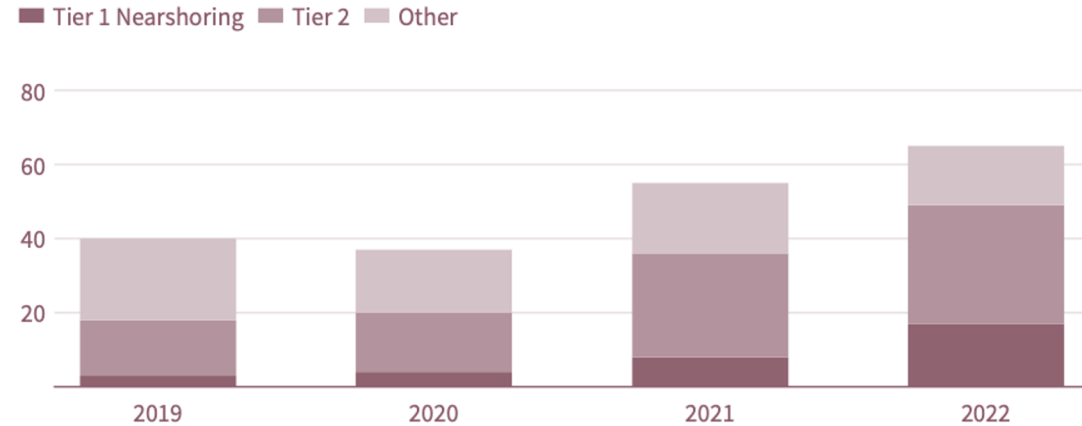
| COUNTRY | Quick Wins – United States | Intra-LAC Quick Wins | Medium-Term Opportunities | Total |
|--|----------------------------------|-------------------------|------------------------------|----------------|
| Argentina | 890.7 | 1518.0 | 1497.8 | 3906.5 |
| Bahamas | 33.2 | 23.8 | 119.9 | 177.0 |
| Belize | 5.9 | 6.3 | 31.7 | 43.9 |
| Bolivia | 50.5 | 60.8 | 14.1 | 125.3 |
| Brazil | 4153.0 | 3144.3 | 546.8 | 7844.1 |
| Barbados | 9.7 | 42.8 | 8.1 | 60.6 |
| Chile | 665.8 | 516.0 | 641.1 | 1822.9 |
| Colombia | 1498.5 | 886.9 | 188.4 | 2573.8 |
| Costa Rica | 918.1 | 539.3 | 87.4 | 1544.8 |
| Dominican Republic | 1362.9 | 150.2 | 67.6 | 1580.7 |
| Ecuador | 482.0 | 285.8 | 72.8 | 840.7 |
| Guatemala | 436.4 | 293.8 | 55.5 | 785.7 |
| Guyana | 23.7 | 370.1 | 6.2 | 400.0 |
| Honduras | 745.1 | 418.7 | 79.0 | 1242.8 |
| Haiti | 237.2 | 11.4 | 4.4 | 253.1 |
| Jamaica | 84.9 | 25.8 | 27.8 | 138.5 |
| Mexico | 29679.4 | 2628.2 | 2970.6 | 35278.2 |
| Nicaragua | 473.3 | 78.2 | 17.0 | 568.5 |
| Panama | 81.3 | 549.2 | 171.5 | 802.0 |
| Peru | 792.0 | 498.0 | 128.4 | 1418.5 |
| Paraguay | 43.9 | 181.1 | 26.3 | 251.3 |
| El Salvador | 686.4 | 343.6 | 19.9 | 1049.9 |
| Suriname | 25.0 | 18.7 | 14.8 | 58.5 |
| Trinidad and Tobago | 87.9 | 304.5 | 84.3 | 476.7 |
| Uruguay | 69.3 | 369.5 | 89.4 | 528.2 |
| Venezuela | 218.4 | 48.7 | 53.8 | 320.9 |
| Latin America and Caribbean (LAC) | 43754.4 | 13313.7 | 7024.9 | 64093.0 |

Nearshoring Growth by State



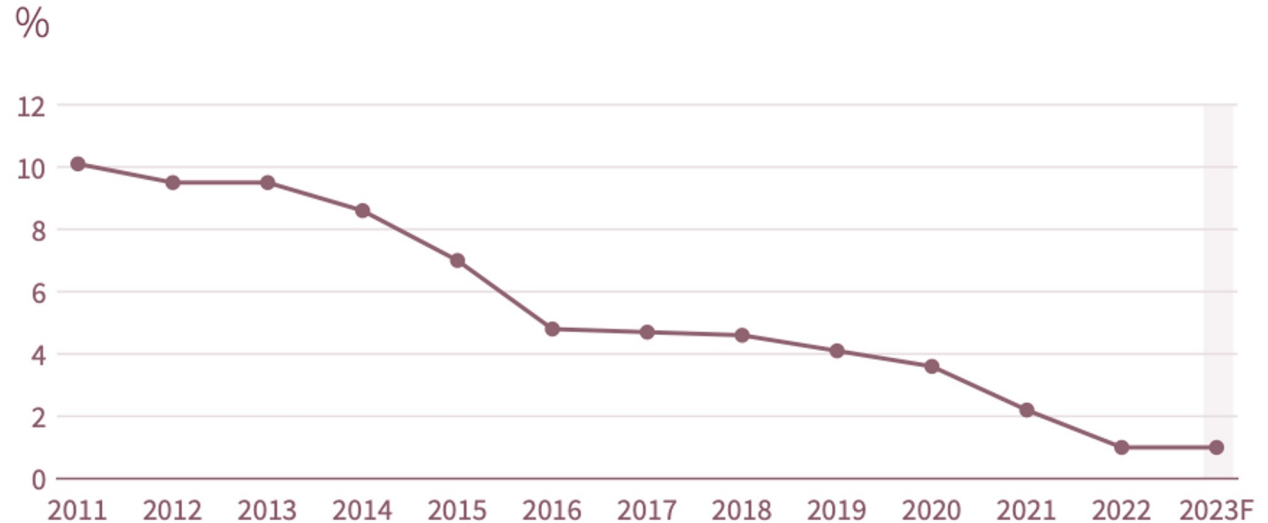
NEARSHORING-RELATED AND TOTAL GROSS ABSORPTION, MEXICO

MSF



- Annual nearshoring absorption (direct manufacturing capacity expansions to supply the US, installed in leased logistics space) grew from **3 MSF in 2019 to 16 MSF in 2022, increasing from 8% to 26% of gross absorption** in the country.
- Tier 2 nearshoring absorption (domestic providers and third-party logistics providers specializing in manufacturing warehousing) grew from **15 MSF in 2019 to 29 MSF in 2022, or nearly half of the gross absorption.**

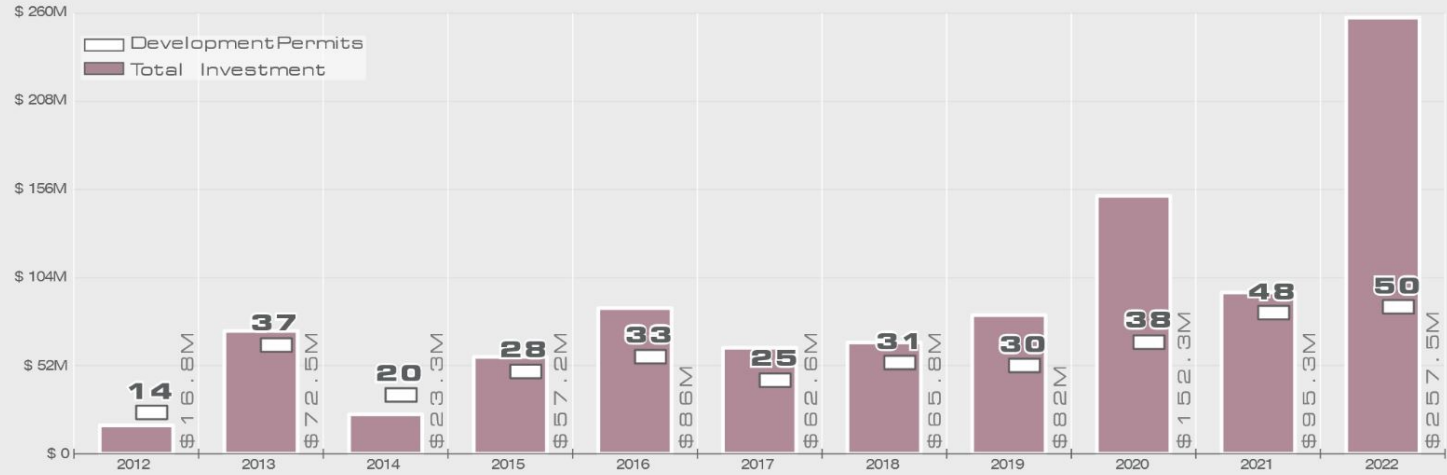
VACANCY RATE, MEXICO 6 MAIN MARKETS



- Very low space **availability (1.1% as of Q1 2023 vs. 6% expansion average for 2013-2019)** pushes demand into the future.
- **60%** of the space currently under construction is pre-leased, compared to **36%** in 2019.
- CDMX, Monterrey, Ciudad Juárez, Guadalajara, Reynosa y Tijuana

LOGISTICS FACILITIES

LAREDO POE WAREHOUSE & INDUSTRIAL PARK DEVELOPMENT



Why Mexico in this Nearshoring Context?

- **Location:** Proximity to the US, which favors companies that serve North American consumers.
- **Free Trade Agreements:** Mexico is the only developing country that has free trade agreements with the US, Canada, the European Union and Japan. In total, Mexico has 13 Free Trade Agreements signed with 46 countries
- **Regulations and Trade Wars:** Recent regulatory decisions and trade wars are favoring alignment among North American supply chains.

Nearshoring Challenges and Opportunities: Human Resources and Training

Benefits

1. Developing training and education programs can close the skills gap and create a more competitive workforce.
2. Nearshoring can boost job creation in specialized areas.
3. Opportunities for personal and professional growth can attract and retain talent.

Challenges

1. Nearshoring demands a workforce highly trained in technology and logistics and transportation processes.
2. The need for specialized skills can result in a shortage of adequately trained personnel.
3. Talent training and retention become critical in the context of nearshoring.
4. The lack of adequate training programs can limit the growth potential in the logistics and transport sector.


Nearshoring Challenges and Opportunities: Infrastructure

Benefits

1. Investments in infrastructure can boost economic development and create jobs.
2. Modernizing existing infrastructure can improve efficiency and reduce operating costs.
3. Nearshoring can stimulate innovation in transportation and logistics technologies.

Challenges

1. Nearshoring requires a robust and efficient logistics infrastructure to facilitate the movement of goods.
2. Lack of proper infrastructure can result in higher operating costs and longer delivery times.
3. Investment in infrastructure is necessary to stay competitive in the global logistics and transportation market.
4. Maintaining and upgrading existing infrastructure are also key challenges in the nearshoring context.

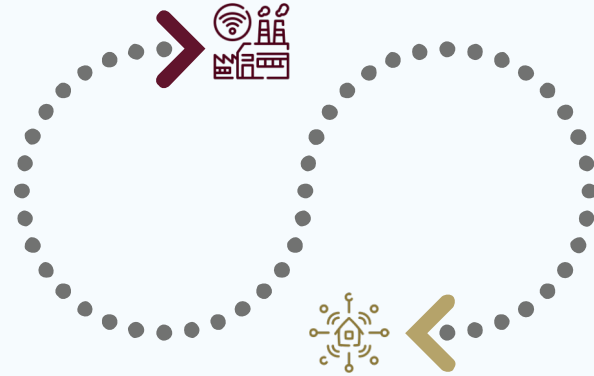
The background features a blurred image of a financial chart and data table. The chart shows a line graph with several peaks and troughs, overlaid on a grid. The data table consists of multiple rows and columns of numbers, some of which are highlighted in green. The overall color scheme is a dark, muted red.

Smart Borders: The key to more resilient cross-border trade

SMART BORDERS

Smart borders refer to the use of technology and data to facilitate the movement of people and goods across borders while ensuring security.

These initiatives include electronic customs systems, automated border control systems, and risk assessment tools (Svitek et al.:2019).



SMART BORDERS: Benefits & Challenges

Benefits

1. Increase the efficiency of border crossings by reducing wait times and processing times.
2. Can improve security by effectively identifying and targeting high-risk individuals and goods.
3. Reduce costs by decreasing the need for manual processing and increasing automation.
4. improve data collection and analysis, allowing for better decision-making and risk assessment

Challenges

1. Implementing smart border initiatives requires significant investment in technology and infrastructure.
2. using technology and data raises concerns about privacy and data protection. Smart borders require collecting and analyzing significant amounts of personal data, raising privacy and data protection concerns.
3. Implementing smart borders requires international cooperation and coordination, which can take time and effort.

STANDARDS

ASTM International Committee F49 on Digital Information in the Supply Chain

The promotion of knowledge, stimulation of research, and the development of standards and specifications, formulation of definitions and terminology, and development of recommended practices and guides related to the sharing and use of digital information in the supply chain. The Committee will coordinate with any other ASTM Technical Committees with related interests and ensure that the standards are technology neutral, and the standards development process is consistent with WTO principles.





texascenter.tamui.edu



[@jdcova](#)



dcova@tamui.edu