

Global supply chain disruption, cost inflation driving more nearshoring, reshoring of manufacturing to North America

Shippers look to Mexico to diversify supply base, reduce supply chain risk, shorten transit times. Why an experienced cross-border trucking partner is key.

LAREDO, TEXAS, UNITED STATES, December 1, 2022 /EINPresswire.com/ -- Rising costs to manufacture in China, disrupted supply chains causing shortages of all manner of goods, and congested transportation networks are all driving U.S. companies to more actively consider bringing manufacturing closer to the U.S – with Mexico becoming an increasingly popular choice.



CFI's warehouse and trucking cross dock in Nuevo Laredo provides strategic capacity and reliable service for cross-border goods to and from Mexico

A big factor has been the impact of the pandemic, which caused companies to focus on the risk of continuing to rely on long, complicated global supply chains, and what that meant for their businesses. Some of these risks included losing a supplier, incomplete orders, delayed goods that arrived too late to market, or even upon arrival, being delayed because of port or rail congestion.

Among the strongest trends are companies either relocating manufacturing to Mexico, along the border as well as inland, or choosing to expand production in Mexico rather than another Asia location, notes Rosemary Coates, executive director of The [Reshoring](#) Institute, based in California's Silicon Valley.

According to Coates, some companies are adopting a strategy of diversification where they choose to first to move a portion of manufacturing from China to another Asian location, like Vietnam or Malaysia. "At the same time, there has been a strong trend toward adding operations in Mexico as part of a strategy to diversify and de-risk supply sources and

production,” she notes, adding that Mexico is still a comparatively a low-cost labor market, and provides for much faster transit times to U.S. consumers.

Another trend is Chinese-based companies going with “[nearshoring](#)” strategies of their own, establishing their own operations and sourcing manufacturing closer to the U.S. - with Mexico at the top of the list. “You see signs for Chinese companies all along the border where they’ve set up manufacturing, again, to shorten the supply chain and get closer to North America customers,” she notes.

Coates cites as well the import tariff benefits that are available. “Goods coming into the U.S. directly from China are subject to a 25 percent tariff,” she explained. “Manufacturing products in Mexico, with Mexican parts and labor, may qualify for duty-free importation under the USMCA Trade Agreement amounting to a 25 percent savings over Chinese imports.”



Rosemary Coates is executive director of The Reshoring Institute, a non-profit think tank based in California's Silicon Valley

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It doesn't take much in these major Mexican markets to seize up capacity. An experienced provider that is hyper-focused on reliable trucking solutions is the key to stability in disrupted markets.”

Jason Dekker, CFI

It's all part of the decision-making process executives are going through today, thinking first about strategy and risk, how to avoid or minimize risk, identifying the costs, and understanding the tradeoffs.

A key factor to consider is once you make the decision to expand sourcing or manufacturing in Mexico, what should you look for in a [cross-border](#) transportation partner?

“What countless Mexico shippers realized beginning in 2020 was the criticality of partnering with a diversified cross-border partner,” said Jason Dekker, Director of

International Business Development at CFI. “There was severe imbalance and virtually no additional outbound capacity in major manufacturing markets such as Puebla, Guadalajara and Monterrey,” he added. CFI has major operations at five key U.S.-Mexico cross-border gateways, including its largest facility in Laredo. The company also has relationships with over 190 C-TPAT certified carriers in Mexico.

Dekker commented that, in some cases, asset providers would stage Mexican loads at their yards in Laredo and take as long as a week to source the internal power to deliver them to their final destination in the U.S. interior. The effect was a crippling of the supply chain.

“Customers were desperate,” Dekker says. “Large multinational firms that previously held the word “broker” in the same regard as an expletive were clamoring for any option that got their freight moved.” By offering brokerage and power-only solutions, CFI Logistica was able to provide solutions when the asset division was completely blown out. Such solutioning simply would not have been possible with a traditional asset-only provider.

While the northbound capacity situation is no longer at the crisis point it was in 2020 and 2021, as reshoring continues to increase, that will provide tailwinds which will help strengthen the cross-border freight market. That points to the importance of having an experienced, reliable and well-resourced transportation provider, with proven assets and capabilities in Mexico and the U.S. to ensure consistent supply chain flows.

“It doesn’t take much in these major Mexican markets to seize up capacity. Having a diversified provider that is hyper-focused on bringing a variety of trucking and distribution solutions is the key to supply chain stability in a growing freight market.”

CFI offers Truckload, Temp-Control, and Mexico services. With 37 years of cross-border experience, CFI Logistica drives supply chain solutions including consolidation, deconsolidation, LTL, truckload, flatbed and brokerage.

ABOUT CFI – CFI is a multifaceted carrier with a balance of asset and non-asset services driving supply chain solutions for businesses across North America. A wholly owned operating company of Heartland Express, Inc., CFI’s portfolio includes asset-based Truckload and Temp-Control services as well as non-asset-based Mexico services. A staple of shippers, CFI delivers on time, safely as promised. Operations in Mexico combine intra- and inter-Mexico LTL and TL trucking with a robust lineup that includes: transloading, consolidation, deconsolidation, brokerage, and experienced cross-border. With Canada to Panama expertise, at CFI, people drive possibility. For more information, visit: cfidrive.com.

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