



LOGISTICS SOLUTION GUIDE:

# Finding the Essential Logistics Provider in Mexico

**As Mexico's importance in international manufacturing and trade grows, the country's strategic location and production-friendly regulations attract companies across verticals. Fortune 500 organizations and beyond are re-evaluating their manufacturing and distribution strategies in Mexico, and selecting a strong logistics partner is an integral piece of the puzzle.**

Through tax incentives like the IMMEX program and its ability to offer U.S. companies a nearshore alternative to Chinese manufacturing, Mexico has established itself as a powerful player in global trade. While these business benefits have captured the interest of many international companies, cultural and regulatory differences can stand in the way of cross-border success.

The right logistics partner will help you navigate these factors and create a distribution plan that grows your bottom line. In building out your manufacturing and shipping plans south of the U.S. border, take time to consider your logistics needs and what to look for in a Mexico-based freight forwarder.

# Important Logistics Considerations in Mexico

Expanding or introducing distribution in a new country can seem straightforward, causing companies to take approaches that mirror their U.S. growth strategy. But foreign operations require more than simply replicating domestic systems. Recognizing and planning for the differences in Mexico allow organizations to plot a successful path forward. Here are key areas to keep in mind:

## Operational differences

Mexico's proximity to the United States and cross-cultural similarities lead some businesses to expect similar processes when operating south of the border, but these expectations are unrealistic. **While experienced logistics providers can expedite timelines, steps like signing a power of attorney (POA) or clearing customs often take more time in Mexico.** Layered bureaucratic procedures can hold up shipments, further underscoring the importance of a knowledgeable freight forwarder who acts as your advocate.

## Regulatory constraints and incentives

While dense bureaucracy may dissuade companies from expanding operations in Mexico, the country's manufacturing perks often provide an antidote. Through the IMMEX program, international manufacturers are able to import raw materials and product components tax- and duty-free, provided the products are assembled within a limited time frame (typically 18 months to two years) at their designated "maquiladora" factories. **Selling the finished goods elsewhere qualifies the shipments for tax-free exports.** Additionally, governmental agreements within North America often make logistics from and within Mexico much easier and more cost effective than similar overseas relationships.

## Geographic knowledge

**Developing a Mexico-based logistics strategy rests on strong geographic and industrial knowledge of the country.** For example, manufacturers may look for logistics partners with a strong presence in the well-known assembly hub of Monterrey, whereas those transporting food may search for providers based in Mexico City, which enable easy access to growers.



# What to Look for in Your Logistics Provider in Mexico

The right logistics partner can make or break your company's foray into Mexico — and finding that provider requires careful evaluation. Here are three criteria to look for when partnering with a Mexico-based logistics company.



## 01 | Wide-ranging services

You likely have widespread and streamlined distribution processes in the United States. Your Mexico provider should act as an extension of your U.S. team, infusing your operations in Mexico with the same shipping capabilities. This team should support a full breadth of services, including ocean, air, trucking and warehouse management, along with specialized transit, like hand carry, charters and home delivery.

## 02 | Mexico presence and expertise

A strong geographic presence in Mexico will help an experienced team provide valuable insights. Ensure that you can trust your partner to navigate Mexico distribution systems, importing and exporting regulations, cultural differences and more. In the logistics industry, firsthand distribution knowledge sets companies apart.



## 03 | Additional support

Growing operations in any new location is difficult — and the challenges only escalate in a different country. Ensuring your Mexico shipping partner has comprehensive customer service and operational support helps ease this transition. Logistics providers with offerings like in-depth consulting, customs brokerage and continuous shipment visibility can ease the burden on your organization. Selecting a transparent forwarder with excellent customer communication is the first step toward successful shipments, ongoing growth and a great business relationship.



## At a Glance: Mexico Trade

In 2019, U.S. trade in goods with Mexico<sup>1</sup> totaled \$256.4B in exports and \$358.1B in imports. This overview of Mexico's 2018 trade activity<sup>2</sup> highlights the country's global connections and strong U.S. relationships.

### Exports - Trade (U.S. \$)

|  |                           |
|--|---------------------------|
|   | United States<br>\$344.6B |
|  | Canada<br>\$14.1B         |
|  | China<br>\$7.2B           |
|  | Germany<br>\$7.1B         |

### Imports - Trade (U.S. \$)

|   |                           |
|---|---------------------------|
|   | United States<br>\$216.3B |
|  | Japan<br>\$18.2B          |
|  | China<br>\$83.5B          |
|  | Germany<br>\$17.8B        |

### Key Export Goods (U.S. \$)

- ✓ Motor vehicles and parts  
\$115.5B
- ✓ Electrical machinery  
\$81.9B
- ✓ Industrial machinery  
\$75.3B
- ✓ Vegetables  
\$7.1B

### Key Import Goods (U.S. \$)

- ✓ Motor vehicles and parts  
\$43.1B
- ✓ Electrical machinery  
\$94.9B
- ✓ Industrial machinery  
\$77.5B
- ✓ Oil and mineral fuels  
\$46.3B

<sup>1</sup><https://www.census.gov/foreign-trade/balance/c2010.html>

<sup>2</sup><https://globaleedge.msu.edu/countries/mexico/tradestats>

## Why AIT?

With 40 years of logistics experience and a staff that has in-depth Mexico logistics experience, AIT provides efficient freight transportation solutions across Mexico. Our nimble operations and five Mexico offices enable quick responses backed by reliable shipping processes. We offer value to clients through on-the-ground support, IMMEX certification and full logistics services — from consulting clients on business decisions to ocean, air and trucking solutions.

AIT's Mexico division strengthens your company's existing operations with complete and immediate distribution solutions, in addition to strategic guidance from our Mexico logistics experts. **Ship with AIT** to gain complete support for your operations south of the U.S. border and benefit from our agile, dedicated and experienced logistics team.