

## ENABLER 3 LOGISTICS



Movement and transportation of products lie at the heart of free trade. Logistics is the process of planning, implementing, and controlling the flow and storage of goods from the point of origin to the point of consumption. Supply chain disruptions from COVID-19 and international conflicts have demonstrated the need for investing in streamlined logistics in Mexico.

### KEY POINTS

- Due to its **geographical location** and border with the world's biggest market, Mexico can potentially be the premier logistics hub in the Americas.
- Logistics improvements in the supply chain, particularly technology for border crossing will increase demand for nearshoring in Mexico.

## MEXICO'S ADVANTAGES

### A dynamic economy and unparalleled location

- In 2023, Mexico became the **first trade partner of the United States**, trading \$798 billion dollars, according to the U.S. Census Bureau.
- The proximity and access to the United States, the world's biggest market, lower transportation costs, unlike other regions. Mexico is the **crossroads** between North America and Latin America.
- New transportation projects in Mexico, like the Tren Maya, which will connect to the Interoceanic Corridor. The merge of Canadian Pacific and Kansas City Southern railroad, that connects the North American region, will facilitate trade.



### An ambitious binational project for border infrastructure

- The U.S. pledged \$3.4 billion for 26 major construction and modernization projects at land ports of entry, while Mexico committed to invest \$1.5 billion in border infrastructure between 2022 and 2024, according to a joint statement.
- Modernization activities are underway; they aim to include more processing capacity for pedestrians and commercial vehicles and added security. Projects are expected to finish between 2024 and 2026, according to media reports.



### ENABLERS' POTENTIAL

(ACCORDING TO THE EXPERTS)

“AI, machine learning, computer vision, connected IoT networks, and blockchain can all be applied to simplify **logistics operations**, make them more **efficient**, and **optimize resources**.”

Nuvocargo

“A 10-minute **reduction** in wait times could lead to an **additional \$26 million worth of cargo** entering the U.S. each month via commercial vehicles. This translates to more than \$312 million in further commerce annually.”

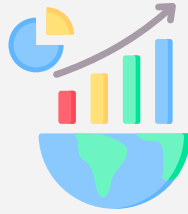
Atlantic Council's Adrienne Arsht Latin America Center, the University of Texas at El Paso's Hunt Institute for Global Competitiveness, and El Colegio de la Frontera Norte.

“A combined CPKC will **connect North America through a unique rail network** able to enhance competition, provide improved reliable rail service, take trucks off public roads, and improve rail safety...”

Canadian Pacific and Kansas City Southern

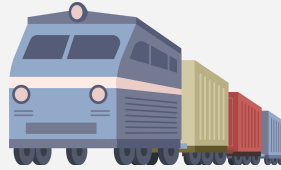
## ENABLERS' HIGHLIGHTS

The logistics industry represents 9%-15% of Mexico's GDP depending on the estimates and activities measured.



Mexico is ranked 66th out of 139 countries in the World Bank's Logistic Performance Index. Its strengths include timeliness, tracking and tracing, and logistics competence.

Mayan Train's subsequent phases, promise increased connectivity and enhanced trade capabilities through a connection with the **Interoceanic Corridor**, which will boost trade and contribute to Mexico's logistics capabilities.



## MAIN STAKEHOLDERS TO WATCH IN 2024

- **Borderplex Alliance:** economic development and advocacy organization that brings jobs, hope, and opportunity to the Borderplex region. It is independent, non-partisan, and private sector-led.
- **Grupo México Transportes:** operates the largest railway network in Mexico, with 10,000 km of track covering the country's main industrial and consumption areas, connecting with the rest of the world through 8 ports and 6 border crossings.
- **Nuvocargo:** all-in-one digital platform for cross-border trade between the USA and Mexico, offering freight forwarding, customs brokerage, cargo insurance, and supply chain financing.
- **Schneider:** premier provider of transportation and logistics services. Its offer includes Regional and Long-Haul Truckload, Expedited, Dedicated, Bulk, Intermodal, Brokerage, Warehousing, Supply Chain Management, and Port Logistics.
- **Smart Border Coalition:** brings together leaders of the San Diego and Tijuana private and public sectors to find ways to make border crossings between California and Baja California secure, efficient, and welcoming for people and cargo.
- **Transmute:** provides benefits of decentralization to supply chain enterprise teams seeking a cost effective, interoperable, planet-forward experience by experts in technology and industry.

## RECOMMENDATIONS FOR MAXIMIZING THE ENABLER

Achieving a logistical breakthrough and turning Mexico into a champion hub in the Americas is within reach through



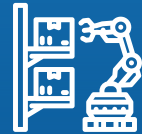
Allocate sufficient resources to build, operate and maintain logistical infrastructure.



Invest in smart infrastructure and trained personnel at border crossings and ports to improve efficiency in North American trade.



Increase capacities for public safety and the rule of law with investments in technologies, personnel and enforcement.



Harness the use of AI throughout the supply chain to reduce costs and reduce production and delivery time.

This series is created by the USMF with ideas from its Ally-shoring Taskforce which meets periodically to discuss ways to expand the knowledge and adoption of an ally-shoring strategy for the relocation of the supply chains.



Taskforce members

