INVESTMENT BANKING

Why Mexico Is Positioned Well as Global Trade Evolves

This spring's broad shift in U.S. tariff policy disrupted global trade. But the United States' immediate neighbor to the south should be set to benefit from continued nearshoring trends—with big ramifications for the transportation and logistics sector.

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Mexico's relatively strong position stems from several factors, some of which have been emerging for years. Importantly, nearshoring that gained steam in the wake of the COVID-19 pandemic likely has staying power as a result of Mexico's proximity to the U.S., relative political stability, and comparatively predictable trade relationship.

The following article details those factors and discusses how they could affect the trade and logistics sector.

Why U.S. Nearshoring in Mexico Began Before 2025

Mexico became the United States' top trading partner in 2023[1], with the country attracting more North American capital, while China and some other Asian countries attracted less. U.S./China tensions were a big part of that story, but Mexico also demonstrated manufacturing knowhow and a strong and cost-effective labor pool. As a result, many North American companies put money into the country to establish or expand operations.

The thinking behind those investments goes beyond labor costs. With the broad supply chain disruptions during the pandemic top of mind, business leaders began prioritizing producing goods closer to home. Rather than risk rate spikes and delays from ocean shipping—costs skyrocketed during the pandemic and some ports closed—many companies saw investing in Mexico as a way to control and secure supply chains.

This, of course, is textbook nearshoring, and it was further bolstered by the existing trade agreement between the U.S. and Mexico, incentive programs, improving infrastructure, and relative political stability in Mexico. Manufacturing in the country is fairly diversified; while much of it is connected to the automotive industry, it also involves aerospace and defense, medical devices, and pharmaceuticals, among other industries.

1. Source: Federal Reserve Bank of Dallas, "Mexico seeks to solidify rank as top U.S. trade partner, push further past China," July 11, 2023.

How U.S. Tariff Policy Could Strengthen Ties With Mexico

Those factors combined to put Mexico in a good spot entering 2025, even if some companies might have been reconsidering China as the pandemic faded further into history. But President Trump's tariff announcement in early April—and his clear focus on China—has perhaps further strengthened Mexico's hand.

Trump's initial reciprocal tariffs for much of the world arguably put Mexico and Canada in their strongest positions, as there are no tariffs on goods from those countries that qualify for preference under the U.S.-Mexico-Canada Agreement (USMCA).[2] Trump's tariff adjustments—the 90-day tariff pause on the reciprocal tariffs in April and the 90-day reduction on tariffs on Chinese goods to 30% in May[3]—changed the equation. But Mexico and Canada are still in a strong position.

To be sure, the picture is evolving quickly—and the USMCA is up for review in 2026. Regardless, trade ties between Mexico and the U.S. will likely grow, at least in the short and medium term, as relative certainty around tariff rates with Mexico—combined with the factors listed above—make the country attractive for investment.

One other factor in Mexico's favor, at least, for now is that President Claudia Sheinbaum has earned Trump's respect. Continued Mexican political stability will be key as to whether U.S. companies continue to invest there, but the investments also will likely help make the country more stable, leading to a stronger economy, jobs, and potentially fewer illegal border crossings to the U.S.

Laredo, Texas: A Key Trade Hub

The busy trade hub of Laredo, Texas, is located near the Mexican border—positioning it well in the coming years, given the stability of the U.S./Mexico relationship, existing trade agreements, and other factors.

Laredo Trade Facts[4]

- $339 billion in trade through Laredo in 2024
- $128 billion in exports; $211 billion in imports
- $85 billion in trade with Mexico through Laredo

Primed for More Investment Around the Border?

Activity around Laredo, Texas, is a good sign that investment in the region will continue. Located near the industrial city of Monterrey, Mexico, Laredo is a busy trade hub, with trade in 2024 exceeding $339 billion, up 6% from 2023.[5] This spring, President Trump approved a private company's application to build a commercial elevated guideway in Laredo.[6] That should improve truck traffic flow at the border—but new warehouses were already popping up around Laredo, including a 32.71-acre facility that ConGlobal announced this year.[7]

For parties considering transportation and logistics investments in Laredo or other parts of the region, having a firm grasp on their intended end-markets is important—as is deploying the latest technologies and processes. C.H. Robinson, in announcing the expansion of its Laredo footprint to 1.5 million square feet in late 2023, noted how the company "meticulously designed" the new facility.[8]

"It typically takes three trucks to bring a shipment through Laredo," Mike Burkhart, C.H. Robinson's Vice President for Mexico, said in a press release. "A Mexico carrier brings the trailer to the border, a Mexico transfer carrier takes it across, then the freight is unloaded and reloaded onto a U.S. carrier's trailer. Because our cross-dock is significantly larger than most, has more dock doors than most, and has dock doors on both sides, we can

2. Source: White House Fact Sheet, March 6, 2025. Note that goods that don't qualify under USMCA remain subject to a 25% tariff.
3. Source: White House Fact Sheet, May 12, 2025.
4. Source: ustradenumbers.com.
5. Source: Ibid.
6. Source: White House Press Release, June 9, 2025.
7. Source: ConGlobal Press Release, January 16, 2025.
8. Source: C.H. Robinson Press Release, September 11, 2023.

immediately unload freight when it arrives. It also reduces the reloading time, because forklift drivers don't have to crisscross the building."

Transporting goods by rail has its own set of issues, from rail network complexities to navigating agreements among providers to streamline cross-border transportation to an array of regulatory nuances. Put simply, planning for these kinds of investments requires a lot more than finding a well-placed lot and building a warehouse.

If the situation wasn't complex enough, the full impact of the Trump administration's trade policies is a major wild card. It's unlikely that Mexico will see the tremendous growth and investment continue at the rates seen in the years immediately after the pandemic—but the country is primed to attract additional investment in the transportation and logistics ecosystem in the months and years to come.

To learn more about the evolving relationship between the U.S. and Mexico and its broader impact on trade and logistics, please do not hesitate to contact William Blair's Supply Chain & Commercial Services team.