



The Council of Supply Chain Management Professionals

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July 2024



Strategic Nearshoring: Ensuring Supply Chain Resilience

By Mark McCullough, CEO of Gebrüder Weiss North America

The nearshoring boom is more than a trend – it's an integral part of the supply chain future. The advantages of proximity include cost reductions, market expansion potential, greater operational stability, and supply chain resiliency, to name a few. Still, the impacts of global competitors, geographic changes, and technological advancements could create challenges ahead. Supply chain leaders can maximize the benefits of nearshoring by recognizing its advantages in the near term and staying on top of future risks.

The Current State of Nearshoring in North America

Mexico has become a powerhouse North American supply chain partner. For the first time in two decades, data shows that [Mexico is now the number one exporter](#) to the U.S., supplanting China from the number one spot. The flow of trade across the U.S./Mexico border continues to increase year over year, with the [trade value](#) at \$661 billion in 2021, \$779 billion in 2022, and \$799 billion in 2023.

A series of factors has supported this extensive growth, including economic favorability in the short term and expected regional stability in the long term. The United States – Mexico – Canada Agreement (USMCA) entered into action in July 2020, as the COVID-19 pandemic created global chaos across every link in the supply chain. The dual impacts of essentially tariff-free trade and the heightened need for shorter and more reliable supply chain routes made trade between the U.S. and Mexico much more promising for North America, and the pace of nearshoring to Mexico accelerated. With this highly favorable environment, the pace of cross-border trade is poised to continue its rapid growth.



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The Future State of Nearshoring

Nearshoring is here to stay, but like any supply chain strategy, it's not a panacea. Supply chain leaders should stay abreast of its opportunities and potential issues. Here are four areas to keep an eye on:

China's Response to Changes in Trade: China is taking steps to put itself in the mix of trade between the U.S. and Mexico. According to data from SiilA, a commercial real estate analytics company, the amount of industrial warehouse space in Mexico purchased, built, or leased by Chinese companies increased by more than five times from 2019–2023. The Economy Ministry in Mexico also reported that 1,294 Chinese companies were operating in Mexico in mid-2022, and the number spiked to 400 by November 2023. As China seeks more trade opportunities while mitigating tariff pressures, the country's interest in Mexico is only likely to grow.

Geographic Balance: Nearshoring is often summarized as a full pivot, but few companies are entirely pulling out of existing regions. The degree to which companies can optimize nearshoring depends on a host of factors, but maintaining balanced geographies will increase resiliency. In other words, it's still not wise for any organization to put all their location eggs in one basket.

Regional Profitability: Some of the buzz about nearshoring is still hypothetical. For example, a number of multinational firms announced plans to move operations to Mexico, but the moves are still in process or even on hold. While nearshoring is expected to bring close to a million jobs to Mexico and boost GDP, the country has not yet realized many of these expected economic benefits. Plus, the rapid nearshoring and reshoring investment in Mexico has started to push up prices. If costs are driven up too much, it could potentially dissuade companies from further investment.

Digital Integration: **McKinsey** recently identified three pillars of the most resilient supply chain systems: end-to-end visibility, high-quality master data, and effective scenario planning. Investing in real-time tracking, proactively identifying potential cogs in a chain with digital insights, and preparing for rerouting or other alternative delivery methods will be key for supply chain organizations, regardless of geography.

Despite potential headwinds and areas to watch, supply chain leaders can remain bullish on expanding trade between the U.S. and Mexico. It's a permanent shift that will continue to benefit the entire North American region for years to come.



Nearshoring in Action

Gebrüder Weiss has responded to North American nearshoring in two ways: by anticipating the shift and customizing solutions.

Anticipation Case Study: El Paso, TX Facility

Gebrüder Weiss has 500+ years of experience in global logistics and freight forwarding, and its leaders have experience identifying changes in customer preferences and macroeconomic shifts. Gebrüder Weiss anticipated the migration to nearshoring and opened an El Paso, Texas, location in early 2022 in response. Due to demand, it expanded to a larger warehouse in 2024.

- El Paso is the sixth-largest city in Texas and strategically positioned as a major freight hub
- The team was already planning to expand in the Southwest Region and pushed up expansion plans to be ready for the nearshoring boom
- The El Paso facility specializes in cross-border services with a focus on full-loads
- The office and warehouse are managed by industry veterans with expertise in U.S./Mexico border logistics





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Customization Case Study: Laredo, TX Facility

The Port of Laredo, Texas, is the number one international trade port in the U.S. as of 2023, surpassing the former number one entry point, Chicago O'Hare International Airport, and facilitating \$320 billion in global trade. A global manufacturer reached out to Gebrüder Weiss with a request for proposal for cross-border trade; Gebrüder Weiss responded with a custom solution with a new Laredo warehouse and service capabilities developed to the company's specifications.

- With the El Paso office fully operational, Gebrüder Weiss already had the infrastructure and expertise in the region.
- In June 2023, Gebrüder Weiss opened a new branch office and cross-dock warehouse 4.3 miles (7 km) from the World Trade Crossing International Bridge.
- The 16,200 square-foot warehouse accommodates Northbound and Southbound cargo, is hazmat-certified, and processes bonded and general cargo.
- The location includes a Mexican customs brokerage for import/export and a U.S. customs brokerage for import/export, customs clearance, and in-bond freight.
- The customer has experienced significant improvements in its flow of goods, including cost savings, more reliable timelines, and shortened lead times.





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About Gebrüder Weiss

Gebrüder Weiss, a global freight forwarder with a core business of overland transport, air and sea freight and logistics, is the world's oldest transport company with a history that dates back more than 500 years. The family-owned company employs more than 8,600 people worldwide and boasts 180 company-owned locations. The business presence in North America includes headquarters in Chicago and offices in Atlanta, Boston, Dallas, Denver, El Paso, Houston, Laredo, Los Angeles, Miami, New York, Salt Lake City, San Francisco, Montreal, Toronto, and Vancouver. The company has implemented a wide variety of environmental, economic and social initiatives and is considered a pioneer in sustainable business practices. The company's emphasis on superior customer service pairs customized solutions with a single point of contact to provide customers with focused, reliable, and economical solutions.

[Learn More About Gebrüder Weiss](#)