



Ministry of Foreign Affairs

Logistics Sector in Mexico

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Logistics Sector in Mexico

Mexico has slowly but steadily grown into a manufacturing powerhouse. Its proximity to the United States and internal market growth has made it an attractive target for investors. According to government agency ProMexico, Mexico has consolidated its position as one of America's main logistics hubs, with modern infrastructure to handle all the needs of International Trade.

Mexico has 10 FTAs (Free Trade Agreement) that encompass 45 countries, which have affected the increase on merchandise volume, cargo management, distribution and storage. Currently Mexico relies upon more than 2,500 agencies that handle exports and imports. Statistics show that transport represents 1,162,121 million Mexican pesos of Mexico's GDP (1,046 billion US Dollar).

According to the market characteristics the following goods and services could have opportunities in the Mexican market:

- Construction of logistic corridors and distribution centers.
- Management and ICT for logistic corridors.
- Warehouse management equipment and software.
- Asset and vehicle tracking solutions.
- "Realtime" hand held bar code scanners.
- RFID related technology.

Mexico has: 76 airports (12 national and 64 international, which also provide service nationwide), 117 maritime ports, 27 thousand kilometers of railway tracks and more than 393 thousand kilometers of roads. During 2017, the crossing of 6.0 million cargo vehicles and 77.0 million automobiles were registered through 54 border crossings between Mexico and the United States.

Getting into the market

The basic technology used on the Mexican Logistics sector is GTIN (Global Trade Item Number) in packaging (GTIN 14) and for logistic support (GS1 128), they have proven to be helpful to reduce errors during data capture; RFID is implemented on labels or tags, currently, CAPUFE, which is the company in charge of the administration of toll roads in Mexico, use RFID tags in its express lanes.

Companies also use EDI (Electronic Data Interchange) in electronic commerce to improve efficiency of operations and productivity. For instance, shipping agents use it for the creation of packing list or bill of lading, and data bases, helpful to create directories, which can be for public or private interests.

Distribution companies use CRM for customer service and key activities, and ERP software for support activities such as planning and finance. In a global ambiance, communication is vital to suffice clients demand and to be in touch with suppliers; therefore, ERP is another common technology in Logistics sector in Mexico.

In technology matters, RFID tags, sensors and central readers improvement is vital for companies of expensive products, perishables and meat, who want to monitor in real time such products; public and private sector try to deploy this technology on personnel control, assets tracking, tire monitoring, etc.

Stock management in distribution centers want to use RFID on boxes through transporting bands to classify merchandise. For instance, textile sector use a smart label on fabric rolls to manage clothing stock

Mexico, a country of opportunities

Mexico offers a well-developed transport network, which meets its key function of catering for trade with its largest trade partner and neighbour, the US. Road, rail and air connections are strong, and Mexico's ports have developed a role in feeding goods into the US market. This has facilitated the country's emergence as a manufacturing hub, a role it will continue to develop, with new supply chain links expanding to meet the country's trade needs. Supply chains are not immune to risks, as freight theft and congestion pose key threats, but Mexico's strong overall infrastructure means that the country scores 65.2 out of 100 for Transport Network, ranking third in the Central and South America region (BMI Research, 2018).

- It is an ideal export platform due to its vast network of ports, airports, highways and railroads.
- Recent expansions and constant updates to Mexico's container ports have protected them against congestion, a major supply chain problem at many Latin American ports.
- Its 10 free trade agreements with 45 countries grant privileged access to 60 % of the world's GDP
- According to KPMG, Mexico offers a 21% cost advantage (over 19 industries) compared to the United States.
- Each year, Mexico handles almost 720 billion USD of international trade and the country's 49 customs offices make an important contribution to this figure.
- Mexico has more international trade than Brazil and Argentina combined.

Events

- **Logistics Summit:** 13-14 March 2019, www.tradefairdates.com/Logistic-Summit-Expo-M12634/Mexico-City.html
- **ExpoPack 2018:** 5-8 June, 2018, Mexico-City, <http://www.expopack.com.mx/>
- **Cargo Week Americas:** 26-28 June, 2018, Mexico-City, <https://www.expo-carga.com/en.html>
- **Intralogistics:** 26-28 June, 2018, Mexico-City, <https://www.intralogistics-latam.com/es.html>

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