SERVICE BRIEF

Mexico as a Strategic Manufacturing Location

Advantages, limitations and what really matters when manufacturing electronics in Mexico for the North American market

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Mexico has developed into an important location for electronics manufacturing in recent years. Established clusters in Baja California, Jalisco, Chihuahua and other industrial regions, the USMCA and the country's geographic proximity to the US market make Mexico attractive to many OEMs. At the same time, Mexico is not a one-size-fits-all solution. Its advantages do not apply equally to every product or manufacturing scope, and there are specific requirements and risks that need to be considered when selecting a manufacturing location.

1. Mexico's Advantages for the North American Market

USMCA and Market Access

Products destined for the US market that meet the applicable USMCA rules of origin may benefit from the agreement's preferential trade provisions. At the same time, the US trade environment for certain goods originating in China has changed significantly. Under the right conditions, this can create additional strategic advantages for a manufacturing structure in Mexico serving the North American market.

The key factor is not the manufacturing location alone, but the actual value-added and supply chain structure of the product.

Shorter Supply Routes

Mexico's geographic proximity to the US market can enable significantly shorter transportation times than intercontinental ocean freight for suitable supply chains. This can help reduce inventory levels, shorten response times and increase flexibility when demand changes.

IMMEX Program

Under Mexico's IMMEX program, companies can, subject to defined requirements, temporarily import certain goods and components for processing and subsequent export. For export-oriented manufacturing models, this can provide significant advantages when structuring the supply chain.

Established Electronics Clusters

Locations such as Tijuana, Guadalajara, Chihuahua/Juárez and Monterrey have many years of manufacturing experience, skilled labor and an established industrial supplier base. Official Mexican economic data shows a particularly strong concentration of electronics manufacturing companies in Baja California, Jalisco and Chihuahua.

Time Zone and Collaboration

Mexico's geographic and time-zone proximity to the US facilitates coordination, quality management, technical support and on-site visits. For companies with development, sales or

management activities in North America, this can be a practical advantage compared with more distant manufacturing locations.

2. Limitations and Risks

Rising Labor Costs

Mexico's cost advantage is not equally pronounced across all regions and activities. Growing demand for manufacturing capacity and skilled labor can lead to increasing labor and operating costs, particularly in established industrial centers.

Rules of Origin and USMCA Review

Manufacturing or assembly in Mexico alone is not sufficient to automatically qualify for preferential treatment under the USMCA. The applicable product-specific rules of origin and the actual value-added structure are decisive.

The joint review of the USMCA began in 2026. As a result, future framework conditions remain a factor that should be considered in long-term investment and manufacturing decisions. The agreement remains in force during this process.

International Supply Chains Remain Relevant

Manufacturing in Mexico does not automatically mean a fully local supply chain. International suppliers remain an important part of Mexico's electronics industry, particularly for electronic components, semiconductors and certain materials. The key question is therefore not whether a supply chain remains international, but how it is structured, secured and aligned with the requirements of the target market.

Infrastructure and Capacity Constraints

In some rapidly growing industrial regions, energy and water supply, availability of industrial space, logistics and skilled labor can become limiting factors. Conditions vary considerably between individual regions and locations.

Regional Differences in Security Conditions

Security conditions vary significantly between individual states and regions. A general assessment of Mexico is therefore of limited value. A location-specific assessment remains essential.

3. Why This Assessment Requires Support

The Challenge

For a company making this decision for the first time, it can be difficult to determine which advantages actually apply to its specific product and which requirements are relevant in its particular case. Customs and rules-of-origin issues, the choice of location within Mexico, supply chain structures and the assessment of individual EMS providers require expertise that is rarely available in full within the company itself. At the same time, trade and regulatory conditions can continue to evolve.

Our Approach

For each product, we assess whether and under what conditions manufacturing in Mexico offers genuine advantages compared with other international manufacturing options. We consider total cost, supply routes, customs and rules of origin, supply chain risks and the requirements of the respective target market. Together with the customer, we select the appropriate location within Mexico and support the selection and qualification of a suitable EMS partner.

What EMS Strategy Group Specifically Supports

Location and Cost Comparison

We compare Mexico with Asian and other international manufacturing options on a product-specific basis, taking into account total cost, lead times, supply chain structure and risk.

USMCA and Customs Assessment

We assess which rules of origin and customs requirements are relevant to the respective product and whether the planned manufacturing structure meets the requirements for applicable preferential treatment.

Location Selection within Mexico

We support the selection between clusters such as Tijuana, Guadalajara, Chihuahua/Juárez and Monterrey based on skilled labor availability, infrastructure, logistics and security conditions.

Partner Selection and Qualification

We identify and qualify suitable local EMS partners and support the audit and product approval process.

Mexico offers attractive conditions for supplying the North American market for many products and business models. However, these advantages do not automatically apply to every product or manufacturing scope. Nor is the objective to replace one region with another as a matter of principle. The key question is which manufacturing structure makes sense for the specific product under the given cost, supply chain, customs and market conditions.

EMS Strategy Group helps companies make this decision based on the actual framework conditions and deploy Mexico where the location provides a clear strategic advantage.

About the EMS Strategy Group

EMS Strategy Group supports industrial enterprises in the strategic and operational advancement of their electronics manufacturing. Our core expertise lies in the strategic relocation of manufacturing volumes, the selection of qualified EMS partners, the establishment of new production capacities, and the expansion of existing manufacturing structures.

Furthermore, we design resilient supply chain frameworks, conduct comprehensive risk assessments, and guide dual-sourcing strategies, with operational support through to a successful series production ramp-up.

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