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Practical Strategies for The Economic Development of Mexico: Nearshoring Trend

Estrategias prácticas para el desarrollo económico de México: tendencia del nearshoring

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ABSTRACT

This research aimed to suggest practical strategies for Mexico's economic development through the trend of nearshoring. It involved identifying, analyzing, and organizing the causes of the conflict between China and the USA over international trade and exploring the opportunities that nearshoring to Mexico can offer. Qualitative research methods were applied, and documentary research techniques were used based on two study objects: a) the Sino-American dispute over international trade and b) nearshoring to Mexico. Nearshoring to Mexico is driven by various factors, including tariff benefits from Free Trade Agreements, low labor costs in manufacturing companies, and a stable exchange rate. Therefore, Mexico needs to encourage the development of industrial parks, implement an effective Public Security Policy, offer tax incentives to attract Foreign Direct Investment and improve port, road, and air infrastructure to take full advantage of this trend.

Keywords: International trade, Nearshoring, Foreign Direct Investment

JEL code: F10, F63

RESUMEN

Esta investigación tuvo como objetivo sugerir estrategias prácticas para el desarrollo económico de México a través de la tendencia del nearshoring. Implicó identificar, analizar y organizar las causas del conflicto entre China y Estados Unidos sobre el comercio internacional y explorar las oportunidades que puede ofrecer el nearshoring a México. Se aplicaron métodos de investigación cualitativos y se utilizaron técnicas de investigación documental basadas en dos objetos de estudio: a) la disputa chino-estadounidense sobre el comercio internacional y b) el nearshoring a México. El nearshoring a México está impulsado por varios factores, incluidos los beneficios arancelarios de los Tratados de Libre Comercio, los bajos costos laborales en las empresas manufactureras y un tipo de cambio estable. Por lo tanto, México necesita fomentar el desarrollo de parques industriales, implementar una Política de Seguridad Pública efectiva, ofrecer incentivos fiscales para atraer Inversión Extranjera Directa y mejorar la infraestructura portuaria, vial y aérea para aprovechar al máximo esta tendencia.

Palabras clave: Negocios internacionales; Nearshoring; Inversión Extranjera Directa.

Código JEL: F10, F63

INTRODUCTION

This research analyzed the conflict over international commercial hegemony between China and the USA (Shen et al., 2023; Urdinez et al., 2016) and the opportunities that nearshoring to Mexico generates (Pietrobelli & Seri, 2023). Based on this, alternatives were proposed to take advantage of new trends.

The method used in the diagnosis to collect information was documentary research techniques (Dźwigoł & Trzeciak, 2023). Two qualitative variables were identified for observation and analysis: a) the Sino-American dispute for international commercial hegemony (Lukin, 2023) and b) nearshoring to Mexico (Gómez-Rocha et al., 2024).

What has been exposed throughout this investigation can be established that the causes of the dispute over hegemony over international trade between China and the USA are due to the following: a) China's preponderance in global exports with 14.2% and the USA with 8.3% in 2019; b) China serves as the first trading partner of 70% of the countries in the world; c) The USA has a trade deficit with China of more than 300 billion dollars each year; d) Chinese investments derived from the three silk routes reduce the competitiveness of the USA; d) China and Russia propose two international payment systems to avoid the hegemony of SWIFT; e) China catapults as the second most crucial economy based on GDP. (PINWEST, 2022)

Additionally, the aspects that explain Mexico's attractiveness for business relocation are a) the increase in Foreign Direct Investment, b) the tariff benefits that companies located in Mexico can access due to the Free Trade Agreements that have been signed (Ornelas & Turner, 2024), c) the Minimum Wage to be paid in manufacturing companies is low compared to other countries (Azar et al., 2023); and d) stable exchange rate due to the increase in remittances, tourism income, oil income and the difference in the interest rates of the central bank of Mexico with inflation (Adebayo et al., 2023).

DEVELOPMENT

International Trade

International trade is the set of commercial transactions between private individuals residing in different countries. Unlike internal trade, where commercial transactions are carried out within a relatively homogeneous economic, monetary, and legal space, international commercial transactions occur between private commercial operators in different legal systems and with marked economic and social differences (Huesca, 2012; Barberi, 2024).

Currently, international trade is a fundamental part of the world economy. It represents an essential source of income and employment for many nations through various modalities, such as exporting and importing goods and services, foreign direct investment, and granting licenses and franchises. It is also governed by international rules and agreements, such as free trade agreements, the World Trade Organization (WTO) rules, and other bilateral and multilateral agreements.

International trade offers benefits such as diversification of production and access to new markets. However, it can also create challenges and imbalances, such as unfair competition and vulnerability to fluctuations in international markets. International trade is considered an essential tool for promoting the economic development of countries and their citizens.

Nearshoring

"Nearshoring" is the English expression used to refer to companies' strategy to manufacture closer to the market where they sell their products. If decades ago, the trend was "offshoring" (taking factories to China to produce cheaper), now the trend is a return to closer geographical areas. The objective of nearshoring is to reduce costs and improve efficiency while minimizing risks and maintaining high levels of quality and control through more excellent geographic proximity, a minor time difference, greater ease of project management, and a more significant cultural and linguistic similarity between the parties involved.

METHODOLOGICAL CONSIDERATIONS

Problem Statement

The trade confrontation between the two largest economies in the world, the United States and China, goes beyond a mere trade war with tariffs, tariffs, and sanctions against each other. What is in conflict is the hegemony of international trade and the influence on economies in the rest of the planet. China leads exports of goods and services to the rest of the world, representing 14.2% in 2019 compared to the United States, with 8.3% in the same year. Furthermore, China serves as the first trading partner of 70% of the world's countries, reducing the preponderance of the USA. Additionally, the USA has a deficit with China of 316 billion dollars in 2020 alone, meaning that it imports more than it exports (OEC, 2021). Therefore, this explains the interest in relocating American companies to allied countries, including Mexico.

Based on the arguments described, this research aims to analyze the context of the trade dispute between the United States and China and propose strategies to maximize the nearshoring trend (business relocation) to Mexico.

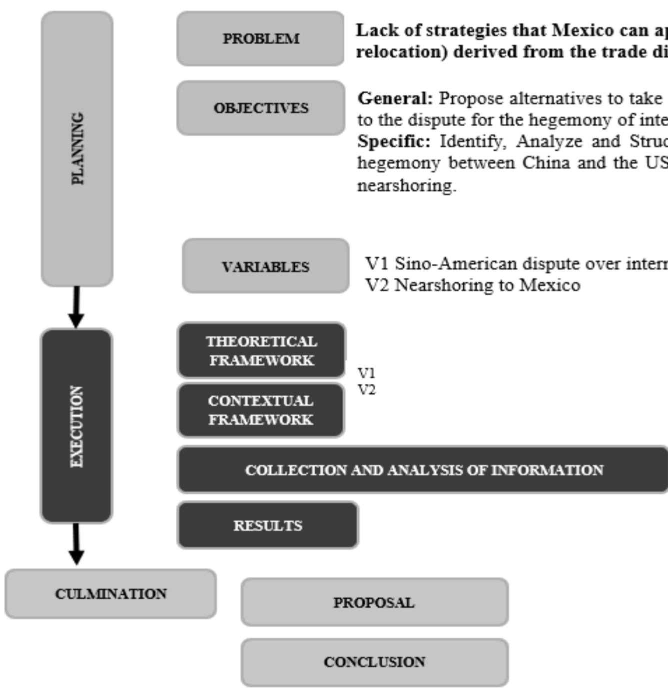
RESEARCH METHOD

The method used in the diagnosis to collect information was documentary research techniques. Two qualitative variables were identified: the Sino-American dispute for international trade hegemony and nearshoring to Mexico. These variables were subjected to observation and analysis without the support of any qualitative data analysis software to propose strategies for taking advantage of nearshoring.

Therefore, we initially proceeded to identify the categorical similarities between the case studies to achieve the following objectives: 1) Identify the causes of the dispute for hegemony over international trade between China and the USA and the opportunities nearshoring towards Mexico offers. 2) Analyze the causes of the dispute for hegemony over international trade between China and the USA and the opportunities that nearshoring (business relocation) to Mexico provides. Moreover, 3) Structure the causes of the dispute for hegemony over international trade between China and the USA and the opportunities that nearshoring (business relocation) to Mexico provides.

Figure 1

Methodological scheme used.



Source: Own elaboration.

For this purpose, a contrast was made between several reports in which the causes of the dispute for hegemony over international trade between China and the USA and the opportunities that business relocation to Mexico provides were analyzed. Based on this, Figure 1 shows the research method used to explain the behavior of the object of study and the corresponding variables.

RESULTS

Sino-American dispute over international trade hegemony

For the development of the research, the following arguments have been detected that explain the loss of US hegemony in international trade:

a) Preponderance of China in international trade

As can be seen in Table 1, in two decades, China has tripled its position in terms of exports worldwide with 14.2%, and not even the United States, Canada, and Mexico together equal the Chinese volume so we can see the loss of commercial supremacy of the United States. Moreover, regarding imports, China has become an increasing consumer market, from 2.6% in 2000 to 8.7% in 2019 globally.

Table 1
Representation of exports worldwide in 2000 and 2019

	EXPORTS				IMPORTS			
	2000		2019		2000		2019	
COUNTRIES	X Billions USD	% X	X Billions USD	% X	I Billions USD	% X	I Billions USD	% I
CHINA	307	4.9%	2570	14.2%	163	2.6%	1580	8.7%
USA	777	12.4%	1510	8.3%	1140	18.2%	2380	13.1%
GERMANY	522	8.4%	1440	8.0%	454	7.3%	1160	6.4%
JAPAN	483	7.7%	696	3.8%	342	5.5%	654	3.6%
UNITED KINGDOM	282	4.5%	446	2.5%	344	5.5%	664	3.7%
FRANCE	295	4.7%	558	3.1%	309	4.9%	643	3.6%
INDIA	46.3	0.7%	330	1.8%	46.4	0.7%	474	2.6%
BRAZIL	57.6	0.9%	230	1.3%	58.9	0.9%	177	1.0%
CANADA	268	4.3%	431	2.4%	231	3.7%	443	2.4%
MEXICO	164	2.6%	480	2.7%	150	2.4%	433	2.4%
OTHERS	3048.1	48.8%	9409	52.0%	3011.7	48.2%	9492	52.4%
TOTAL	6250	100.0%	18100	100.0%	6250	100.0%	18100	100.0%

Source: Own elaboration (OEC, 2021).

As shown in Figure 2, China was the leading trading partner in imports in more than 70% of the world's countries as of 2018—the exact representation that the USA had in 2000. So, you can see that the United States's economic hegemony has been lost in two decades.

Figure 2
Countries in which China is the first trading partner in imports.

Source: Gil (2020)

b) Large US trade deficit with China

As shown in Table 2, the United States has had a general trade deficit (exports minus imports), and China has been the primary beneficiary of the trade exchange. It explains the interest of the North American government in reducing the trade deficit with the Asian giant by imposing tariffs of up to 25% on imports from China in 2018, in addition to reducing dependence on imports of strategic items such as microchips, for example. So many companies looked for a way to replace "Made in China" with "Made in Mexico." It is why Mexico resumed a strategic role promoted by the T-MEC (Free Trade Agreement between the United States, Mexico, and Canada) (Li et al., 2020).

Table 2
United States Trade Balance
USA

	Trade Balance					
YEAR	**X BDD**	**M BDD**	**TB BDD**	**Mexico**	**China**	**Canada**
2020	$ 1,340	$ 2,240	-$ 900	-$ 129.16	-$ 314.86	-$ 47.24
2019	$ 1,510	$ 2,370	-$ 860	-$ 124.68	-$ 325.99	-$ 59.16
2018	$ 1,540	$ 2,420	-$ 880	-$ 103.62	-$ 385.70	-$ 54.34
2017	$ 1,450	$ 2,230	-$ 780	-$ 96.37	-$ 332.07	-$ 45.63
2016	$ 1,350	$ 2,060	-$ 710	-$ 84.62	-$ 291.34	-$ 42.49
2015	$ 1,390	$ 2,120	-$ 730	-$ 88.37	-$ 312.63	-$ 50.04

Source: Own elaboration (OEC, 2021).

The USA's protectionist measures, aggressive use of export controls, and industrial policy have been aimed primarily at China. The US-China trade war that began in 2018 is estimated to have increased average bilateral tariffs by 17 %, disrupting supply chains and creating uncertainty (Bekkers & Schroeter, 2020). Another US response is to privilege reliable trade partners by nearshoring, friend-shoring, or other measures. Although implementation has been limited so far, beyond the recrafting of the North American Free Trade Area, the concept of discriminating in favor of some WTO members at the expense of others is contrary to the fundamental principle set out in Article I of the WTO Charter that all members must be treated as well as the most-favored-nation (Pomfret, 2023).

c) The three silk routes

As shown in Figure 3, China has been developing strategic infrastructure such as seaports, airports, and highways in different countries to facilitate trade exchange. Three routes emerge maritime, land, and arctic. Highlighting the latter with a reduction in time, distance, and logistical costs, for example:

1) The traditional route from Vladivostok to Saint Petersburg is 23,000 km, which is traveled in 52 days, but when using the Arctic route, the distance and time are reduced to 14,000 km and 31 days.

2) The traditional route from Tokyo to Rotterdam is 21,000 km, which is traveled in 47 days while using the Arctic route reduces the distance and time to 13,000 km and 29 days.

3) The traditional route from Dalian to Rotterdam is 20,000 km and takes 45 days while using the Arctic route reduces the distance and time to 15,000 km and 32 days.

Figure 3

China has been developing strategic infrastructure: Silk Roads

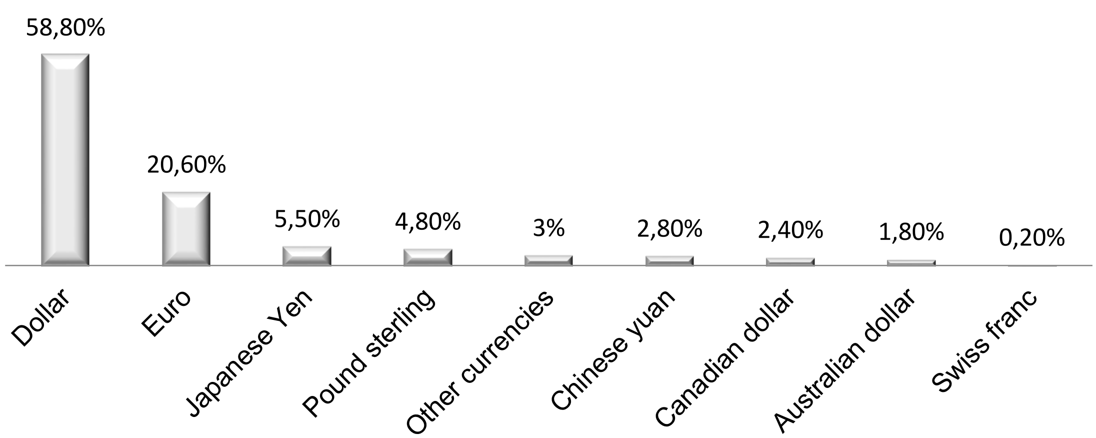
Source: (Fuster, 2021)

d) SWIFT vs CIPS y SPFS

As can be seen in Graph 1, the American dollar maintains great hegemony as a reserve currency, which has been reduced due to the sanctions imposed on Russia for the war in Ukraine, a country that was excluded from SWIFT (Society for World Interbank Financial Telecommunication) and its reserves in dollars were frozen, which are estimated at 300 million dollars, so the Russian government cannot access that capital and due to the fear of other countries derived from this, they have sought to reduce their reserves in the American dollar and use their currencies in international trade through the CIPS (Cross-Border Interbank Payment System) promoted by China and the SPFS (Financial Message Transfer System) controlled by Russia, to prevent their transactions from being frozen since sanctions disrupted Russia's trade with the rest of the world, which had severe implications for sanctions-imposing and other countries' businesses, the consequences of these sanctions extended beyond the geopolitical arena, affecting businesses and investors worldwide (Abakah et al., 2024).

Graph 1

Most Used Reserve Currencies (billions USD, 2021)

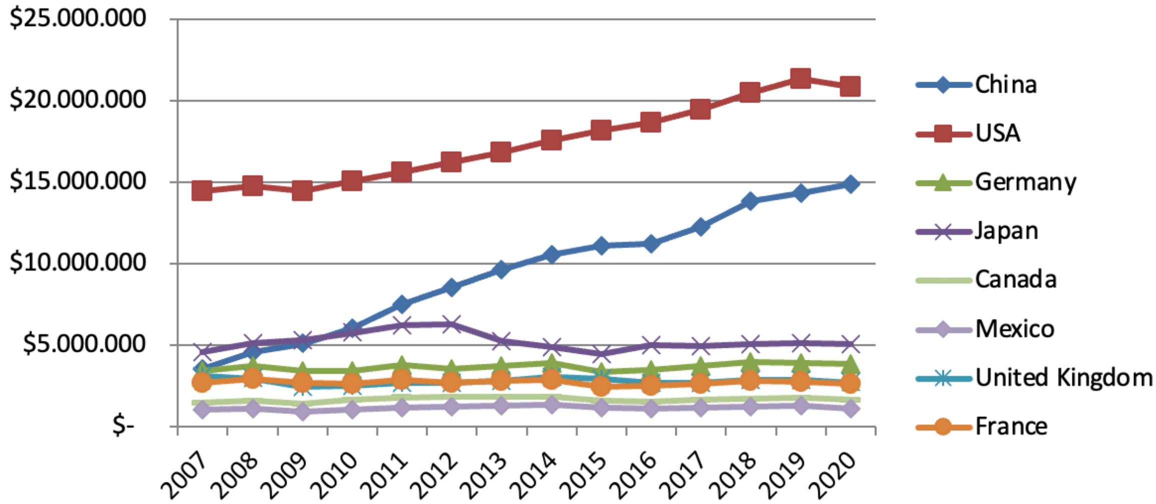


Source: Marín (2022).

e) Comparison of countries based on GDP

As shown in Graph 2, the USA has held the leadership for decades by serving as one of the most important economies worldwide without any competition. However, since 2011, China has had constant growth that has maintained the trend, which could replace the United States as the leading world power before 2030.

Graph 2
GDP growth of the leading countries



Source: Expansión (2021).

As Table 3 shows, China was the only country with growth in 2020, which allowed it to recover faster in the reactivation of foreign trade. It explains that while container ships arrived and were stacked in American and European ports to be unloaded, they returned empty to China, further causing a shortage of containers and increased freight rates.

Table 3
GDP growth by country

COUNTRIES	2016	2017	2018	2019	2020
CHINA	6.8%	6.9%	6.7%	6.1%	2.3%
USA	1.7%	2.3%	2.9%	2.3%	-3.4%
GERMANY	2.2%	2.7%	1.3%	0.6%	-4.6%
JAPAN	0.8%	1.7%	0.6%	0.3%	-4.6%
UNITED KINGDOM	1.7%	1.7%	1.3%	1.4%	-9.7%
FRANCE	1.1%	2.3%	1.9%	1.8%	-7.9%
INDIA	7.1%	6.7%	6.5%	4.0%	-7.3%
BRAZIL	-3.3%	1.3%	-1.3%	1.4%	-4.1%
CANADA	1.0%	3.0%	2.4%	1.9%	-5.3%
MEXICO	2.6%	2.1%	2.2%	-0.1%	-8.3%

Source: Own elaboration (Expansión, 2021).

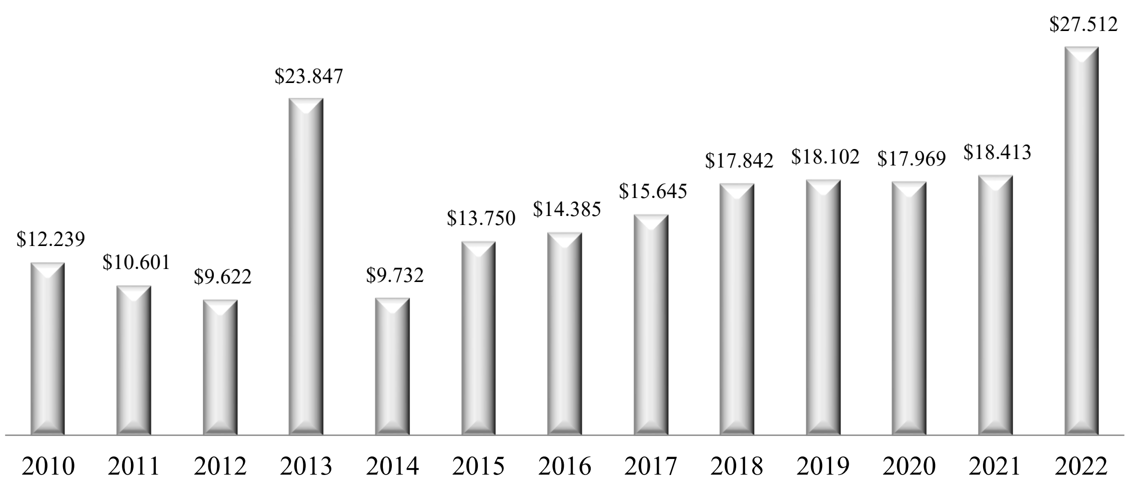
NEARSHORING TO MEXICO

Several of the factors that favor Mexico's attractiveness for business relocation are the following:

a) Foreign Direct Investment

Foreign Direct Investment in the first half of 2022 was 49.2% higher than the first half of 2021 (graph 3). However, this percentage considers the merger of Televisa and Univision and the restructuring of Aeromexico for $6,875 million. Without considering these atypical operations, FDI increased by 12% compared to the previous year's first half. It is worth mentioning that in 2013 there was a significant increase due to the sale of Grupo Modelo, which was close to $13,000 million (López, 2022). All of this denotes that Mexico, given foreign investors, is attractive for investment and its strategic position. It is why Tesla invested $5,000 million in 2023 to develop a Gigafactory in Nuevo León, Mexico.

Graph 3
Foreign Direct Investment in the first semester



Source: Own elaboration (Secretaría de Economía, 2022).

b) Free Trade Agreements and Trade Agreements signed by Mexico

As seen in Figure 4, Mexico has 13 Free Trade Agreements (FTAs) with 46 countries. Likewise, it is affiliated with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Pacific Alliance (PA). Therefore, Mexico is attractive for relocating foreign companies because they can access their goods in those countries with tariff preferences granted by the FTAs.

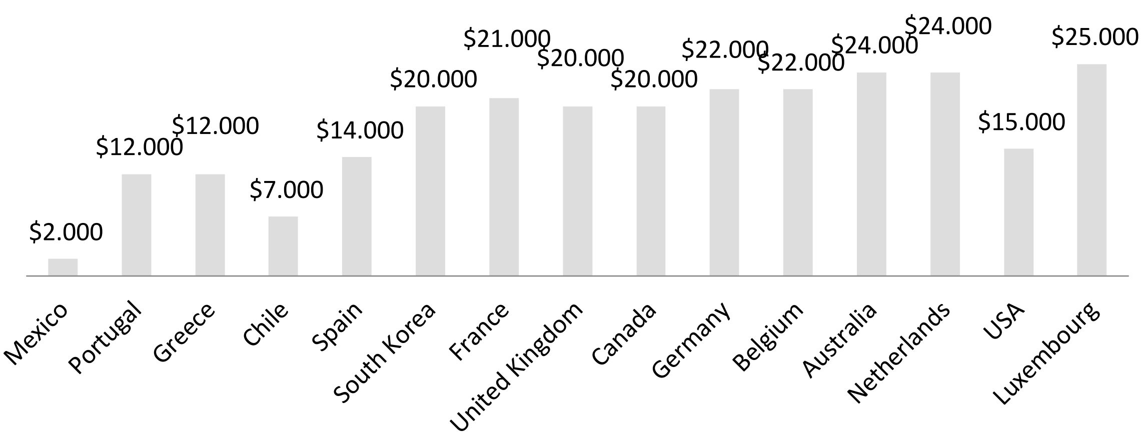
Figure 4
Free Trade Agreements and Trade Agreements signed by Mexico.

Source: Mundi (2022).

c) Comparison of minimum wages

As Graph 4 shows, the actual minimum salary in Luxembourg is USD 25,000 per year in Purchasing Power Parity (PPP). In contrast, the minimum wage in Mexico is USD 2,000 per worker.

Graph 4
Comparison of minimum wages



Source: Own elaboration (Merino, 2020)

d) Remittances

As shown in Table 4, Mexico has had historical records for the receipt of remittances, even in the pandemic years, in which annual increases were recorded, which compared to the years 2008 and 2009 had a reduction of -15.3 % due to the real estate crisis in the USA.

Table 4

Income from remittances. January-December of each year.

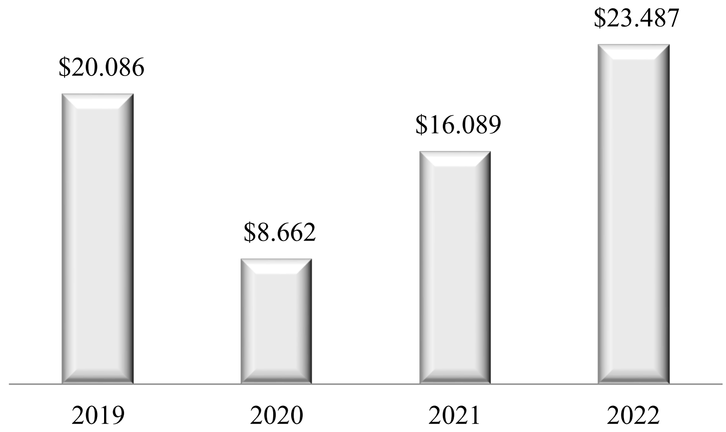
YEAR	REMITTANCES IN USD		VARIATION
2007	$	26,059	1.9%
2008	$	25,145	-3.5%
2009	$	21,306	-15.3%
2010	$	21,304	0.0%
2011	$	22,803	7.0%
2012	$	22,438	-1.6%
2013	$	22,303	-0.6%
2014	$	23,647	6.0%
2015	$	24,785	4.8%
2016	$	26,993	8.9%
2017	$	30,941	14.6%
2018	$	33,677	8.8%
2019	$	36,439	8.2%
2020	$	40,605	11.4%
2021	$	51,594	27.1%
2022	$	58,497	13.4%

Source: Own elaboration (Banxico, 2023).

e) Tourism Income

As shown in Graph 5, according to INEGI figures, between January and November, the inflow of tourist currency reached 23,487 million dollars, an increase of 3,300 million dollars more than previous numbers, due to the pandemic. Additionally, the entry of international tourists as of November 2022 remains 15.5% below pre-pandemic figures, that is, 40.31 million in 2019, 21.66 million in 2020, 28.18 million in 2021 and 34.07 million in 2022 (Munguía, 2023).

Graph 5
Expenditure of International Tourists, January-November, thousands of dollars

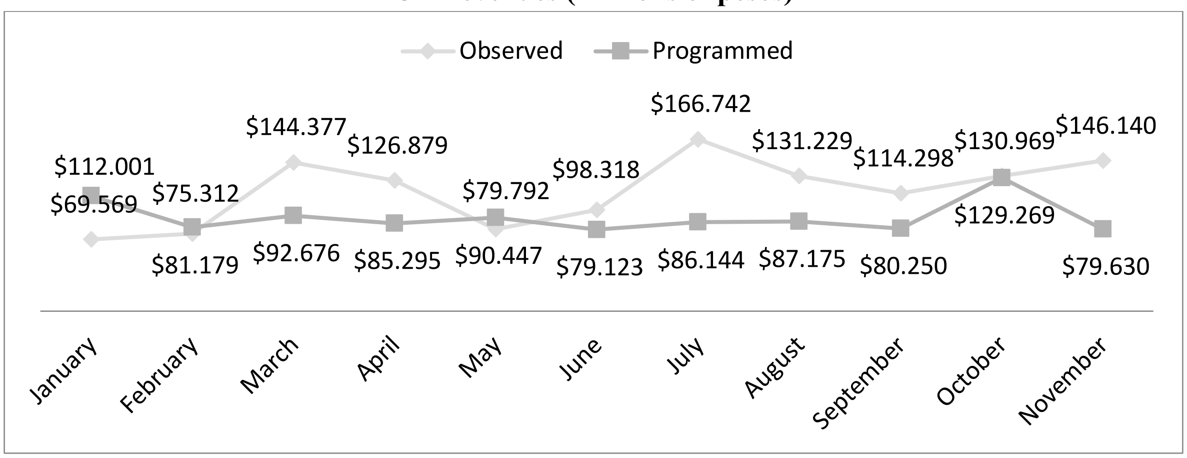


Source: Own elaboration (Munguía, 2023)

f) Mexican Oil Revenues

As shown in Graph 6, another factor that has contributed to the macroeconomic stability of Mexico is oil revenues, which have benefited from the war between Russia and Ukraine, as the former is one of the leading exporters of oil. Oil worldwide has led to an increase in the price of a barrel derived from the sanctions imposed on Russia by the West. Therefore, there is a marked difference between what was programmed and what was observed, granting the Mexican coffers an additional income of 280,436 million pesos in that period alone.

Graph 6
Oil Revenues (Millions of pesos)



Source: CEFP (2023).

g) Central Bank Interest Rates

As shown in Table 5, the interest rates of the Central Bank of Mexico offered through CETES versus inflation give the national and foreign investor profits of 2.59% compared to the USA and Argentina as an extreme case, since they are countries in which it is not attractive to invest in the government due to the loss they generate.

Table 5

Comparison of Central Bank Interest Rates and Inflation

	MEXICO			USA			ARGENTINA		
PERIOD	****IR *CB**	***** CPI**	**Difference %**	**IR CB**	**CPI**	**Difference %**	**IR CB**	**CPI**	**Difference %**
JANUARY-23	10.50%	7.91%	2.59%	4.25%	6.40%	-2.15%	75%	98.8%	-23.80%

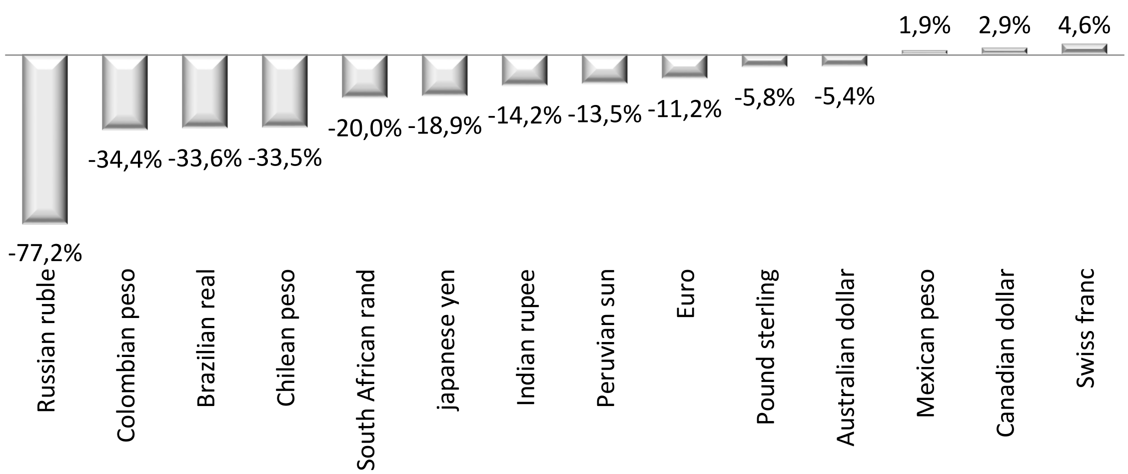
*CB: Central Bank **IR: Interest Rate *** CPI: Consumer's price index
Source: Own elaboration (Expansión, 2021).

h) Exchange rate concerning the dollar

As seen in Graph 7, the Mexican peso exchange rate concerning the US dollar has appreciated by 1.9% in the period considered from November 30, 2018, to August 17, 2022. This is explained by the increase in Foreign Direct Investment (FDI), remittances sent from the USA, the increase in exports, especially for oil, income from tourism, the difference in interest rates of the Central Bank of Mexico and inflation, and the risk that It could cause the United States to enter the war over Taiwan. That is why the exchange rate of the Mexican peso is at MXN 18.32 per USD 1 as of March 12, 2023.

Graph 7

Variation in the exchange rate concerning the US dollar by currency.



Source: Own elaboration (López, 2022).

PROSPECTIVE ANALYSIS

In recent years, Mexico has been seen as an attractive destination for the Nearshoring industry due to its strategic location, proximity to the United States, and young, highly trained workforce. This trend is expected to continue, driven by the growing need for companies to reduce costs and find solutions to the logistics and supply chain challenges caused by the COVID-19 pandemic.

Nearshoring is expected to continue to be an attractive option for companies seeking to establish a presence in the Latin American and Caribbean region, especially in the manufacturing, technology, and customer services sectors.

However, to ensure that Mexico can effectively take advantage of this opportunity, the Mexican government must continue to promote measures to improve the business environment and attract more foreign investment. These include improving infrastructure, reducing bureaucracy and paperwork, and promoting education and training to ensure the workforce is prepared for the demands of the Nearshoring industry.

US infrastructure plan: an opportunity for Mexico

US President Joe Biden celebrated the signing of the Infrastructure Plan in the USA, one of his greatest successes at the national level since his arrival at the White House. With this plan, he aims to transform the economy in the face of the effects of climate change (Hurtado, 2021).

Table 6
Infrastructure plan in the United States

Type of infrastructure	*Investment*
Roads and bridges	110,000 million USD
Public transport	39,000 million USD
Rail system	66,000 million USD
Electric vehicles	7,500 million USD
Electrical network	65,000 million USD
Drinking water	55,000 million USD
Ports and airports	110,000 million USD

Source: Hurtado (2021).

As seen in Table 6, the most important investments are the modernization of roads and bridges, followed by ports and airports. These are characterized by obsolete infrastructure that hinders the correct management of the supply chain. Analysts estimated that the US infrastructure plan approved by the US Senate will have a positive impact on the Mexican economy (Castañares & Hernández, 2021).

Ernesto O'Farrill, president of Grupo Bursametrica, pointed out that Mexican exports could double if the current administration takes advantage of all the opportunities that will arise with this plan and considered that business associations should push to design a strategy to attract investment and promote employment (Castañares & Hernández, 2021). Especially in large projects such as:

The Interoceanic Corridor of the Isthmus of Tehuantepec (CIIT), as of June 14, 2019, was published in the Official Gazette of the Federation, the Decree that creates the (CIIT), which will be the body responsible for implementing this Regional Program (SEGOB, 2018).

The largest industrial park or multimodal logistics hub in America, the TMex Park, in which it is estimated that 65,000 direct and indirect jobs will be created, which will promote entrepreneurship through an investment of 25,000 million pesos with a privileged location since it is located 3 kilometers from the new Felipe Ángeles International Airport (AIFA) (Arturi, 2022).

Train network, a project promoting the fourth transformation headed by President Andrés Manuel López Obrador, is intended to be completed in Mexico by 2050. It will have 11 future railway lines connecting the entire country by 2050. The routes would be: Train of the Pacific, with an extension of 4,700 kilometers; El Chepe (673 kilometers); Western Train (2,250 kilometers); Eastern Train (2.00 kilometers); Transversal Train (1,200 kilometers); Gulf Train (1,650 kilometers); Bajío Train (1,500 kilometers); Central Train (1,300 kilometers); Isthmus Train (300 kilometers); Oaxaca Train (750 kilometers) and the flagship work of the current government, the 1,800-kilometer Mayan Train (El economista, 2022).
Joel Virgen, director of analysis at Out of the Box Economics, considered that the benefit to the Mexican economy will become more evident in the medium term, mainly in sectors such as automotive and electronics, to mention a few (Castañares & Hernández, 2021).

Amín Vera, director of economic analysis at BW Capital, indicated that the plan directly benefits Mexican companies that operate as suppliers to the US construction sector or are part of the production chains that will improve the network of goods. These companies are public companies in that country, such as Cemex or Grupo Cementos Chihuahua (Castañares & Hernández, 2021).

> *"Seen from the GDP side, it would be industrial activity that would benefit the most, and seen by components of aggregate demand, exports would have a strong boost, generating surpluses in the trade balance, which tends to translate into a higher level of income for Mexico, benefiting its recovery,"* said Alain Jaimes, economic analyst at Signum. Research (Castañares & Hernández, 2021).

PROPOSALS

The Mexican government can propose various measures to take advantage of nearshoring in Mexico. Below are some possible proposals:

Promote the development of industrial parks: According to data from the Mexican Association of Private Industrial Parks (AMPIP), 47 new industrial parks began construction in Mexico in the last year alone, and estimates suggest that nearshoring will generate approximately US$30 billion in Mexico in 2022 (Barría, 2023).

Accelerate Public Security Policy strategies such as a) Crime prevention and reconstruction of the social fabric; b) Effective Criminal Justice; c) Professionalization and strengthening of police forces; d) Transformation of the penitentiary system; e) Promotion and articulation of citizen participation; f) International cooperation; g) Information that serves the citizen; h) Coordination between authorities; i) Regionalization; and j) Strengthening intelligence (Gobierno de Mèxico, 2013).

Strengthen the judiciary's autonomy to guarantee a legal framework for investments by national and foreign companies.

Offer tax incentives to attract Foreign Investment by promoting development programs such as the Manufacturing, Maquiladora, and Export Services Industry Program (IMMEX) and Sector Promotion Programs (PROSEC) (Kravtsova, 2010).

Training and training of the workforce: The government could implement training and education programs to ensure that Mexico has a trained and specialized workforce in the sectors that will benefit most from Nearshoring. It could include creating technical and vocational education programs and collaborating with companies to offer specific training in the skills required for the industry.

Infrastructure improvement: The Mexican government could improve the infrastructure necessary to attract companies seeking to use Nearshoring. This could include modernizing roads, ports, and airports, improving high-speed internet connectivity, and providing energy and water resources.

CONCLUSION

This research aimed to propose strategies derived from the trend called nearshoring (business relocation) to Mexico, which can maximize the country's economic development. All this is from the application of the qualitative method since documentary research techniques were used based on the variables or objects of study: a) the Sino-American dispute for international trade hegemony and b) nearshoring to Mexico. Additionally, it was vitally important to identify, analyze and structure the causes of the conflict over international trade hegemony between China and the USA, which were due to the following: a) The preponderance of China in exports globally with 14.2% and the USA with 8.3% in 2019; b) China serves as the first trading partner of 70% of the countries in the world; c) The USA has a trade deficit with China of more than 300 billion dollars each year; d) Chinese investments derived from the three silk routes reduce the competitiveness of the USA; e) China and Russia propose two international payment systems to avoid the hegemony of SWIFT; f) China is catapulted as the second most crucial economy based on GDP.

Likewise, the aspects that explain Mexico's attractiveness for nearshoring are 1) The increase in Foreign Direct Investment; 2) The tariff benefits that companies located in Mexico can access due to the Free Trade Agreements that have been signed; 3) The Minimum Wage to be paid in manufacturing companies is low compared to other countries; and 4) Stable exchange rate due to the increase in remittances, tourism income, oil income and the difference in the interest rates of the central bank of Mexico with inflation.

Therefore, to take advantage of this phenomenon, Mexico proposes encouraging the development of industrial parks, accelerating public security policy strategies, offering tax incentives to attract foreign direct investment, and improving port, road, and air infrastructure.

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