

Mexico Freight Forwarding - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Mexico Freight Forwarding Market size is estimated at USD 6.17 billion in 2024, and is expected to reach USD 9.80 billion by 2029, growing at a CAGR of 9.71% during the forecast period (2024-2029).

Key Highlights

The increase in foreign trade drives the market. Furthermore, the market is driven by the growth of manufacturing and allied sectors in the country.

Mexico is highly dependent on foreign trade, which represented 83.6% of its GDP in 2021 (World Bank, latest available data). The country mainly exports cars (14.3%), automatic data-processing machines (6.7%), vehicle parts (6.2%), petroleum oils (4.8%), and monitors and projectors (3.2%). As for imports, Mexico's main purchases include parts and accessories for motor vehicles (5.1%), petroleum oils (4.9%), electronic integrated circuits (4.3%), petroleum gas (3.1%), and telephone sets (2.7%).

According to Internal Monetary Fund (IMF) Foreign Trade Forecasts, the volume of exports of goods and services increased by 6.9% in 2022 and is expected to decrease by 0.5% in 2023, while the volume of imports of goods and services increased by 5.4% in 2022 and was expected to increase by 0.5% in 2023.

The impulse that the government gives to foreign trade will give a natural boost to Mexican exports. In 2022, Mexico's GDP amounted to approximately 1.47 trillion U.S. dollars. But, despite the optimistic outlook for foreign trade, the scenario is uncertain as many numbers are still tentative and, at times, disparate. In contrast to the 9% increase

in exports predicted by COMCE for this year, the Economic Commission for Latin America and the Caribbean (ECLAC) predicts a rebound of up to 25% in the country's exports.

Mexican exports have become more competitive in comparison to its major export market and fellow NAFTA countries, which accounted for 81.2% of Mexico's total exports. The road sector was the most profitable in the transportation sector, accounting for approximately 91% of the entire transportation services industry value. NAFTA also solidified Mexico's trade links, with 84% of Mexican exports flowing to the United States and Canada.

As a result, road freight accounts for the vast majority of the freight business. Mexico has risen to the top of the list of destinations for multinational corporations looking to establish manufacturing plants outside of Asia in the previous year. This situation, which is the inverse of offshore, is known as "nearshoring." This implies that businesses are gradually shifting a portion of their manufacturing to nations near their markets and with comparable time zones.

The shift has been aided by the strong integration that exists between North American nations as a result of the T-MEC. This international agreement encourages trade between the markets of the United States, Canada, and Mexico. Mexico's unique location as an American nearshoring hub has made it an appealing choice for multinational corporations looking to expand their operations.

Because of its proximity to the United States, the world's largest consumer market, the Latin American country is an excellent choice for firms looking to reduce shipping delays and transportation costs. Mexico has also used its favorable business environment to attract multinational firms eager to expand their operations. Recent trade agreements between the country and the United States and Canada have contributed to the development of the economy.

Mexico Freight Forwarding Market Trends

Increase in sea freight driving the market

The most evident and noticeable trend that has gained traction since the third quarter of 2022 has been the decrease in ocean freight rates. After steadily rising – to record levels – since the second half of 2020, freight rates came under pressure following the Russia-Ukraine war, when concerns about the economic consequences began to

dampen consumer morale and put a shadow on international trade and freight transit. Rates stayed at record levels in Q2 2022 but started to drop steadily in Q3 2022 before undergoing a steep decline towards the end of 2023. Ocean shipping rates had lost all the gains earned in the previous two years (except for trans-Atlantic traffic) as of the beginning of 2023 and were nearly flat by then.

According to Mexico's Ministry of the Navy (Semar), a total of 13,929 vessels arrived in commercial ports in the first eight months of 2022, representing a 1.6% increase over the same time in 2021. Another industry that experienced a notable resurgence was motor vehicles, which increased by 11.2%, or 1.19 million units, compared to 1.07 million units at the same time in 2021. Oil and petroleum products climbed by 2.1% year on year to 71.8 million tonnes in January-August, compared to 70.3 million tonnes in 2021. Agricultural bulk increased by 2.4% from January to August 2022, reaching 11.5 million tonnes, up from 11.2 million tonnes in the same period in 2021. Meanwhile, bulk ore experienced a 0.3% annual rate increase to 43.9m tonnes.

Increase in foreign trade driving the market

Mexico's business relations with its biggest trading partner, the United States, account for more than three-quarters of the country's exports. Mexico's other export destinations are Canada, China, Germany, and Japan. Imports are primarily from the United States, China, South Korea, Germany, and Japan. Mexico has inked a dozen free-trade agreements with over forty countries throughout the world. Mexico's other commercial advantages include the United States-Mexico-Canada deal (which will replace NAFTA in 2020), its free-trade deal with the European Union since 2000, a trade pact with Japan since 2005, and the establishment of the Pacific Alliance in 2012 with Colombia, Chile, and Peru.

Mexico is heavily reliant on foreign commerce, which accounts for 83.6% of its GDP in 2021 (World Bank, most recent available statistics). Cars (14.3%), automatic data processing devices (6.7%), vehicle parts (6.2%), petroleum products (4.8%), and monitors and projectors (3.2%) are the primary exports of the country. Mexico's largest imports include automobile parts and accessories (5.1%), petroleum oils (4.9%), electronic integrated circuits (4.3%), petroleum gas (3.1%), and telephone sets (2.7%). According to IMF Foreign Trade Forecasts, the volume of goods and services exported climbed by 6.9% in 2022 and is forecast to fall by 0.5% in 2023, while imports increased by 5.4% in 2022 and are expected to increase by 0.5% in 2023.

Mexico belongs to the World Trade Organisation (WTO), the Asia-Pacific Economic Cooperation (APEC), the Group of 20 (G-20), and the Organisation for Economic Cooperation and Development (OECD). Mexico has 13 free trade agreements (FTAs) encompassing 50 countries, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP, formerly known as the Trans-Pacific Partnership), which covers 11 nations. For American exporters, Mexico's involvement in these international agreements implies that the Mexican market is generally open and competitive.

Mexico Freight Forwarding Industry Overview

The Mexico freight forwarding market is fragmented and has a large number of local, regional, and global players. The competition in the freight forwarding market in Mexico is growing. Major international players like DHL, DB Schenker, DSV, and UPS, among others, are present in the country and are actively expanding across the geography. The market is experiencing a lot of acquisitions, mergers, technology upgrades, and changes in government policies, creating huge opportunities for the other players in the market. The market is experiencing significant growth, propelling the competition to an all-new benchmark for the new entrants.

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