

Uber Freight

# México 2024 Q4 market update & outlook

November 2024



# November 2024 overview



## Executive summary

While promoting infrastructure projects, Claudia Sheinbaum's new government faces challenges such as insecurity and inflation. The stability of her administration will be critical to attracting more foreign investment and improving cross-border trade relations.

Foreign investment in Mexico, driven by nearshoring, continues to grow, with \$64.7 billion committed to new industrial projects, highlighting states such as Querétaro and Nuevo León.

Freight transportation faces significant operational challenges, with a shortage of drivers and high fuel costs, while cargo theft remains one of the biggest challenges for Mexico's transportation industry.

Customs regulations in Mexico are being tightened, especially as it relates to IMMEX companies with IVA-IEPS certification and their compliance with Appendix 24. This trend is focused on stricter control over the administration and management of temporary importation inventories in order to reduce the risk of fraud and tax evasion.

# Economic framework



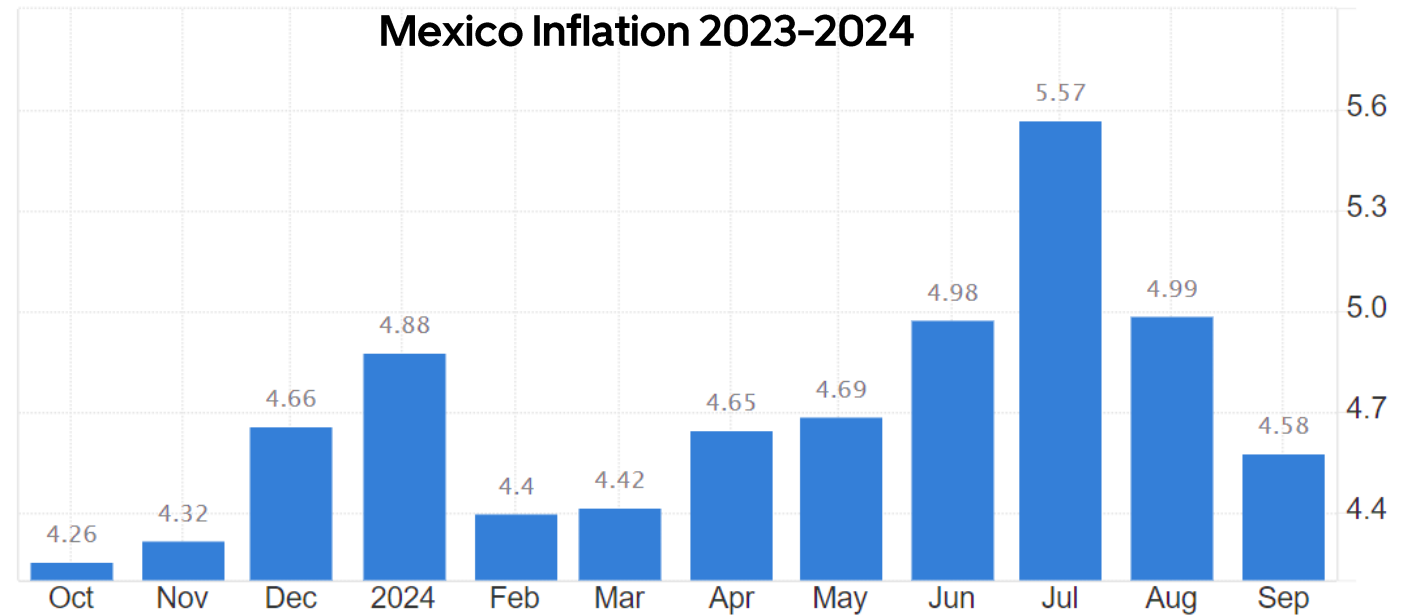
# Economic Framework

## Inflation

Mexico's annual inflation fell for the second month in September to 4.58%. This has been the lowest rate since March, closing below market forecasts

## Interest rate

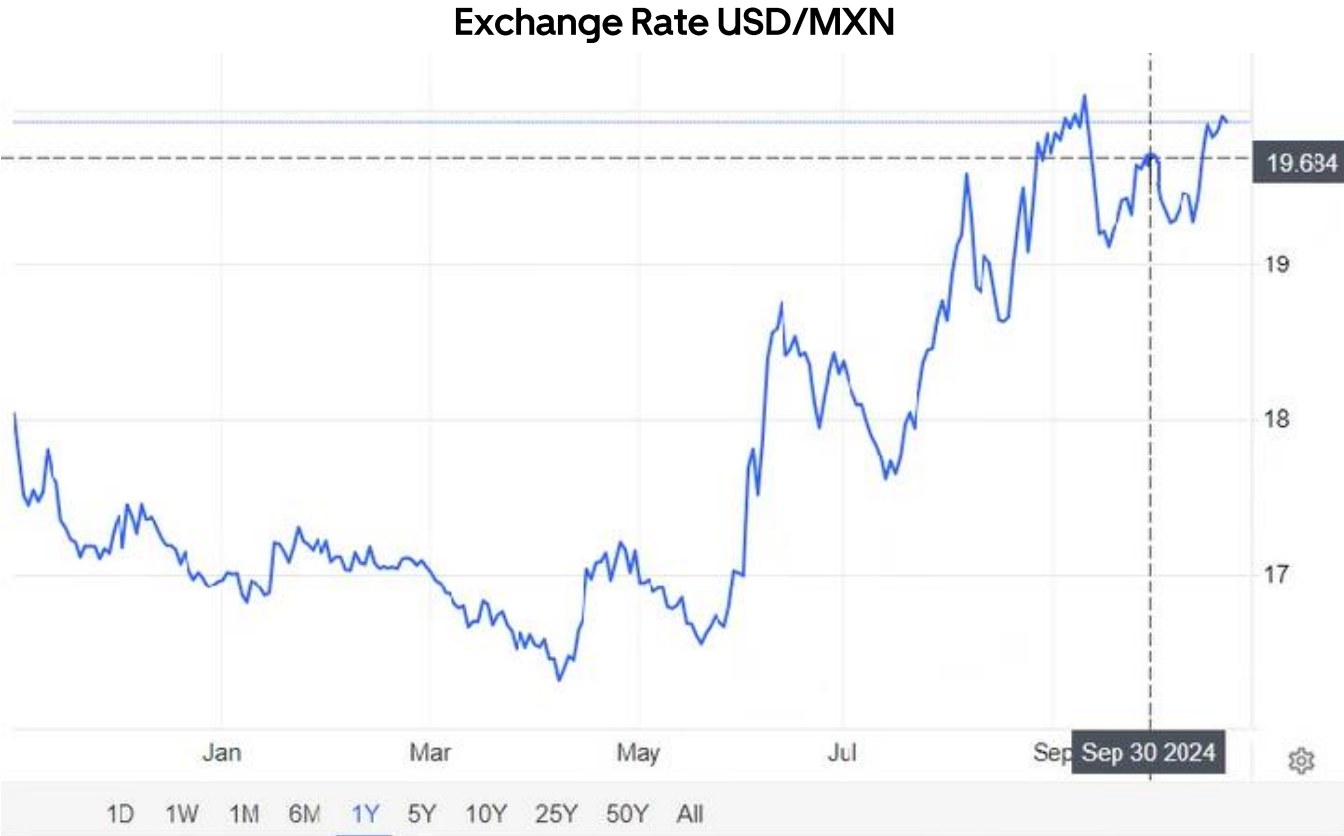
The Bank of Mexico (Banxico) decided to cut the interest rate to 10.5% in September. This is the second consecutive month the government has adjusted, as the rate was lowered to 10.75% in August.



Source: Inegi (Instituto Nacional de Estadística y Geografía)

# Currency Fluctuation

The average exchange rate for September 2024 closed at \$19.69 USD/MXN, the year's highest monthly average record. Banxico forecasts that the Peso will fluctuate between \$19.50 USD/MXN and \$19.74 USD/MXN during Q4 2024.



Source: Trading Economy

# Mexico and United States trade

USA-Mexico trade reached \$72.5 billion in September 2024, marking a 6% increase compared to the same period last year. Laredo's port was also ranked No. 1 as the main port of entry between the two countries.

# Nearshoring

- As of September 2024, Mexico has seen a surge in foreign investment announcements, with the private sector committing over \$64.7 billion USD across 209 projects. These investments are projected to generate nearly 100,000 new jobs, with manufacturing taking the lead, receiving 56% of the total.
- Geographically, states like Querétaro, Nuevo León, Estado de México, and Veracruz have emerged as top recipients of these investments. The investments emphasize Mexico's role as a hub for nearshoring and signal sustained interest from international companies. The United States continues to be the main contributor, accounting for 46% of the capital inflows.
- Noteworthy recent investments include Constellation Brands (\$4.6 billion USD), Iberdrola (\$2.9 billion USD), and Stellantis (\$1.6 billion USD).
- However, while these announcements signal economic optimism, geopolitical and regulatory uncertainties—such as judicial reforms and upcoming U.S. elections—may impact the realization of some projects, with \$35 billion USD in investments currently reported to be stalled or delayed pending more clarity on political developments.

# Nearshoring



2024 Foreign Direct Investment by Country of Origin

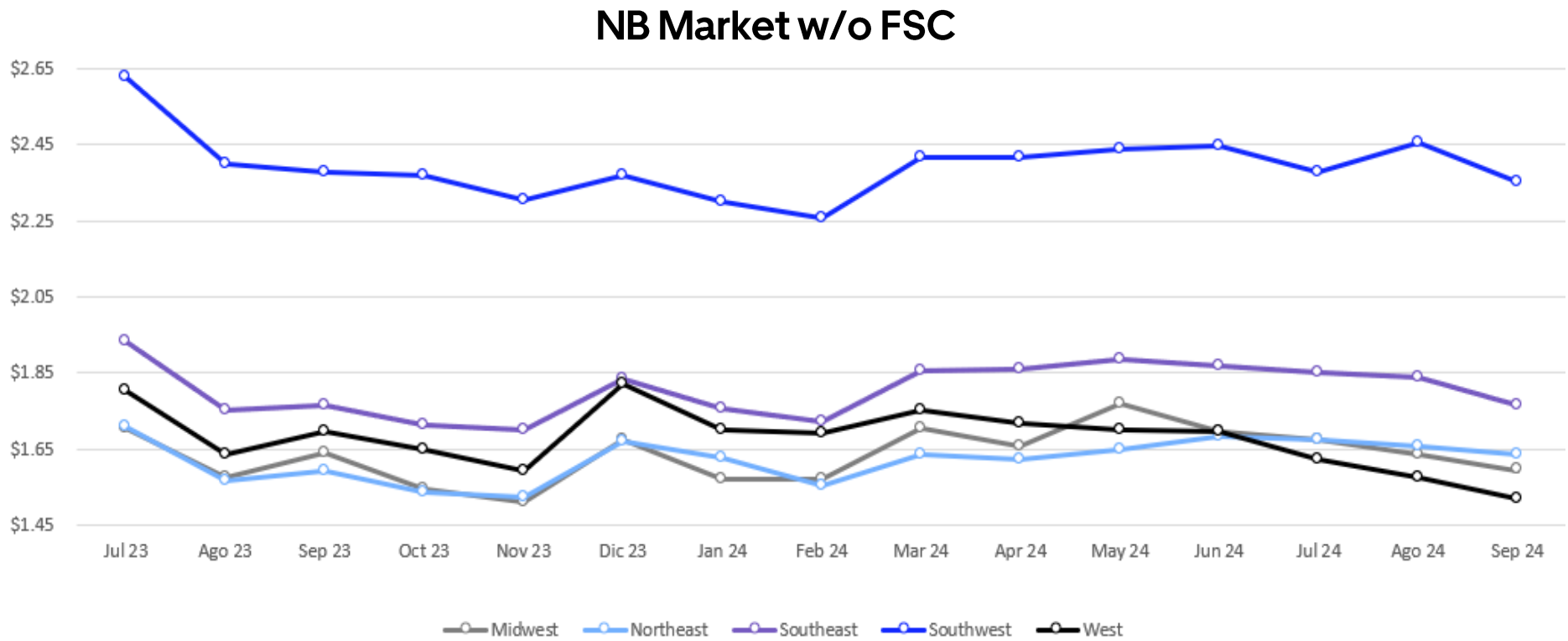


# Mexico truckload



# Transportation cost and capacity

Cross-border carriers continue offering direct capacity from Mexico to the US, especially in the northern region due to its proximity to the border. On the other hand, transload capacity in Mexico remains tight as Mexican carriers are still struggling with the driver shortage



# Transportation cost and capacity

- According to the last IRU\* report in 2023, there were 56,000 unfilled driver positions in Mexico; this number could rise to at least 106,000 drivers by 2028, potentially disrupting the nation's logistics chain and impacting projects arriving in Mexico for the nearshoring investment.
- The Laredo load/truck ratio averaged 4:1 in September 2024, indicating a neutral market.
- The Mexican peso depreciation has helped mitigate rate increases by Mexican carriers serving cross-border corridors.
- The average diesel price of Q3 closed at \$25.56 MXN/L, a 2% increase compared to Q2 2024. In September 2024, the price per liter of diesel closed at \$25.52 MXN/L, a 6% increase YoY.
- Cross-border carriers continue to report US equipment availability in Mexico for direct shipment; as more companies are established in Mexico, we anticipate this trend will ease in the upcoming years.

# Seguridad

In its latest monthly report on vehicle theft, the National Association of Vehicle Tracking and Protection Companies (ANERPV) detailed that, by the end of August, 142 stolen units were recorded. This represented an increase of 2.8% compared to August of the previous year.

Mexico cargo risk heat map



# Truckload outlook and recommendations

- It's a good time to budget for 2025 through RFPs and lock rates and capacity.
- The holiday season is coming. Plan, secure capacity, and set service expectations with your incumbent carriers for the upcoming months.
- Flexibility is critical! Consider alternatives such as mode diversification (OTR, IM, Ocean) and using multiple border crossing points.

# International trade updates



# Modifications to the General Rules of Foreign Trade 2024

Second resolution and its annexes

1, 2, 5 & 24

The SAT in México through its website published the Anticipated Resolution on October 7, 2024, which was published in the Official Gazette of the Federation by the Ministry of Finance and Public Credit on October 14, 2024 and became effective the day after its publication, except for some specific points that will become effective on specific dates.

The following are the most relevant changes.

# Courier and shipping services companies:

- Modifications are made to the rules to indicate that a generic RFC can be declared in operations carried out by these companies, as well as to provide a list on ANAM's website of the company name of the registered companies.
- Goods may not be imported if their value is not indicated or is equal to zero, or if the description is not indicated or is generic or indicates “miscellaneous items”.
- The description is not indicated or is generic or indicates “miscellaneous articles”, “sundries”, “gift”, “gift”, “gift”, “courtesy” or any other description that does not allow the importation of the goods, “miscellaneous articles”, ‘gift’, ‘gift’, ‘courtesy’ or any other description that does not allow the identification of the merchandise either in the identification of the merchandise in Spanish or any other language.
- New grounds for cancellation of the registration of courier and parcel delivery companies are also highlighted.





# Requirements for company certifications in different modalities

## Requirements to be met by those interested in obtaining the VAT and IEPS modality, item A (Rule 7.1.2)

- Al haber importado temporalmente mercancía al amparo de un programa IMMEX y retornarlas durante los últimos doce meses previos a la fecha de presentación de la solicitud.
- Fracción I; las empresas IMMEX cuya autorización elaboración, transformación o reparación de mercancía deberán retornar al menos 80% del valor total de las importaciones temporales.
- Fracción II; las empresas IMMEX cuya autorización tenga por objeto actividades distintas a la elaboración, transformación o reparación de mercancía deberán retornar al menos 80% del valor total de las importaciones temporales.

## OEA Registration Application

- Those interested in obtaining the Registration in the Business Certification Scheme in the modality of Trading and Importing Company or Authorized Economic Operator must submit the application in accordance with the provisions of the form 153/LA “application for registration in the Registration of the Business Certification Scheme and notice for its renewal” (to be added) contained in Annex 2.

## **Authorized Economic Operator under the heading of Controladora**

- It is clarified that the current authorization of the IMMEX Program granted by the SE must be attached to the application.

## **Authorized Economic Operator who are CTPAT partners, granted by CBP**

- The requirement of “not being subject to the initiation of the cancellation of the registration in the Certification Scheme of Companies in the modalities of Trading and Importing Company and Self-Economic Operator” was eliminated.

## **Authorized Economic Operator for Aircraft – SECIIT – Logistics Outsourcing**

- It is specified that the requirement of having the Registration in the Business Certification Scheme in the VAT and IEPS modality, shall not be subject to suspension or cancellation. Registration in the Business Certification Scheme in the modality of VAT and IEPS, shall not be subject to suspension or cancellation.

# Compilation of Normative and Non-binding Criteria in Foreign Trade Matters

## Criteria associated with the customs broker and the customs operation were added, consisting of the following:

- Scope of Criterion 15/LA/N “Customs Brokers and Agencies: The customs broker is responsible not only for the determination of the tariff item, which is the basis for the correct compliance with non-tariff regulations and restrictions and the determination of duties, but must also obtain all the information corresponding to the customs operation in which he/she intervenes and integrate the respective file. You must declare, under oath, in the customs declaration, the data and information related to the foreign trade operation in which you are involved.

## Modification to the Customs Clearance Document (DODA)

- The DODA format is modified to add the printing of the Fiscal Folio field of CFDI with Complementary Bill of Lading and its instructions:

**Fiscal Folio of the CFDI with Waybill Complement**

Fiscal Folio of the CFDI with Complementary Bill of Lading referred to in rules 2.7.7.1.1., 2.7.7.1.2., 2.7.7.2.6., or 2.7.7.2.7. of the RMF, as applicable, except for the parties referred to in rule 2.7.7.1.5. of the same resolution.

# Annex 24 of the General Rules of Foreign Trade

## Automated inventory control system

The minimum information to be contained in the automated inventory control system for companies that are registered in the Company Certification Scheme is modified.

The companies must provide the authority with the user name and password for the authority to have real-time access to its Annex 24 system by means of a written document filed with the AGACE's official office.

This change highlights the importance of keeping inventories of temporary goods updated and under full control, as the authority will have direct access to ensure proper management and avoid penalties. This change comes into effect on 15/Nov/2024

# The automated inventory control system shall also:

- Ensure compliance with legal and customs provisions regarding the control of temporarily imported goods.
- Receive electronically the information within a maximum period of 48 hours from the time of the customs declaration.
- To have an instrument for verifying the return of temporarily imported goods and control of goods pending return.
- Generate reports that allow compliance with the information requirements established in the customs provisions and those of the authority itself.

We leave at your disposal the summary of these publications by different Mexican agencies with relevance within the period of October-2024, so that they can be considered in case they are information of your interest or impact on your operations.

# International trade recommendations

- Annex 24, which establishes guidelines for the control and traceability of imported goods, requires companies to have updated and detailed management systems, allowing precise visibility on the use and destination of imported inputs.
- With the new regulation, audits and real-time verification of virtual inventories are intensified, requiring IMMEX companies to implement technological tools that integrate all the information in a reliable and automatic manner.
- VAT-IEPS-certified companies now face the challenge of adapting to these stricter standards, which not only implies regulatory compliance, but also an opportunity to optimize their processes and strengthen their competitiveness in the global market. Translated with [www.DeepL.com/Translator](http://www.DeepL.com/Translator) (free version)



# Outlook and recommendation



# Outlook and recommendation

- As foreign investment increases and more companies establish operations in Mexico, Claudia Sheinbaum's government must focus on critical areas to ensure successful trade growth. These include road security, infrastructure investment at major border crossings, additional warehouse space, improving key transportation roads, and administrative stability to attract foreign investment.
- Key economic issues for his administration include managing inflation and fiscal deficits, while advancing infrastructure projects to support economic growth.
- The amendments to the General Foreign Trade Rules for 2024 seek to ensure proper tax compliance and reduce the risk of penalties. In addition, it promotes greater transparency and accountability in the supply chain, which translates into confidence and security benefits for Mexico's foreign trade.



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