

# Whitepaper: 5 Reasons Why Nearshore Manufacturing is a Perfect Fit for Mexico's Textile and Apparel Industry

Mexico's textile and apparel industries are becoming more diversified and expanding with newer investments in technology and infrastructure. If your company is seeking a resource for garment and textile manufacturing, there is no better fit than Mexico. Here are 5 reasons why.

## ONE: Textile and Apparel Production is the Fourth Largest Industry in Mexico

Mexico is committed to the textile and apparel industries: According to the International Trade Administration, Mexico's textile and apparel industries account for 6 percent of the country's gross domestic product and 20 percent of all manufacturing employment in Mexico: this equates to employing almost 415,000 workers serving 22,000 apparel companies in 2013.

This growth in the number of workers and plants is demonstrating benefits to the U.S.: Textile and apparel exports to Mexico increased from \$6.2 billion in 2014 to \$6.5 billion in 2015, an increase of 5 percent.

### U.S. Textile Sector Imports from Mexico

*(Figures in USD Billions)*

|                          | 2017  | 2018  | 2019 (Estimated) |
|--------------------------|-------|-------|------------------|
| Total Textiles & Apparel | 2.46  | 2.58  | 0.66             |
| Apparel                  | 0.83  | 0.84  | 0.20             |
| Non-Apparel Textiles     | 1.63  | 1.73  | 0.45             |
| Yarns                    | 0.26  | .30   | 0.10             |
| Fabrics                  | 0.58  | .59   | 0.17             |
| Exchange Rates*          | 18.91 | 19.22 | 19.15            |

\*Original data in USD for 2017, 2018, and annualized 2019 only.

Source: Office of Textiles and Apparel, Major Shippers Report, Mexico

## TWO: Unlike China, Mexico's Textile Workers are Specialists and are Diversifying

Because of the growth in China in the manufacturing sector, Mexico had slipped from their largest apparel supplier in 2000 to the sixth largest by the end of 2010. However, this drop-off exposed an asset to the apparel manufacturers seeking partners in Mexico: In the place of the ordinary textile operations that had left the area, specialized workers in Mexico's textile and apparel industry remained, such as leather manufacturing and specialty fabrics producers for such products as Filters, air bags, covers for seats, and others that required a more skilled labor force. By 2016, U.S. specialty and industrial fabric exports to Mexico accounted for approximately 50 percent of total specialty and industrial textile exports from the U.S., representing a 1.13 percent increase over the previous year.

### Executive Summary

- Mexico's textile and apparel industry accounts for 6 percent of the country's gross domestic product and 20 percent of all manufacturing employment in Mexico.
- U.S. specialty and industrial fabric exports to Mexico accounted for approximately 50 percent of total specialty and industrial textile exports from the U.S., representing a 1.13 percent increase over the previous year.
- As a result of the skill of the maquiladoras in cutting and sewing, apparel manufacturers are benefiting from entering niche fashion markets, and a move away from high-volume production.
- Textile and Apparel, along with automotive production, is almost certainly the most important export market for Mexico sector; Mexico has been the key US supplier, ahead of China, Hong Kong and Taiwan.

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## **THREE: Mexico's Geographic Location Makes it a Strategically Important Export Market.**

Miguel Angel Andreu, a leading Mexican textile and apparel consultant, writes that the Mexican apparel and garment industry is increasingly using its low costs and proximity to the US to counter the messaging used by Chinese firms. "Manufacturers are focusing on their ability to offer flexibility and fast turnaround times, especially as US buyers appear increasingly reluctant to source high volumes of clothing from China due to the continuing uncertainty in the US market."

## **FOUR: Higher Quality Production**

Most important to Mexico's textile and apparel industry revival is its increasing focus on higher quality and a broader product portfolio. As a result of the skill of the maquiladoras in cutting and sewing, apparel manufacturers are benefiting from entering niche fashion markets, and a move away from high-volume production.

Mexican clothing producers are working increasingly closely with brands within the US to assist meet specific requirements, which a growing number of suppliers are offering full package manufacturing, particularly for denim, which is Mexico's leading apparel export, and T-shirts.

## **FIVE: Textile and apparel sector growth has been spurred on by the USMCA**

Textile and Apparel, along with automotive production, is almost certainly the most important export market for Mexico sector; Mexico primary supplier to the US well ahead of China.

This industry has been helped tremendously by NAFTA: Since 1993, when the treaty went into place, textile and apparel exports to the United States skyrocketed. The increase in exports also triggered a wave of new investment in Mexico which is now at an all-time high, and many companies are wisely using to upgrade their equipment, factories and infrastructure. Because of NAFTA, Mexican manufacturers enjoy low or zero-percent U.S. import duties for many products, unlike China. The ease in which goods can be brought into the country helps keep supply chains lean, also enhancing Mexican competitiveness.

**The largest market for American medical textiles is Mexico, accounting for 27% of the domestic market in the Mexican apparel industry. ([U.S Department of Commerce](#))**

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## Conclusion

The advantages are obvious: Mexico is the best destination for a textile and apparel company seeking to have their product produced with high quality at a reduced price. NovaLink has helped dozens of textile and apparel companies achieve success with manufacturing in Mexico; contact us today so we can make a roadmap of success for your company.

## About NovaLink

In its 30th year of operation, NovaLink is a U.S.-based near shore manufacturing solution with two manufacturing facilities in Mexico and one distribution center in the U.S. As a cost-effective outsourcing extension to a variety of companies, both in size and industry, NovaLink has the expertise to manage the labor force and day-to-day production and distribution for its clients. For more information, please visit <http://www.novalinkmx.com/>