

Nearshoring to Mexico: NetSuite Setup for USMCA Compliance

By houseblend.io Published April 14, 2026 49 min read



Executive Summary

Mexico is rapidly emerging as a premier nearshoring destination for North American manufacturers and logistics-intensive businesses. Fueled by shifting global trade dynamics, the United States–Mexico–Canada Agreement (USMCA), and competitive local factors, Mexico has overtaken China as the U.S.'s largest trading partner – in 2023, U.S. imports from Mexico reached roughly \$475 billion versus \$427 billion from China (Source: apnews.com). Nearshoring to Mexico offers companies geographic proximity to U.S. markets, lower labor costs (estimated at \$4.50/hour in Mexico vs \$6.50/hour in China in 2024 (Source: latamready.blog), extensive free trade treaties (USMCA, EU, CPTPP, etc. (Source: www.duanemorris.com), and improving infrastructure (e.g. new industrial corridors and IT hubs (Source: latamready.blog). However, challenges remain: U.S. policies (e.g. threatened auto [tariffs](https://apnews.com) (Source: apnews.com) and steel/aluminum tariffs on non-originating imports (Source: apnews.com), domestic issues (energy shortages, security, and legal uncertainties (Source: latamready.blog) (Source: latamready.blog), and the need to meet strict USMCA origin rules.

USMCA (effective July 1, 2020) replaced NAFTA and imposes tighter rules of origin for duty-free trade. For example, automotive shipments now require 75% North American content, and 70% of auto steel and aluminum must be North American (Source: www.jdsupra.com). Traditional NAFTA Certificates of Origin have been replaced by a nine-element *USMCA origin certification* that can appear on any invoice or document (Source: www.jdsupra.com). Complying companies must manage complex requirements – from calculating regional value content to gathering origin data on every component – and maintain detailed records (5+ years) of supplier production and certification (Source: help.shopify.com) (Source: www.foley.com). Legal advisors emphasize that firms “need to know their suppliers’ suppliers” and document the analysis under USMCA (Source: www.jdsupra.com). Traders must also contend with U.S. Section 301 tariffs on Chinese-origin inputs and forced-labor laws (Uyghur Act) when sourcing through Mexico (Source: www.foley.com) (Source: www.duanemorris.com).

To operationalize USMCA compliance and support nearshored operations, companies must adapt their [enterprise resource planning \(ERP\) systems](https://www.oracle.com). Oracle NetSuite, a popular cloud ERP for multinational businesses, provides many relevant features. In particular, NetSuite’s **Mexico Foreign Trade SuiteApp** provides Mexican customs catalogs and e-document generation (CFDI) for exports (Source: docs.oracle.com), while **Country of Origin** and **Commodity/Tariff Code** fields can be enabled to capture origin and classification data on every transaction (Source: docs.oracle.com) (Source: docs.oracle.com). Setting up NetSuite correctly involves configuring a [OneWorld subsidiary](https://www.oracle.com) for Mexico (with multi-currency, local tax/VAT settings), installing the Mexican localization apps (for e-invoicing and trade compliance), and populating item master records with the required trade data (origin,

HS/SAT tariff code, weight, etc.). Companies should also customize transaction forms (invoices, item fulfillments) and PDF templates to include USMCA data elements (exporter/importer info, preference criteria, etc.) in compliance filings (Source: help.shopify.com) (Source: help.shopify.com). Best practices include using NetSuite's [saved searches](#) and reporting to track USMCA "originating" shipments and to ensure certificates or declarations are attached to relevant orders. As one legal analysis notes, accurate country-of-origin determination is essential under USMCA because "the normal substantial transformation test...does not apply" within NAFTA regions (Source: www.foley.com). In other words, ERP data must be aligned so that customs entries (e.g. CBP Form 7501) can be filed with USMCA origin claims in mind.

This report provides a comprehensive analysis of nearshoring to Mexico under USMCA and detailed guidance on configuring NetSuite to ensure USMCA compliance. It reviews historical and current trade data, explores industry perspectives (from high-tech to automotive and consumer goods), and cites case studies (Foxconn's shifting electronics footprint (Source: asiadaily.org), Lego's supply chain strategy (Source: www.manufacturingdive.com), etc.) to illustrate real-world trends. We outline legal and regulatory requirements of USMCA (rules of origin, documentation, recordkeeping) with expert commentary (Source: www.foley.com) (Source: www.jdsupra.com). Finally, we show how NetSuite's built-in capabilities (OneWorld, SuiteTax localization, country-of-origin fields) and customizations can be employed to track origin information, generate compatible documents, and support seamless duty-preference certification. The report concludes with discussion of future directions (e.g. 2026 USMCA review, evolving supply chain resilience) and the strategic importance of an integrated ERP in a re-shored North American manufacturing environment.

Introduction and Background

Global supply chains have undergone a profound transformation in recent years. Disruptions such as the COVID-19 pandemic, geopolitical tensions, rising trade frictions, and skyrocketing shipping costs have prompted many companies to reconsider long-distance [manufacturing](#) strategies. As a result, the concept of **nearshoring** – relocating operations closer to end markets – has gained enormous traction (Source: www.duanemorris.com). Mexico, by virtue of its geographic proximity to the United States, burgeoning infrastructure, and trade agreements, sits at the center of this trend. In parallel, the 2020 replacement of NAFTA by the **USMCA** has reset the rules of North American trade, tightening origin requirements but also preserving duty-free access for qualifying goods.

Under USMCA, tariff-free shipments between the U.S., Mexico, and Canada are still permitted, but only if *rules of origin* are met (Source: www.trade.gov) (Source: www.jdsupra.com). These rules have become more stringent: for example, regional value content thresholds rose (auto parts now require 75% North American content (Source: www.jdsupra.com), and labor standards were increased (minimum wage requirements on auto production) (Source: www.jdsupra.com). At the same time, USMCA modernized trade by adding chapters on digital commerce, intellectual property, and dispute settlement (Source: nearshoreamericas.com) (Source: www.trade.gov). Critically, USMCA did away with the old NAFTA certificate form and instead calls for *nine specific data elements* on origin (which can be included on any commercial document) (Source: www.jdsupra.com). Thus, to claim USMCA preference, companies must manage detailed origin information and documentation.

In practice, nearshoring is reshaping industry patterns. For example, **Foxconn** – the world's largest electronics assembler – reports that, as of 2025, only about 65% of its production remains in China, with the rest distributed among Vietnam, India, and **Mexico** (Source: asiadaily.org). Foxconn explicitly cites Mexico's "proximity to North America with treaty advantages under USMCA" in its strategic planning (Source: asiadaily.org). Similarly, companies including **Lego** and **Mattel** are expanding capacity in Mexico to reduce distribution costs to U.S. markets (Source: drivemexicomagazine.com) (Source: www.manufacturingdive.com). Major U.S. automakers and parts suppliers have built factories along the U.S.–Mexico border for decades, and the combined U.S.–Mexico auto industry now accounts for roughly half of all U.S. light vehicle production (Source: www.jdsupra.com) (Source: www.trade.gov).

Yet Mexico's rise is not without hiccups. In mid-2024, Tesla announced it had "paused" plans for a new electric-vehicle gigafactory in Mexico, specifically citing political uncertainty over potential U.S. tariffs on Mexico-made cars (Source: apnews.com). President Biden has likewise imposed guardrails (e.g. Section 301 tariffs on China, and 25% steel/10% aluminum tariffs on non-originating imports from Mexico (Source: apnews.com) (Source: www.duanemorris.com) to prevent circumvention of trade rules. Mexico's government, for its part, is pushing domestic content – even moving legislation – to ensure compliance with USMCA and avert any threat of being excluded from the pact (Source: apnews.com) (Source: apnews.com). Looking ahead, the USMCA itself comes up for review in 2026, which some experts view as an opportunity to tighten rules further (Source: apnews.com), though fully abandoning the agreement would impose high economic costs on all parties (Source: apnews.com) (Source: apnews.com).

This report examines how companies can successfully nearshore operations to Mexico and use **NetSuite ERP** to manage the complex trade compliance landscape under USMCA. We begin with an in-depth look at the nearshoring phenomenon and Mexico's competitive position (Section 1). Next we analyze USMCA's rules of origin, documentation requirements, and enforcement mechanisms (Section 2). We then discuss the demands such compliance places on business processes and systems (Section 3). The core of the report (Section 4) shows how to configure NetSuite to

capture and manage all required data – from country-of-origin fields to HS tariff codes – and how to generate compliant documents. Throughout, we include case study examples and real-world data on trade flows, labor costs, investment incentives, and expert opinions. Finally, we consider future directions (e.g. 2026 agreement review, nearshoring in emerging sectors) before concluding with key takeaways. All claims and figures are supported by authoritative sources and industry data as indicated.

1. Nearshoring to Mexico: Trends and Drivers

1.1 Global Supply Chain Shifts and the “Nearshoring” Trend

Global trade patterns have shifted sharply in the 2020s. After decades of reliance on distant low-cost manufacturing (chiefly China), firms are now actively diversifying production locations. The U.S. government has encouraged “friend-shoring” of critical supply chains to allied countries, and the Covid-related supply chain disruptions highlighted the vulnerability of long-distance sourcing (Source: apnews.com). As one analysis notes, “manufacturers are moving operations away from China and toward regional hubs” to reduce trade friction and shorten supply routes (Source: asiadaily.org). Nearshoring allows faster delivery times, lower logistics costs, and improved risk management. For example, firms can reduce freight times from weeks (Asia → NA) to days by shipping from Mexico across the U.S. border. This agility also reduces inventory carrying costs and carbon emissions.

Mexico in particular has benefited from these trends. Between 2022 and 2023, U.S. import volumes from Mexico grew ~5%, while those from China fell ~20% (Source: apnews.com). AP News reported that in 2023 U.S. imports from Mexico exceeded \$475 billion – the first time since 2002 that Mexico topped China (Source: apnews.com). Organizations across sectors acknowledge Mexico's rising role: for instance, the U.S. Border Port of Laredo handled record trade flows (98% with Mexico) that year (Source: www.forbes.com). Economists attribute this to both policy and market factors: Chinese imports have become politically sensitive and subject to tariffs, while Mexico offers both low costs and access to the vast North American market (Source: apnews.com) (Source: apnews.com). One industry observer notes that Mexico's ascent is no “one-year blip” but reflects a sustained strategic shift by corporations to hedge against geopolitical risk (Source: apnews.com).

Nearshoring is not unique to Mexico – other countries (Central America, Vietnam, India, Eastern Europe) are receiving some investment. However, Mexico's position makes it the main “China+1” candidate for U.S.-oriented manufacturing. It already has well-developed industries in automobiles, electronics, appliances, aerospace, and increasingly semiconductors (Source: www.trade.gov) (Source: asiadaily.org). The country shares a long (2,000-mile) border with the United States and multiple land, sea, and rail crossings, offering timing and cost advantages far beyond any overseas competitor (Source: latamready.blog) (Source: www.duanemorris.com). Mexico also uses similar time zones and a large bilingual workforce, which helps North American firms operate seamlessly.

1.2 Mexico's Competitive Advantages

Trade Policy and Market Access

A chief advantage of Mexico is market access via trade agreements. Under USMCA, goods made in Mexico and shipped to the U.S. (and vice versa) can enter duty-free if they meet origin requirements (Source: www.trade.gov). Assurances of stable, preferential trade have encouraged companies to invest there. In 2023 the U.S.–Mexico trade partnership reached \$798.8 billion of total two-way trade (Source: www.forbes.com), a record high. Thanks to USMCA (T-MEC in Spanish), as well as bilateral and multilateral FTAs, Mexico has duty-free access to over 90% of world GDP. Beyond the U.S. and Canada, Mexico has FTAs with the EU, Japan, the CPTPP countries, and most countries in Latin America (Source: www.trade.gov) (Source: www.duanemorris.com). This network gives manufacturers guaranteed low-tariff routes into multiple continents.

Because of its location within USMCA, Mexico acts almost like an extension of the U.S. market. Products “made in Mexico” (per USMCA rules) effectively count as North American origin. Companies like **Foxy Electronics Corp.** and **Navistar** have repeatedly cited USMCA as a reason to shift production to Mexico, since they can then avoid import duties on their U.S. assemblies. The U.S. government encourages this: for example, reports highlight how USMCA's rules are designed to incentivize investment in the U.S. auto sector by requiring higher North American content (Source: www.trade.gov) (Source: www.jdsupra.com). In practice, though, Mexico still gains significant auto production and exports (79% of Mexico's auto output goes to the U.S. (Source: www.trade.gov). The deep integration of auto supply chains exemplifies North American manufacturing integration – parts cross the border repeatedly before final assembly – and thus also underscores the need for precise recordkeeping under USMCA.

Labor and Operating Costs

Mexico's labor costs have traditionally been lower than those in China and much lower than the U.S. As of 2024, manufacturing wages in Mexico averaged about \$4.50 per hour, compared to roughly \$6.50 in China (Source: [latamready.blog](#)). Even as wages in northern Mexico are rising, they remain below U.S. levels (the U.S. federal minimum wage is \$7.25/hour, not counting benefits (Source: [latamready.blog](#)). Mexico also offers a relatively young, skilled workforce; cities like Monterrey, Querétaro, and Guadalajara host specialized clusters (auto/aero, electronics, IT services) with extensive supplier networks. For example, Monterrey and Nuevo León (in northeastern Mexico) form an industrial hub where Foxconn and LG invested heavily in electronics plants in the 2010s, taking advantage of both low wages and skilled operators.

Labor productivity in Mexico is also competitive. Companies frequently point to near-EUTZ time zones and cultural affinities (e.g. millions of bilingual workers, many American ex-pats, similar business practices) as easing management compared to overseas outsourcing. For service and R&D nearshoring, the country's proximity allows close collaboration. In fact, USMCA's digital trade provisions ensure that Mexican-based engineers, for instance, cannot be forced to host data locally, encouraging tech companies to hire Mexican talent without additional compliance burdens (Source: [nearshoreamericas.com](#)).

On the business side, Mexico has long offered fiscal incentives for manufacturers. The federal *IMMEX* program (Industrial Maquila) provides duty deferral and tax breaks on imported inputs for export production, effectively mirroring U.S. Foreign-Trade Zone benefits (Source: [www.duanemorris.com](#)). Some states also offer tax incentives (e.g. accelerated depreciation, payroll tax relief) to attract investment. Recently Mexico introduced additional incentives: for example, a 25% tax credit on worker training costs and subsidies for capital investment (valid to 2030) (Source: [latamready.blog](#)). Multinational executives note that these policies can improve overall cost structure alongside low wages.

Infrastructure and Logistics

Mexico's port, rail and road infrastructure has been rapidly expanding to serve nearshoring. The government's "Plan Mexico" (2022) earmarked billions for new industrial parks, highways, and logistics corridors. Significant projects include the Trans-Isthmus Corridor (an east-west rail and highway across southern Mexico) and expansion of major ports (e.g. Manzanillo, Veracruz) to accelerate Asian imports to Atlantic/East Coast. These projects suggest that Mexico aims to become a global logistics hub, not merely a U.S. adjunct (Source: [latamready.blog](#)).

Domestically, Mexico's manufacturing zones have invested heavily in IT and utilities. Tech giants like Amazon Web Services opened one of their largest data centers in Querétaro, and Siemens and Honeywell have set up automation hubs. These developments indicate Mexico's evolving ecosystem beyond low-skill tasks. Nearshoring firms benefit from the growing presence of third-party logistics (3PL) providers, assembly services, and even venture capital in Mexico's industrial cities. Notably, automation and Industry 4.0 investments by local and international firms have raised productivity. For example, a Statista/Forbes analysis shows that despite some media "finger-pointing, under five percent of U.S. factory job losses can be attributed to imports from Mexico" (Source: [nearshoreamericas.com](#)), implying that Mexican imports coexist with automation trends.

Despite progress, infrastructure challenges remain. Water supply is scarce in much of northern Mexico (the country ranks among the 50 most water-stressed globally (Source: [latamready.blog](#)) and electricity shortages are a concern for energy-intensive plants. Security and rule-of-law issues also impose hidden costs: analysts note that many U.S. companies budget significantly for on-site security or insurance (e.g. some AmCham members spend >8% of revenue on security (Source: [latamready.blog](#)). These factors highlight that nearshoring to Mexico is not cost-free; it requires careful site selection and risk mitigation.

1.3 Challenges and Risks

While Mexico's advantages are compelling, companies must navigate several risks when nearshoring. Security concerns (organized crime, theft) pose real costs. Regulatory and judicial uncertainty under the current government (including controversial judicial reforms and enforcement of local content requirements) may deter some investors (Source: [latamready.blog](#)) (Source: [apnews.com](#)). Changes in U.S. policy also loom large: as noted, even talk of new tariffs triggered Tesla's decision to pause its Mexican gigafactory plans (Source: [apnews.com](#)). On a broader scale, shifts in macroeconomics (inflation, currency volatility) or the potential for future trade disputes (e.g. U.S. proposing penalties on Mexican imports (Source: [apnews.com](#)) could affect profitability.

Nevertheless, nearshoring is expected to continue in momentum. An S&P Global economist observes that Mexico's nearshoring wave will unfold over "many years" (Source: [drivemexicomagazine.com](#)). In the U.S., states from Ohio to Texas are offering billions in incentives to lure facility investments that might otherwise have gone to Asia. The U.S. administration's emphasis on semiconductor and auto production (with joint U.S.–Mexico financing

of chip fabs) promises further boosts. In late 2025, President Biden agreed with Mexico to coordinate large-scale semiconductor investments, reflecting cross-border industrial policy alignment. This underscores how USMCA and other policies are reshaping the North American industrial map: by one estimate, bipartisan trade and industrial policy could channel hundreds of billions into Mexico’s high-tech sectors over the 2020s .

Table 1: Nearshoring to Mexico – Advantages vs. Risks

FACTOR	ADVANTAGES OF MEXICAN NEARSHORING	POTENTIAL CHALLENGES
Trade Access	Duty-free USMCA trade with U.S./Canada (Source: www.trade.gov); 40+ FTAs (EU, CPTPP, etc.) (Source: www.trade.gov) (Source: www.duanemorris.com)	Policy shifts (tariff threats, trade disputes) can add uncertainty (Source: apnews.com) (Source: apnews.com)
Labor Costs	Low manufacturing wages (~\$4.50/hr vs \$6.50 in China (Source: latamready.blog), plus tax incentives (training credits, capital deductions)	Rising wage pressures (esp. in northern regions) and inflation; labor regulations (USTR RRM) (Source: www.foley.com) (Source: www.duanemorris.com)
Proximity	Shorter transit to US (border crossing, same time zones) (Source: latamready.blog); integrated auto/electronics supply chains	Border congestion or delays during peak seasons; differences in business culture/infrastructure compared to U.S.
Infrastructure	Expanding ports, rail lines, and industrial parks under “Plan Mexico” (Source: latamready.blog); growing IT/telecom investment (AWS, telecom)	Energy/water reliability issues; under-capacity in certain regions (Source: latamready.blog); complex permitting (time-consuming Mexican bureaucracy) (Source: www.duanemorris.com)
Market Size	Access to Mexico’s growing domestic market (130M population) alongside exports; similar consumer preferences to U.S. market	Domestic political risks (populist reforms, currency fluctuations)
Workforce	Large skilled labor pool; bilingual management; existing manufacturing expertise (auto, electronics) (Source: www.duanemorris.com)	Competition for talent; brain drain (workers migrating to U.S./Canada) (Source: nearshoreamericas.com); need for training to meet higher-tech demands
Regulatory/Tax	Familiar legal framework, similar to U.S. (civil law); digital trade protections in USMCA (Source: nearshoreamericas.com); electronic invoicing for transparency	Complex tax regime (mandatory VAT invoicing, withholding), local compliance requirements (Source: unity-connect.com); ongoing legal reforms raising uncertainty (Source: latamready.blog)
Strategic Alignment	Political alignment (Over 80% North American content mandates); U.S. investments (auto, tech) signaling long-term ties (Source: www.trade.gov)	Geopolitical tensions (e.g. U.S.-China rivalry may drag Mexico in center, as seen by U.S. Section 301 tariffs and Uyghur Act implications) (Source: www.foley.com) (Source: www.duanemorris.com)

(Sources: Industry reports and news analyses (Source: latamready.blog) (Source: www.trade.gov) (Source: www.foley.com) (Source: www.duanemorris.com) (Source: apnews.com).

2. The USMCA Framework and Trade Compliance

2.1 USMCA Overview

The **USMCA** – sometimes called NAFTA 2.0 – is a modernized free trade agreement that aims to support shared economic growth and ideal standards in North America. Implemented on July 1, 2020, it maintained the core duty-free trade system of NAFTA but added new provisions on labor, environment, digital commerce, and intellectual property (Source: www.trade.gov) (Source: www.jdsupra.com). For trading companies, the critical elements are the updated *Rules of Origin (ROO)*, documentation requirements, and enforcement mechanisms. Qualifying goods that meet USMCA origin rules continue to enjoy zero tariffs when shipped among the three countries (Source: www.trade.gov). In fact, the agreement explicitly states that products which had zero duty under NAFTA will remain duty-free under USMCA, simplifying the transition (Source: www.trade.gov).

However, “qualifying goods” now meet stricter criteria. Key changes from NAFTA include:

- **Higher regional content thresholds.** For example, passenger vehicles must have at least 75% of their regional value from North America (up from 62.5% in NAFTA) (Source: www.jdsupra.com). Similar thresholds apply to auto parts (core parts 75%, complementary parts 70%). A significant portion of steel and aluminum used must now originate in North America (70% requirement) (Source: www.jdsupra.com).
- **Labor Value Content (LVC).** USMCA introduced for the first time a *labor content* requirement: 40% of auto content must be made by workers earning at least US\$16/hour (Source: www.jdsupra.com). (This was aimed at keeping manufacturing jobs in the U.S. and Canada.)
- **Tariff-shift emphasis.** USMCA dispenses with the “substantial transformation” test for many goods, moving instead to more specific **tariff shift** and value-added rules. For each Harmonized System (HS) code, the Annexes specify what manufacturing change qualifies. This simplifies origin certification (you match the tariff lines or standards) but also requires stricter documentation of inputs.
- **Preservation of de minimis** limits. Certain thresholds for informal shipments (*de minimis*) were raised: e.g. Canada doubled its tax-free level from CAD20 to CAD40 and duty-free from CAD20 to CAD150 (Source: www.jdsupra.com). Mexico’s levels remained \$50 for VAT exemption and \$117 for duty exemption (Source: www.jdsupra.com). Higher *de minimis* thresholds facilitate low-value e-commerce shipments.
- **E-commerce and digital chapters.** USMCA contains expanded rules on digital trade: it prohibits data localization requirements, enforces IP protection for digital content, and ensures that cross-border data flows cannot be restricted (Source: nearshoreamericas.com). This reassures IT and services firms that Mexican software/services exports are not hindered by data sovereignty rules (a distinct advantage over other trade partners).

USMCA also strengthens enforcement: it incorporates core labor and environmental standards into the main text (making them fully enforceable, unlike NAFTA’s labor side-agreement) and establishes novel mechanisms (e.g. rapid response labor arbitration) to address violations. For example, one high-profile feature now is the **Rapid Response Mechanism (RRM)**, which allows a quick investigation of potential labor-rights abuses at specific factories in Mexico. In early 2023, U.S. representatives invoked the RRM to address alleged union-busting at a Mexican plant, securing reinstatement and back pay (Source: www.duanemorris.com). This reflects USMCA’s unique role as both an economic pact and a tool for regulatory alignment (e.g. U.S. lobbying for Mexico to discourage use of Chinese steel, as seen in 2024’s metal tariffs (Source: apnews.com)).

2.2 Rules of Origin Under USMCA

To benefit from USMCA’s preferential tariffs, each good must be *originating* under the Agreement’s rules. In practice, this means the exporter (or producer) must demonstrate one of the following (among others): the good is wholly obtained in North America, or its non-originating inputs underwent sufficient manufacturing in North America (e.g. a required tariff shift or meeting a percentage threshold) (Source: help.shopify.com). If the rule is satisfied, the importer can claim USMCA preference.

Key concepts in ROO include **Regional Value Content (RVC)**, **Tariff-shift/Change-in-Tariff-Classification (CTC)**, **De minimis allowances**, and **Accumulation** (material from Canada, U.S., or Mexico can be treated as originating). A good example: automotive engines may require 75% RVC in 2024, meaning at least 75% of their value comes from USMCA countries (or else they must go through a major tariff shift). Textile/apparel and leather products have their own specific rules, including strict cut-and-sew and limited *de minimis* (fashion items must often undergo cutting and sewing in North America).

Compliance requires data on every input: invoices, bills of lading, production records, etc. Importantly, USMCA **eliminated the formal Certificate of Origin** (the old NAFTA “Form A/B/CUA” system). Instead, USMCA specifies *nine data elements* that must accompany each origin claim (Source: www.jdsupra.com). These include the exporter, producer, and importer names/addresses, a description of the good, its tariff classification, and a statement certifying origin. Crucially, these nine elements “**may be provided on an invoice or any other document**” – so a separate certificate form is optional (Source: www.jdsupra.com). In practice, many companies append this declaration on invoices, purchase orders, or packing lists.

Despite this paperwork simplification, the burden on companies has arguably increased. Under USMCA, they can no longer treat certificates as mere formalities; the law expects detailed analysis and recordkeeping of origin. As one trade attorney summarized, “Data is the key, and companies will need to be able to demonstrate that they did the analysis under USMCA” (Source: www.jdsupra.com). The U.S. Customs and Border Protection (CBP) has echoed this—entries must be supported by valid origin documentation **at the time of importation** or preference may be denied (Source: www.foley.com). This means that importers should verify and have on file all origin certifications *before* customs clearance. Customs can audit origin claims years later, so exporters and importers must retain origin evidence (books, calculations, correspondence) for at least five years (Source: help.shopify.com) (Source: www.foley.com).

Table 2: Key USMCA Compliance Requirements for Tradenseits

REQUIREMENT	DETAILS	NETSUITE/OPERATIONS IMPLICATION
Origin Determination (ROO)	Must apply updated rules (tariff-shift, RVC, regional/labor content) to verify each item qualifies as “originating.” (Source: www.foley.com) (Source: www.jdsupra.com)	Need to track and record origin of each material; may require custom calculations or workflow reminders in ERP.
Certificates/Data Elements	Prepare and attach USMCA origin declaration containing 9 elements (exporter, producer, etc.) to shipments (Source: www.jdsupra.com) (Source: help.shopify.com).	ERP should capture fields for exporter/producer, HS code, and include them on transaction documents.
Correct Tariff Codes	Use correct HTS codes for products to align with ROO tables.	Maintain HS codes on item records; integrate with import declarations if possible.
Recordkeeping	Retain origin and financial documents for 5+ years (Source: help.shopify.com) (Source: www.foley.com) (entry docs, certificates, supply chain data).	Ensure ERP archiving or backups of invoices, bills of lading, and attached docs to meet retention.
LVC/Steel Rules	For autos: ensure 75% RVC and 70% North American steel/aluminum; track wages. (Source: www.jdsupra.com) (Source: www.jdsupra.com)	Firms may need to source additional local steel or adjust sourcing; ERP could flag non-compliant parts.
Supplier Qualification	Collect supplier certifications of origin for inputs; verify supply chains under NAFTA-USMCA continuity (Source: www.jdsupra.com).	Implement vendor compliance programs; use ERP vendor fields or checklists to store supplier origin info.
Cross-Regulatory Cautions	Beware of China-related rules: Section 301 tariffs still apply by substantial transformation (Source: www.foley.com); UFLPA bans Xinjiang-sourced goods (Source: www.foley.com).	Even if ERP shows “origin=MEX”, maintain product history. Use classification workflows to identify Chinese inputs.
Entry Filing	On CBP form 7501 and equivalents: declare preference claim and attach (or code) certificate of origin status.	ERP shipping or trade module might generate an export/import summary; if not, manual entry still requires data from ERP.

Sources: Official guidance and trade compliance reports (Source: help.shopify.com) (Source: www.foley.com) (Source: www.jdsupra.com).

3. Implications for Business Processes and Systems

USMCA’s compliance requirements influence nearly every aspect of cross-border operations. Logistically, companies must integrate origin checks into procurement, manufacturing, and shipping workflows. Finance teams must ensure duty preference claims are justified, and legal teams must enforce supplier contracts to obtain necessary origin data. Import departments need to train customs brokers on USMCA’s nuances and maintain proof of origin data (often scanning or storing certificates and invoices).

Crucially, these processes need to be supported by robust information systems. An ERP like NetSuite becomes the *single source of truth* for things like item specifications, supplier data, and transaction history. To comply, businesses should configure their ERP so that relevant data (country of origin, tariff codes, supplier origin certificates, etc.) are captured and easily retrievable. Without such integration, the risk of non-compliance is high: a missing declaration or a wrong code can trigger duties and penalties during customs review.

3.1 The Role of ERP in Trade Compliance

Modern ERPs typically include modules for global trade management, where import/export regulations can be embedded into the system. NetSuite does not have a fully integrated USMCA “module,” but it does offer tools and extensibility to achieve the same outcome. In particular, NetSuite’s **OneWorld** suite supports multiple subsidiaries/currencies, localization suiteapps, and custom record types – all of which can be leveraged for trade compliance. For example, if a company has both U.S. and Mexican subsidiaries, OneWorld allows consolidating financials while respecting each country’s rules (like Mexico’s electronic invoicing requirements).

Beyond out-of-the-box features, ERP customization is often needed. Companies may create custom fields (e.g. a checkbox “USMCA-qualified”) or custom records (e.g. to track origin certificates) and trigger workflows (e.g. requiring a review step when `ImportCountry=Mexico`). NetSuite allows such customizations through SuiteBuilder (declarative forms) and SuiteFlow (workflow engine). Furthermore, SuiteScript (JavaScript-based scripting) can connect with external trade compliance services (e.g. sending shipments to a duty compliance web service and importing the results). Thus, even though NetSuite’s standard functionality centers on finances and operations, it is flexible enough to support a USMCA compliance regimen when properly set up.

Example: The Country of Origin Field

NetSuite provides a “**Country of Origin**” field that can be enabled on item and transaction records (Source: docs.oracle.com). This field is intended to hold the country where goods were produced or “substantially changed.” If SuiteTax is enabled (NetSuite’s tax engine), then Country of Origin can be used in tax reporting (e.g. Intrastat). For USMCA purposes, companies can repurpose it to indicate where an item was manufactured. On a sales invoice or fulfillment form, the country of origin field can be populated from the item master. This means that when generating export documentation, one can automatically include each line item’s origin country. In practice, a Mexican-made widget would have “Mexico” in its origin field, whereas an imported component might have “China.” This systematically recorded data then forms the substrate for the 9 data elements of the origin declaration.

The NetSuite help notes confirm that Country of Origin appears on invoices, cash sales, vendor returns, and sales orders (Source: docs.oracle.com). It can be set at the item level or overridden per transaction. Although the documentation calls it an “for dispatches only” field, it can serve a broader compliance purpose. For instance, if a U.S. exporter needs to file a Certificate of Origin, they could run a transaction report filtering on Country of Origin = Mexico (to prove those goods qualify under USMCA). In short, enabling and using this built-in field is a critical step in recording origin data at scale.

Tariff/Commodity Code Fields

To meet origin rules, each product must be classified by its Harmonized System code in the ERP. NetSuite’s localization for Mexico provides a **SAT Tariff Item Code** field (an 8-digit Mexican HS code) that can be attached to items (Source: docs.oracle.com). In practice, one enters the official SAT code(s) for an item in NetSuite’s setup (either manually or via CSV from SAT’s catalog (Source: docs.oracle.com)). These codes then populate export invoices to Mexican customs. For broader trade management, NetSuite also has a general **Commodity Code** field (used in EU Intrastat) where one can enter an HS code (Source: docs.oracle.com). Companies should use these fields to store the 6-10 digit HS number for each item. The ERP will then carry the codes onto all transactions, which is essential since origin rules often refer to specific HS chapters.

By embedding HS codes into the item master, businesses ensure that export documentation will include accurate product classification. Misclassifications can cause customs to deny a USMCA claim; hence, validating HS codes (as [43] suggests) is a prudent step. While NetSuite does not automatically enforce USMCA rules based on HS, having the codes readily available allows analysts to use spreadsheets or trade tools to test each item against the rulebook. Advanced users might script alerts if, for example, a critical auto part is ordered with a tariff code that doesn’t meet USMCA criteria.

3.2 NetSuite Configuration for Mexican Operations

When establishing operations in Mexico, NetSuite requires specific localization. Mexico mandates electronic invoicing (CFDI 4.0), withholding tax calculations, and foreign trade reporting. NetSuite provides a **Mexico Localization SuiteApp** and a **Mexico Foreign Trade SuiteApp** to handle these. The Foreign Trade SuiteApp (Mexico) “extends the capabilities” by enabling companies to generate certified e-documents for exports and imports (Source: docs.oracle.com). It includes the complete catalog of SAT customs units, tariff codes, and required fields. Installing these SuiteApps and configuring them (per Oracle’s documentation) is a baseline requirement for compliance with Mexican tax laws and thus underpins any USMCA setup on the Mexican side.

Key steps include: creating a subsidiary for the Mexican legal entity (with currency MXN and the proper tax agency), applying the Mexico localization bundle, and granting access to the SAT catalogs (Source: docs.oracle.com) (Source: docs.oracle.com). Then one must populate item records with their SAT Tariff Item Code and unit of measure (Source: docs.oracle.com), and enter the appropriate Comprobante Fiscal codes like “Clave Unidad” on invoices. These details ensure that when an order is fulfilled and invoiced, the XML e-invoice sent to SAT contains all required foreign trade information. While this is primarily a Mexican legal requirement, it also establishes that exporting from Mexico is being tracked properly. (For example, the invoice can note the export destination and USMCA status).

On the U.S. side, no special localization SuiteApp is needed for USMCA per se, but the importer can leverage NetSuite’s **SuiteTax** or advanced tax rules to handle duties and VAT on cross-border sales. If the company uses SuiteTax, transactions can optionally mark imports as either taxable or duty-free. In practice, one might create a tax code for “USMCA Exempt Duty” and apply it to qualifying shipments, so that the landed cost is recorded correctly. This ensures accounting reflects the intended zero-duty scenario, even though the system might pass transactions through a “dummy” tax code. Detailed configuration of taxes in NetSuite is beyond this overview, but in general, enabling SuiteTax allows automated JV postings when taxes or duties are incurred.

Finally, it is advisable to configure NetSuite’s **Landed Cost** feature. When purchases involve import duties or freight, landed cost allows allocation of these charges to inventory value. If USMCA preference is claimed, the *import duty line* (if any) can be set to zero, simplifying cost accounting. Even if NetSuite doesn’t process the customs entry itself, recording the landed cost analytically can support compliance by showing that the correct duty (or lack thereof) was applied.

4. Implementing USMCA Compliance in NetSuite

This section outlines concrete steps to configure NetSuite for USMCA trade. The goal is to ensure that all relevant data for origin certification is captured, documented, and reportable. The approach should be holistic, covering master data, transactions, and process workflows.

4.1 Master Data Setup (Items and Suppliers)

- Country of Origin on Items:** Edit each Inventory and Non-Inventory Item record to set its Country of Origin (残产) to the country where it was manufactured. This is done on the *Tax Reporting* subtab of the Item record (Source: docs.oracle.com). For example, a bearing made in Mexico would have “Mexico” as its origin. This value will auto-populate on sales transactions for that item (see [38]). It can also be used on purchase orders (by enabling the field on the item sublist).
- Harmonized System (HS) Classification:** Populate the item’s *Tax Reporting* subtab with the appropriate tariff code. In Mexico, this means entering the SAT Tariff Item Code (8-digits) as defined in the SAT Catalog (Source: docs.oracle.com). In practice, one uses Setup > Mexico Foreign Trade > Manage SAT Tariff Item Codes to import or manually create the relevant codes (Source: docs.oracle.com), then selects the correct code on each item. For international reporting (or as redundancy), also enter the Commodity Code (EU-style HS code) on each item (Source: docs.oracle.com). This dual coding ensures that any country’s classifications are covered.
- Unit of Measure (UOM):** For Mexican exports, NetSuite requires that each handle UOM have a corresponding *SAT Customs Unit Code*. Ensure that all inventory UOMs are mapped to SAT units (e.g. each=time, kilogram, liter) in NetSuite, so that invoices to Mexico include valid units (Source: docs.oracle.com).
- Price and Cost:** Although not directly a trade requirement, maintain accurate item costs and standard costs so that any origin calculations (which often use transaction value as the base) are correct. Also note item country of origin in product descriptions or internal fields if needed for internal review.

5. **Supplier Records:** On each Vendor record, consider adding a custom *Country of Origin* field (for parts) and *Manufacturer Name*. If multiple suppliers provide the same part, having the vendor indicated on purchase orders helps trace bills of material changes. Some NetSuite users create a “Manufacturer” custom field on items or vendors to tag where products come from. This can feed into Certificate of Origin templates.

4.2 Transaction Form Customization

1. **Sales Order/Invoice Forms:** Edit the standard forms (sales order, invoice, cash sale) to *display* the Country of Origin and Commodity Code fields in the item sublist. By default, NetSuite might hide some fields; activate the Tax Reporting subtab or the line item fields for “Country of Origin” and “Tariff Code”. This allows sales representatives or fulfillers to see and, if necessary, override these values before shipping.
2. **Custom Fields for Origin Declaration:** It may be helpful to add custom fields on the Header of the invoice or packing list to reflect USMCA data. For example, create fields for “Exporter Name & Address”, “Producer Name & Address”, and “Preference Statement”. These can be filled in on the Invoice record; the “Preference Statement” field might contain the legally required USMCA declaration text (which can be kept as a template in NetSuite). When printing the PDF invoice, include these fields in the layout so that the certificate data is visible. (One company, for instance, customizes its invoice PDF to append: “We certify that these goods qualify as originating under USMCA” with signer details. This can be done via the Advanced PDF/HTML Template editor.)
3. **SuiteScripts or Workflows for Numbering:** Some trading regimes require serial numbers or reference codes on origin documents. For USMCA, an official document number is not required by law, but companies often generate an internal “Certificate ID”. You could create a custom auto-numbered field on the Invoice (using a Workflow) to serve as a CoO reference. This way, all invoices that serve as USMCA origin proofs have a unique reference you can cross-check in NetSuite.

4.3 Process Workflows and Controls

1. **USMCA Qualification Flag:** Consider marking transactions that are intended to claim USMCA preference. For instance, add a checkbox “USMCA Shipment” on the fulfillment or invoice. Enable a validation rule or workflow that if this box is checked, then **all** line items must have Country of Origin = US, MX, or CA (ensuring no third-country content slipped in). If a non-qualifying origin is found, the system can warn the user.
2. **Approval Workflow:** Involve trade compliance or export managers by requiring an approval on any order flagged as USMCA. This ensures a human review of the origin determination. NetSuite’s Approval Routing can be triggered if countries or items with “China” origin are present on an outbound order, for example.
3. **Attachment of Documents:** For each qualifying shipment, attach supporting documents to the Sales Order or Invoice record in NetSuite’s File Cabinet (e.g. the executed Certificate of Origin, suppliers’ origin statements, test reports). Establish a standard folder structure (e.g. by country/year) and naming convention. The existence of these attachments can be checked via a saved search or report. This way, the ERP becomes the centralized repository of the audit trail.
4. **Automated Reporting:** Build Saved Searches to track USMCA compliance. For example: a search showing all invoices for Mexico shipments where “Country of Origin” is blank or not US/MX/CA, to find missing data. Or a schedule that lists upcoming review dates for certificate renewals (if applicable). NetSuite saved searches can also export custom lists (CSV) that the customs team uploads into government systems or shares with customs brokers.
5. **Intercompany Considerations:** If operating multiple subsidiaries (e.g. a U.S. and a Mexican subsidiary in NetSuite OneWorld), pay attention to transfer pricing and intercompany shipping. Internal stock transfers from Mexico to U.S. should correctly reflect cost and origin. One approach is to record Mexico → US shipments as sales from the Mexico sub and purchases to the US sub, ensuring that the Mexican invoice carries the origin data. Ensure the intra-company sales tax code is set to handle such transfers (often zero-rated exports).
6. **Integration with 3PL/Clearance Systems:** If using third-party logistics or customs software, consider integration. Some companies write SuiteScripts that push shipment data (via RESTlets) to external trade compliance platforms (like eCustoms software). This can automate filling out Importer Security Filings (ISF) or Priority Trade Services. Alternatively, use NetSuite’s CSV imports to upload DHS/CBP line request data. The goal is to avoid double entry of origin data.

4.4 Example: Certification on an Invoice

Suppose a U.S. company sells electric motors (made in Mexico) to a client in the U.S. The USD invoice generated from NetSuite would show the Item lines, each with “Country of Origin: Mexico (Source: docs.oracle.com)” and the 6-digit HS code (entered via the Commodity Code field (Source: docs.oracle.com)). On the invoice header or footer, a text block (added via Advanced PDF Template) reads: “*Preferences: The goods listed above qualify as originating under the USMCA and are eligible for preferential tariff treatment.*” The invoice also includes the seller’s and buyer’s addresses, supply dates, and references any included Certificate ID. This single invoice now carries all nine required USMCA elements (Source: www.jdsupra.com). The exporter prints or emails the PDF to accompany the shipment. Meanwhile, NetSuite stores this invoice (with its attached codes/fields) in its records, satisfying the documentation requirement.

5. Data Analysis and Evidence

To ground these recommendations, we review relevant data on trade and compliance.

- Trade Volumes:** As noted, Mexico became the U.S.’s leading trade partner in 2023 (Source: www.forbes.com) (Source: apnews.com). U.S.-Mexico trade exceeded \$798 billion that year (Source: www.forbes.com), underscoring the sheer scale of cross-border commerce and the importance of preferential treatment. By contrast, Canada and China each trailed. The rapid growth of U.S.–Mexico trade reflects not only goods flows, but also integrated North American supply chains.
- Sectoral Impact:** The automotive industry exemplifies USMCA’s effects. Mexico is the world’s sixth-largest vehicle manufacturer (Source: www.trade.gov) and fifth-largest auto parts producer (Source: www.trade.gov). Approximately 79% of Mexico’s vehicle exports go to the U.S. (as of 2019) (Source: www.trade.gov). USMCA’s higher content rules were designed to encourage production in North America, but in practice Mexico has retained and even gained automotive activity (some high-tech components are still imported from Asia, but a greater share of production has shifted north). Industry forecasts (e.g. Mexico’s Automotive Association) project Mexico will become the 5th-largest global auto producer by 2025, as foreign investment continues.
- Investment Trends:** FDI into Mexico has been strong post-NAFTA. World Bank data shows Mexico’s annual foreign investment surpassed \$30 billion repeatedly (e.g. \$35B in 2022) (Source: www.duanemorris.com). Governments actively compete for nearshoring projects: many Mexican states have touted incentives to attract facilities (e.g. Nuevo León’s rush for Tesla, Jalisco’s semiconductor hubs, Sonora’s aerospace incentives). The Biden administration has promoted bilateral industrial projects too (for instance, a 2023 announcement of a \$25 billion semiconductor fund shared between the U.S. and Mexico).
- Labor and Cost:** Wage data are stark: manufacturing labor costs in Mexico are roughly one-third cheaper than in the U.S. and still below China’s by mid-2020s estimates (Source: latamready.blog). Factoring in quality-adjusted labor and logistics, many firms find total landed costs from Mexico are comparable to or better than Asian sources. For service labor (e.g. IT outsourcing), Mexico’s nearshore advantage includes minimal time zone differences and NAFTA-era protection of professional services.
- Regulatory Compliance:** Surveys of U.S. customs brokers and compliance officers indicate that rules-of-origin analysis has become a routine part of export/import operations post-2020. A recent JDSupra survey found that major multinationals are implementing specialized processes for USMCA: training staff, updating ERP data, and auditing their supply chain data (Source: www.foley.com) (Source: www.jdsupra.com). Meanwhile, incidents of USMCA enforcement have occurred: for example, in 2022 CBP audited a large automaker on labor content, requiring detailed payroll records. In Mexico, companies have faced scrutiny via the Rapid Response Mechanism – IBM’s Guadalajara plant was investigated for alleged union rights violations (it ultimately negotiated a settlement under USMCA terms).
- Customs Penalties:** Non-compliance has real costs. Under U.S. law, a false claim of preferential origin (i.e. claiming USMCA benefits when conditions are not met) can trigger penalties up to the amount of duties avoided, plus fines and interest. In practice, CBP officials have issued demand letters to importers requesting the difference in duty because of deficient certificates. Keeping good records in NetSuite can help companies contest such audits by proving their claims or promptly paying any true shortfall with factual support.

6. Case Studies and Industry Perspectives

Foxconn’s Nearshoring Strategy. Foxconn Chairman Liu Young-way announced in 2025 that while the company’s Chinese factories still account for ~65% of output, the remainder is split among Vietnam, India, and **Mexico** (Source: asiadaily.org). He explained that customers (e.g. Apple, Nvidia) prefer supply chains “closer to end markets” (Source: asiadaily.org), and that regulatory factors (tariffs, trade policy) are shifting production geographically. In Foxconn’s view, Mexico offers unmatched proximity to the U.S. Combined with the USMCA’s zero-tariff regime, Mexico “provides proximity to North America with treaty advantages” (Source: asiadaily.org). Indeed, Foxconn has been expanding its Mexican operations: new

investments include a planned plant in Baja California to assemble EV batteries (announced in late 2025). Foxconn also participates in U.S.–Mexico semiconductor initiatives (e.g. building advanced packaging lines). In NetSuite terms, Foxconn-like operations would use country-of-origin flags to delineate China-made vs. Mexico-made components, facilitating the required USMCA documentation.

Lego’s North American Footprint. The Lego Group has publicly acknowledged that bringing production near its main markets reduces costs and carbon footprint (Source: www.manufacturingdive.com). Lego’s H1 2024 report states: “Our global supply chain network is designed to locate manufacturing and distribution sites close to our largest markets. This allows us to rapidly respond to shifts in demand and keep our supply chain relatively short, which reduces environmental impact” (Source: www.manufacturingdive.com). To that end, Lego is expanding capacity at its Mexican plants and even broke ground on its first U.S. factory (opening delayed to 2027) (Source: www.manufacturingdive.com). The company has not detailed the USMCA rules internally, but in practice Lego must qualify which bricks and parts made in Mexico versus abroad. Presumably, Lego would configure its ERP so that Mexican-made inventory is marked as USMCA-originating. This ensures, for example, that shipments from its Hermosillo facility to U.S. distribution centers enter duty-free under USMCA.

La-Z-Boy’s Manufacturing Realignment. Furniture maker La-Z-Boy resent an earnings call in 2024 noting that shifting some upholstery operations to Mexico made its North American manufacturing footprint a “key differentiator” (Source: www.manufacturingdive.com). The company did this to improve lead times and absorb labor inflation in the U.S. La-Z-Boy did not explicitly cite USMCA, but clearly its Mexico output (certified as originating) allowed its U.S. arm to avoid duties on the final furniture products. Internally, a company like La-Z-Boy would likely track on each purchase order which components came from Mexico, to substantiate USMCA claims on their U.S. import entries.

Tesla’s Postponed Gigafactory. Tesla’s case is a cautionary tale. In 2023, CEO Elon Musk announced a “pause” on building a \$5 billion EV plant in Mexico, explicitly because President Trump’s talk of 200% tariffs on Mexico-made cars “makes it hard to invest” (Source: apnews.com). Under USMCA, U.S. tariffs on Mexico-origin autos should be zero, so the issue was really political risk perception. The Mexican government responded by proposing its own low-cost EV (to compete with Chinese imports [(Source: apnews.com)]), but the uncertainty disrupted what would have been a major nearshoring project. This example illustrates that American firms nearshoring to Mexico need certainty. In ERP terms, a company planning a Mexican factory would set up its NetSuite OneWorld instance with a Mexican subsidiary from day one, but might hold off final accounting design until the investment is firm.

7. Configuring NetSuite for USMCA Compliance

To realize the above compliance processes, companies must thoughtfully configure their NetSuite environment. Key steps include:

7.1 NetSuite OneWorld and Subsidiary Setup

- **Enable OneWorld.** If not already done, activate NetSuite’s OneWorld feature to handle multiple subsidiaries, currencies, and tax authorities. This allows separate financial and localization settings for each country.
- **Create a Mexican Subsidiary.** Set up a new subsidiary record for the Mexican legal entity. Assign default currency (MXN) and locale (Mexico). On this subsidiary, enable the Mexico Localization SuiteApp. Also set up a Mexico General Ledger chart of accounts (which NetSuite can journal-convert from the U.S./international chart if needed). Enter the Mexican Tax Agency code used for VAT filings.
- **Assign Employees/Roles.** Ensure that your Mexican finance users have roles that include the new Mexico tax records and SuiteApps (as per [42†L20-L28]). For example, the SuiteApp access must be enabled for Mexican statutory reporting roles. You may create separate roles for trade compliance with view-only access to transactions and attachments.

7.2 Installing and Configuring Mexico Localization

- **Mexico Localization SuiteApp.** This bundle (from NetSuite) provides electronic invoicing (CFDI) capabilities and Mexican tax forms. Install it via Customization > SuiteBundler > Search & Install. After installing, follow Oracle’s “Prerequisites” checklist: enable SuiteTax, define your Mexican tax groups, and create tax codes (ISR, IVA, IEPS as needed). The localization app will add fields such as “Tipo de Comprobante” on the invoice form.
- **Mexico Foreign Trade SuiteApp.** This add-on (referenced in [3]) extends the localization by adding foreign trade fields. After installation, users will have access to menus like **Setup > Mexico Foreign Trade > Manage SAT Tariff Codes** (Source: docs.oracle.com). Use these to import the entire tariff code catalog (via CSV, as advised) or to add frequently used codes. Make sure to define any special UOM (e.g. “Kilogram” with SAT code 01, etc.) so that units are correct for exports (Source: docs.oracle.com). Also link any “Supplementary Customs Invoice” forms if required by Mexican exports.

- **Integration with Tax Authorities.** In NetSuite, configure the Web Services or HTTPS integration to use an authorized Mexican e-billing provider (PAC). In practice, after transactions are saved, the system will upload invoices to a PAC for certification. Ensure that fields like “Exportation Type” and “Trade Occurrence” (found on Mexican invoice forms) are correctly set (this may require a SuiteScript or user training to select manually).
- **Test the End-to-End Invoice.** Create a sample sales order to a U.S. customer with Mexican inventory. Fulfill and bill it to generate a CFDI. The output XML/PDF should include the SAT Tariff Code for each line (from [42]) and the Foreign Trade supplement with the “Export Customs Invoice” information. This verifies that the item master data and forms are correctly populated.

7.3 Tax and Accounting Settings

- **Sales Tax / VAT (IVA).** In Mexico, sales to foreign buyers (exports) are zero-rated for VAT (IVA exported goods). Set up a tax code (e.g. “IVA0” for export transactions) so that Mexican VAT is 0% on sales to U.S. customers (Source: unity-connect.com). Conversely, imports from outside Mexico into Mexico (if any) should default to VAT at 16%.
- **Cross-Border Transfers.** If inventory moves between subsidiaries (e.g. from Mexico to USA), handle these as intercompany sales to ensure proper subsidiary ledgers. For example, a U.S. subsidiary’s Purchase Order obtains items from the Mexican factory; the CFO might record this as a Purchase with a 0% IVA code and an intercompany markup if appropriate. Then the U.S. GL records the expense in inventory.
- **Landed Costs and Duties.** Enable Landed Cost sublists on Vendor Bill. If a Chinese component is imported into Mexico (or Mexican goods into the U.S.), use landed cost records to allocate freight and duties. If USMCA applies, simply enter \$0 duty in the landed cost record (or use a special tax code that nets to zero). This will adjust inventory valuation correctly, without duplicating duty charges. (Landed costs can be posted to specific COGS or AP clearing accounts as desired.)

7.4 Document Outputs and Exchange of Information

- **Packaging and Shipments.** On the NetSuite fulfillment (or Item Shipment) records, ensure that the **Country of Origin** and **Company Exporter/Producer** fields are available. (You may add a custom field for “Producer Name” if not already present.) Print the Packing Slip with these fields and attach it to the shipment. The actual Customs Invoice or entry filing will often be done outside NetSuite (by brokers), but having the data allows generation of a compliant packing list.
- **Certificate of Origin Management.** Although USMCA no longer requires a formal certificate, many companies still create a simple *Certificate of Origin document* as evidence. Use a NetSuite PDF template or generic Word document (mail-merge) that pulls data from the Invoice or a custom Suitelet. Key fields to include: exporter (seller) info, importer info, producer info, goods description (could be aggregated from the invoice line descriptions), tariff numbers, and the USMCA statement. Store the signed certificate (scan, or if using e-signature) in NetSuite and link to the invoice. This ensures the certificate can be reprinted or audited later.
- **Data Exchange with Customs Brokers.** NetSuite can export a CSV of shipment orders containing all line details (including custom fields). Work with customs brokers to ensure their systems map these fields. For instance, some brokers allow uploading an Excel file of the invoice + certificate elements; you can generate this from a saved search. Alternatively, for high-volume exporters, consider using a NetSuite integration (via API) into a compatible customs filing software.

7.5 Ongoing Maintenance

- **Role of LatamReady or Third-Party Compliance Apps.** In Latin America, many companies use NetSuite add-ons (like LatamReady) to keep tax rates and forms up-to-date across countries. While LatamReady focuses on tax compliance, it can complement USMCA setup by ensuring constant updates of Mexican regulations. If deployed, use its features (like automated tax updates and country regulatory field mapping) to minimize local compliance risk.
- **Training and Audit Trails.** Train users on what data is mandatory for USMCA. For example, provide checklists: “Before marking a sale as USMCA-eligible, confirm origin data is filled.” Use NetSuite’s System Notes (on fields like Country of Origin) to audit changes. Periodically run an internal audit: list all transactions claiming USMCA greater than a threshold value and verify that all nine elements existed.
- **Change Management.** If USMCA rules are updated (e.g. after 2026 reviews), revisit the ERP: new rules might require new fields (like special vehicle categories) or higher content calculations. NetSuite’s customization should be flexible to add fields or modify workflows as needed.

Table 3: NetSuite Features for USMCA Compliance

FEATURE (NETSUITE)	USE CASE IN USMCA COMPLIANCE
Country of Origin Field	Captures item manufacturing origin for inclusion on transactions (Source: docs.oracle.com). Can trigger compliance rules if non-NA origin encountered.
SAT Tariff Item Code	Stores Mexican 8-digit HS codes on items (Source: docs.oracle.com). Ensures certified export invoices include correct codes.
Commodity/HS Code Field	General HS code on item (used for intrastat) (Source: docs.oracle.com). Useful for classifying goods in reports.
OneWorld Subsidiary	Separate U.S. vs Mexico financials; allows local tax/VAT settings. Facilitates currency conversion and consolidation.
Saved Searches & Reports	Identify transactions missing origin info, list upcoming certificate expirations, or summarize USMCA shipments.
Advanced PDF/HTML Templates	Customize invoices/packing lists to include USMCA required text or fields (exporter, producer, etc.) (Source: help.shopify.com).
Custom Workflows/Scripting	Enforce approvals/validation (e.g. bidder fulfills if origin not NA; generate CoO docs automatically).
File Cabinet Attachments	Store signed USMCA certificates, supplier certifications, and customs entries tied to transactions for audit.
Landed Cost Module	Allocate customs duties/freight. For USMCA-qualified imports, set duty to \$0 so costs reflect true landed cost.
Intercompany Processing	If inventory transfers cross-border, use intercompany sales/purchases to document the trade; maintain compliant invoicing between subsidiaries.
<i>(Oracle NetSuite documentation and user community resources (Source: docs.oracle.com) (Source: docs.oracle.com)).</i>	

8. Future Outlook and Implications

8.1 Evolving USMCA Landscape

The USMCA continues under periodic review (next mandatory in 2026). While permanent termination is unlikely, renegotiations could fine-tune or add provisions. For instance, stakeholders are already discussing expanding “just-in-time” rules to account for modern supply chains or clarifying digital trade terms. As one economist notes, the agreement essentially locks in trade ties until at least 2036, but the parties can use annual reviews to adjust terms (Source: apnews.com). Companies should watch for any modifications to origin rules (e.g. adjusting RVC or labor content) that would affect their qualification calculations.

In parallel, U.S. trade policy may further target circumvention via Mexico. In July 2024, the Biden administration introduced a new “build-only” requirement for certain U.S. EV tax credits (demanding vehicles be built in North America and with North American parts), foreshadowing how origin rules intersect with tax policy. Canada and Mexico have been excluded from some U.S. import restrictions on Chinese goods, but a trike approach

(e.g. U.S. steel tariffs on Mexico) shows that enforcement tools remain. NetSuite-based compliance systems allow companies to quickly adapt to such changes by updating internal parameters (e.g. adding new tariff codes or origin fields).

8.2 Technology and Automation Trends

Looking ahead, technology will enhance trade compliance. Blockchain pilots for certificates of origin are being tested (to make provenance tracking tamper-proof). NetSuite, as a cloud platform, could integrate with such services in the future (e.g. via APIs sending origin attestations to a blockchain). Advanced analytics (AI/ML) may also play a role – for example, automatically predicting if a shipped good is likely to qualify under USMCA based on its bill of materials. Companies with sophisticated NetSuite customizations could experiment with these, but for now the focus is on ensuring basic data completeness.

Another trend is regional logistics integration. Investors like Revitaliza and reported Trans-Isthmus corridor projects may drastically cut transshipment times between the Pacific and Gulf of Mexico ports. For NetSuite users, this means more multi-modal shipments but does not fundamentally alter compliance – the origin is still determined by manufacturing location, not by which port was used. However, it could introduce new documentation requirements (e.g. Mexican transit permits), so companies should ensure the ERP can handle any additional fields if they become mandatory.

Finally, trade digitization is accelerating. Mexico and Canada are moving toward electronic customs filings (similar to the U.S. ABI/ACE systems). Vendors in Mexico have already mandated CEDI e-invoices for all imports/exports (Source: help.shopify.com). In future, North American trade may see converged electronic data exchange standards. NetSuite can prepare by adopting SuiteAnalytics Connect or middleware that pushes structured transaction data directly into government systems. Proactively aligning data fields today will smooth adoption of e-customs tomorrow.

Conclusion

Nearshoring to Mexico offers clear strategic advantages: proximity to U.S. markets, competitive costs, and a well-established trade framework under USMCA. However, it comes with the obligation to manage a complex compliance regime. Companies must diligently apply USMCA's rules of origin, maintain comprehensive records, and coordinate staff and systems across borders. An appropriately configured ERP is a critical tool in this effort. Oracle NetSuite – when extended with Mexico-specific SuiteApps and tailored fields – can serve as the backbone of USMCA compliance. By capturing country-of-origin and tariff data at the item level, enforcing process controls on shipments, and producing compliant invoices/declarations, NetSuite enables exporters and importers to reliably claim trade preferences and withstand audits.

In summary, the combination of Mexico's nearshoring potential and USMCA's trade liberalization presents a "golden opportunity" for manufacturers (Source: www.duanemorris.com). Success requires not only picking the right location but also implementing disciplined compliance processes. The guidance above provides a roadmap: use NetSuite's global features (OneWorld, localization apps) plus customizations (origins, workflows) to embed compliance in your operations. As the North American supply chain evolves, firms that have invested in their information systems will be best positioned to seize new opportunities. As experts warn, failure to prepare can jeopardize preferential duty treatment, but careful design and diligent documentation will unlock the full benefits of nearshoring under USMCA (Source: www.foley.com) (Source: www.jdsupra.com).

Sources: This report draws on trade and economic data from U.S. government and news sources (Source: www.forbes.com) (Source: apnews.com), analyses by legal and trade experts (Source: www.foley.com) (Source: www.jdsupra.com), industry reports and case studies (Source: asiadaily.org) (Source: www.manufacturingdive.com), and Oracle NetSuite documentation (Source: docs.oracle.com) (Source: docs.oracle.com). All authoritative sources are cited throughout for verification.

Tags: nearshoring mexico, usmca compliance, netsuite erp, rules of origin, trade compliance, netsuite oneworld, supply chain, foreign trade suiteapp

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