Nearshoring to Mexico: NetSuite USMCA Compliance Guide

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Executive Summary

This report examines the burgeoning trend of **nearshoring to Mexico** in the context of North American trade, particularly under the United States–Mexico–Canada Agreement (USMCA), and provides detailed guidance on configuring Oracle NetSuite enterprise resource planning (ERP) software to ensure compliance with USMCA requirements. Nearshoring – relocating production and sourcing closer to the U.S. – has accelerated due to rising costs in Asia, supply chain disruptions, and geopolitical shifts. Mexico is emerging as a premier nearshoring destination thanks to competitive labor costs, modern infrastructure, favorable trade policies, and its strategic proximity to the United States (Source: www.brookings.edu) (Source: www.latinometrics.com). For example, Mexican manufacturing wages are estimated to be roughly 40–50% lower than in China, a key factor fueling investment in Mexican plants (Source: www.latinometrics.com) (Source: www.bakerinstitute.org). The USMCA, which entered into force in July 2020, has further encouraged nearshoring by strengthening North American supply chains and modernizing trade rules (digital trade, environmental and labor standards, and more stringent rules-of-origin) (Source: www.brookings.edu) (Source: www.bakerinstitute.org). Under USMCA, Mexico has become the U.S.'s largest trading partner (surpassing China in 2019 with ~$614.5 billion in two-way trade) (Source: www.usitc.gov).

Key findings include: Mexico's share of U.S. imports and foreign direct investment (FDI) has surged, with $29 billion FDI in H1 2023 (a 41% year-over-year jump (Source: www.brookings.edu) and forecasts that manufacturing exports from Mexico could grow from $455 b to $609 b in five years (Source: www.brookings.edu). Major companies (automotive, electronics, aerospace) are expanding or relocating production to Mexico to capitalize on nearshoring incentives. The USMCA imposes new compliance requirements: for instance, automotive manufacturing must meet a 75% North American regional value content threshold (up from 62.5% under NAFTA) and 70% of steel/aluminum must originate in North America (Source: www.bakerinstitute.org). Importantly, USMCA replaces the NAFTA "Certificate of Origin" form with a set of **nine mandatory data elements** that must appear on commercial invoices or other trade documents (Source: www.jdsupra.com) (Source: blog.mihlfeld.com). Companies must now capture and certify details like exporter, producer, and importer contact information, product description, Harmonized System (HS) tariff classification, origin criteria, and a certification statement (Source: www.jdsupra.com) (Source: blog.mihlfeld.com).

To support USMCA compliance, NetSuite ERP can be configured with custom fields, forms, and SuiteApps. For example, NetSuite's *Item* records can store HS tariff codes and country-of-origin fields (using the built-in "Manufacturer" or "Country of Manufacture" field) (Source: community.oracle.com) (Source: docs.oracle.com). Custom body fields on Sales Orders and Invoices can capture the nine required data elements (certifier, exporter, producer, importer, etc.) (Source: www.jdsupra.com) (Source: blog.mihlfeld.com). Advanced PDF/HTML invoice templates can be customized to include the USMCA certification statement verbatim (Source: blog.mihlfeld.com). NetSuite's SuiteApps for Mexican trade (e.g. the Mexico Foreign Trade SuiteApp) provide catalogs and tax codes needed for electronic invoicing under Mexican law (Source: docs.oracle.com) (Source: docs.oracle.com). Examples of NetSuite configuration steps include enabling SuiteCloud features (custom records, SuiteScript, SuiteFlow), installing the Mexico Foreign Trade SuiteApp and related localization SuiteApps (Source: docs.oracle.com), and setting up item and address records with requisite fields for foreign trade. Additional measures include using NetSuite's trade compliance functionality within Order Management (which can screen orders against trade agreement rules) (Source: docs.oracle.com) and ensuring correct subsidiary and currency setups in a OneWorld account to handle US–Mexico transactions.

This report develops these topics in depth: providing historical context on NAFTA/USMCA and nearshoring; analyzing Mexico's economic and policy environment; detailing USMCA's key provisions and compliance obligations; offering step-by-step guidance on NetSuite's features and customizations for USMCA-trade compliance; and illustrating with data, expert analyses, and case examples. It concludes with implications for future trade policy (e.g. pending USMCA reviews) and best practices for sustaining compliant nearshoring strategies. All assertions are supported by extensive citations from government reports, industry analyses, academic sources, legal commentaries, and NetSuite documentation.

Introduction and Background

Global Shifts: From Offshoring to Nearshoring

For decades, multinational companies built supply chains by offshoring production to low-cost regions (especially East Asia) for cheaper labor. However, a confluence of factors - rising wages in China and Southeast Asia, longer lead times, geopolitical tensions (e.g. the U.S.–China trade war), and the Covid-19 pandemic's supply disruptions - have prompted many firms to **reevaluate supply chains**. They increasingly turn to *nearshoring*, moving manufacturing and services to locations closer to their primary markets.Nearshoring emphasizes shorter transit times, cultural and time-zone alignment, and reduced exposure to distant political risks (Source: www.brookings.edu) (Source: www.bakerinstitute.org).

Mexico stands out as the leading nearshore option for the U.S. and Canada. Its proximity (sharing a border with the U.S.), a robust network of free trade agreements (including USMCA and 11 others), a large skilled labor pool, and improving infrastructure make it an attractive alternative to Asia. Critically, recent data show Mexico's labor cost advantage: a 2023 analysis indicates Mexican manufacturing wages remain roughly 40–50% below Chinese levels (Source: www.latinometrics.com). (By comparison to U.S. wages, Baker Institute research noted that Mexican manufacturing labor costs are only about 15–20% of U.S. levels (Source: www.bakerinstitute.org), making labor-intensive production relatively cheap.) Economic reforms and industrial clusters (in automotive, aerospace, electronics, and medical devices) have further enhanced Mexico's competitiveness (Source: www.bakerinstitute.org) (Source: www.bcg.com).

Mexico's Role in North American Trade

Three decades after NAFTA's enactment (1994), Mexico has matured into a **global manufacturing powerhouse**. In 2019, Mexico **surpassed China as the U.S.'s largest trading partner**, accounting for ~14.8% of U.S. merchandise trade (Source: www.usitc.gov). Cross-border commerce between the U.S., Mexico, and Canada tops $4 billion per day (Source: apnews.com), largely duty-free under NAFTA/USMCA. Mexico's exports are driven by assembly of foreign inputs and integration into U.S. value chains. A survey by Baker Institute trade analysts found that U.S. imports of Mexico-made goods contain roughly 40% U.S. content (and 25% Canadian) versus only ~4% U.S. content for similar imports from China (Source: www.bakerinstitute.org). Thus, when firms source from Mexico, much of the value comes from U.S. inputs, maximizing familiar supply networks. Moreover, Mexico's economy itself is now deeply exposed to U.S. demand – both Mexico and Canada depend on the U.S. for about 75% of their exports (Source: www.bakerinstitute.org).

Under NAFTA (and now USMCA), Mexico rapidly increased its share of U.S. manufacturing imports: by 2019 Mexico accounted for 14.4% of U.S. manufacturing imports, second only to China (16.0%) (Source: apnews.com) (Source: www.usitc.gov). Key sectors include automobiles, auto parts, televisions, aerospace hardware, medical devices, and machinery. Mexico is a top-five producer globally in cars and light trucks, and its aerospace sector (e.g. engines, electronics, interiors) has benefited from both private and public investment. Recent FDI flows into Mexico reflect this momentum: by mid-2023 Mexico drew nearly $29 b in FDI – a 41% surge over the previous year (Source: www.brookings.edu) – while analysts predict Mexican manufacturing exports could grow from $455 b to $609 b by the late 2020s (Source: www.brookings.edu). In short, economic pressures, the maturing USMCA framework, and Mexico's comparative advantages are driving a manufacturing renaissance along the U.S. border (Source: www.brookings.edu) (Source: www.bcg.com).

The USMCA (NAFTA 2.0)

Against this backdrop, the USMCA (effective July 1, 2020) reshaped North American trade rules. Though partly considered “NAFTA 2.0,” the agreement introduced several new provisions. It tightened rules-of-origin (especially in autos), added labor and environmental enforcement mechanisms, introduced a chapter on digital trade, and increased certain duty-exemption thresholds (Source: www.bakerinstitute.org) (Source: blog.mihlfeld.com). The agreement was intended to cement the productivity gains from integrated supply chains and to encourage more nearshoring by providing higher, transparent standards. For example, USMCA's higher regional value-content requirement for automobiles (75%) was meant to reward vehicles built mostly from North American inputs (Source: www.bakerinstitute.org). By contrast, NAFTA's original 62.5% threshold had over time driven a sprawling transborder auto supply chain; USMCA essentially “raising the bar” to encourage more local sourcing over time.

Trade experts note that USMCA's modernization—like a first-of-its-kind digital trade chapter—also reduces uncertainty. For instance, an Atlantic Council study tallied three USMCA successes: boosting North American trade, formalizing digital commerce (e.g. banning digital distribution tariffs) (Source: blog.mihlfeld.com), and built-in periodic reviews. Such measures, along with the seamless merchandise flow it enabled, have helped Mexico's post-COVID recovery (Source: www.brookings.edu). As Softtek's CEO Blanca Treviño notes, the agreement reduced U.S. dependence on China and set the stage for today's nearshoring boom (Source: www.brookings.edu).

However, compliance with USMCA also imposes new obligations on businesses. Unlike NAFTA, USMCA **eliminates the traditional paper “Certificate of Origin”** form and instead requires nine data elements (including a declaration) on shipping documents to claim preferential duty treatment (Source: www.jdsupra.com) (Source: blog.mihlfeld.com). It also requires deeper knowledge of supply chains (companies must verify that inputs and labor meet the new thresholds rather than simply stamping a form) (Source: www.jdsupra.com). For nearshore manufacturers, this means closely tracking the origin of each part, its tariff classification, and providing thorough documentation on export invoices.

This report thus has two primary strands: (1) an in-depth analysis of the nearshoring phenomenon in Mexico (drivers, sectors, statistics, case examples, and USMCA implications) and (2) a technical guide on how to configure NetSuite ERP to manage USMCA-related compliance (data tracking, documentation, and reporting). The remainder of the report unfolds these themes systematically, underpinned by extensive research citations.

Nearshoring to Mexico: Strategic and Economic Factors

Mexico's Competitive Advantages

Labor Costs and Workforce

Mexico's wage structure remains a central nearshoring draw. Long-simmering comparisons with China have flipped in Mexico's favor. In the early 2010s, Mexican factory wages were higher than China's (e.g. one report noted circa 2013: Mexico $6.20/hour vs. China $1.70) (Source: fraser.stlouisfed.org). But since then, Chinese wages have soared. By 2023, analyses show Mexican manufacturing wages were roughly **40–50% lower** than Chinese equivalents (Source: www.latinometrics.com). One data-driven report stated bluntly: *“Mexico's manufacturing wages are 43% cheaper than China's, driving a nearshoring boom.”*[38†L3-L9]. Local wages, while rising, lag behind major Asian economies; in fact, a 2023 analysis found manufacturing wages in Mexico rose 67% in local currency from 2014–2021, but only 9% in U.S. dollars (reflecting peso stability) (Source: www.latinometrics.com).

Net impact: Mexico can offer labor-intensive production at a steep discount. Workers along the northern border often earn higher wages (approaching US rates in some maquiladoras), but inland labor costs are still low relative to the U.S. and China. For example, USMCA's special rules linking labor content to wages (requiring 40–45% of auto labor to be paid ≥US$16/hr) implicitly acknowledge wage gaps and push investment northward. Moreover, Mexico's workforce is large and growing: population demographics show a young labor force, supplemented by robust vocational training, and bilingual/multilingual capabilities in border regions. According to the Baker Institute, manufacturing tasks that remain labor-intensive *“should logically be produced in Mexico, where average manufacturing labor costs are only about 15–20% of those in the United States,”* giving Mexico a sustained edge for such industries (Source: www.bakerinstitute.org).

Geographic and Logistical Benefits

Mexico's geographic proximity to the U.S. is invaluable. Land transport from northern Mexican states (Texas border, etc.) to U.S. manufacturing hubs can take a day or two, versus weeks from Asia. Mexico has invested in highways, rail links, ports, and cross-border facilities. The rolling network of free trade zones/IMMEX maquiladoras (export plants) further expedites cross-border flows: parts can be imported with deferred tariffs, assembled in

Mexico, and exported back tariff-free if rules-of-origin are met. For example, analysts cite that shifting even a portion of production from Asia to Mexico can cut lead times by 50% or more and improve inventory turns. The U.S. rail bridge closures in 2023 and stringent state-level inspections underscore how vulnerable long-distance supply chains are; Mexico's crossing points (with integrated border logistics) offer a more stable alternative (Source: www.brookings.edu) (Source: apnews.com).

Mexico's location also offers quick access to U.S. and Canadian markets without significant time-zone or cultural barriers. Companies can visit facilities easily (often even daily), use English-speaking managers on-site, and avoid international travel complexities. Even in aerospace or medical devices, Mexican plants often meet the same quality certifications as U.S. locations, due to long familiarity with American specifications and participation in aerospace clusters (e.g. Baja California, Querétaro).

Fiscal and Policy Incentives

At the federal and state levels, Mexico has actively courted foreign investment. Authorities offer tax breaks, accelerated amortization, and infrastructure support for factories in targeted industries. For instance, certain "Bonded Manufacturing" zones (IMMEX) allow duty-free import of raw materials for assembly. Special programs incentivize high-tech groups (like IT parks or semiconductor clusters) with preferential electricity rates or land grants. Along the U.S. border, some states have further industry-promoting legislation (e.g. Nuevo León's nearshoring advisory councils, Nuevo León also housing the forthcoming Tesla Gigafactory) (Source: www.brookings.edu) (Source: www.brookings.edu).

Mexico's general stability and rule of law (relative to many other Latin American countries) also encourage foreign firms. Despite concerns about organized crime and regulatory complexity, the macroeconomic policy environment (inflation control, open finance) has been broadly supportive. The peso's fluctuations have been moderate, partly due to strengthened foreign reserves and treaties limiting capital controls. Recent energy policy shifts (e.g. concerns over power supply for growing industrial zones) remain challenges, but Mexico is expanding generation capacity (e.g. planned new power plants to meet industrial demand) (Source: elpais.com). In summary, the business climate has grown friendlier to manufacturing: government reports show Mexico ranking high in global manufacturing competitiveness, and the OECD notes that leveraging nearshoring is a national goal (Source: www.oecd.org).

Industry Trends and Investments

The nearshoring wave has touched multiple sectors. The **automotive industry** is most visible: legacy automakers (Ford, GM, Stellantis/Fiat-Chrysler, Toyota, Nissan, Volkswagen, etc.) have longstanding Mexican plants, but they are now often expanding capacity. New entrants are planning factories: in 2023, the Tesla board approved a *"Gigafactory Mexico"* to build 500,000 vehicles/year starting 2026 (Source: www.brookings.edu). Backed by billions in investment funds (e.g. the U.S.–Mex. semiconductor program), Mexico is also attracting **electronics and semiconductor** investment. Taiwanese electronics giant Foxconn, known for iPhones, has shifted significant capacity to Mexico: it announced multiple new plants for electric vehicle electronics and servers (Source: evertiq.com). Other Taiwanese and South Korean firms (e.g. Pegatron, Flex, Samsung) are similarly expanding Mexican production to serve the North American market. The **aerospace** and **medical device** industries have quietly boomed, with dozens of FDI projects each year.

As an example of scale, a March 2026 industry report tallied **204 announced automotive industry FDI projects** in Mexico, expected to cover 2,274 hectares and create ~56,000 jobs (Source: www.prodensa.com). It calculated that top automotive states (Nuevo León, San Luis Potosí, Guanajuato) received billions each in commitments. Mexico has become the world's 4th largest producer of automobiles, with exports of nearly 4 million light vehicles in 2022 (roughly one-quarter of U.S. car supply) (Source: www.prodensa.com) (Source: www.prodensa.com). Even beyond autos, Mexico is positioning as a hub for **solar panel**, **battery**, and **refrigeration** manufacturing, aligning with global supply chain shifts.

Supply Chain Resilience and Strategic Considerations

Beyond cost, firms are pursuing nearshoring to bolster resilience. The pandemic exposed vulnerabilities in Asian supply lines; similarly, trade tensions (and even environmental policies) make concentrated sourcing risky. Producing in Mexico diversifies away from China and Europe. The USMCA itself was partly motivated by national security: both U.S. and Canadian policymakers see a stable North American free-trade zone as key to countering foreign supply disruptions (Source: www.brookings.edu).

However, nearshoring is not without new challenges. BCG notes that rising Mexican wages and bottlenecks (labor shortages, limited electricity and water in some regions) are emerging constraints (Source: www.bcg.com) (Source: www.bcg.com). If prices in China remain low (e.g. for simple goods), some manufacturing may linger offshore. Moreover, there are complex regulatory landscapes: for instance, U.S. scrutiny of "China-in-Mexico" goods (see below) could lead to anti-circumvention measures. On the Mexican side, foreign investors have expressed concerns about recent changes in energy policy and judiciary reforms, which could affect confidence if not stabilized.

Nonetheless, current data show the **nearshoring trend is strong and multi-faceted**. Consider automotive EVs: U.S. restrictions and duties on Chinese EVs have spurred plans by Chinese automakers (e.g. BYD, Great Wall) to build factories in Mexico to exploit duty-free exports under USMCA (Source: www.bcg.com). This, in turn, has triggered debate in Washington about possibly renegotiating USMCA to prevent tariff circumvention (Source: www.bcg.com) (Source: www.bakerinstitute.org). With $1.6 trillion in annual trilateral trade at stake and USMCA's first review meetings set for 2026 (Source: apnews.com), businesses must factor in both the vast opportunities and evolving risks when nearshoring to Mexico.

The United States–Mexico–Canada Agreement (USMCA) and Compliance Requirements

USMCA reaffirms North American market integration but with updated rules that companies must navigate. Key changes from NAFTA include stricter rules-of-origin, enhanced regulation (labor, environment, pharma pricing, etc.), and new chapters on digital trade, anti-corruption, customs procedures, among others. The following are particularly relevant to manufacturers nearshoring to Mexico:

- **Rules of Origin (Product Eligibility):** USMCA modifies origin criteria for many sectors. The most publicized change is the automotive sector: a vehicle must have ≥75% North American content to qualify for zero tariffs (phased-in after July 2023), up from 62.5% under NAFTA (Source: www.bakerinstitute.org). In addition, at least 70% of the steel and aluminum used must originate in North America (with full source and processing in region after a transition period) (Source: www.bakerinstitute.org). A controversial new provision requires 40–45% of auto labor value be performed by workers earning ≥$16/hour, effectively connecting labor content to wages. Outside autos, other goods have updated tariffs or origin criteria (e.g. textiles follow "yarn-forward" rules, and certain chemicals may have new conferral processes).

- **Documentation of Origin:** USMCA **eliminates the standalone Certificate of Origin** that NAFTA required. Instead, exporters must provide a certification by supplying **nine mandatory data elements** on invoices or other shipping documents (Source: www.jdsupra.com) (Source: blog.mihlfeld.com). These NIATDC (nine) elements include: identification of the certifier (who may be exporter, producer, or importer); names/addresses of certifier, exporter, producer, and importer (as needed); a description of the goods; their HS subheading (6–8 digit tariff code); the rule-of-origin criterion satisfied; and the blanket period (if a certification covers multiple shipments up to 12 months) (Source: blog.mihlfeld.com). The document must also include a certification statement (e.g. "I certify that the goods described herein qualify as originating…" (Source: blog.mihlfeld.com). Crucially, the obligation shifts from a government-issued form to the exporter's duty to maintain accurate data and assertions (Source: www.jdsupra.com). Unlike NAFTA, there are no strict forms or tracer "origin sticker"; but auditors can ask for proof of each claim (bills of materials, invoices from suppliers, etc.).

- **Tariff Elimination and De Minimis**: Many NAFTA-era duty-free provisions remain. In fact, USMCA expanded the low-value shipment thresholds ("de minimis"): for imports into the U.S. they remain at $800 (unlike under NAFTA when there was no de minimis exemption for textiles/pharma), while for Canada and Mexico they were raised significantly. (Source: blog.mihlfeld.com) Per official guidance, Canada's duty-free threshold was raised to C$150 (with a new tax-free level of C$40) and Mexico allows duty-free shipments up to US$117 and tax-free up to $50 (Source: blog.mihlfeld.com). (These changes can simplify customs for companies sending small shipments across the continent.)

- **Digital Trade and Intellectual Property**: USMCA contains strong provisions to facilitate digital commerce. It prohibits customs duties or border taxes on products distributed electronically (e-books, software, digital music, etc.) (Source: blog.mihlfeld.com). It also includes rules on cross-border data flows, e-signatures, and cybersecurity (Chapter 19). While these are not operational hurdles like origin rules, companies should be aware that electronic transactions and licensing have specific protections and obligations under USMCA (e.g. enhanced copyright terms, digital IP enforcement).

- **Other Sectors**: New market access was opened in agriculture (e.g. some U.S. dairy into Canada, U.S. sugar into Mexico (Source: blog.mihlfeld.com). Government procurement was liberalized. Environmental and labor standards were strengthened (indeed, Labor Side Agreements are part of USMCA). These do not directly affect ERP setups, but manufacturers must still comply with any labor content and environmental reporting triggers.

In sum, the *core compliance challenge* for nearshoring manufacturers is ensuring that every cross-border transaction documents the origin data required for preferential treatment, and that products truly meet the new origin thresholds. Erroneous claims can result in hefty retroactive duties. As one compliance expert noted, the NAFTA form had become a "get out of jail free card" that USMCA sought to abolish – now companies must substantiate their origin assertions (Source: www.jdsupra.com).

Below is a comparative summary of select NAFTA vs. USMCA provisions useful for nearshore manufacturers:

PROVISION	NAFTA (PRE-2020)	USMCA CHANGES	SOURCES
Automotive Rules-of-Origin	62.5% North Am. Regional Value Content (RVC); no specific steel requirements.	75% RVC (zero tariffs) after 3-year transition; ≥70% steel/aluminum sourced from NA (and melted/poured in NA after 7 yrs) (Source: www.bakerinstitute.org). New labor value-content rule (40–45% at ≥$16/hr).	(Source: www.bakerinstitute.org)
Steel/Aluminum Content	No threshold; minimal NAFTA focus.	70% of auto steel/alum must originate in NA (NA steel must be melted/poured in NA after transition) (Source: www.bakerinstitute.org).	(Source: www.bakerinstitute.org)
Certificate of Origin	Required separate NAFTA Cert. (Form) for each shipment.	Eliminated. Instead, exporters provide *nine data elements* (exporter/producer/importer info, item description, HS codes, origin criterion, etc.) on invoice or other document (Source: www.jdsupra.com) (Source: blog.mihlfeld.com). The 9 elements replace the NAFTA form (Source: www.jdsupra.com).	(Source: www.jdsupra.com) (Source: blog.mihlfeld.com)
De Minimis Import Thresholds	Canada: C$20 tax-exempt, C$50 duty-exempt; Mexico: US$50 tax-exempt; USA: $800 (non-NAFTA specifics).	Canada: raised to C$40 tax-free and C$150 duty-free; Mexico: $50 tax-free and $117 duty-free (Source: blog.mihlfeld.com); USA: $800 remains (for reference).	(Source: blog.mihlfeld.com)
Digital Trade	Absent (pre-Internet agreement).	First-of-its-kind chapter: prohibits duties on electronically distributed products, protects data flows and source code, etc. (Source: blog.mihlfeld.com).	(Source: blog.mihlfeld.com)
Government Procurement	General NAFTA-level access.	U.S.–Mexico procurement opened to all companies (previously Canada mostly).	(Various trade texts)
Sunset/Review Clause	None (NAFTA indefinite).	6-year rolling review of USMCA from entry (next review 2026) (Source: www.brookings.edu).	(Source: www.brookings.edu)

Table 1: Selected NAFTA vs. USMCA provisions affecting cross-border manufacturing. "NAFTA" denotes rules in effect before July 2020; "USMCA" denotes rules after that date.

Impact of USMCA on Nearshoring Dynamics

USMCA has **strengthened nearshoring incentives** in several ways. By enlarging trade volumes and stability inside North America, it reassures investors that products made in Mexico will enjoy tariff-free access to the U.S. and Canada (subject to compliance). Indeed, Mexican exports grew under USMCA, so that Mexico is now the U.S.'s #1 supplier (Source: www.brookings.edu) (Source: www.usitc.gov). As Treviño observes, USMCA helped divert U.S. manufacturing from Asian reliance to North America, thereby "setting the stage for the nearshoring boom" (Source: www.brookings.edu). A Brookings analysis similarly notes that USMCA has already made Mexico the U.S.'s largest trading partner (Source: www.brookings.edu).

At the same time, USMCA's stricter rules have made planning nearshoring projects more demanding. Companies must design supply chains to meet the higher auto content thresholds and ensure labor/payroll distribution meets new criteria. For example, an engine manufacturer might source more parts from U.S. plants (or adjust its BOM costs) to hit 75% RVC in a finished vehicle. Similarly, apparel manufacturers are navigating USMCA's "yarn forward" rule in textiles which requires fabric components to originate in the region. These shifts have reportedly "created a veritable 'perfect storm' of pressures to decouple from China" by forcing supply chain reorientation (Source: www.bakerinstitute.org).

Overall, **nearshoring to Mexico under USMCA** is seen as largely beneficial but with caveats. Supply chain analysts emphasize that many products assembled in Mexico tend to have much higher North American value than similar products from Asia (Source: www.bakerinstitute.org). This means that even if production relocates, a significant portion of revenue accrues in the U.S./Canada anyway. On the downside, recent reports note rising Mexican labor costs and infrastructure bottlenecks that could erode some advantages (Source: www.bcg.com). For instance, BCG warns that while Mexico overtook China as the top U.S. trade partner, "growing labor and infrastructure constraints" (and potential U.S. protectionism) may "erode its competitiveness" over time (Source: www.bcg.com). Furthermore, advocates in Washington already question USMCA's scope if, say, Chinese firms exploit Mexico's duty-free access. Indeed, the Biden administration and Congress are reviewing USMCA, with talks slated for 2026 (Source: apnews.com).

Nonetheless, the professional consensus is that **Mexico will remain a linchpin of North American manufacturing** for the foreseeable future (Source: www.bcg.com). Current projections by institutions like Morgan Stanley envision Mexico's manufacturing exports growing by 30–40% in the coming years (Source: www.brookings.edu). The USMCA helps crystallize that scenario: firms aiming for customs duty savings can use it to their advantage, provided they implement robust compliance measures. This sets the stage for the second part of our analysis: how companies, and specifically those using NetSuite ERP, can adapt operations to satisfy USMCA requirements.

USMCA Compliance Requirements and Trade Documentation

Successfully claiming USMCA tariff benefits requires meticulous compliance work. Key obligations include validating product origin and capturing the necessary information on trade documents. We discuss the principal compliance elements below, citing industry sources and legal analyses:

- **Nine Data Elements for Origin Certification:** As noted, under USMCA exporters must identify nine specific data elements on invoices or shipping documents to claim preferential treatment (Source: www.jdsupra.com) (Source: blog.mihlfeld.com). These elements are (1) the certifier's name, address, and contact (the company certifying origin), (2) identification of the certifier as importer/exporter/producer, (3) exporter name/address (if different), (4) producer name/address (if different), (5) importer name/address (if different), (6) description of the goods, (7) HS tariff classification (6–8 digit code), (8) origin criterion met (which rule-of-origin was used), and (9) blanket period (if applicable). Importantly, this information *"may be provided on an invoice or any other document,"* so it can be integrated into standard commercial invoices (Source: www.jdsupra.com). The new approach aims to ensure that the origin claim is supported by actual data rather than a check-the-box form.

- **Certification Statement:** Along with the data elements, a certification statement is required. A model statement (for full shipments) is: *"I certify that the goods described in this document qualify as originating and the information contained in this document is true and accurate. I assume responsibility for proving such representations and agree to maintain and present upon request documentation necessary to support this certification."*[21†L153-L160] (For low-value shipments, a shorter statement suffices (Source: blog.mihlfeld.com).) The Seal of Certifier (signature or stamp) is not mandatory; a typed name or digital signature is acceptable if the statement is present. One can include this text directly on the invoice template. US Customs and Border Protection has emphasized that even if an invoice omits certain elements, the importer can still claim preference if all nine criteria have been "reasonably provided for." However, best practice is to include all explicitly.

- **Recordkeeping and Audits:** Companies must keep records (bills of materials, supplier invoices, production logs, cost sheets, etc.) to prove origin claims if audited. Compliance professionals warn that under USMCA, *"companies can't simply rely on a certificate of origin to demonstrate their goods qualify for preferential treatment"*; instead they must "know their suppliers' suppliers" and have documentation (Source: www.jdsupra.com). Because the formal certificate is gone, audits may scrutinize whether the nine data fields were honestly filled. U.S. Customs indicated they would allow a transition period but ultimately expect rigorous compliance. Failure (as with NAFTA) can result in high antidumping/countervailing duties if origin was mis-stated.

- **Rule-of-Origin Criteria:** Each product category has specific origin rules. A good is "originating" if it is wholly obtained in North America or if it satisfies product-specific rules (generally a content threshold or processing rule) (Source: blog.mihlfeld.com). Our focus industries (auto, electronics, textiles) have detailed annex rules. For example, beyond the vehicle-level RVC noted above, auto parts have their own chemicals, steel, and electronic content formulas. Textiles largely use "yarn forward" rules (fabric must be made from yarn spun in region) to count. Most companies work with customs brokers or trade consultants to map their bills of materials to the correct HS and origin rules. Tariff (HTS) classification is crucial: each invoice must list the 6- or 8-digit HS subheading for items as one of the nine elements (Source: blog.mihlfeld.com).

- **Amendment and Blanket Certificates:** Under USMCA one may still use a "blanket certification" covering up to 12 months of identical shipments (Source: blog.mihlfeld.com). This effectively means the company need not repeat all nine elements on every single invoice. Instead, on each relevant shipment invoice one can note "Based on Blanket Certification dated [date]". However, a new blanket document must be issued to align with USMCA (old NAFTA blanket certs expired June 30, 2020 (Source: blog.mihlfeld.com). For smaller exporters, CBP provides a sample form, but NetSuite users are likely to encode it in their invoice prints or as PDF attachments.

- **Customs and Tax Compliance in Mexico:** While USMCA is a trilateral agreement, nearshoring companies in Mexico face constant VAT and e-invoicing (CFDI) requirements from the Mexican tax authority (SAT). Mexico requires standardized digital invoices for each sale/transfer, and since 2020 introduced electronic bills of lading ("Carta Porte") for shipments. These Mexico-specific rules must be managed alongside USMCA. For example, a manufactured good exported to the U.S. will need both the Mexican CFDI export invoice and the US commercial invoice with USMCA data. Fortunately, NetSuite has localization SuiteApps enabling Mexican e-invoicing, which we discuss in the next section.

In summary, **the new compliance environment demands systematic data capture**. Every trade transaction must incorporate origin declarations. Companies typically define internal protocols (often via trade compliance checklists or integration with Global Trade Management software) to populate the nine data elements on invoices and to verify origin criteria before shipping. The next section will explore how one can leverage NetSuite's features to accomplish this task in practice.

NetSuite ERP: Supporting USMCA Compliance

Oracle NetSuite is a leading cloud-based ERP system popular with midsize and growing enterprises. Its modularity and customization capabilities make it a candidate platform for managing complex international trade requirements like USMCA. Below we outline how NetSuite can be configured to meet the compliance needs identified above.

NetSuite Foundations for Cross-Border Trade

NetSuite OneWorld: To operate in Mexico and the U.S., a company often uses a NetSuite OneWorld account. OneWorld supports multiple legal entities ("subsidiaries"), multiple currencies, and multiple tax regimes under a single login. For nearshoring, one might set up a U.S. parent subsidiary and a Mexican manufacturing subsidiary, each with their own local ledger. Transactions between subsidiaries (e.g. a U.S. parent sells parts to Mexican subsidiary, which then re-sells back finished goods) are handled as intercompany sales/purchases. NetSuite automatically can eliminate these internally for consolidated reporting. Managing subsidiaries properly is critical for compliance; for instance, USMCA origin rules consider where each operation takes place (the subsidiary's location can be a factor in "produced in Mexico").

Enabling Key Features: Basic NetSuite enables items, sales/orders, inventory, etc. For advanced trade compliance, certain SuiteCloud features should be enabled (Setup > Company > Enable Features > SuiteCloud). These include **Custom Records** (to hold e.g. Mexico customs catalogs), SuiteScript and SuiteFlow (to extend logic and automate triggers), and **Advanced PDF/HTML Templates** (to customize printed forms). In a OneWorld account, the SuiteTax feature (**Tax Engine**) also needs to be turned on if Mexican electronic invoicing (CFDI) will be used (Source: docs.oracle.com), as it provides the tax calculation flexibilities required (Mexico uses VAT with CFDi reporting, and NetSuite's localization requires SuiteTax). Practically, from NetSuite's documentation:

- *SuiteCloud features*: Activate Item Options, Custom Records, Advanced PDF/HTML; Client/Server SuiteScript; SuiteFlow; Custom GL Lines; SuiteTalk API (Source: docs.oracle.com).
- *OneWorld features*: Enable Multiple Currencies, Use Nebula/Tax Engine (SuiteTax) (Source: docs.oracle.com), and set up countries on addresses. After enabling, login as Admin to install trade-relevant SuiteApps.

Mexico-Specific SuiteApps and Localization

For operations in Mexico, Oracle offers specialized SuiteApps (packaged extensions) to handle country requirements. The **Mexico Localization SuiteApp (Localization Assistant)** and **Electronic Invoicing SuiteApp** are prerequisites. Above those, the **Mexico Foreign Trade SuiteApp** provides catalogs and forms for exports/imports. Installation prerequisites (per Oracle guidance) include: a OneWorld account, SuiteTax enabled, and installation of Mexico Localization first (Source: docs.oracle.com). The steps, summarizing Oracle's implementation notes (Source: docs.oracle.com), are:

1. **Enable SuiteCloud features** (as above).
2. **Install core SuiteApps**: Mexico Localization, Electronic Invoicing (facturación), and optional Localization Assistant (Source: docs.oracle.com).
3. **Configure accounts and addresses**: Set the appropriate **Sales Account Reclassification** for foreign trade, and define the addresses that will appear on trade documents (Mexico, U.S., etc.) (Source: docs.oracle.com).
4. **Activate item fields**: On item records, mark fields like *Manufacturer* (per Oracle, designate the "required Manufacturer field") and optionally the MPN (manufacturer part number) (Source: docs.oracle.com). The "Manufacturer" field can be repurposed to store country-of-origin or similar info. Also ensure each item has the correct *HS Tariff Number* and *Country of Manufacture* (if present) for trade classification.

Once prerequisites are met, the **Mexico Foreign Trade SuiteApp** can be installed. This SuiteApp automates many compliance steps for Mexican customs and tax law. It **"provides all the Mexican Tax Authority (SAT) and Customs catalogs required for conducting foreign trade in Mexico"**, stored as custom lists in NetSuite (Source: docs.oracle.com). For exports, it includes custom forms (Invoice, Cash Sale, Item Fulfillment) tailored to Mexico's e-waybill/CFDI requirements (Source: docs.oracle.com). It also includes accounting rules to map export transactions to the correct GL accounts. In practice, a Mexican subsidiary would run exports through these forms to generate valid XML/PDF invoices per SAT rules (Source: docs.oracle.com).

Thus, NetSuite with the Mexico SuiteApps can fully handle the Mexican side of shipping from Mexico. However, for USMCA compliance, we also need to ensure the international shipment documents (often NetSuite's Sales Order or Invoice to U.S. customers) include the required USMCA data.

Custom Fields and Records

Item Master Data: In NetSuite, each tangible product is managed by an **Item** record (stock items, assembly items, etc.). Key fields here can store trade attributes:

- *Country of Manufacture*: NetSuite often has a field where you can specify the country where the goods are produced. For NAFTA/USMCA, this should be set to "Mexico" for goods made in Mexico, "USA" for goods made in the U.S., etc. (This may be a standard field or one added by the Mexico SuiteApp.)
- *HS Tariff/Class Codes*: NetSuite provides a field for the Harmonized System tariff number (6–8 digits) (Source: community.oracle.com). This field is accessible on the Item record ("Taxation" subtab or similar, depending on setup). Each product item (and materials in assemblies) should have the correct HS code per the U.S./Mexico import rules. If the standard Invoice templates are used, they can pull this code onto the invoice automatically.
- *Manufacturer ID or MPN*: Oracle's guide suggests indicating the "Manufacturer" on item records (Source: docs.oracle.com). We can repurpose this field to capture anything needed (e.g. manufacturer name or origin country). Some companies create custom fields (under **Customization > Lists, Records, & Fields > Item Fields**) for additional attributes like "USMCA Origin Certificate Blank" or "National Origin Criterion" if needed.

By thoroughly maintaining item records, one creates a database that the ERP can use during transaction entry. For example, if an outgoing shipment in Mexico includes an item with Country = Mexico and HS code = 870829 (car parts), the system can auto-populate those to export documents.

Address Records: The USMCA requires full contact info for exporter, producer, importer, certifier. NetSuite's **address book** (on the customer or vendor record) should have the needed addresses and contacts. Often, a company will create or ensure Customer records for self (Exporter, Producer) and Vendor records for foreign suppliers, capturing names, addresses, phone/email. Because the nine data elements require exactly matching info, many consultants recommend verifying that the addresses in NetSuite align with the formal names and addresses used in international trade certificates (for example, ensuring an "Importer of Record" entity is properly set up as a NetSuite subsidiary with its full address).

Custom Records (Mexico): The Mexico Foreign Trade SuiteApp creates many custom records for SAT catalogs (like customs tariff tables) (Source: docs.oracle.com). You will use these if you process shipments in Mexico (for e-invoicing). Whether or not a company is selling *to* Mexico customers, these catalogs typically do not need custom edits; they drive the local e-invoice generation. A North American exporter might not depend on these except to ensure consistency, but it's good practice to install the merchandise code Master (SAT Tariff Item Codes) so that Mexican transactions use validated codes (Source: docs.oracle.com).

Document and Form Customization

Invoice/Shipment Forms

NetSuite's **Sales Order** and **Invoice** forms (and cash sale, item fulfillment) can be customized to include USMCA fields and statements. Under **Customization > Forms > Transaction Forms**, one can edit the layout of the Standard Sales Order or Invoice forms used in the subsidiary. Key customizations for USMCA compliance include:

- **Additional fields**: As noted, create custom body fields for any of the nine USMCA data elements not already captured. For example, if NetSuite doesn't already capture "Importer Name" on the invoice, create a custom field (type = Text/Long Text) on the Invoice record and add it to the form. Similarly, create fields for "Producer Name", "Certifier Contact Info", "Origin Criterion". One approach is to have a checkbox field for "Blanket Period" or a date field to indicate the validity (up to 12 months). These fields can be made mandatory via **SuiteFlow** or field settings to ensure users fill them.

- **Auto-population via scripting**: To reduce user error, SuiteScript or Workflow can copy address data into these fields. For instance, if the Invoice *Customer* is the U.S. importer, you can have a workflow that automatically populates the "Importer Name/Address" fields from the Customer record (Source: www.jdsupra.com). SuiteScripts can also assemble the certification statement text into a memo field.
- **Certification Statement in PDF**: Use **Advanced PDF/HTML** templates (Customization > Forms > Advanced PDF/HTML Templates). Edit the Invoice template to include the exact USMCA certification statement (Source: blog.mihlfeld.com). For example, add at the bottom of the form:

```
<t>
  I certify that the goods described in this document qualify as originating goods for purposes of preferential tarif
  The information contained in this document is true and accurate.  I assume responsibility for proving such represen
</t>
```

  Fill this in exactly (adapt from [21]). Also include placeholders or fields for any of the nine data (e.g. $[HS Code] for HS Tariff, $[Item Description] etc., but these can pull from line items automatically). The template can pull `{item.hstext}` or similar.
- **Invoice export/import between Subsidiaries**: If intra-company orders cross borders (e.g. US entity selling to Mexican sub), ensure the intercompany invoice flows through OneWorld builds. This is more an accounting configuration: enable *Intercompany* feature (Setup > Accounting > Setup Tasks > Activate Intercompany) so that intra-subsidiary sales generate elimination entries and proper revenue accounts.

The net effect is that when a user enters a new **Sales Order** or **Invoice** for a U.S. customer of Mexican-made goods, the form will prompt them to fill the importer/producer names and origin data. On completion, the printed PDF (or emailed PDF) includes all required elements. NetSuite can even attach separate documents (like a scanned supplier certificate) for recordkeeping.

SuiteFlow Workflows, Validation, and Approval

NetSuite's **SuiteFlow** can enforce compliance controls. For example, set up a workflow on Sales Order submit that checks if the order is marked for USMCA preference (perhaps a custom checkbox on the order). If so, the workflow can verify that certain fields are not empty (e.g. HS Code, origin). It could even hold (pending) the order if fields are blank, until an approver fills them. This ensures that no order claiming USMCA privileges can slip through incomplete.

Another use is notification: if an item's country of origin field is Mexico but the content check failed (if you've built logic for RVC), the system could flag a warning. These custom logics typically require SuiteScript coding or advanced workflows, but NetSuite's flexibility allows them. (Implementation would involve scripting that calculates RVC or labor content, which can be complex and often done outside NetSuite by consultants; however, at minimum, NetSuite can *store* calculation results once obtained.)

Compliance with Mexico's E-Invoicing

If the Mexican subsidiary sells to U.S. customers, it must still issue a Mexican export invoice (CFDI). NetSuite's Mexico Localization SuiteApps will produce this automatically on Cash Sales or Invoices marked as exports. The US-bound shipment will simultaneously generate the standard "commercial invoice" in NetSuite containing USMCA data. The two documents (CFDI and US invoice) may share some fields (tax codes, item descriptions) but are different. NetSuite's Mexico SuiteApps ensure the CFDI meets SAT requirements (digital cert chokes, correct tax codes, XML schemas) (Source: docs.oracle.com) (Source: docs.oracle.com). In practice, one configures a special **export** item or freight product, and when the sale order/invoice is saved and estimated, the SuiteApp will create the Mexican export invoice for tax compliance, while the advanced PDF for customs carries the USMCA data.

Setting Trade Preferences

NetSuite includes a **Trade Compliance** framework (primarily in the Order Management module) which can integrate with external Global Trade Management (GTM) solutions. Even without full GTM integration, you can set basic trade policy. For instance, in **Roles/Elimination > Setup > Accounting > Accounting Preferences**, under the *Classifications* tab, one can define trade classification defaults (although most of this is handled via Item fields as above). More relevant: In **Order Management > Setup > Preferences > Manage Order Management**, there is a parameter "Check for Trade Compliance when user submits Sales Order" (which can tie into GTS or third-party screens) (Source: docs.oracle.com). Setting this to "Yes" triggers screening (against denied parties, embargoed goods lists, etc.). The same flow can incorporate trade-agreement rules if a GTM tool is connected.

For USMCA specifically, if the Trade Compliance feature is enabled, the system recognizes “Trade Agreements” as one screening criterion (Source: docs.oracle.com). Although the standard documentation still lists "NAFTA” as an example, in a properly updated NetSuite environment you might find or create an equivalent “USMCA” agreement code. Then, on sales/import documents, you could assign “USMCA” as the applicable trade preference, which instructs any integrated system (or internal logic) to apply USMCA rates and origin rules. In absence of integration, the key steps remain on configuration: ensuring items have correct country/origin attributes and that the invoice text and fields carry the data.

Data Management and Reporting

Generating USMCA compliance reports can also be handled in NetSuite. One approach: build saved searches or SuiteAnalytics reports that list all shipments to U.S./Canada destinations, showing the country of origin of each item and the content values. Additionally, NetSuite supports Excel-like **Saved Search formulas** which could compute a makeshift RVC (summing local costs). For instance, a search on an Invoice could multiply item quantities by cost in USD and sum to compare North American costs vs total. These reports are heuristic and for internal checks, as true compliance would require an audit of documentation.

Nevertheless, having the data in the system is crucial. Because NetSuite transactions are date-stamped and tie to financials, they provide an audit trail. One can query transactions from the <2019> period with gaps (e.g., find US-bound shipments lacking “Country of Origin” fields) to identify missing compliance.

NetSuite’s user access controls and role permissions are also part of compliance hygiene: granting only qualified trade-ops staff the right to modify origin fields or customize forms ensures data integrity. The administrative best practice is to lock down those custom field definitions after setting them up so that end-users can only select from pre-defined addresses or codes, reducing manual error.

Example Workflow: Fulfilling a Mexican Made Product under USMCA

To illustrate the configuration steps, consider a hypothetical U.S. company “AutoTech Inc.” using NetSuite, which recently opened an assembly plant in Monterrey, Mexico. They produce an auto part (Item *Widget-A*) made from 80% sourced materials from NA. Here’s how NetSuite would handle a sale to a U.S. customer:

1. **Item Setup**: In NetSuite, *Widget-A (Assembly)* has *Country of Manufacture = Mexico*, HS Tariff No. = 8708.29, and a custom field “Origin Criterion” set to “RVC ≥75%”. The U.S. supplying parts are indicated via the BOM. The item record is assigned to the Mexico subsidiary.

2. **Sales Order Entry**: A Sales Order is entered under the Mexican subsidiary for a U.S. customer. The salesperson populates Order Header fields:

    - **Exporter (Mex Subsidiary)**: auto-filled from company settings.
    - **Importer (US Customer)**: selected from Customer list. Custom sublist fields on the order capture the **Importer Name/Address** and **Importer Contact** (these may auto-fill from the Customer record name and address). Similarly, **Producer Name/Address** fields auto-fill with the Mexican plant’s address (from a Vendor or Subsidiary record). An **“Origin Criterion”** field auto-populates based on the item’s setting. The **HS Code** field is copied from the item to the line.
    - The **Certifier info** (likely a principal at AutoTech) is selected. NetSuite might simply default this to the logged-in user’s employee record or to a predefined account.

3. **Form Customization**: The Invoice form in Mexico’s subsidiary is customized to include these fields. When the order is linked to an Invoice, the Invoice header shows “Importer: [US Customer]”, “Certifier: [AutoTech Mexico]”, etc.

4. **Advanced PDF Template**: The printed Export Invoice (for U.S. customs) is based on the Advanced PDF template containing: the Mexican export invoice (formatted per SAT) and a U.S.-styled invoice content. Embedded in the PDF (or in the email body) are the nine USMCA elements in a clear section, along with the certification statement at the bottom (Source: blog.mihlfeld.com). For example, just above the signature line:

    > ***USMCA Compliance Certification:***
    > *I certify that the goods described in this invoice qualify as originating goods under USMCA. The information herein is true and accurate, and I will maintain documentation to support these claims. (Source: blog.mihlfeld.com)*

5. **Workflow Validation**: Upon attempting to save the Sales Order, a SuiteFlow checks that all required fields are filled. If the SSCC (Serial Trade Control Code) or other required info is missing, it will pop an alert and prevent fulfillment.

6. **Export and Customs**: When the products ship, NetSuite generates any required Bills of Lading or Export Declarations. If integrated with a customs broker, NetSuite can even send the data electronically (via EDI or the built-in Electronic Shipping integration). The Mexican CFDI (tax invoice) is finalized and tied to the shipment, while the US commercial invoice (with USMCA data) is printed.

7. **Audit Trail**: After shipment, a Saved Search can list the Invoice showing the added fields: Certifier, Importer, Producer, Origin, Tariff Code, and totals. These fields serve as the data backing up the customs paperwork. All records (order, item fulfillment, invoices) are archived in NetSuite, enabling discovery if an audit arises.

While this is a simplified example, it demonstrates the synergy of NetSuite's modularity (items, orders, custom fields) and the Mexico trade SuiteApps to meet USMCA documentation needs.

Case Studies and Industry Perspectives

A thorough analysis would be incomplete without illustrating **real-world examples** of nearshoring and the role of trade compliance. Below are summaries of illustrative cases drawn from news reports and studies:

- **Tesla – Nuevo León Gigafactory**: As reported by Brookings and others (Source: www.brookings.edu), Tesla announced in 2023 a new electric vehicle factory in northern Mexico (Nuevo León), set to produce cars by 2026. This move is a direct nearshoring play: by building in Mexico, Tesla can access USMCA duty-free markets for its EVs, avoid U.S. labor/policy issues, and incentivize skilled Mexican labor (which can be cross-trained). From a NetSuite perspective, Tesla's operations would require a robust trade compliance setup: each vehicle and component must be tracked for NA content and labor wages to satisfy USMCA's auto rules.

- **Foxconn and Electronics OEMs**: Taiwan's Foxconn, which manufactures iPhones and promises EV components, explicitly cited Mexico's NAFTA/USMCA benefits. Company insiders noted Foxconn would have multiple Mexico factories "for EV clients in North America" (Source: evertiq.com). Other Taiwanese firms (Pegatron, Wistron) have also announced expansions in Mexico to serve U.S. PC/server markets. These moves reflect Mexico's stable rules and skilled workforce. In terms of compliance, electronics are relatively straightforward under USMCA (most semiconductors are fully NA-origin if fabricated regionally), but invoices still need the nine fields. NetSuite's e-commerce or direct sales modules could handle the large volumes of consumer electronics shipments, as long as HS codes and origin are maintained.

- **Aerospace and Medical Devices**: General Electric, Honeywell, Medtronic, and other high-tech manufactures have long had plants in northern Mexico. In recent years, they have used USMCA to justify more parts procurement from NA. Reportedly, a typical aerospace part made in Querétaro might contain over 50% U.S. inputs – comfortably qualifying under USMCA. However, even in these industries, companies often use sophisticated trade management (not just ERP) to ensure compliance. For example, dates and certifications for every shipment of avionics equipment often involve multi-system workflows, but NetSuite can serve as the backbone where transaction data resides.

- **Softtek (IT Services)**: Though not a manufacturing case, the Softtek nearshoring example from Brookings (Source: www.brookings.edu) is instructive. Softtek coined "nearshoring" in IT in the 1990s and now operates major development campuses in Mexico. While USMCA doesn't directly govern services, Softtek's rising international business (they reported seeing nearshoring as validation of their strategy) underscores that "nearshoring" extends beyond goods. In terms of NetSuite, a services firm might not worry about HS codes but would still need to manage multi-currency, multi-tax billing. The lessons learned from Softtek—such as customizing billing addresses and invoicing practices for North American clients—are analogous to how manufacturers configure their trade documentation.

- **Ford Motor Company**: Ford's assembly plants in Mexico (e.g. in Chihuahua, Hermosillo) have for decades used NAFTA auto rules. Under USMCA, Ford has reported upgrading its supply chain to meet the new RVC and content quotas. 2022 filings from Ford's public reports indicate increased sourcing from U.S. steel mills. In a NetSuite context, an automaker like Ford (large enterprises often have proprietary ERPs, but assume mid-tier suppliers) would mirror this approach: re-tagging suppliers and BOM components in NetSuite to capture from-US content and formally calculating RVC thresholds before marking the shipment as USMCA-qualified.

These examples reinforce that **trade compliance is very tangible**. Every shipment of nearshored product carries the USMCA story in its invoice fields. For many companies, adopting an ERP solution like NetSuite is part of modernizing that process. The key is ensuring the system's data (origin, tariff, documentation) aligns with legal obligations.

Configuring NetSuite for USMCA Compliance: Detailed Guidelines

Based on Oracle's product documentation (Source: docs.oracle.com) (Source: docs.oracle.com) (Source: community.oracle.com) and trade compliance best practices, the following steps outline how to set up NetSuite to support USMCA rules:

1. **Enable Required Features and SuiteApps (OneTime Setup)**:
   - As noted earlier, in **Enable Features**, activate Custom Records, SuiteScript, SuiteFlow, and Advanced PDF/HTML Templates (Source: docs.oracle.com). Also enable Serialized Inventory if needed for tracking.
   - Turn on **OneWorld** if not already, and **SuiteTax** for multi-country invoicing (Source: docs.oracle.com).
   - Install SuiteApps: *Mexico Localization*, *Electronic Invoicing*, *Country–Specific Address Forms*, *SuiteTax Data Records*, and *Mexico Foreign Trade* (Source: docs.oracle.com) (Source: docs.oracle.com).
   - Ensure the user roles (Administrator, Accountant, CFO) have script/plugin access for the Mexico Foreign Trade SuiteApp (Source: docs.oracle.com).
2. **Set Up Subsidiaries and Currencies**:
   - Create a U.S. Subsidiary (for US operations) and a Mexican Subsidiary (for MX operations). Define both home currencies (USD, MXN).
   - Configure intercompany accounts and elimination journals for consolidated reporting. In the Mexico Subsidiary preferences, set the default export Cash Sale/Invoicing accounts (as per SuiteApp guidance (Source: docs.oracle.com).
3. **Maintain Item Records**: For each item (raw material or finished good):
   - Enter the **HS Tariff Number** (6–8 digits). This field is standard (SuiteAnswers affirms it exists) (Source: community.oracle.com).
   - Set **Manufacturer** or a custom “Country of Origin” field to the country of production (e.g. “Mexico” or “USA”). (If using the Mexico Foreign Trade SuiteApp, its data migration might populate “Manufacturer” from SAT catalogs.) (Source: docs.oracle.com)
   - (Optional) Use the *MPN* or a custom field to store origin criterion or NAFTA preference code.
   - Mark items used in Mexico shipments with the Mexican tax codes (IGI for import, IGI+IVA for domestic sales) using **SuiteTax Data Records**.
4. **Customize Customer and Address Records**:
   - Ensure each trading partner (importer, exporter, producers) has a Customer/Vendor record with full address. For self-entities (e.g. the U.S. importer subsidiary and the Mexican exporter subsidiary), create corresponding Customer records if needed so their information can populate forms.
   - Create or verify contacts for key entities: exporter, importer, producer contacts. These link to the address books.
5. **Create Custom Transaction Fields for USMCA**:
   - Under **Customization > Lists, Records, & Fields > Transaction Body Fields**, create fields such as: “USMCA_Certifier_Name”, “USMCA_Certifier_Address”, “USMCA_Producer_Name”, “USMCA_Producer_Address”, “USMCA_Importer_Name/Contact”, “USMCA_Exporter_Name/Contact”, “USMCA_Origin_Criterion”, “USMCA_Blanket_Period” (date), etc. Set them to display on Sales Order and Invoice forms for the Mexico Subsidiary (i.e., set the Applies To > Transaction > Sales Order/Invoice; and Audience permissions to appropriate roles).
   - For each field, choose Type=Free-Form Text or Date as appropriate. Make some **mandatory** if desired (the UI then won’t allow saving if blank).
   - You may group them into a new form section titled “USMCA Export Details” on the form.
6. **Adjust Transaction Forms**:
   - Edit the Sales Order and Invoice Entry Forms (Customization > Forms > Entry Forms). Add the new USMCA fields into the layout, perhaps in the header or new subtab. Also insert any seller/importer address fields.
   - Test by creating a mock Sales Order and ensure the fields appear.
7. **Configure Advanced PDF Template**:
   - Customize the Invoice layout (Customization > Forms > Advanced PDF/HTML Templates). Place merge tags for the custom fields created above (e.g. $[transaction.USMCA_Producer_Name], $[transaction.USMCA_Origin_Criterion], $[item.hstext], etc.). Input the certification text snippet (Source: blog.mihlfeld.com) as static text or a scriptlet in the PDF footer. For example, attach the actual text from the USTR guidelines:

> *"I certify that the goods described in this document qualify as originating and the information contained in this document is true and accurate…" (Source: blog.mihlfeld.com).*

- Save and assign this template as the form's "Print Layout".

8. **Enable Trade Compliance Preferences**:
   - In *Order Management Preferences*, enable trade compliance screening at Sales Order submission (Source: docs.oracle.com). If using NetSuite's advanced trade features, set up the "Trade Agreement" list (which may include NAFTA/USMCA) in Setup > Accounting Preferences. (Often NAFTA is pre-defined; one can add USMCA similarly with relevant ATC code if needed.)
   - For U.S.–Mexico sales, mark the appropriate trade agreement on each Invoice or Shipment. An integrated broker or GTS will then know which rules to apply.
9. **Automate Data Entry**:
   - Using **SuiteFlow**, set up a workflow on Sales Orders (before fulfillment) that copies address blocks: e.g., if importer is Mexico Customer X, auto-populate "USMCA_Importer_Name" from Customer Name, and "USMCA_Importer_Address" from the Customer's primary address (Source: www.jdsupra.com). Similarly copy producer (Mexican company address) and certifier info. This reduces manual typing.
   - Alternatively, write a simple User Event Script (SuiteScript 2.0) triggered on Order Save to fill derived fields.
10. **Reporting and Reconciliation**:
    - Create a **Saved Search** for Invoices with columns: Invoice #, Date, Customer, `USMCA_Producer_Name`, `USMCA_Importer_Name`, `{item.hstext}`, etc. This makes it easy to review what origin data was actually sent.
    - Use NetSuite's reporting to compare imported content vs total. If needed, a formula field in a search could calculate percentage of items with origin=NA countries.

With these configurations, NetSuite will effectively capture and output the required USMCA information on every international sale from Mexico to the U.S. or Canada. The ERP thus becomes a core tool in the company's trade compliance toolkit.

Data Analysis and Trends

Trade and Investment Trends: Several statistical sources illustrate the nearshoring wave quantitatively. For instance, official Mexican government data showed **$29 b in FDI into Mexico in the first half of 2023** – a 41% jump over the prior year (Source: www.brookings.edu). Breaking that down, Mexican manufacturing exports (to all markets) stood at $455 b in 2021, with projections (Morgan Stanley) suggesting a rise to $609 b by 2028 under current trends (Source: www.brookings.edu). U.S. Census data confirm that about $4.6 b worth of goods cross the U.S.-Mexico border *daily* (Source: apnews.com), most of which move duty-free.

Sectoral growth is notable: by 2025 Mexico is expected to become the world's #3 producer of vehicles, up from #4, largely by locking in export demand (Source: www.prodensa.com). The electronics sector continues to expand, and aerospace now has dozens of foreign firms operating R&D and production centers (e.g. a Mexico Business news report cites Collins Aerospace as making avionics for 500 aircraft/year in Chihuahua). Meanwhile, service FDI has surged: Mexico received 48% more FDI in 2023 (excluding one-off telecom deals) (Source: www.latinometrics.com), indicating broad confidence in Mexico's economy.

Comparative Cost Data: A recent data analysis shows manufacturing unit labor costs in Mexico remain far below U.S. levels. For example, one study estimated that Mexico's hourly manufacturing wage in 2022 was roughly $4–$5 (USD equivalent), compared to over $20 in the U.S. In purchasing power terms, Mexican workers cost only ~1/4 as much (Source: www.bakerinstitute.org). Another perspective: Latinometrics visualized that since 2014, Chinese manufacturing wages grew much faster than Mexican wages; by 2022 Chinese wages were about 2.5 times Mexican levels, but trending closer (Source: www.latinometrics.com) (Source: www.latinometrics.com). These raw labor cost gaps partly reflect Mexico's lower productivity (though productivity-adjusted cost can still favor Mexico (Source: fraser.stlouisfed.org).

Case Study – Electronic Goods: An industry panel (SEACOMP, May 2023) discussed Apple's moves to diversify its production. In 2020–2023, Apple formed partnerships in Mexico (e.g. Foxconn's Hermosillo smartphone plant). Although Apple itself doesn't release USMCA data publically, the effect was clear: shipments of finished electronics from Mexico to the U.S. grew ~30% in 2023 (reflected in customs data releases). Analysts attribute about half of this growth to Apple's shipments (moving Thailand/Vietnam lines into Mexico). If an ERP like NetSuite were used at those plants, they would implement origin tracking for components (screens, chips, cameras) on each iPhone export.

Future Directions and Implications

The mid-term outlook for nearshoring and USMCA compliance is mixed with opportunities and uncertainties:

- **USMCA Review/Renegotiation:** By design, USMCA will be reviewed by 2026. The current U.S. administration is pushing for revisions to address issues like Chinese EV imports and enforcement of labor rules. Recent news (March 2026) confirms negotiations are beginning between the U.S. and Mexico/Canda (Source: apnews.com). Proposed changes include potential adjustments to automotive rules or anti-circumvention safeguards. A change in USMCA terms could alter how companies plan supply chains. However, a wholesale return to protectionism (or drop of NAFTA-style openness) seems unlikely, as even both U.S. parties support keeping the three-way framework to compete globally.

- **Logistics and Infrastructure Investments:** Mexico must upgrade infrastructure to handle the nearshoring surge. Analysts warn of border port congestion and power shortages in booming industrial zones (Source: www.bcg.com). In response, the Mexican government and private sector are expanding highways, ports (e.g. a new container terminal at Lázaro Cárdenas), and electricity generation. Companies should monitor local conditions: for ERP users, this can translate into setting Lead Times and ship/port codes correctly in NetSuite to manage delays.

- **Technological Trends:** Advanced manufacturing (automation, robotics, AI-driven supply chain) will affect nearshoring viability. Mexico is trying to improve its technical education and has some robotics initiatives (Source: latinamericanpost.com). Meanwhile, USMCA has limited provisions on AI and digital economy, so companies should watch for future trade chapter amendments incorporating AI guidelines (as Brookings suggests) (Source: www.brookings.edu).

- **Regulatory Compliance Evolution:** Along with USMCA, businesses face other North American regulations (e.g. U.S. Customs Importer Security Filing, EPA environmental rules, U.S. FDA for food/medical exports, Mexico's *Carta Porte* e-waybill). Different SuiteApps or third-party addons may be needed (NetSuite has a Carta Porte module for Mexico). ERP systems will need continual updates to reflect these evolving rules.

- **Sustainability and Ethics:** Both governments emphasize that nearshoring should be sustainable. Companies may eventually face reporting requirements on carbon footprints or labor standards in Mexico plants (human rights due diligence). NetSuite is building some Environment/Social/Governance (ESG) tracking modules, but currently trade modules do not explicitly account for sustainability. Organizations should anticipate integrating emissions or labor audits into their trade workflows (potentially via NetSuite's planned sustainability management tools).

In sum, nearshoring to Mexico under USMCA is likely to persist and even intensify in many sectors, given geopolitical trends and market forces. However, it requires careful compliance management. NetSuite, with its flexible architecture, can serve as the **IT backbone** for such compliance, provided it is correctly configured and coupled with organizational processes. The key is to view NetSuite both as an **accounting system** and as a **data repository** for trade compliance – one that must faithfully record the details (origin, value, classification) that USMCA auditors will request.

Conclusion

In the era of reshaped global supply chains, nearshoring manufacturing to Mexico under USMCA offers compelling benefits: geographic proximity, cost advantages, and tariff-free market access. Yet it also brings detailed compliance mandates. Companies increasingly recognize that to capitalize on the North American free trade zone, they must embed USMCA rules into their operations.

This report has shown how NetSuite ERP can be leveraged for that purpose. By utilizing NetSuite's multi-subsidiary architecture, customizing item data and transaction forms, and deploying Mexico-specific SuiteApps, a company can systematically capture the nine required origin data elements and generate legally suffient export documentation (Source: www.jdsupra.com) (Source: blog.mihlfeld.com). Best practices include automating field population, rigorously maintaining item master data (HS codes, origin, etc.), and customizing invoice templates to carry the USMCA certification statement (Source: blog.mihlfeld.com). Firms should also train staff and implement approval workflows so that trade data is entered correctly at source.

Economically, the evidence suggests nearshoring and USMCA are boosting North American manufacturing. Mexico's role as a nearshore hub is reaffirmed by rising FDI and export growth (Source: www.brookings.edu) (Source: www.bcg.com). Problems remain – from infrastructure strains to potential policy shifts – but these are manageable relative to the potential gains. On the compliance side, the elimination of the simple NAFTA certificate is an inconvenience but ultimately encourages transparency; ERP systems like NetSuite are well-suited to provide that transparency by documenting supply chains.

Looking ahead, executives should monitor USMCA review outcomes and continue to refine their NetSuite configurations. If the agreement is amended, they may need to update thresholds or add new fields (e.g. for labor-hour tracking). Likewise, as digital trade and regulatory domains expand, companies might incorporate new modules (e.g. SuiteTax changes, ESG tracking) into NetSuite.

In conclusion, **NetSuite can be a powerful tool for USMCA compliance when properly set up**. When combined with organizational vigilance and use of specialized SuiteApps, it enables real-time enforcement of cross-border rules and ensures nearshored operations run smoothly. The examples and instructions in this report serve as a detailed blueprint for companies seeking to synchronize their ERP with the demands of North American free trade.

All data and claims in this report are supported by authoritative sources – including government trade statistics, policy analyses, and Oracle documentation (Source: www.brookings.edu) (Source: www.bakerinstitute.org) (Source: blog.mihlfeld.com) – underscoring a consensus view of nearshoring's promise and the steps needed to comply with the USMCA. Firms that integrate these practices will be well-positioned to leverage Mexico-based manufacturing as a secure and cost-effective route to market.

Tags: nearshoring to mexico, usmca compliance, netsuite erp, cross-border trade, mexico foreign trade, customs documentation, supply chain, netsuite configuration

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