

Introduction

Mexico is a vibrant player in the global fastener trade, boasting a robust manufacturing sector and a strategic geographical location that facilitates trade with major economies. Mexico has emerged as a significant contributor to the global fastener market, thanks to its competitive manufacturing capabilities, skilled labour force, and favourable trade agreements. The country's fastener industry caters to various sectors, including automotive, construction, aerospace, and electronics.

Automotive Industry: Mexico is the seventh-largest global passenger vehicle manufacturer, producing approximately three million vehicles annually. Ninety percent of vehicles produced in Mexico are exported, with 76 percent destined for the United States. Mexico is the sixth-largest manufacturer of heavy-duty vehicles for cargo, hosting 14 manufacturers and assemblers of buses, trucks, tractor trucks and engines. These producers

maintain 11 manufacturing plants that support more than 24,000 jobs nationwide. Mexico is the leading global exporter of tractor trucks, 95.1 percent of which is destined for the United States. Mexico is also the fourth-largest exporter of heavy-duty vehicles for cargo, and the second-largest export market after Canada, for U.S. medium and heavy-duty trucks.¹

Aerospace Industry: Mexico is a world leader in the aerospace sector. In the last nine years, this sector grew 17.2% on average per year and moved from the tenth to sixth place among the countries that export the most to the aeronautical industry. There are currently more than 300 companies in the aerospace sector in Mexico. Of these, 80% are manufacturers, while 20% offer design & engineering services, as well as maintenance, repair and operations (MRO).²



Fastener Trade of Mexico in 2022 Through Q1 2023

2022-2023 第一季
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Construction Industry: The size of Mexico's construction market was valued at US\$175.9 billion in 2022 and is expected to grow at an AAGR of more than 2% during 2024-2027, supported by investment in the transport and energy sectors.³

Electronic Industry: Baja California is home to one of Mexico's largest clusters of electronics manufacturers and suppliers, with over 200 companies—including Samsung, LG, and Foxconn—and 150,000 employees in the state. Since 2020, the consumer electronics market has continued to soar in development, reaching a record high sales volume in 2021 of over 178 million units.⁴

In a simple word, Mexico's trade agreements, such as the United States-Mexico-Canada Agreement (USMCA), have played a vital role in facilitating its fastener trade. These agreements promote trade liberalization and provide a stable framework for cross-border transactions. However, it is crucial to monitor any potential changes

in tariffs or trade policies that may affect the fastener trade landscape. The fastener industry in Mexico witnessed notable developments in 2022. The industry has embraced advanced manufacturing technologies, such as automation and robotics, to enhance productivity and meet international quality standards. Additionally, manufacturers have focused on sustainable practices and eco-friendly materials to align with global trends. Like many industries worldwide, the fastener trade in Mexico faced challenges due to the COVID-19 pandemic. Lockdowns, supply chain disruptions, and reduced demand from key markets affected the sector. However, Mexico's strong recovery measures and resilience allowed the industry to rebound quickly and adapt to the changing market dynamics. The following statistics prove this claim.

Fastener Trade in 2022

Throughout 2022, Mexico experienced steady growth in its fastener trade. (Table 1)

Unit: Thousand USD	2018	2019	2020	2021	2022
Mexico's Export Value	187,277	211,546	213,862	250,429	284,198
Growth	---	13%	1%	17%	13%

The key export destinations included:

- The United States that purchased 86% of the whole exported fasteners of Mexico,



- Canada that purchased 3% of the whole exported fasteners of Mexico and
- The rest of countries with 11% share.

The automotive industry was a major driver for fastener exports, as Mexico is a major production hub for global automakers.

Import Market Analysis: Mexico's fastener import market also witnessed significant activities in 2022. (Table 2)

Unit: Thousand USD	2018	2019	2020	2021	2022
Mexico's Import Vaule	2,991,347	3,025,057	2,488,440	3,208,135	3,627,671
Growth	---	1%	-18%	29%	13%

As the country continues to develop its infrastructure and manufacturing sectors, the demand for fasteners has increased. The key import sources included:

- The United States that represented 44.2% of the whole imported fasteners of Mexico,
- China that represented 17.5% of the whole imported fasteners of Mexico,
- Taiwan that represented 14.0% of the whole imported fasteners of Mexico,
- Germany that represented 5.4% of the whole imported fasteners of Mexico,
- Japan that represented 4.3% of the whole imported fasteners of Mexico,
- South Korea that represented 3.8% of the whole imported fasteners of Mexico and
- Other countries that represented 10.8% of the whole imported fasteners of Mexico.

The import market catered to various industries, including construction, manufacturing, and electronics.

Mexico's Export Value to	Oct. 2022	Nov. 2022	Dec. 2022	Jan. 2023	Feb. 2023
USA	152,290	135,920	122,360	163,388	153,977
Growth	---	-10.7%	-10.0%	33.5%	-5.8%
Canada	2,362	2,347	1,847	2,542	2,104
Growth	---	-0.6%	-21.3%	37.6%	-17.2%

Mexico's Import Value from	Oct. 2022	Nov. 2022	Dec. 2022	Jan. 2023	Feb. 2023
USA	15,117	15,565	13,765	16,033	14,884
Growth	---	3.0%	-11.6%	16.5%	-7.2%
China	26,245	25,429	24,636	29,997	24,552
Growth	---	-3.1%	-3.1%	21.8%	-18.2%
Taiwan	11,860	9,520	10,410	9,751	9,022
Growth	---	-19.7%	9.3%	-6.3%	-7.5%
Germany	17,759	14,528	15,558	14,929	15,610
Growth	---	-18.2%	7.1%	-4.0%	4.6%
Japan	7,078	9,449	11,661	13,698	8,521
Growth	---	33.5%	23.4%	17.5%	-37.8%
S. Korea	6,606	7,164	6,594	6,767	7,628
Growth	---	8.4%	-8.0%	2.6%	12.7%

1. <https://www.trade.gov/country-commercial-guides/mexico-automotive-industry>
2. <https://www.mexico.bciaerospace.com/en-us/participants/aerospace-industry-in-mexico>
3. <https://www.globaldata.com/store/report/mexico-construction-market-analysis/>
4. <https://www.ivemsa.com/industries/electronics-manufacturing-in-mexico/>



Q1 2023 Analysis

While a detailed analysis of the first quarter of 2023 is not yet available, preliminary data suggest a constant trend in Mexico's fastener trade. The country's fastener exports and imports are expected to grow steadily, driven by the recovery of the global economy and increased demand from key industries. Continuous efforts to enhance manufacturing capabilities and expand trade relationships contribute to this positive outlook. (See Tables 3 & 4)

Conclusion

Mexico's fastener trade has exhibited resilience and showcased significant growth potential throughout the entirety of 2022 and the first quarter of 2023, even amidst the challenges posed by the COVID-19 pandemic. The country's strategic location, along with its skilled labour force and well-established supply chains, form a robust foundation for sustained success in the future. Moreover, Mexico's commitment to technological advancements has allowed it to stay competitive and meet the evolving demands of the fastener industry. However, it is important to acknowledge that challenges lie ahead. Evolving trade policies, uncertainties in the global economy, and intensifying competition from other manufacturing hubs necessitate careful monitoring and strategic planning. Looking forward, Mexico's fastener trade is poised for continued growth in the coming years. The country's advantageous position, skilled workforce, and established supply chains provide a strong foundation for future success. □