Farhan and I affirm.

## Contention 1 is Politics.

**EIU from 10/18** — (Thomasbeard null, xx-xx-xxxx, "The US presidential election is now a toss-up", Economist Intelligence Unit, https://www.eiu.com/n/the-us-presidential-election-is-now-a-toss-up/) //FK

**The US presidential race has become extremely close**, with the contest between the Democratic vice-president, Kamala Harris, and the Republican former president, Donald Trump, having settled into a statistical tie. We now believe that **the election will be a toss-up, marking a shift from** our **previous** (high-risk) **forecast that Mr Trump would win.** The final result will be extremely close, and vote-counting delays mean that a winner will probably not be clear right after Election Day. Undecided voters and **the composition of turnout in the battleground states will ultimately decide the election**, with the US economy, women’s healthcare rights and the Middle East conflict among the most likely factors to shape voter behaviour.

#### **Trump has a slight advantage over Kamala on immigration policy.**

**McGreal from 10/18** — (Chris **McGreal**, 10-18-**2024**, "‘They don’t think he’s talking about them’: Trump support rises with Latinos", Guardian, https://www.theguardian.com/us-news/2024/oct/18/election-trump-michigan-latino-voters) //FK

Support for Democratic presidential candidates among Hispanic and Latino voters has been sliding for years. Barack Obama won about 70% of their votes. Polls give Harris just 56% support. The Siena poll identified **Harris** as **losing ground among Hispanic voters over immigration**, the economy and crime. Meanwhile, Trump has strengthened his backing even as his anti-immigrant rhetoric has become more threatening – and, with some Hispanic voters, because of it.

#### **This is because of Biden’s track record at the border.**

**Bluey 24;** Rob **Bluey** [Rob Bluey is president and executive editor of The Daily Signal. Send an email to Rob.], 4-14-**2024**, "Swing Voters Deliver Harsh Verdict: Biden Administration Is a Failure", Daily Signal, <https://www.dailysignal.com/2024/04/14/exclusive-poll-trump-leads-biden-in-5-of-6-swing-states/> //FK

FIRST ON THE DAILY SIGNAL—President Joe **Biden’s efforts** to deflect blame **for the border crisis** and high cost of living **aren’t working with swing voters**, according to new polling from Echelon Insights. An even higher percentage view his administration as a failure. The survey of 2,401 registered voters in six battleground states—shared exclusively with The Daily Signal—reveals key insights about swing voters, a segment of the U.S. population who aren’t strongly aligned with either political party. Asked to rate the Biden administration, 65% of swing voters described it as a failure. A majority of Hispanic men, young voters (18-35), and married women also give the Biden administration a failing grade. The poll finds **59% of swing voters blame Biden’s policies for the crisis at the** southern **border**, compared with 23% who say it’s due to factors outside of his control, while 18% are unsure or don’t view it as a problem.

#### **Affirming is key to shifting voter perception.**

**Ward 23;** Myah **Ward** [Myah Ward is a White House reporter for POLITICO. She previously worked as a breaking news reporter, a senior digital producer and an editorial intern at POLITICO. Before joining the newsroom, Myah interned for the Charlotte Observer, Bloomberg and freelanced for the New York Times. Myah grew up outside of Charlotte, N.C. She studied journalism and political science at the University of North Carolina at Chapel Hill.], 4-19-**2023**, "Biden is ignoring immigration issues, voters say in poll", POLITICO, <https://www.politico.com/news/2023/04/19/immigration-poll-title-42-biden-00092684> //FK

President Joe Biden’s immigration problem isn’t just about policy. It’s that he’s not talking about the issue enough, voters say in a new survey from a Democratic polling firm. Fifty-eight percent of voters **in** seven key Electoral College **battleground states** disapprove of how the president is handling immigration, compared with 32 percent who approve, **according to a new swing-state poll** from Global Strategy Group first shared with POLITICO. And **a majority of voters** surveyed, at 52 percent, **believe Biden is ignoring problems at the border**, while **50 percent said the president is ignoring the situation** around undocumented immigrants. Republicans talk more about immigration than Democrats, and they are trusted more to handle the issue, according to the poll. Both parties get low marks for how they are handling immigration, but **Democrats face greater criticism because voters don’t know where the party falls on the issue.** Thirty-nine percent of voters trust Biden and Democrats in Congress more on the immigration issue, while 47 percent said they trust Republican lawmakers more. The new poll — conducted on behalf of immigrant advocacy group Immigration Hub and Voto Latino, a political organization focused on Latino voter turnout — comes three weeks before the administration plans to end Title 42, the Trump-era policy that has allowed border agents to immediately expel millions of migrants on public health grounds for the past three years. Biden administration officials fear a surge at the border upon the policy’s expiration next month and have turned to more restrictive measures to tamp down a record number of migrants fleeing political and economic turmoil. The shift in border policy is expected to be a major political test for the **Biden** White House, which **has rolled out a patchwork of solutions to combat a growing** humanitarian **crisis at the** southern **border.** The Biden administration is also dealing with a gridlocked Congress, although lawmakers have long been unable to compromise on how to fix an outdated immigration system.

#### **Otherwise, a Trump win would devastate the climate.**

**Gongloff 24;** Mark **Gongloff** [Mark Gongloff is a Bloomberg Opinion editor and columnist covering climate change. He previously worked for Fortune.com, the Huffington Post and the Wall Street Journal.],Liam Denning, 2-21-**2024**, "A Second Trump Presidency Would Be a Nightmare for the Climate", Bloomberg, <https://www.bloomberg.com/opinion/articles/2024-02-22/climate-change-trump-s-plans-for-a-second-term-could-be-disastrous> //FK

**A second Donald Trump presidency would be a nightmare for Earth’s climate** (among other things). But in the same way your immune system builds up defenses after exposure to a virus, efforts to fight global warming are stronger now than the first time Trump attacked them. But he could still do significant damage from the White House. **In his first term, Trump pulled** the US **out of the** 2015 **Paris climate agreement, rolled back** environmental **regulations, unleashed** oil and **gas drilling** and more. His advisers seem to think he didn’t go far enough. Report after report after report quotes them planning for “all-out war on climate science and policies” that will make first-term Trump look like Al Gore by comparison. President Joe **Biden** has taken flak from environmentalists for approving the Willow project in Alaska and overseeing a surge in exports of liquefied natural gas. But he **has** also **driven significant investments in the green-energy transition, starting with the** $1 trillion **bipartisan infrastructure bill and the Inflation Reduction Act**’s nominal $370 billion in climate spending. He has limited oil exploration in the Alaskan wilderness and effectively frozen new LNG export terminals. All told, he has taken climate more seriously than any predecessor since Jimmy “Solar Panels on the White House” Carter. **Trump could quickly**, and with gusto, **wreck much** of that **progress**. Here’s a survey of some of the strengths and weaknesses the climate movement would bring to a second Trump term. Most vulnerable are Biden’s climate-related executive actions, including **rejoining the Paris accord and ordering the federal government to decarbonize by 2050. Trump can undo these with the stroke of a pen on his first day back in the Oval Office.** Biden himself canceled 11 of Trump’s climate-related orders on his first day.

#### **Absent continued action, climate change is lethal.**

**Wells 24;** David Wallace-**Wells** [The best-selling science writer and essayist explores climate change, technology, the future of the planet and how we live on it.], 2-22-**2024**, "Opinion", archive.is, <https://archive.is/EF4dd> // FK

In a recent commentary for Nature Medicine, the Georgetown University biologist Colin Carlson used a decades-old formula to calculate that warming had already killed four million people globally since 2000 just **from malnutrition, floods, diarrhea, malaria and cardiovascular disease.** As Carlson notes, this means that, since the turn of the millennium, deaths from climate change have already exceeded those from all World Health Organization global-health emergencies other than Covid-19 combined. “Vanishingly few of these deaths will have been recognized by the victims’ families, or acknowledged by national governments, as the consequence of climate change,” he says. Going forward, most estimates suggest the impact should grow along with global temperature. According to one 2014 projection by the W.H.O., climate change is most likely to cause 250,000 deaths annually from 2030 to 2050. **According to research by the Climate Impact Lab**, a moderate emissions trajectory, most likely leading to about **two degrees of warming by the end of the century**, **would produce** by that time about **40 million additional deaths.**

## Contention 2 is drugs

#### **Cartel drug smuggling is rising.**

**Paul 23;** Christian Penichet-**Paul** [As Assistant Vice President of Policy and Advocacy, Christian Penichet-Paul supports the Forum’s policy efforts and advocacy on DACA and Dreamers, border security, and appropriations. Before joining the Forum in his current role in 2023, he was the Director of the Higher Ed Immigration Portal and State Policy for the Presidents’ Alliance on Higher Education and Immigration. He launched the organization’s Higher Ed Immigration Portal initiative and its state policy work, which centered on in-state tuition and licensure equity. From 2016-2020, he served as the Forum’s Policy and Advocacy Manager. Originally from Georgetown, Texas, Christian holds a B.A. in History from Texas State University, and an M.A. in American Government from Georgetown University.], 10-25-**2023**, "Illicit Fentanyl and Drug Smuggling at the U.S.-Mexico Border: An Overview", National Immigration Forum, <https://immigrationforum.org/article/illicit-fentanyl-and-drug-smuggling-at-the-u-s-mexico-border-an-overview/> //FK

**CBP data** also **shows illicit fentanyl smuggling is increasing**, and that most of the fentanyl seized by the Border Patrol and OFO is coming **across the southern border**. Border officials seized 4,600 pounds of fentanyl along the southern border in 2020, a number that skyrocketed to 26,700 pounds **in** FY **2023 – a 480 percent increase**. Most of the fentanyl seized by the two agencies in FY 2023, about 98.9 percent (26,700 out of 27,000 pounds), was seized at the southern border. The remaining 305 pounds were encountered at the northern border (2 pounds) and at U.S. maritime borders and interior checkpoints (303 pounds). Of the fentanyl seized at the southern border, the vast majority, about 23,900 pounds or 90 percent, was seized at POEs.

#### **This is allowed due to a lack of surveillance.**

**Strickler 24;** Laura **Strickler** [Laura Strickler is a senior investigative producer and reporter for NBC News. She is based in Washington.], Julia Ainsley and Didi Martinez, 3-5-**2024**, "Scanners that spot fentanyl sit unused because Congress hasn't provided cash to install them", **NBC** News, <https://www.nbcnews.com/politics/immigration/border-fentanyl-scanners-unused-congress-provided-no-money-rcna141432> //FK

DHS says that once the scanners are in place, 40% of all personal vehicles crossing the border will be scanned. Now, **fewer than 5% of personal vehicles are X-rayed**, according to DHS officials. Since 2021, the U.S. government has struggled to install fentanyl scanners at ports of entry. Critics have applauded **the progress** but say **i**t’**s still just a drop in the bucket.** Bobby Watt was at CBP for over 30 years and oversaw non-intrusive inspection scanning at ports of entry before he left CBP in 2019; he blames red tape for the delays. He says **the goal should be to scan 100% of personal vehicles.** “It’d be foolish not to,” said Watt, now an adviser to scanning contractor Viken Detection. “Because if you were a drug smuggler, would you go to a port that had an X-ray? Or would you go to the one next to it that didn’t have an X-ray?”

#### **Fortunately, X-ray scanners are effective.**

**Owen 23;** Quinn **Owen**, 11-7-**2023**, "'It's very challenging': Inside the fentanyl fight at the border", ABC News, <https://abcnews.go.com/Politics/fighting-fentanyl-border-agents-working-thwart-narcotics-smuggling/story?id=104689211>

It's very challenging," Miller said. "It's certainly very challenging as we see the seizures go up year after year. But I can say, as we organize and we're going after these ruthless criminals that are killing American citizens, all of our partners are focused on this particular fight."**Using X-ray scanning technology,** drug sniffing dogs and classic detective experience, **CBP is seiz[e]ing 860% more fentanyl** compared to 2019. But with more than 100,000 people dying from drug overdoses last year, officials say they believe there is more work to be done. Fentanyl has been linked to the majority of overdose deaths in the U.S., according to the Centers for Disease Control and Prevention. The synthetic opioid is 50 times stronger than heroin and 100 times stronger than morphine, according to the CDC.

#### **And affirming immediately implements more scanners.**

**Strickler 24;** Laura **Strickler** [Laura Strickler is a senior investigative producer and reporter for NBC News. She is based in Washington.], Julia Ainsley and Didi Martinez, 3-5-**2024**, "Scanners that spot fentanyl sit unused because Congress hasn't provided cash to install them", **NBC** News, <https://www.nbcnews.com/politics/immigration/border-fentanyl-scanners-unused-congress-provided-no-money-rcna141432> //FK

Customs and Border Protection has spent millions on the most up-to-date high-tech scanners to spot fentanyl crossing the southern U.S. border, but many **scanners are sitting in warehouses unused because Congress hasn’t appropriated funds to install them**, acting CBP Commissioner Troy Miller told NBC News.

#### **Halting cartel drug smuggling is key to ending the US drug crisis**.

**Arnold 24;** Jeff **Arnold**, 5-20-**2024**, "Mexican cartels wiped out competition in US fentanyl market: DEA", NewsNation, <https://www.newsnationnow.com/us-news/immigration/mexican-cartels-fentanyl-competition/>

(NewsNation) — Two powerful Mexican drug **cartels** are not only **operating** fentanyl and other illicit **drug markets in all 50 U.S. states** but **have** also successfully **eliminated** their **drug-dealing competition** using violence and other means, according to a report issued by the U.S. Drug Enforcement Administration. The Sinaloa and Jalisco **cartels are at the heart of the deadliest drug threat that the U.S. has ever faced**, the federal report said. Federal officials have reported that 200 U.S. deaths are linked to fentanyl each day and that 38,000 deaths tied to the drug were reported in the first six months of 2023 alone.

#### **Absent action, drugs kill many in the US.**

**CDC 24;** CDC, 5-13-2024, "U.S. Overdose Deaths Decrease in 2023, First Time Since 2018", No Publication, <https://www.cdc.gov/nchs/pressroom/nchs_press_releases/2024/20240515.htm>

Provisional data from CDC’s National Center for Health Statistics indicate **there were** an estimated **107,543 drug overdose deaths in the United States during 2023**—a decrease of 3% from the 111,029 deaths estimated in 2022. This is the first annual decrease in drug overdose deaths since 2018.

## Contention 3 is Trade.

#### The situation is getting worse for the poorest Mexicans.

**AP 23** — (AP, 3-4-2023, "Mexico's poverty rate declines from 50% to 43.5% in four years as remittances almost double", AP News, <https://apnews.com/article/mexico-poverty-rate-declines-9fedcf8f40f62971beff2f9ffa47f190>, accessed 10-18-2024) //TH

It was not all good news. The agency also reported that **extreme poverty** — defined as people who do not have enough income even to buy enough food — edged up from 7% of the population in 2018 to 7.1% in 2022. Because of the increase in overall population, that meant that extreme poverty cases rose **from 8.7 million people in 2018 to 9.1 million in 2022**. **López Obrador also introduced supplementary pension payments** for people over 65 and scholarship or apprenticeship programs for youths. **But because those programs are not means-tested — they are given to anyone who qualifies, regardless of income level — it is not clear whether they have particularly helped the poorest Mexicans.** There was also a surprising **increase in the number of people reporting money problems relating to health care**. That number rose from **16.2% of the population in 2018 to 39.1% in 2022.** The agency said in a previous report on the growth of that number in 2020 that the increase may be due to the widespread restructuring of the health care system under López Obrador, and the effects of the coronavirus pandemic.

**Fortunately, affirming solves in two ways.**

### **First is by decreasing wait times.**

#### **Wait times at the border are far from desirable.**

**Fry 24** — (Wendy Fry, 4-24-2024, "'**Devastating' wait times at Mexico border** strain California small businesses", KPBS Public Media, https://www.kpbs.org/news/border-immigration/2024/04/24/devastating-wait-times-at-mexico-border-strain-california-small-businesses) //FK

In the San Diego region, regular border crossers say **wait times are going up**, not down. **Waits that used to last 30 minutes** to an hour on weekdays can **now** regularly **take** three to **four hours.** On several days last December, pedestrians waited six hours or more. Adding to their frustration, long lines also stretch southbound to enter Mexico.

#### **Current systems fail.**

**S&T 23** — (Science & Technology [The [Science and Technology Directorate](http://www.dhs.gov/science-and-technology/publication/science-and-technology-directorate-fact-sheet) (S&T) was established within the Department of Homeland Security (DHS) in 2003 as the science advisor to the Secretary and the research and development arm for DHS. S&T provides sound, evidence-based scientific and technical expertise to inform policies and directly address a broad spectrum of current and emerging threats], 10-26-2023, "Feature Article: Securing Our Ports of Entry, One Scan (or Thousands) at a Time", [https://www.dhs.gov/science-and-technology/news/2023/10/26/feature-article-securing-our-ports-entry-one-scan-or-thousands-time)](https://www.dhs.gov/science-and-technology/news/2023/10/26/feature-article-securing-our-ports-entry-one-scan-or-thousands-time) //FK

Every year, millions of cargo containers make their way to U.S. ports of entry (POE) via maritime, roadways, and railways. According to U.S. Customs and Border Protection (CBP), more than 100,000 commercial cargo trucks cross U.S. POEs daily. Tasked with securing and maintaining the integrity of the nation’s borders, CBP is responsible for ensuring that all cargo is fit to cross U.S. borders—that is, free of illegal contraband. To combat the threat of human and drug trafficking, it is imperative that their methods for cargo screening and physical examination are as thorough as they are efficient. The sheer daily volume of incoming commercial trucks and cargo means that any technology solution deployed by CBP needs to be able to support high-volume scanning (cab and cargo) in a timely fashion and without impeding commercial trade operations. **Traditional protocols target “suspicious” trucks after a primary, less comprehensive search for further screening, which either requires cargo be transported offsite to a warehouse for a more intensive examination or have a mobile scanning unit brought in to do the job**—**a slow and** often **arduous proces**s that creates a window of vulnerability to would-be traffickers. Those not deemed suspicious wouldn’t undergo the secondary screening necessary to discover concealed contraband. **Recognizing the vulnerabilities in this process, CBP enlisted the** [**Science and Technology Directorate**](https://www.dhs.gov/science-and-technology) **(S&T) to close the gap.**

#### **Fortunately, new technology makes it easier to determine which vehicles to inspect more precisely.**

**Strickler 24**—(Laura Strickler[Laura Strickler is a senior investigative producer and reporter for NBC News. She is based in Washington.], Julia Ainsley and Didi Martinez, 3-5-2024, "Scanners that spot fentanyl sit unused because Congress hasn't provided cash to install them", NBC News, <https://www.nbcnews.com/politics/immigration/border-fentanyl-scanners-unused-congress-provided-no-money-rcna141432> //FK)

At the Mariposa Port of Entry in Nogales, which has the new machines installed, Miller met officers watching scans of commercial trucks as they drove through the machines. But **in the vast majority of border crossings by vehicles** in Nogales and elsewhere, **officers still depend on their intuition to tell them when something seems off.** Artificial intelligence would be likely to make fentanyl scanning more efficient, and CBP would like to use it more, Miller said. **With AI**, the **officers would be flagged to anomalies in trucks or changes since their last traffic stops** in Mexico, **such as different license plates, changes in weight or different drivers.** “The vast majority of trade crossing the border is lawful. Over 98% has no violations of any U.S. laws. So they’re really looking for the proverbial needle in the haystack,” McAleenan said. “So what AI can do is tell them if this image that the officer is about to review meets what’s supposed to be in that container.” McAleenan now runs Pangiam, a company based just outside Washington, D.C., that was recently awarded $21.5 million from **CBP** to build new technology that **can use AI to detect anomalies in traffic coming across the border.** Asked why he didn’t spearhead the use of the technology when he was at DHS, McAleenan said developing it takes many years. “We did see the increase coming. The efforts we undertook in 2018 reduced overdoses in 2019,” McAleenan said. But knowing what he knows now about fentanyl, “I would really have made an emphasis point about staying on top of this and staying in front of it.” **With** increased use of **AI**, **officers would still be in charge of making the** final **decisions to stop** and search **vehicles, but** the **AI could improv[ing]e the speed and number of vehicles searched.** Currently, Miller said, 20% of commercial vehicles are scanned and less than 5% of personal vehicles are scanned. By the end of 2025, he wants CBP to be able to scan 40% of personal and 70% of commercial vehicles.

#### **Then new x-ray inspections can scan the vehicles which are empirically proven,**

**CBP 22** --- (CBP, xx-xx-2022, "CBP TRADE AND TRAVEL REPORT", <https://www.cbp.gov/sites/default/files/assets/documents/2023-Jun/fy-2022-cbp-trade-and-travel-report.pdf> ) //EC//FKrecut

CBP law enforcement personnel use non-intrusive inspection systems (NII) and radiation detection equipment to inspect conveyances and vehicles effectively and efficiently for the presence of contraband and illicit radiological materials. **The average NII examination of a cargo container takes approximately 8 minutes, while a physical inspection takes 120 minutes on average.** **The time saved using NII** and radiation detection equipment **saves CBP $1 billion** in annual operations **and saves industry** $5.8 billion to **$17.5 billion in costs due to delays**.

#### **And,**

**S&T 23** — (Science & Technology [The [Science and Technology Directorate](http://www.dhs.gov/science-and-technology/publication/science-and-technology-directorate-fact-sheet) (S&T) was established within the Department of Homeland Security (DHS) in 2003 as the science advisor to the Secretary and the research and development arm for DHS. S&T provides sound, evidence-based scientific and technical expertise to inform policies and directly address a broad spectrum of current and emerging threats], 10-26-2023, "Feature Article: Securing Our Ports of Entry, One Scan (or Thousands) at a Time", [https://www.dhs.gov/science-and-technology/news/2023/10/26/feature-article-securing-our-ports-entry-one-scan-or-thousands-time)](https://www.dhs.gov/science-and-technology/news/2023/10/26/feature-article-securing-our-ports-entry-one-scan-or-thousands-time) //FK

“**The older system couldn’t handle the traffic flows that we currently see across the border**,” he continued. “**The new system is** faster and **able to handle the commercial flow.** It’s been a successful transition and partnership with CBP’s **Non-intrusive Inspection** Technologies program.” In recent months, the MEP team has conducted **site visits** and preliminary integration and implementation of the **five upgraded systems at four POEs [Ports of Entries]: Brownsville and Laredo, Texas; Nogales, Arizona; and Santa Teresa, New Mexico.** As of **June 2023**, the first round of site acceptance tests (SATs) at each location has been completed—a major milestone for S&T and CBP. So far, the MEPs are delivering just what both agencies intended to accomplish: increased efficiency of screenings at higher **scanning** volumes. Current **results indicate a 56% increase in vehicles scanned** at the Brownsville POE, **while simultaneously reducing the total time for a vehicle to cross the border.** “This is certainly the technology that will get us closer to our target,” said Clemmensen of **the goal of 70% of cargo vehicles crossing the border being scanned** by the MEP system for illegal contraband in an efficient manner.

#### **Even a minimal reduction in wait times would vastly benefit the Mexican economy.**

**Ulloa-Peters 23** — (Alejandro Brugués Rodríguez, Noé Arón Fuentes Flores, David Gaytan, John Gibson, Mayra Maldonado, Jason Marczak, Jorge Eduardo Mendoza Cota, José Ángel Moreno, Roberto Ransom, and Ignacia Ulloa-Peters, 2-17-2023, "The transformative power of reduced wait times at the US-Mexico border: Economic benefits for border states", Atlantic Council, <https://www.atlanticcouncil.org/in-depth-research-reports/report/the-transformative-power-of-reduced-wait-times-at-the-us-mexico-border-economic-benefits-for-border-states/>) //FK

**A more efficient US-Mexico border has the potential to reduce border crossing times for commercial and noncommercial vehicles**, generating positive externalities for the United States and Mexico including enhanced security and economic growth.2 This report – the second in a two-part series – outlines the economic impact of reduced wait times at the border, focusing on the costs and benefits for border states in both countries.3 This report shows that a mere 10-minute reduction in wait times – without any additional action – can create thousands of Mexican jobs, grow the gross domestic product (GDP) of several Mexican states, and generate hundreds of thousands of dollars in new spending in the United States. **Ten minutes is then hopefully the starting point for even shorter wait times and even greater economic gains and job creation.** More precisely, **increasing border efficiency by 10 minutes can result in more than 3,000 additional jobs across Mexico’s six border states while increasing** their combined **GDP by 1.34 percent.**4 Additionally, this reduction would allow for an additional $25.9 million worth of goods to enter the United States every month and lead to $547,000 in extra spending across the United States’ four border states.5 A forthcoming standalone short report will evaluate the final destination of traded goods and the economic benefits for states beyond the border. In terms of Mexico’s border states, Tamaulipas would see the greatest growth in GDP (1.9 percent), followed by Baja California (1.6 percent) and Chihuahua (1.5 percent). Overall, this would generate a $2.2 billion increase in GDP and a $167 million increase in intermediate demand and a $3.2 million increase in labor income across Mexico’s six border states. A 10-minute reduction in wait times would also lead to an average of 388 new loaded containers entering the United States from Mexico monthly. This translates to $25.9 million worth of cargo crossing through the United States’ four border states (Arizona, California, New Mexico, and Texas), a figure identified in the part-one of this study.6 New research shows that approximately 222 (57.2 percent) of these containers would enter via Texas ports of entry, carrying $17 million in cargo every month. Separately, the 10-minute reduction in wait times would lead to 5,020 additional noncommercial monthly crossings, resulting in $547,000 in extra monthly spending by families and individuals traveling from Mexico to the four US-border states every month. The model estimates that these individuals would spend an additional $256,000 in California alone, representing nearly 50 percent of the total increase in spending. The clothing retail industry would experience the greatest gains across the board, with $132,000 in additional annual revenue from streamlined noncommercial crossings.

### **Second is by nearshoring.**

#### **Mexican nearshoring plans are ambitious but action is needed to lock in gains.**

**Donnellan 24** — (Aimee Donnellan, 3-19-2024, "Breakingviews", Reuters, <https://www.reuters.com/breakingviews/mexican-wave-nearshoring-firms-is-all-sea-2024-03-19/>, accessed 10-19-2024) //TH

**Meanwhile, companies have been quick to announce plans for new manufacturing but are much slower to take action.** Tesla has yet to begin construction on its Nuevo Leon factory. Last October Elon Musk said he was **not ready to go “full tilt”** on Mexico as he is worried about high interest rates and the health of the global economy. **Four other companies** have also announced plans but have **yet to establish new manufacturing sites in Mexico**, according to a well-placed source. **Other** near-shoring **destinations face similar challenges**. Vietnam, Canada, Germany and India are all expected to experience dramatic surges in manufacturing thanks to companies reconfiguring their supply chains. That may take some time to materialise. Companies like to talk about “de-risking” their supply chains to reassure shareholders but are often slow to break ground on new plants because of cost and logistical issues. And if Donald Trump wins the U.S. presidential election in November, he might take action against foreign imports. He recently vowed to slap a 100% import tariff on Chinese cars made in Mexico if he moves back to the White House. To be sure, things could also change for the better, at least in Mexico. Despite the tax breaks, the left-wing administration of López Obrador is not universally loved by business. The election in June could yield a more **business friendly** candidate. Claudia **Sheinbaum**, who is running with Obrador’s support as he cannot seek re-election, is the current front-runner from the ruling Movimiento Regeneración Nacional (MORENA). She is **expected to** be more pragmatic about **tap**ping **private capital** once in power than her mentor. **But unless Mexico can assure international companies it’s a reliable partner, its near-shoring boom will die out at sea.**

#### **Surveillance is key to nearshoring.**

**Solis 24** — (Nina Ebner and Gabriel Antonio Solis, 1-8-2024, "Nearshoring and the Militarization of the U.S.-Mexico Border", NACLA, <https://nacla.org/nearshoring-and-militarization-us-mexico-border>, accessed 10-19-2024) //TH

**As corporate boosters push to shift supply chains from China to northern Mexico, military expansion in the borderlands secures manufacturing zones** for transnational capital. In 2021, in the middle of the Covid-19 pandemic, industry promoter Jon Barela testified at a joint hearing of the Texas House. CEO of the Borderplex Alliance—an El Paso, Texas-based economic development organization representing the leading voices of the maquiladora, construction, and fossil fuel industries on both sides of the U.S.-Mexico border—Barela spoke at length about “an incredible, maybe once in a generation opportunity.” He was referring to the benefits of nearshoring—a term used by pundits, journalists, and government actors **to refer to the relocation, or return, of manufacturing from China to the U.S.-Mexico borderlands**. Barela and his associates hope that these relocation efforts will target the “Paso del Norte region,” a historical moniker local elites use to refer to the binational region encompassing the cities of El Paso and Ciudad Juárez. He predicted a coming wave of nearshoring—“at least 100,000 jobs to the border region if we play our cards right”—due to **the borderlands’ longstanding importance as a major manufacturing hub. Ciudad Juárez, the birthplace of the maquiladora in the 1960s, is densely packed with** (mostly) **foreign-owned factories where goods are** manually **assembled for export**, mainly **to U.S. markets.** In his testimony, Barela linked **nearshoring** to transnational corporations’ efforts to reduce transportation and labor costs and to **combat supply chain disruption**. This, he argued, was **particularly important in the context of** the **Covid-19** crisis, which saw companies scrambling to fulfill orders as factories shut their doors during the pandemic’s onset. In his remarks, Barela also highlighted **geopolitical tensions** between the United States and China as a driver of the coming “**return” of manufacturing to the** U.S.-Mexico **borderlands**. He argued that Chinese President Xi Jinping’s revival of the “common prosperity” concept in 2021 has amounted to “a return to Maoism.” “For that reason,” he said, “businesses are getting scared, and they are looking at very much returning to North America for manufacturing and other investments.” Barela’s invocation of Maoism is representative of a wave of anti-China rhetoric leveraged by pundits and politicians in the United States, where transpacific economic competition has become increasingly wedded to a haphazard reignition of Cold War lingo. In this context, the movement of manufacturing from China to the U.S.-Mexico borderlands is depicted as a national security concern or political imperative, de-linked from the ongoing restructuring of global supply chains by transnational corporations seeking to lower production costs. This rush to repaint the latest reshuffling of supply chains in security terms has emerged at a time of **unprecedented border militarization** in the name of controlling migration. The El Paso-Ciudad Juárez region serves as both a **leading destination for new factory expansions** as well as an open-air laboratory for increasingly restrictive forms of border enforcement, migrant detention, binational military build-up, and **technological surveillance.** The borderlands’ **historical transformation** into a hub for export-manufacturing is key to understanding the entangled relationship between nearshoring rhetoric and processes of border militarization. Today, the maquiladora is often framed as a product of 1990s neoliberalism, its boom linked to the implementation of the North American Free Trade Agreement (NAFTA) in 1994. But tracing its origin to the late 1960s in Ciudad Juárez—alongside the global boom in Export Processing Zones (EPZs) at the height of the Cold War—reveals how **the maquiladora developed within a context of** geopolitical struggle, northward migration, global anti-communism, and **the creation of safe havens for corporate investment within highly militarized industrial corridors.** Excavating this history allows us to understand how **border militarization** **is key to the economic competitiveness of the borderlands as a manufacturing center,** **while** also **enhancing control** **over a region** that is **geopolitically important to U.S.** economic **interests** and the reproduction of capital on a global scale. The Maquiladora and Cold War Militarism Mexico first announced its plan to allow foreign manufacturers to open export assembly plants in border cities in May 1965. Visiting Ciudad Juárez to announce the new industrial policy, Mexican Secretary of Industry and Commerce Octaviano Campos Salas promised miracles, ranging from the eradication of unemployment in the region to the literal “salvation of Ciudad Juárez” via foreign investment. The new industrial policy, eventually called El Programa de Industrialización Fronteriza (Border Industrialization Program), designated a 20-kilometer strip just south of the geopolitical border as a tax- and duty-free zone for the “importations of raw materials, parts, components, machines, tools, equipment, and everything needed for the transformation of processing, assembly, and finishing products to be entirely exported.” The plan effectively transformed the entire U.S.-Mexico border region into an early Export Processing Zone (EPZ) prototype. Ciudad Juárez was designated as the program’s pilot city. Mexico was not alone, however, in its turn toward foreign investment and export processing as an economic development strategy. The 1960s saw **a wave of EPZs established in countries** with friendly relations with the United States, particularly in East Asia, where stalwart Cold War allies like Taiwan, South Korea, the Philippines, and South Vietnam established EPZs during the mid-1960s through the early 1970s. Taiwan was at the vanguard of this tendency, establishing its first EPZ in 1966. Proponents argued that the EPZ would attract foreign investment that could slowly contribute to a domestically controlled industrial base. Taiwan christened the zone as an “investor’s paradise” due to its disciplined workforce, strike-free labor environment, and favorable tax concessions to U.S. and Japanese firms. Aside from pushing industrialization, Taiwan’s authoritarian government also used the EPZs as a strategic means to maintain its position as a Cold War anti-communist ally. For example, Taiwanese EPZs became important recipients of manufacturing contracts for uniforms and military goods that directly supported the U.S. war in Vietnam. More broadly, East Asian EPZs functioned as important **material and ideological conduits** for the promotion of export processing among U.S. Cold War allies. EPZs were not merely a lever of regional economic development. They also became a vehicle for global anti-communism, **a facilitator of U.S. military efforts via manufacturing contracts,** and a **safe haven for U.S. capital in an era of global revolutionary upheaval.** Similar dynamics soon emerged in Mexico’s borderlands as the region transformed into a hub for export-assembly and a militarized industrial corridor. A New Industry Takes Hold in Ciudad Juárez In the maquiladora industry’s first 15 years of existence, industry promoters framed intensifying social movements in Ciudad Juárez and insurrectionary struggles in and beyond the borderlands as a serious security liability for regional industrialization plans. Four months after the inauguration of the industry in Ciudad Juárez in 1965, the militant left-wing Grupo Popular Guerrillero launched an assault on a military barracks in Madera, Chihuahua in an effort to ignite a popular socialist uprising throughout rural Chihuahua. Although the insurrection was quickly crushed, it inspired subsequent armed formations in northern Mexico, sparked anti-communist paranoia in the border press, and prompted a wave of counterinsurgency military campaigns. The maquila industry became locked into struggle with social movements and frequently bemoaned the actions of Marxist groups and rising worker militancy in the local press. Undoubtedly, social movement militancy in the borderlands in the 1970s, including student and factory worker organizing, damaged the border region’s early aspirations to become an “investor’s paradise” on par with Taiwan’s EPZs. Early maquiladora booster Richard Bolin reflected that, **initially, few** U.S. manufacturers **saw promise in** Mexican **border** cities, **preferring the political security offered by authoritarian regimes** in East Asia. In the late 1970s, a combination of shifting global economic conditions, crackdowns by the Mexican army, and **intensifying border militarization resolved** these **problems**. First, successive currency devaluations meant wages in Mexican border cities became more competitive—as in cheaper—than in East Asia. At the same time, government-affiliated Mexican trade unions mobilized their cadre to crush wildcat strikes and intimidate independent organizers in factories. Increasingly favorable conditions in maquiladoras arguably **prompted the first wave of nearshoring**, as U.S. and Japanese **manufacturers began to** seriously **consider** Mexican **border cities as attractive alternatives** to their operations in countries like South Korea, Taiwan, and Hong Kong. Second, the Mexican government’s Dirty War targeted the armed left, which led to the torture and disappearance of thousands of young activists. Although Guerrero was an epicenter of the reign of state terror, the counterinsurgent crackdown also liquidated armed leftist militancy in border cities. Third, a wave of bipartisan policies in the United States leveraged an unprecedented level of military and economic resources to “secure” the border. Early forms of what we identify today as border militarization—the use of military tactics and equipment and the presence of military personnel—were characterized by increasing collaboration between the U.S. military and border patrol and the use of military technology for immigration enforcement and **surveillance activities.** Together, currency devaluations, corporatist union intimidation of independent organizing, counterinsurgency, and early forms of border militarization **were key** to quelling labor militancy and social movement unrest in the borderlands, shutting down social dynamics that threatened the maquiladora industry’s ability to attract foreign investment to Ciudad Juárez.

#### **Mexican nearshoring is key to supply chain resilience.**

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This issue brief examines the potential economic impact of nearshoring in Mexico and explores the concept of nearshoring and its growing relevance amid shifting global value chains (GVCs) and regional trade blocs. In this context, Mexico emerges as an attractive nearshoring destination due to its geographical proximity to the U.S., participation in free trade agreements, a skilled and cost-competitive labor force, business-friendly programs, extensive logistics networks, experience in manufacturing sectors, and overall economic stability. **Many economic sectors** should be **expected to benefit** from nearshoring in Mexico. Sectors, such as the automotive industry, electronics, medical devices, aerospace, semiconductors, machinery, textiles, and household goods — industries already embedded in North American value chains — are at the forefront to receive these benefits. While recent foreign direct investment (FDI) data does not yet show a significant uptick from nearshoring, there are already promising signs, including plans for expansion by foreign companies, increased industrial real estate occupation, and Mexico’s rising market share in U.S. imports in comparison with China’s status. However, to unleash its full nearshoring potential, Mexico must address key challenges, which are discussed later in this brief. Overall, this brief: Explains the concept of nearshoring and its growing relevance in the global economic context. Identifies the key factors that make Mexico an attractive destination for nearshoring activities. Determines the productive sectors in Mexico that are most likely to benefit from increased nearshoring, primarily those already integrated into North American value chains. Assesses early signals of FDI flows and business expansion plans related to nearshoring activities in Mexico. Highlights the key challenges Mexico needs to overcome to unleash its nearshoring potential fully. The Rise of Nearshoring’s Global Economic Relevance GVCs are the drivers of the global economy.[1] The formation of complex GVCs has been accompanied and facilitated by FDI and a general positive attitude toward the creation of trade agreements on a global scale. However, the global financial crisis (GFC) of 2007–08 resulted in a slowing of economic globalization.[2] The world economy thus entered a new phase often referred to as slowbalization.[3] In effect, the GFC hit the world economy after decades of accelerated globalization and fed a sense of skepticism over the unrestrained growth of the world economy. This was further reinforced by the COVID-19 pandemic, which appeared after a decade of slow globalization. In any event, as Shannon K. O’Neil argues, globalization had been, above all, “a regional affair.”[4] In fact, when supply chains were the dominant force in the world of global manufacturing, which is especially sensitive to distance, three geographic clusters of manufacturing were formed: North America, Europe, and Asia along with three well-defined centers as the U.S., Germany, and China.[5] The COVID-19 pandemic only accelerated the shift toward commercial regionalism. Similarly, according to O’Neil, the changing political landscape further encouraged not only nationalization but also regionalization.[6] The trade war between the U.S. and China, which started in 2018, characterized the years prior to the COVID-19 pandemic’s onset. In addition, partly because of the global economic impacts of the pandemic, active industrial policy is making a comeback in the U.S. A similar course is taking place in Europe’s and other advanced countries’ industry policy with a magnified role of the public sector in national economies. This trend is marked by the strengthening of regional clusters in high-tech industries to reduce dependence on foreign markets.[7] In China, there is also a tendency to strengthen regional economic clusters in the face of trade tensions with the U.S.[8] Moreover, industrial policy in advanced countries aims to reduce their carbon footprint in the face of climate change. In this sense, GVCs are thought to have negative ecological effects because of high levels of freight transport and the displacement of production onto less developed countries with laxer environmental regulations. As a result, more environmentally friendly industrial policies in advanced countries could also affect the dynamics of GVCs. The fourth industrial revolution or **Industry 4.0** plays an important role in the reconfiguration of some of the GVCs and is related to U.S. industrial policy, which targets strategic sectors for advancement in the technology race.[9] In this sense, the U.S. appears to be **us**ing strategies based on economic nationalism, such as the decoupling of GVCs and the promotion of onshoring practices — also known as **reshoring** — to confront and undermine the growth of Chinese companies, its main technological rival.[10] Future **globalization** characterized **by** progressive **regionalization** may also be increasingly represented by “friend-shoring” — the term emerged from the U.S.-China trade war in a document published by the White House, which encourages U.S. companies to reshore or move to friendlier countries.[11] This would imply a trend toward **strengthening** regional **value chains** (RVCs). In this way, the production of goods and the sourcing of certain inputs that were previously executed through broader GVCs are beginning to be localized either more regionally or locally. This new localization also comes in the form of nearshoring. The term, “nearshoring,” refers to “the relocation of operations to a nearby country, with a similar time zone, taking advantage of the know-how of the workforce of neighboring economies, knowledge of the production culture and years of experience” as well as accelerated delivery times.[12] As Yoon Heo notes, this “trend is expected to be more prevalent in countries close to major consumer markets as manufacturing supply chains diversify and become more regional.”[13] According to Savills World Research, there is an expectation of greater diversification of supply chains in the future, as well as an increasing level of nearshoring.[14] However, “full-scale onshoring is likely to be limited to critical and less cost-sensitive goods, though longer-term increased automation in the manufacturing process may play a role” in the future toward a greater level of onshoring.[15] Moreover, “as trade tensions increase, the WTO’s relative absence leaves the world’s trading system rudderless and fragile.”[16] As a result, countries could resort to less costly trade agreements that they can oversee themselves, encouraging further regionalism.[17] Factors Driving Nearshoring in Mexico US Government Incentives Given that the cost of nearshoring — also known as friend-shoring, or ally-shoring — has increased significantly, the North American area will initially experience the greatest impact of these rising costs. Recent U.S. government initiatives aiming to bolster the country’s industry support this point: Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act, which lays out investment plans and incentives to support semiconductor manufacturing, research and development (R&D), and supply chain security in the U.S. Infrastructure Investment and Jobs Act, which establishes requirements and incentives to support R&D and energy infrastructure and cybersecurity and to secure a supply chain for critical minerals and battery materials. CHIPS and Science Act of 2022, which is part of a broader set of China-focused measures and provides funding to support semiconductor manufacturing, R&D, and supply chain security in the U.S. Inflation Reduction Act (IRA) of 2022, which aims to support investments in domestic energy production, incentivize the procurement of domestically produced or assembled inputs and outputs, and boost R&D in clean energy technologies.[18] Mexico’s Competitive Edge In this context, **Mexico stands to benefit** enormously from these trends given its history of productive integration with the U.S. in several manufacturing sectors. Several studies have also extensively addressed the factors that make Mexico an attractive destination for nearshoring.[19] Adrian E. Huerta and Ana Pous Avila’s report on nearshoring opportunities in Mexico lists these factors, which include the following: Geographical Proximity: Mexico is **strategically located close to the U.S.**, one of the largest consumer markets and a global economic power, which has additionally deployed an industrial policy designed to reshore its supply chains. This proximity **allows companies to reduce transportation times and costs,** as well as **facilitate** logistics and **coordination** between operations in both countries, **with fewer interruptions** in the value chain. In addition to its vicinity to the U.S. border, “Mexico’s extensive coastline of over 11,000 kilometers is divided between the Atlantic coast (3,294 km) and the Pacific coast (7,728 km), and makes Mexico a natural bridge between the Atlantic and the Asia-Pacific region” — as much as it is a bridge between North America and South America.[20] Mexico’s location also translates into lower shipping costs and faster delivery times. Thus, this allows companies to maintain smaller inventories, which lowers overall transportation and warehousing costs. In addition, **shorter supply chains** tend to operate with a **reduce**d level of **risk**, as minimizing the number of intermediaries builds a more secure supply chain and makes it **easier to detect errors.** Free Trade Agreements: Mexico has signed several trade agreements, such as the North American Free Trade Agreement (NAFTA) — now titled United States-Mexico-Canda Agreement (USMCA) — and other treaties with more than 50 countries, providing preferential access to various international markets.[21] This allows companies operating in Mexico to access global markets free of tariffs or at reduced tariffs. Under the provisions of the USMCA, almost all trade transactions between the signatory countries will be duty-free. In addition, Mexico’s northern and southern borders are free zones, where there is a reduction of Value-Added Tax (VAT) from 16% to 8% and a reduction of income tax (ISR in Spanish) from 30% to 20%.[22] Skilled and Competitive Labor Force: **Mexico has a** young and **growing population**, with an acceptable level of education — despite challenges to overcome — and training in various sectors of interest.[23] The Mexican labor force is generally known to be **cost-competitive and technically skilled**, which is attractive to companies seeking to reduce production costs without sacrificing quality. Competitive Labor Costs: Although **labor costs** have been gradually increasing in Mexico, largely due to a current policy of increasing the minimum wage levels, they are still **low**er compared to other developed countries, such as the U.S., Western European countries, and even China. This allows companies to **reduce their operating costs and improve competitiveness.** The IMMEX Program: The Industria Manufacturera, Maquiladora y de Servicios de Exportacion (Manufacturing, Maquiladora and Export Services Industry or IMMEX) is an incentive program that allows foreign companies to operate in Mexico easily and cheaply. What is a maquiladora? A maquiladora is a factory in Mexico that is owned and managed by a foreign company that manufactures in Mexico and exports these products to other countries. With IMMEX, it is not necessary to pay the 16% VAT on raw materials, equipment, and other goods imported for manufacturing needs. Plus, if finished products qualify as “made in Mexico,” it can be exported to the U.S. and Canada tariff-free.[24] Extensive Logistics Network and Industrial Facilities: Although considerable investment is still required, Mexico has made progress in modernizing its infrastructure.[25] Mexico has ports, airports, and land **transport networks** that **facilitate** the **movement of goods** and products both within the country and to other destinations. In addition, Mexico offers first-class industrial real estate. Because manufacturing has been such an important part of the country for so long, there are sufficient industrial facilities, most of which are international-standard Class A warehouses, located in enclosed industrial parks or free-standing, secure buildings.[26] Shelter Services: Among the main advantages of manufacturing in Mexico is the option of working with a shelter service provider. Thus, “when manufacturing in Mexico, one can choose to operate under a shelter or create a new legal entity to obtain a maquiladora license. Under a shelter operation, foreign manufacturers work with the licenses and permits already in place (which includes IMMEX certification).”[27] The host company handles the business’s administrative and legal tasks and regulatory compliance of the facility, allowing the manufacturing company to focus on production, quality control, and growth.[28] In this way, the foreign company maintains full control of the manufacturing process, owns all assets, and protects its intellectual property. Although the employees are part of the host company, they are trained and managed by the manufacturing company.[29] Extensive Experience in Specific Industries and Participation in GVCs: The country has extensive experience in industries, such as the automotive industry, electronics, manufacturing, and technology services, among others, which makes it an attractive destination for companies operating in these sectors. The participation of Mexico in GVCs is mainly through backward linkages, meaning that Mexico imports inputs to produce goods and services for export. Manufacturing, automotive, electronics, equipment, and medical devices industries play a significant role in Mexico’s integration into GVCs, which has deepened over time, with an increase in backward linkages and a growing share of imported inputs in its final goods. The country’s participation in GVCs is primarily driven by trade with the U.S., especially in the manufacturing sector. Mexico’s automotive and electronics sectors are particularly important in GVCs, attracting investments and contributing to the country’s role in the supply chains of North America. Political and Macroeconomic Stability: Mexico has maintained relative political and economic stability compared to some other countries in the region. This generates confidence in investors and businesses, as uncertainty associated with possible abrupt changes in government policies or the economy is reduced. As Celso Garrido points out, Mexico has the **advantage as a nearshoring destination** that has been built up over more than six decades with the presence of specific elements for the operation of maquiladora export industries with legislation that clearly establishes the operating conditions for companies and the permanence in Mexico of complex GVCs in the framework of the USMCA, with a clear system of intellectual property protection.[30] Likewise, the country is attractive for investment and nearshoring activities due to its industrial real estate activity, which is vital for investors’ location decisions. Identifying Nearshoring’s Productive Sectors It is relatively straightforward to assume that the industries most favored by the nearshoring phenomenon will be those that are already embedded in GVCs, especially in the North American regional bloc. Moreover, what was described in the previous section points to this conclusion, especially considering the policies implemented by the U.S. in the context of the trade war with China. Several studies agree that the greatest opportunities for Mexico lie in sectors, such as the automotive industry and auto parts, computers and accessories, medical equipment and devices, electronics manufacturing, and aerospace.[31] Similarly, opportunities are detected in semiconductors, industrial machinery, toys, furniture and household goods, clothing, and textiles.[32] The analysis of Mexico’s export potential through the International Trade Centre (ITC) tool indicates that the products with the greatest potential are: Motorized vehicles, not elsewhere specified, (nes). Automatic data processing machines. Automobiles for transporting goods with spark ignition engine less than or equal to 5 tons. Vehicle parts and accessories, nes. Television receivers, among others.[33] Motor vehicles for transporting goods with spark ignition engine less than or equal to 5 tons is the product exported by Mexico with the highest supply capacity, and motor vehicles is the product facing the highest demand potential in the world. In all cases, the main destination market for these principal products with the greatest export potential is the U.S.

#### **This locks in investment.**

**WEF 24**—(WEF, 1-2-2024, "3 ways to shore up supply chains – and global trade at the same time", <https://www.weforum.org/agenda/2024/01/supply-chains-global-trade/>, accessed 10-19-2024) //TH

For more than 30 years, globalization has been the evergreen megatrend. And rightly so: Global **trade has helped lift some 1 billion people out of poverty**. The COVID-19 pandemic disrupted the international flow of goods, bringing the critical role of resilient supply chains in sustaining economies worldwide to the forefront. Supply chains became a decisive topic in the public consciousness overnight, but they lost visibility once the threat waned. However, new patterns are emerging in the dynamic landscape of global trade, and new challenges are arising. Wars, armed conflicts, overall increasing geopolitical tensions, and protectionism create serious headwinds for global trade. These developments bring supply-chain resilience and risk management back to the table. They also prove that an environment that allows global trade to flourish is not a given. Given the benefits of global trade for humanity, shaping a more resilient and sustainable global trade is a highly relevant topic for Davos 2024, the Annual Meeting of the World Economic Forum. The world has witnessed severe disruptions, most notably the pandemic that unfolded in recent years. COVID-19 has not only tested the resilience of supply chains but has also exposed vulnerabilities. Over decades, some sectors have become heavily dependent on production capacities in other countries. Thus, the lockdowns led to severe shortages, e.g. in healthcare and manufacturing. Consequently, many governments and business leaders started questioning the benefits of global trade instead of addressing vulnerabilities in supply chains. This demonstrates the relevance of supply chain resilience for general attractiveness and acceptance of global trade. Supply chains’ ability to adapt to changing circumstances, absorb shocks and continue operations seamlessly is a central pillar for long-term economic success. **Robust supply chains** foster economic stability, **attract investment**s and ultimately contribute to improved living standards.

#### **Which is why,**

**Stanley 23**—(Morgan Stanley, 6-21-2023, "Mexico Rides Nearshoring Wave", <https://www.morganstanley.com/ideas/mexico-nearshoring-gdp-growth>, accessed 10-19-2024) //TH

Closer economic ties to the U.S. could boost GDP and investment as manufacturing exports increase. The world economy is realigning, with trade and supply chains becoming less decentralized and less deeply interconnected as globalization slows, or even reverses, in [a multipolar world](https://www.morganstanley.com/ideas/coronavirus-global-geopolitics-investing). Mexico, in particular, could be a major beneficiary of this shift to "[slowbalization](https://www.morganstanley.com/ideas/slowbalization-global-supply-chain)." Among other reasons, the U.S. is likely to look to allies that are geographically close and politically aligned as trade tensions, supply-chain difficulties and **g**eo**p**oliti**c**al **concerns** **push the U.S. further from China**. A key step in this disengagement process is nearshoring, in which U.S. manufacturing companies move production closer to their bases and consumers in the U.S. and away from Asia. Along with its obvious geographical advantages, Mexico offers a large, low-cost labor force and free-trade agreements with the U.S. and Europe. **As U.S. companies** increasingly **look to their southern neighbor** to bolster their supply and value chains, it is likely to **boost Mexico's GDP growth** **as investment surges**, providing new opportunities for companies and investors alike. "If U.S. manufacturing is to be less dependent on China, we think the path will be via Mexico," says Morgan Stanley Research equity analyst Nikolaj Lippmann. “Nearshoring is expected to be a long and sustained race that could help **build new ecosystems** **in** Mexico’s **existing manufacturing hubs.**” Manufacturing Growth Nearshoring has the potential to boost the growth of Mexican manufacturing exports to the U.S., from $455 billion today to an estimated $609 billion in the next five years. **Manufacturing exports** currently **represent** about **40% of Mexico's $1.3 trillion economy.** This estimated surge, representing more than 10% of GDP, is made up of:

* $94 billion in gains in well-established sectors such as electronics and automotive
* $38 billion from sectors that have benefited from free trade via the United States-Mexico-Canada Agreement, or USMCA
* **$22 billion from a second wave of nearshoring growth** driven by increased manufacture of IT hardware and new opportunities related to the electric vehicle supply chain and other clean technologies.

Meanwhile, **new investment driven by nearshoring** could reach about $46 billion in the next five years, helping **boost Mexico’s annual GDP growth** to around **3%** **in 2025** to 2027, from an estimated 1.9% in 2022. Recent investments announcements, including a decision by the leading U.S. electric car maker to open a $5 billion plant in Monterrey, highlight the growing nearshoring trend. But potential hurdles to nearshoring-driven growth remain. While Mexico is well-positioned to tap into the nearshoring opportunity in terms of wages, commodity costs and tax rates, it still faces issues with access to skilled labor, environmental regulation, quality of infrastructure and intellectual property rights, according to a 2022 Morgan Stanley survey of global companies. Energy infrastructure, in particular, remains a key potential limiting factor. The country has underinvested in the electricity sector and needs to improve grid capacity. Mexico would need roughly $40 billion in incremental spending to build enough generation capacity to power expansion from nearshoring-driven.

#### **Overall, econ growth k2 eradicating poverty.**

**Adams 03**—(Adams, Richard H., Jr., 02--2003, "Open Knowledge Repository", No Publication, <https://openknowledge.worldbank.org/entities/publication/f81680ff-8481-5679-9537-64a6667c2f01>, Accessed 10-14-2024 //TH)

The author uses new data from 50 developing countries and 101 intervals to examine the impact of economic growth on poverty and inequality. He finds that growth represents an important means for reducing poverty in the developing world. When economic growth is measured by survey mean income (consumption), there is a strong, statistical link between growth and poverty reduction. When economic growth is measured by GDP per capita, the statistical relationship between growth and poverty reduction is still present, albeit not quite as strong. Economic growth reduces poverty because growth has little impact on income inequality. In the data set income inequality rises on average less than 1.0 percent a year. Since income distributions are relatively stable over time, **economic growth tends to raise[s] incomes for all members of society, including the poor.** When growth is measured by survey mean income (consumption), the elasticity of poverty with respect to growth is -2.59. In other words, on average, a 10 percentage point increase in economic growth (measured by survey mean income) will produce a 25.9 percent decrease in the proportion of people living in poverty ($1 a person a day).

**Which is why,**

**World Bank 24**—(World Bank, 3-27-2024, "Mexico Overview", <https://www.worldbank.org/en/country/mexico/overview>, Accessed 10-11-2024 //TH)

**The Mexican economy grew by 3.2% in 2023**, the second consecutive year of **growth** exceeding **3%**, a moderation after the post-pandemic rebound. The official multidimensional poverty rate fell from 43.9% in 2020 to 36.3% in 2022, **lifting 8.8 million Mexicans out of poverty**, although extreme poverty has decreased more slowly.

**Thus, we affirm.**

## Cut

**These northern-based export hubs are key to increasing Mexican exports.**

**Flores 24** — (Jordi Ciuró and Armando Flores, 8-23-2024, "Mexico At a Crossroads: Is It Missing Out On Its Opportunity For Nearshoring?", Bain, <https://www.bain.com/insights/mexico-at-a-crossroads-is-it-missing-out-on-its-opportunity-for-nearshoring>/, accessed 10-19-2024) //TH

As a result of recent global disruptions, the dynamics of traditional value chains have been deeply altered. Geopolitical tensions, commercial tensions between China and the US, the COVID-19 pandemic, and the semiconductor crisis, among others, have exposed and accelerated supply chain vulnerabilities, driving **companies** to **seek** for **more resilient alternatives**. In this context, **business leaders** in multiple industries are applying what they have learned managing these turbulences, **focus**ing on **reinventing their supply chains to make them shorter, closer to the client, more flexible, transparent, and sustainable.** For instance, a global study by Bain & Company shows that over 50% of those in charge of supply chains **plan to increase their nearshoring** and onshoring **operations** in the near future, deprioritizing cost reduction. Thereby, **nearshoring represents a unique opportunity for Mexico, for it can drive economic growth, industrial activity, and the country’s relevance in the commercial ecosystem even further thanks to its proximity to the US**, its solid manufacturing base, and the existing trade agreements. Some examples of the potential impact of said acceleration on export manufacturing activity include better job opportunities for Mexicans, the formalization of S&MEs, growth in the demand for export associated services (i.e., logistics, insurance, industrial real estate), and strengthening of local economy in relocation hubs, among others. **This supply chain reformulation, along with the relocation of manufacturing centers near consumption hubs, has already** led to an increase of **over $130 billion dollars in** the **value of Mexican exports since 2019**, reaching **$593 billion dollars in 2023**. Thus, Mexico becomes the United States’ biggest trading partner as of 2023, with over 15% of its imports total value. 1 By nearshoring, we understand the phenomenon of relocation of production processes to geographies closer to the centers of demand. In particular for Mexico, the relocation of production chains from Asia to North America. Mexico at a crossroads: Is it missing out on its opportunity for nearshoring? 2 This rise in exports is mainly seen in the electric equipment industry, derived from growth in renewable energies and investment in power infrastructure improvement in the United States. Another benefited industry is the automotive industry, light vehicles in particular. As for the geography, **most of this growth is concentrated in the Bajío, Northeast and Northwest regions**, which since 1990 have witnessed the increase of consumer purchasing power by 1.3%, 0.7% and 0.4%, respectively, reflecting the positive impact from nearshoring in local economy. However, it seems **Mexico hasn’t been able to seize the full potential of nearshoring**, for neither Foreign Direct Investment (FDI) **nor the country’s exports have accelerated its growth** in real terms **since 2019**. This dynamic contrasts with what is experienced in Asian developing countries, where exports to the United States have grown more rapidly during the same period: • First, although FDI has recovered in the past two years reaching over $36 billion dollars in total investment, it has not experienced an acceleration, and the arrival of new capital in recent years has not increased at all. • By isolating the effects of inflation, Mexico’s real exports growth has decelerated, going from 17% real growth during the 2015-2019 5-year period to only 12% during the 2019-2023 5-year period (precisely when it would’ve been expected for them to have accelerated). • Lastly, Mexico has been surpassed by several Asian countries, such as Vietnam, Thailand, India, Malaysia, and Indonesia, which have seized greater trade participation from the United States since 2019. The value of imports from said Asian countries has grown over 50% since 2019, compared to only 35% growth of US imports from Mexico. In addition, when we analyze US imports from these Asian countries, we find that more than half of the growth (equivalent to $54 billion dollars) has been in products for which Mexico was already a top exporting country to the United States in 2019. **Consolidating** and accelerating the value and relevance of **nearshoring** could **transform Mexico’s economic outlook,** leading to more than doubling the total value of foreign trade by 2030 and **reaching up to $1,100 billion dollars in total exports value**. The implicit growth in this maximum potential scenario is greater than the growth experienced by Mexico in the past years and it would involve maintaining or even increasing its share in some of the industries where Mexico is already relevant. This potential would first imply maintaining the past years’ trend growth, which would be equal to adding $300 billion dollars to its exports value by 2030. However, **by taking full advantage of relocation opportunities**, **Mexico could attract a greater investment and accelerate exports** by over an additional $200 billion dollars in the same period, **equivalent to creating four export hubs the size of what Nuevo León is today.** If we look at the niches where Mexico already has a strong presence and is in a position to benefit from the reduction of Chinese exports to the US, the industries with a greater opportunity to contribute to this maximum potential scenario include Electric Equipment, Mechanics/Machinery, Metals and Plastics. Mexico’s unique opportunity to more than double its total value of exports accentuates its urgent need to accelerate its efforts to resolve the struggles and challenges of nearshoring and thus unblock growth.