



# China–Mexico trade lane in the spotlight on the US campaign trail

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March 18, 2024



Last year, Mexico overtook China as America's top trade partner, according to data from the US Commerce Department.

Just how much of Mexican exports to the world's largest economy is backed by Chinese companies has become a source of great debate in this year of US presidential elections.

Growth in demand for container shipping imports from China into Mexico in January this year increased by 60% compared to 12 months ago, further fuelling suspicions it has become what a release from freight rate platform Xeneta described as a "back door into the US".

The China – Mexico container route is now one of the strongest tradelanes in the world according to analysts at Xeneta, with 117,000 teu shipped in January of this year compared to 73,000 teu in January 2023, citing data from Container Trades Statistics.

Annual growth in container shipping between China and Mexico had already increased by 34.8% in 2023 compared to just 3.5% in 2022.

Peter Sand, Xeneta chief analyst, commented that the latest data may be further evidence of businesses attempting to circumvent tariffs on goods imported from China into the US, which have ramped up during the ongoing trade war between the nations.

The increase in trade is likely due to importers trying to circumvent US tariffs, Sand suggested.

"In a purely hypothetical scenario, if this growth rate continues, by the year 2031 there will be more containers imported from China into Mexico than the US west coast," Sand said, noting the recent opening too of a cargo-only airport at Mexico City.

In recent years, direct investment from Chinese companies into Mexico has experienced significant growth. This surge is evident in the figures, rising from \$38m in 2011 to \$386m in 2021. Notably, Chinese companies now represent the fastest-growing source of foreign investment in Mexico. Their investment predominantly targets the manufacturing sector, encompassing projects ranging from computer equipment such as Lenovo's mega site investment in Mexico on computer, server and

computer rack assembly, construction equipment led by Lingong Heavy Machinery, furniture led by Man Wah, and electric vehicles with BYD and Chery making massive investments, something that has become a talking point on the US campaign trail.

Former president Donald Trump said over the weekend he would hit cars made in Mexico by Chinese companies with a 100% tariff, double the levy he has previously said he would put on automobiles made south of the US border.

Trump addressed Chinese president Xi Jinping directly during a rally speech in Dayton, Ohio, on Saturday when threatening the tariffs.

“Those big monster car manufacturing plants you are building in Mexico right now and you think you are going to get that — not hire Americans and you’re going to sell the car to us, no,” Trump said. “We are going to put a 100% tariff on every car that comes across the lot.”

“The US will likely increase measures aimed at curtailing the rise in Chinese exports and foreign direct investment flows to Mexico,” states a new report from S&P Global.

