**Nearshoring** refers to the relocation of manufacturing, assembly, or critical supply-chain operations to countries geographically close to the end market, rather than relying on distant offshore locations. For North American companies, this most often means shifting production from Asia—especially China—to Mexico and other nearby economies to shorten transit times, reduce geopolitical and tariff exposure, improve supply-chain reliability, and allow closer coordination between design, engineering, and production teams. The trend is reshaping industrial clusters across northern and central Mexico and has become a major driver of P&C insurance demand in engineering, property, marine cargo, liability, cyber, and environmental lines.

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**Nearshoring Explainer — What It Means and Why It Matters**

**What is nearshoring?**
Nearshoring is the strategy of moving production and supply-chain operations closer to the end market. For U.S. and Canadian companies, it typically means shifting manufacturing from Asia to Mexico or other nearby economies to shorten supply chains and reduce geopolitical risk.

**Why it's happening now**
Rising costs in China, shipping delays, tariff and sanctions exposure, and the need for faster production cycles have made regional manufacturing more attractive. The USMCA trade framework further incentivizes North American integration.

**Where it's taking place**
Mexico has emerged as the primary destination, with industrial expansion concentrated in Nuevo León, Coahuila, Chihuahua, Querétaro, and Baja California. Growth is strongest in automotive, electronics, aerospace, medical devices, appliances, and semiconductor assembly.

**Why insurers care**
Nearshoring changes the risk landscape dramatically: more engineering projects, denser industrial parks, higher business-interruption exposure, complex supply-chain dependencies, increased cargo and inland-transit accumulation, heightened liability severity, and new cyber-physical vulnerabilities as factories adopt automation.

**The bottom line**
Nearshoring is a structural shift—not a temporary trend—and it is redefining Mexico's P&C market. Insurers, reinsurers, and brokers that adapt their underwriting, modeling, and risk-engineering approaches stand to benefit as the North American manufacturing footprint evolves.