



Rotomolding nearshoring in Mexico



Presentation objectives

- Case study: nearshoring rotomolding production to Mexico.
- Impetus & objectives for near-shoring strategy
- Overview of nearshoring process.
- Provide blueprint for companies considering nearshoring initiative.
- Potential pitfalls to identify & overcome.
- Closing comments





Nearshoring

- ***Nearshoring*** is the practice of transferring a business operation to a nearby country, to reduce costs and improve efficiency while maintaining proximity to the primary market.
- ***Nearshoring*** allows companies to benefit from lower labor costs while optimizing the advantages of closer geographic and cultural ties, enhanced communication and reduced shipping times.

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Product line characteristics

- U.S. company (HQ's Dallas, TX)
- 14- & 25-qt. coolers, 20-qt. beverage dispenser
- Variety of compounded colors
- PU foam-filled
- Handles, straps, drain plug + hardware
- #3 selling rotomolded cooler line with Amazon.com



Impetus for nearshoring

- Current roto production in China.
- Product design & molds = property of rotomolder.
- Increasing manufacturing costs.
- Mounting quality issues & warranty costs.
- Difficult-to-predict & budget for container costs (typical ranges \$5,500 to \$8,000 for a 40-foot container, with transit times of 20-30 days).
- Market demand/inventory imbalance, resulting in higher inventory carrying costs and erratic margin performance.





Impetus for nearshoring (cont'd)

- Geopolitical dynamics generating fear of potential supply chain collapse.
- Cultural familiarity with Latin America.
- Desire to establish geographic proximity with supply chain partners.
- Develop new product designs & gain ownership of intellectual property.
- Build-out product line using new cooler/beverage dispenser designs at platform for entire product line.
- Desire & capability among Mexico supply chain partners to push innovation: process, materials, automation, etc.

Why Mexico?

- Well-established industry supply chain.
- Geographic proximity to supply chain partners.
- Simplified & accelerated travel and communication logistics.
- Shorter product transit time.
- Enhanced inventory management & inventory cost control.
- Globally competitive manufacturing costs.
- Cultural familiarity.
- Presence of world-class rotomolding manufacturers.
- Tap-into established supply chain relationships.



Leading custom rotomolders in Mexico

Rotomold México
Ensenada, BC

Formec
Santa Catarina, NL

Ollin Plastics
Monterrey, NL

Spincraft
Querétaro, QRO

Versaplas
Querétaro, QRO

Rehrig-Pacific
Querétaro, QRO

Rotomaq
Querétaro, QRO

Miraplastek
Aguascalientes, AGS

Pulmex 2000
Celaya, GTO

CISPA Industrias
Puebla, PUE

Approx. 85-100 total rotomolders in Mexico.

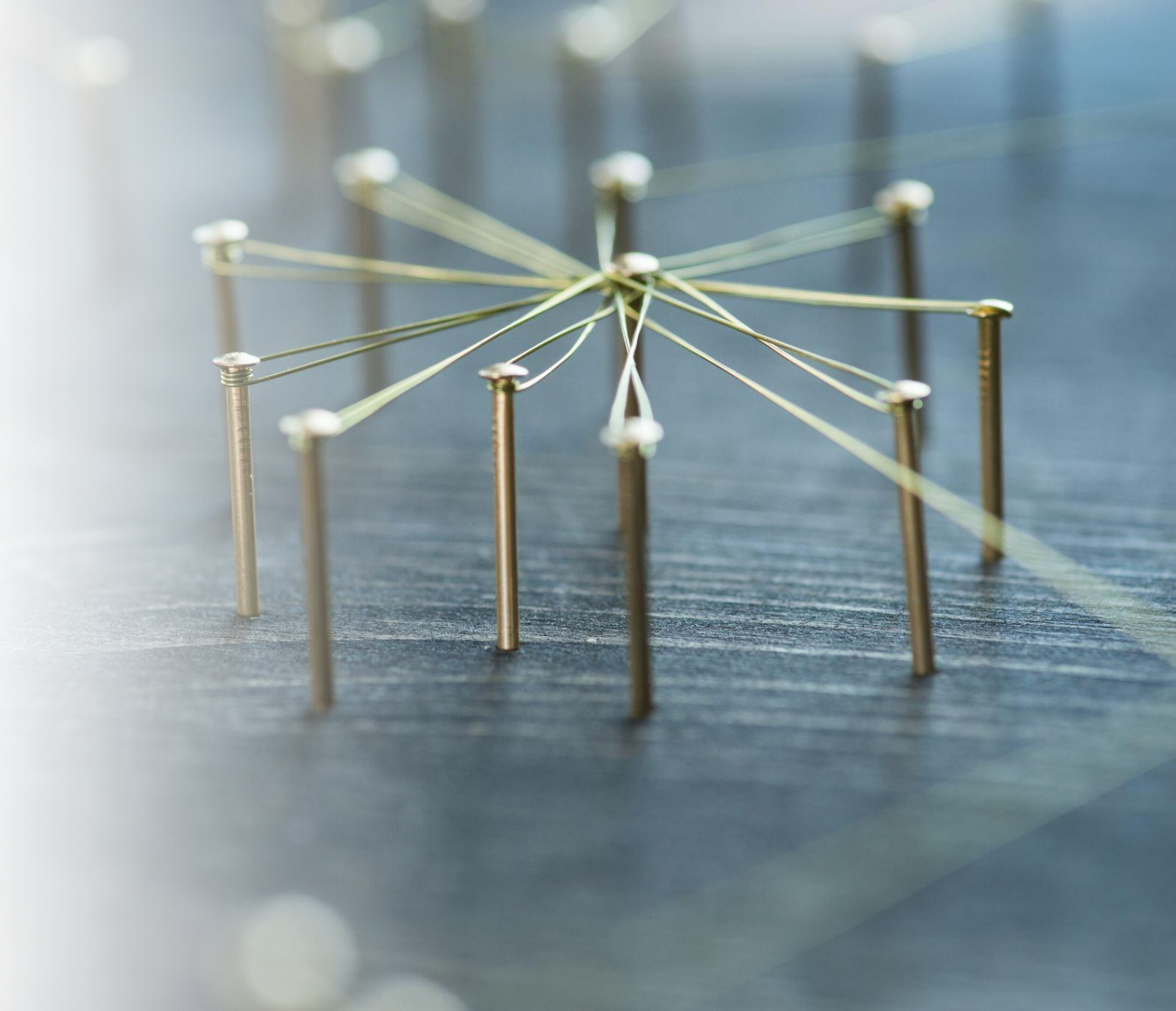
An aerial photograph of a large container ship sailing on a deep blue ocean. The ship is viewed from above, showing its long deck covered with numerous colorful shipping containers in shades of red, white, blue, and orange. The ship's wake is visible in the water. The right side of the image is a light blue gradient background where the text is located.

Nearshoring strategy

- Assessment of near-shoring objectives, including targeted timing of production launch in Mexico.
- Review of current product design + definition of desired design revisions.
- Qualification of rotomolders, including on-site visits.
- RFQ process + evaluation of proposals + final pricing negotiation.
- Selection of rotomolder.
- Draft partnership agreement + final negotiation of contract verbiage.
- Finalize product design + order tooling.
- Establishment of product quality standards.
- Production launch.

Contractual approach to near-shoring

- Focus on win-win partnership vs. transactional relationship.
- Clearly articulated mutual benefit, shared risk & reward.
- Collaborative approach to development of intellectual property, defining quality standards, handling of warranty issues, etc.
- Gain parties perspective & objectives before drafting & delivering agreement.
- Be cognizant of nuance & potential for misinterpretation of legal verbiage.



A satellite image of the Earth, showing the Western Hemisphere. The Americas are visible, with North America in the upper right and South America in the lower right. The surrounding oceans are a deep blue, and there are white clouds swirling over the North Atlantic and Pacific. The title 'Perspective on nearshoring to Mexico' is overlaid on the right side of the image.

Perspective on nearshoring to Mexico

- “Amid the volatility of the geopolitical dynamic in Asia, should hostilities break out, the supply chain that exists that day will be ruptured to the point that it will take years to repair.
- Considering all factors, including these potentially volatile dynamics, combined with Mexico’s readiness, proximity and cost-competitiveness, a strong case can certainly be made for nearshoring, and for doing it now.”

- **Jeffrey Cartwright**, Managing Director
SHOREVIEW MANAGEMENT ADVISORS

USMCA agreement

United States – Mexico – Canada Agreement

- Formerly **NAFTA**
- Up for review July 01, 2026.
- Renewal = 16 more years.
- Non-renewal = review every year or until expiration in 2036.
- Status of USMCA renewal will have significant impact on North American economic dynamics.





Avoid these pitfalls...

- **Don't underestimate complexity of nearshoring initiatives:** extremely detailed, time- and resource-consuming undertaking.
- **Understand & calculate true, fully landed cost** of moving production from Asia to Mexico.
- At the same time, **don't fail to recognize the more intangible benefits** of doing so: peace of mind, communication, transit times, relative ease of travel to supply chain partners, etc.
- **Discuss & agree upon fundamental function of partnership** prior to sending a boilerplate contract.
- **Avoid giving lip service to partnership:** one-sided contractual verbiage will be quickly identified and erode trust and confidence.

Closing comments

- Mexican government pledged \$14.2 billion U.S. for much-needed infrastructure investment (2020, López Obrador administration).
- New administration (President-elect Claudia Sheinbaum) pledged for *“enhanced security, fostering investment, modernizing infrastructure and prioritizing U.S. trade ties.”*
- Continued uncertainty of sustainability of China-based supply chain.
- Strong rationale for considering near-shoring strategy in Mexico.
- Mexico rotomolding industry is well-positioned for roto nearshoring.



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