Mexico's Manufacturing Renaissance

Prima

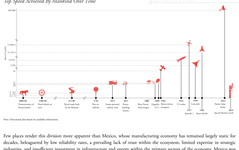
Prima is a technology-first manufacturing and supply chain integrator, offering reliable and efficient procurement for North American companies. We are a one-stop shop for customized manufacturing with capabilities ranging from CNC machining, sheet metal fabrication and welding to die casting and plastic injection. We serve customers in various industries, including industrial equipment, mining, construction, retail and beyond. By centralizing manufacturing and supply chain operations, our business model enhances operational resilience and flexibility in an increasingly volatile global market. Our mission is to industrialize Mexico manufacturing SMEs through talent, technology and capital, in order to catalyze a new era of industrial growth for Mexico.

Manufacturing is the bedrock of modern civilization. The ability to mass-produce complex goods through technology has not only improved our quality of life across every dimension – it has fuelled economic growth and societal development on an unprecedented scale. From the industrial revolution that powered England's dominance in the 19th century to America's foundations in steel, manufacturing has always been at the heart of economic prosperity and growth. It was manufacturing that rebuilt Japan after World War II, fuelled the meteoric rise of the Asian Tigers, propelled China to global prominence, and now holds the potential to bend the arc of Mexico's future.

The pace of advancement is startling. It took humanity 4,000 years to surpass horse-drawn speed with the steam engine, but only a century to progress from the first flight to orbiting the sun at 400,000 miles per hour. And the acceleration is only beginning. We stand on the cusp of a manufacturing revolution that will be driven by robotics, artificial intelligence, advanced sustainable materials, and additive manufacturing – an era sometimes referred to as Industry 4.0 that will propel us into a new age of technological achievement. Yet it is clear that this revolution's benefits have not (and will not) accrue evenly around the world.

Innovation Has Evolved At An Exponential Rate

Top Speed Achieved By Mankind Over Time



Note: Horizontal time based on a visible exponential.

Few places render this division more apparent than Mexico, whose manufacturing economy has remained largely static for decades, beleaguered by low reliability rates, a prevailing lack of trust within the supply chain ecosystem, limited expertise in strategic industries and insufficient investments in infrastructure and energy within the broader economy. Mexico was uniquely positioned to benefit from globalization, but as a country, we failed to capitalize on this opportunity.

In the wake of NAFTA, Mexico's promise was derailed by the Tequila Crisis, which saw capital flight, widespread economic contraction, and a surge of inflation. This was especially sobering to witness during a period where other developing economies thrived. China's 1978 reforms sparked economic miracles throughout the nineties and beyond, and India's economy also experienced breakthrough growth as a result of carefully cultivating engineering talent and ambitious infrastructure spending.

Global Manufacturing Relocation Presents a Second Chance for Mexico to Achieve Its Potential on the World Stage

Share of Global Manufacturing (Production %)

Source: Macrowatch, World Bank Data, CEIC

As Mexico's manufacturing base faltered, the country transitioned to a service-based economy, with manufacturing jobs and vocational training being mentioned, and top talent choosing instead to pursue unidifferentiated service jobs. An entire generation was conditioned to favor jobs in consulting firms, starting restaurants, or opening nail salons over careers in machining or metal fabrication shops, leading

Now, against all odds, Mexico has a second chance. Both the means of manufacturing and the dynamics of global supply chains are changing rapidly. Post-COVID, enterprises have learned the difficult lesson that offshoring production to our cousin same at the price of relinquishing control over their procurement cycles. Since then, the vulnerabilities of our existing supply chains have only become more apparent, with disruptions surfacing with increased frequency. From the escalating tensions between the U.S. and China, to the ongoing war in Eastern Europe and the Middle East, global instability is becoming the new norm. This fragility is underscored daily by multiple disturbances: the emergence of protectionism, the shift to nationalism and right-wing politics in Western economies, the rise of piracy in the Red Sea, the deterioration of the Panama Canal, the Panama Canal drought, Taiwan's tensions and potential blockade, and conflicts in the South China Sea, among others.

And these challenges in globalization are not the only threats. In parallel, humanity faces its biggest challenge to date as the species of climate change has begun to manifest in increasingly disruptive ways. As the climate crisis grows more apparent, it will prompt severe, desperate, and stringent regulations to address decades of global inaction – measures from significant cuts to production and consumption to detailed measurements of water and energy footprints across factory floors. Ultimately, only the factories that comply with these rigorous standards will prosper.

Resilient supply chains and sustainable practices have never been more essential or urgent. The opportunity before us is massive and will take decades to fully materialize. But capitalizing on it fully requires that we initiate Construction that adapt now will be prepared to take the ride at the flood, poised to lead the coming industrial transformation. The Mexico, we have to join our North American neighbors in restoring economic power to the hemisphere and building a prosperous future on the back of modern global manufacturing.

Post-Covid, Supply Chain Disruption is the New Norm - Future Conditions Will Continue To Be Very Uncertain

Absolute Change in Global Supply Chain Pressure Index