Nearshoring, Hispanic Leadership & U.S. Global Competitiveness

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Executive Summary

Global supply chains are undergoing a structural transformation as firms increasingly prioritize resilience, economic security, and regional integration. Driven by rising labor costs abroad, geopolitical tensions, and vulnerabilities exposed by global crises, this change offers Latin America a historic long-term economic opportunity to position itself as a key nearshoring destination for the United States by leveraging its geographic proximity, cultural and linguistic ties, and aligned time-zones.

Building on discussions that emerged from a February 2026 Aspen Conexión convening, *A New Era for Cross-Border Collaboration: Hispanic Business Leadership and U.S. Global Competitiveness*, this white paper examines how Hispanics in the U.S. can leverage this opportunity to serve as a critical link in facilitating cross-border trade in the Americas and promoting the integration of hemispheric supply chains.

Additionally, this publication explores how Latin America can strengthen its long-term competitiveness through the TIGHT Framework (Technology, Infrastructure, Geopolitics, and Harnessed Talent) developed by thought-leaders Jerry Haar (Executive Director for Latin America & Caribbean at Florida International University's College of Business), Ricardo Ernst (Baratta Chair in Global Business at Georgetown University), and Santiago Gutierrez (2017 Vidanta-Wilson Fellow and CEO of Editora Latin Trade) and highlights policy and investment priorities that are necessary to maintain long-term economic gains.

This white paper finds that Latin America's competitiveness depends on more than just low labor costs and attracting manufacturing investment. Sustained regional growth requires modernizing renewable energy grids and digital infrastructure, transportation corridors, enforcing transparent trade agreements, workforce development, and fostering deeper business ecosystems capable of integrating small and medium enterprises into regional and global value chains.

Furthermore, a central theme we posit is that the Hispanic population of the United States and Latin America are uniquely positioned to reinforce the TIGHT drivers.

Hispanic leaders and business professionals present a competitive advantage by leveraging their biculturalism, diaspora networks, and cross-border relationships to facilitate trade and investment, strengthen supply chains, and connect different stakeholders – effectively bridging markets in the United States and Latin America. The Hispanic communities on both sides provide the skilled workforce, entrepreneurial capacity, and networks necessary to enhance long-term competitiveness in the region.

To fully capitalize on nearsharing opportunities, success will depend on sustained coordination and collective action across governments, private sector investors, development finance institutions, small and medium enterprises, academia, associations and other regional stakeholders. Each has a specific role in ensuring that the Western Hemisphere strengthens public-private collaboration and attracts long-term investment, including mobilizing private capital through blended finance and modernizing workforce development systems. Policymakers and business leaders must leverage Hispanic leadership and intentionally invest in cross-border networks as strategic assets that advance economic integration and ensure long-term competitiveness across the Americas.

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I. Introduction

Throughout the globalization era, the integration of markets and free trade policies have allowed multinational firms to offshore services, or relocate company activities to geographically distant countries, often to the advantage of lower labor costs (Platas-López and Cruz-Mejía 2026). This business practice has significantly reduced production costs, expanded global trade, and diversified economic activity, while creating complex and geographically dispersed supply chains that are increasingly vulnerable to disruptions, geopolitical tensions, and rising transportation costs.

These vulnerabilities have been exposed by recent developments, including the COVID-19 pandemic, and the ongoing United States-China trade war, thus accelerating the shift towards nearshoring – or "locating production close to consumer markets" (McKinsey & Company 2024) – as geopolitical realignment, supply chain restructuring, and industrial policy reshape the Western Hemisphere.

Nearshoring is not a temporary response to recent disruptions, instead reflecting a structural shift in the global economy toward regional production networks and long-term competitiveness. In this context, the United States is uniquely positioned to leverage a strategic competitive advantage with its large, young, economically influential Hispanic population with deep cultural, linguistic, familial, and business ties to Latin America.

These circumstances present a historic opportunity in the Americas; however, success will depend not only on capital flows and trade agreements, but on whether local business ecosystems, workforce systems, and community-anchored enterprises are positioned to fully participate and compete.

To examine how the Americas can capitalize on this opportunity, Aspen Conexión, a division of the Aspen Institute which advances the Latino community's role in driving U.S. and global innovation and economic growth, partnered with the United States Hispanic Chamber of Commerce to convene leaders from the public, private, multilateral, financial and academic sectors.

The event, titled *A New Era for Cross-Border Collaboration: Hispanic Business Leadership and U.S. Global Competitiveness*, took place on February 27, 2026 at the Aspen Institute Headquarters in Washington, D.C. with the support of PNC Bank. The dialogue examined how nearshoring trends are reshaping regional supply chains, while laying a foundation to advance cross-border collaboration among Hispanics to translate into local economic participation, firm growth, and workforce opportunity.

This white paper discusses the main themes that emerged from the convening, focusing on how governments, businesses, development finance institutions, and local business ecosystems can strengthen the resilience, inclusivity, and competitiveness of regional value chains. It also highlights the role of Hispanic leaders in the U.S. and Latin American economies, leveraging their bicultural leadership, diaspora networks, and ties to their home communities to strengthen cross-border collaboration, and deepen economic integration in the region.

II. What's Driving the Shift

For decades, the main corporate strategy in the U.S. was to offshore production to Asian countries to capitalize on labor arbitrage as wage disparities were substantial enough to easily absorb the shipping lead times. However, between 2001 and 2019, Chinese wages have quadrupled, driven by sustained economic growth (Duran-Fernandez 2024). This has significantly weakened China's comparative advantage, diminishing the cost gap between the U.S. and China. Overall, innovations in robotics, automation, and additive manufacturing have reduced the appeal of low-cost labor, making offshoring less attractive.

Besides changing cost dynamics, there has been a push by the U.S. government to counter China's established deep and early investments in parts of Latin America. Between 2000-2018, China invested USD 73 billion in the raw materials sector in Latin America (USC U.S.-China Institute 2020, as cited in Roy 2025), and continues to outinvest the U.S. in mining by a factor of twenty (Gonzalez Anaya and Cassinelli 2026).

China is advancing their investments across strategic sensitive sectors, including automotive manufacturing and logistics infrastructure, building nodes like Peru's Port of Chancay as part of the Belt and Road Initiative (BRI) and a USD 40 billion data center in Brazil. Nearshoring has now turned into a matter of National Security for the U.S., who seeks to secure critical supply chains, protect digital infrastructure, and prevent the outside control of strategic regional assets.

As the U.S. seeks to build closer, more resilient networks, there is a greater need for geopolitical realignment in environments with high institutional and cultural trust. The historic ties between the U.S. and Latin America serve as a strategic asset. Latin America represents one of the largest diaspora groups in the United States, creating a natural bridge with Latin America through shared knowledge, linguistic fluency, and familial relationships. For example, the 37 million Hispanics of Mexican origin in the U.S. (Moslimani, Noé-Bustamante, and Shah 2023), including 10.8 million Mexican-born immigrants (Hernández Zermeño and Enciso Manzo 2024), form extensive networks connecting this diaspora with communities across Mexico and other Latin American countries, facilitating business partnerships and strengthening economic collaboration across borders.

Strategic realignment has been further accelerated by recent global crises that have challenged the resilience of global value chains (GVCs). The U.S.-China trade war that escalated in 2018 disrupted the global supply chain and increased the cost of international trade through tariff volatility and export controls, contributing to cost-push inflation. The COVID-19 pandemic further exposed vulnerabilities of globalized supply chains that were optimized purely for cost. In emergencies, countries can quickly close their borders and halt production. As a result, transit times of 2-5 days by truck from Mexico have become increasingly valuable, compared to the 30-45 shipping times from Asia. Shorter supply chains improve resilience by freeing up working capital and reducing firms' exposure to shipping delays, tariff fluctuations, and geopolitical tensions, reinforcing that nearshoring reflects a structural reset.

Changes in the global economic landscape are also driven by sustainability concerns. Transoceanic supply chains carry a significant carbon footprint, which is becoming increasingly difficult to justify, especially for countries committed to sustainability goals and carbon footprint reductions. For example, a high-value consumer electronic designed in the United States, the Apple iPhone, involves a transoceanic global chain, with the manufacturing spread throughout East Asia (mostly Korea, Japan, and Taiwan), Europe, and the Americas, with final assembly and testing in China – accounting for less than $10 of the iPhone's assembly cost (Krugman, Obstfeld, and Melitz 2023). Nearshoring offers corporations the opportunity to reduce their trade-related carbon footprint, while improving their supply chain resilience.

Growing demand for reliable and affordable energy is also shaping nearshoring decisions. As companies regionalize production and expand industrial capacity, access to dependable energy infrastructure is increasingly critical to sustaining operations and supporting long-term growth. Latin America is well positioned to capitalize on this due to its abundant renewable energy resources – anchored by hydropower, wind, and solar – and its significant reserves of oil, gas and critical minerals, including lithium and copper.

III. Hispanic Leadership as Strategic Advantage

Besides trade agreements, infrastructure, and cross-border investment, nearshoring depends on certain enabling conditions that facilitate cross-border collaboration. Hispanic Leadership is a competitive advantage that builds cross-border networks, ultimately determining if nearshoring translates into sustained and inclusive economic growth for the region. With an estimated 70 million Hispanics—approximately 20 percent of the U.S. population—the United States has a significant base of bicultural talent and leadership with deep economic, cultural, and personal connections across the Americas. These connections can help companies navigate markets, build trusted partnerships, and more effectively integrate regional supply chains.

As Latin America's strategic importance grows, Hispanic cultural fluency and bicultural leadership are becoming increasingly valuable assets for U.S. companies. As supply chains become more regionalized, firms need leaders who can navigate different business cultures, regulatory environments, and institutional contexts. Bicultural individuals – those who identify with and operate across more than one culture – can bring multiple perspectives to complex international challenges, communicate more effectively across markets, and draw upon more diverse professional and social networks. Those capabilities can help multinational companies reduce their "liability of foreignness": the disadvantages firms may experience when operating outside of their home markets. Cultural and institutional fluency can reduce uncertainty, strengthen trust with local stakeholders, and help companies anticipate social, political and economic considerations that influence their operations.

This way, nearshoring creates opportunities for Hispanic leaders in both the U.S. and Latin America. In Latin America, culturally fluent leaders can help multinational companies identify and integrate local suppliers, attract foreign investment, and connect small and medium enterprises (SMEs) with regional and global value chains. In the United States, Hispanic leaders can serve as a bridge between markets, drawing from their linguistic abilities, bicultural experience, diaspora networks, and relationships with communities throughout the Americas to connect businesses, governments, investors and local stakeholders.

These capabilities are especially valuable for SMEs, which often lack the financial resources, specialized personnel, and international networks needed to overcome barriers to expansion. Latino-owned businesses in the U.S. and locally led firms in Latin America may be especially well positioned to develop cross-border partnerships through shared linguistic and cultural familiarity. Hispanic communities in major commercial and logistics centers – including South Florida, Texas, and Southern California – also provide networks that connect businesses with transportation infrastructure, distribution channels, customers, and potential partners throughout the hemisphere.

The United States' large Spanish-speaking population (approximately 45 million) further strengthens this regional advantage. However, realizing this potential will require deliberate investment in leadership development, supplier networks, access to capital, and institutional partnerships that allow Hispanic-led businesses to participate more fully in regional supply chains.

The 2026 FIFA World Cup, jointly hosted by Canada, Mexico, and the United States, illustrates how Hispanic leadership can help translate a global event into longer-term economic opportunity. The tournament created a platform through which Hispanic leaders could increase the visibility of local businesses, strengthen relationships among host cities, and connect entrepreneurs and communities with international customers, companies and investors. The lasting value of these efforts will depend on whether the relationships, procurement opportunities, and cross-border networks developed around the tournament are sustained beyond the event itself.

IV. Competitiveness in the New Landscape

Competitiveness today depends on more than just low labor costs. As companies move toward advanced manufacturing and knowledge-intensive services, factors such as operational resilience, infrastructure, workforce skills, and ecosystem depth are becoming increasingly important in determining long-term competitiveness.

TIGHT Framework: Latin America

One of the prominent points discussed during Aspen Conexión's convening was the TIGHT Framework, a strategic lens developed by Jerry Haar (Executive Director for Latin America & Caribbean at Florida International University's College of Business), Ricardo Ernst (Baratta Chair in Global Business at Georgetown University), and Santiago Gutierrez (2017 Vidanta-Wilson Fellow and CEO of Editora Latin Trade) in 2025 which was recently presented in their book *Winning in the New Global Business Landscape: Integrating Technology, Infrastructure, Geopolitics, and Harnessed Talent.*

It is proposed as a tool for policymakers, business leaders, and economic practitioners, and identifies four drivers of competitiveness. Countries that can master these drivers and successfully integrate them will prevent blind spots and capture the spillovers of GVCs, attract foreign direct investment (FDI), participate in regional value chains, and compete in the global economy.

Technology

The technology driver refers to the effective use of a nation's systems, tools, and processes to solve problems, improve efficiency, and achieve goals. This factor determines a country's economic health and competitiveness; if deployed effectively, new technologies accelerate innovation and productivity in both manufacturing and service industries.

Infrastructure

Hard infrastructure, or the physical assets that drive economic activity, is a large determinant of competitiveness. Efficient roads, railways, warehouse and industrial facilities, ports, and electrical grids improve reliability, lowering trade costs and attracting FDI. Soft infrastructure – defined as the intangible institutions, services, and regulations that sustain a society including: schools, health systems, and economic policies – creates the enabling environment businesses need to operate efficiently, attract investment, and integrate into regional and global supply chains.

Geopolitics

Within the TIGHT Framework, a nation's competitiveness today depends on any cross-border issues of political, economic, or territorial nature. Factors like protectionism, trade conflicts, and export controls have shifted GVCs toward being more politically-aligned, rather than solely a cost-minimization tactic.

Harnessed Talent

Harnessed talent is the "process of effectively utilizing and channeling the abilities, skills, and potential of individuals in a purposeful and organized manner," as presented by Haar, Ernst, and Gutierrez. An abundance of labor in a workforce is not a competitive advantage unless their skills and potential are used effectively. In the context of nearshoring, this extends beyond Latin America's domestic workforce to include the growing U.S. Hispanic workforce, whose cultural, linguistic, and business ties to the region strengthen cross-border production networks and regional integration. This driver is increasingly anchored by the demographic of the U.S. Hispanic workforce, which has grown 7.2 times faster than the non-Latino labor force since 2010. Characterized by high dynamism, this demographic's labor force has a median age of 31.2 years – more than 10 years younger than its non-Latino counterpart – and contributed an average of 800 thousand workers annually between 2010 and 2024 (Hamilton et al. 2026).

V. Application of the TIGHT Framework to the Americas

Applying the TIGHT Framework to Latin American economies highlights additional crucial competitive advantages and challenges the region faces as it strives to fully integrate technology, infrastructure, geopolitics, and harnessed talent. The following section will examine how these four drivers influence nearshoring competitiveness within energy and artificial intelligence, transportation, trade integration, and workforce development. Beyond physical and technological assets, the framework recognizes that human capital and leadership – including bicultural talent and cross-border partnerships – are necessary for a more competitive hemisphere. As regions like Eastern Europe rapidly position themselves as competing production hubs, Latin America’s capacity to leverage a narrowing window of opportunity depends on its ability to build more resilient and integrated economies, using the unique strengths of its workforce and the U.S. Hispanic leaders who are able to connect businesses and institutions across the hemisphere.

Energy, Artificial Intelligence & Digital Infrastructure

New digital technologies, including artificial intelligence (AI) and machine learning, are accelerating innovation and productivity in both manufacturing and service industries, making technological capability an important determinant of nearshoring competitiveness. As these industries become increasingly knowledge-intensive, Hispanic professionals, entrepreneurs, and researchers in both the United States and Latin America are uniquely positioned to facilitate technology transfers, cross-border partnerships, and workforce development programs that accelerate digital adoption for the region.

Tech firms across Latin America are expanding, supported by a growing network of digital startups offering solutions in logistics, risk mitigation, and financial technologies. For example, in 2022, there was a 47% growth in the number of FinTech startups, with more than 1,500 registered companies in the region (IDB Invest 2022 as cited in Alviarez et al. 2025).

Additionally, new public-private partnerships initiatives are strengthening the growing AI capabilities in the region. For example, the Government of the Dominican Republic and NVIDIA have signed a Memorandum of Understanding (MOU) to establish the Caribbean nation as a regional hub for AI-driven development by building a National AI Factory, accelerating AI adoption in different industries, and strengthening workforce development (MICM 2025). This partnership exemplifies how collaborations between leading U.S. enterprises and Latin American countries can greatly accelerate knowledge transfers and technology adoption, reflecting the emergence of a digital innovation ecosystem that can support high value-added industries and strengthen Latin America’s competitiveness. Hispanic-led businesses and professionals are particularly well positioned to facilitate these partnerships, bridging institutional and commercial differences, helping transform investments into long-term regional innovation.

Despite this momentum, Latin America still underinvests in the research and development (R&D) needed for long-term technological innovation. Firms in the region invest just 0.62% of Gross Domestic Product in R&D, about four times less than the global average (Vargas 2022; World Bank Group 2025). Consequently, over 85% of patent applications in Latin America are filed by foreign applicants, reflecting a greater reliance on imported machinery and equipment than domestic innovation. These statistics are further reinforced by firms’ innovation strategies: Latin American firms spend 20% of their innovation investment on R&D through domestic innovation, whereas advanced economies spend 50% (Alviarez et al. 2025). While technological adoption improves productivity in the short-term, investment in R&D is crucial to continue developing domestic innovation capabilities for long-term competitiveness.

In addition to technological capabilities, access to reliable and affordable energy plays a critical role in a region’s ability to attract nearshoring investment, particularly in energy-intensive sectors such as advanced manufacturing, hyperscale data centers, and artificial intelligence.

Modern AI infrastructure and hyperscalers have been described as “AI factories” by NVIDIA CEO Jensen Huang, requiring massive amounts of uninterrupted electricity to convert data to intelligence (Gulacha 2025). AI is advancing faster than ever before with investment in AI data centers growing more rapidly than power grids can keep up, creating a bottleneck for its expansion. Thus, energy investments and power grid build-out are needed to further AI growth.

For major technology companies, Latin America’s various forms of clean renewable energy present great opportunities for their energy-intensive industries while aligning with their corporate Environmental, Social, and Governance (ESG) commitments. The region possesses substantial reserves of oil, gas and critical mineral deposits – including more than 50-60% of the world’s lithium in the Lithium Triangle between Argentina, Bolivia, and Chile – which are crucial for many industries, including automotive, aerospace, and technology, as well as military capabilities. In August 2025, the U.S. Department of Energy announced its intent to deploy over USD 1 billion into critical mineral investments to secure supply chains for lithium, copper, and rare earth metals – treating this as a matter of energy and national security.

Realizing these opportunities will require cross-border collaboration between U.S. technology companies, Latin American governments and businesses, and U.S. Hispanic business leaders to coordinate investment, develop local supply chains, and build the technical workforce needed to support advanced manufacturing, AI infrastructure, and critical mineral processing. Hispanic professionals on both sides can connect investors, firms, and public institutions to achieve this goal.

Mexico in particular is well positioned to leverage the relocation of supply chains from China to North America, but has faced investment limitations in its energy sector, making it difficult to keep up with growing domestic and nearshoring demand. The strain can be seen in micro-outages that disrupt industrial operations and incur costs for consumers.

To meet this demand, a substantial investment of tens of billions of dollars is needed to expand capacity by 75% over the next 10-15 years (Payan et al. 2024). The distribution of solar and wind energy would also alleviate pressure on the power grid and drive clean energy adoption nationwide, but it is regionally concentrated. These resources need more developed transmission networks for efficient distribution, and should be introduced in regions like Nuevo León that are more prone to receiving nearshoring investments: only in 2023, FDI in Nuevo León grew by 265% (Payan et al. 2024). That way, local economies can start bridging the gap between the current power generation and future industrial demand.

Transportation and Logistics Corridors

Hard infrastructure – the physical assets that drive economic activity – is a large determinant of nearshoring competitiveness. Efficient roads, railways, warehouse and industrial facilities, ports, and electrical grids improve reliability, lower trade costs, and attract foreign direct investment. For Latin America to capitalize on its resources and geographic advantages, there must be stronger transportation and logistics corridors.

Latin America holds a strategic advantage with its abundant critical minerals, which are increasingly important for global supply chains and the clean energy transition, but geographical fragmentation limits the region’s ability to capitalize on these resources. Many critical mineral deposits, including the Andean Lithium Triangle, are located in remote areas. Efficient transportation corridors, including roads, railways, and maritime ports, are necessary for greater connectivity with global markets. Physical distance, underinvestment in transportation infrastructure, and logistical bottlenecks lead to higher costs for reaching buyers and suppliers (Alviarez et al. 2025), limiting the region’s competitiveness. Further investments in transportation networks and intermediary services that improve connectivity can fortify regional value chains and expand market reach.

The Bioceannic Corridor presents a promising model for large-scale, cross-border coordination projects that improve regional transportation infrastructure and competitiveness. This corridor is an approximately 2,300 kilometer-long road and rail project that connects the Atlantic coast of Brazil to the Pacific coast of Chile. It is designed to facilitate mineral and agricultural trade by reducing transportation costs and improving access to additional markets like the West coast of the U.S. Ultimately, the Corridor diminishes the region's geographic fragmentation and strengthens regional value chains across the continent.

In addition to hard infrastructure, Latin American economies should improve their soft infrastructure – intangible institutions, services, and regulations that sustain a society – to facilitate cross-border economic activity and deepen links with global and regional supply chains, as they currently lag behind Europe and Asia. Outdated logistics systems and high administration barriers including high transport costs and diverging customs procedures prevent the expansion of intraregional trade despite low or non-tariff measures (Economic Commission for Latin America and the Caribbean (ECLAC) 2018 as cited in De la Mora and Cassinelli 2024).

Case Study: Panama

Panama serves as a prime example of how nearshoring success depends on logistics and services infrastructure as much as manufacturing capacity, establishing itself as a crucial location for global trade. The Panama Canal and adjacent ports handle the largest container volume in the LAC region, leveraging its strategic geography and canal infrastructure to capture nearshoring value. Its competitive advantage lies in its port system located on both the Atlantic and Pacific coasts, considered among the most connected maritime economies in the Western Hemisphere, allowing shipping companies to consolidate cargo operations, reducing transport costs and reinforcing Panama's role in supply chain coordination.

Panama leads Latin America in infrastructure competitiveness and efficiency, ranking 57th globally in the World Bank's 2023 Logistics Performance Index (as cited in De la Mora and Cassinelli 2024). To complement its physical infrastructure, Panama's innovative soft infrastructure – particularly the digitization of its border crossings with Costa Rica – has reduced administrative barriers, lowering cargo transit times and transportation costs.

Its infrastructure, combined with its favorable tax and relocation frameworks make Panama a headquarters hub. The Multinational Company Headquarters (SEM) regime (Law 41 of 2007) drives this trend, offering benefits to global corporations that set up their regional headquarters in the country. These include exemptions from sales tax, income tax, and VAT (in certain circumstances); permanent residency for staff members after 5 years; and the ability to exceed the 10% limit of foreign workers as a percentage of the total workforce.

The Panama Canal case study also highlights an opportunity to strengthen the connections between Latin America and the U.S. Pacific coast. While most of the U.S.-Latin America maritime commerce flows through Atlantic and Caribbean gateways, including Latino majority hubs like Miami, Florida, U.S. Pacific ports remain heavily oriented toward trade with Asia. Nearshoring creates an opportunity to diversify these routes by strengthening maritime connections between Latin American producers and U.S. Pacific markets. Latino-majority gateway cities with significant port infrastructure, like Long Beach, CA, can plan an important role in leveraging their established cultural and business ties with Latin America through ports such as Panama. Strengthening these connections could create new trade routes, expand existing ones, and provide Latin American firms with greater access to U.S. markets.

Trade Agreements & Regional Integration

Multilateral trade agreements are a crucial element of nearshoring competitiveness as they provide the institutional framework needed to reduce trade barriers, increase regulatory stability, and facilitate investment. The North American Free Trade Agreement (NAFTA), one of the world's largest regional trade agreements, came into effect in 1994 and was officially replaced by the United States-Mexico-Canada Agreement (USMCA) in 2020. The USMCA modernized the regional trade framework through updated provisions in areas including labor enforcement, digital trade, intellectual property, and rules of origin, with the goal of creating a "more balanced reciprocal trade supporting high-paying jobs for Americans and grow the North American economy" (Office of the United States Trade Representative 2022).

Although the USMCA faces a scheduled review process that will determine the future of the agreement, its evolution from NAFTA illustrates the durability of institutionalized economic integration across North America. Since the USMCA took effect, intraregional trade in goods and services has grown by 37 percent, driven in part by increased trade in industrial supplies and the automotive sector (Bitar et al. 2025). In 2024, Mexico was U.S.'s top trading partner, reaching $930 billion in total trade, followed by Canada at $903 billion – both well ahead of the U.S.-China trade flows, signalling a permanent realignment of global sourcing.

However, trade agreements alone are not enough to be able to generate regional integration. They are a necessary framework that is built on cross-border connections and business relationships which must be backed by firms, entrepreneurs, and institutions to successfully expand value chains. As previously mentioned, Hispanic business leaders and diaspora networks are crucial in making these connections between firms and stakeholders across the U.S. and Latin America, facilitating investment and supplier relationships.

Capitalizing on this opportunity requires a more stable investment environment. Many Latin American economies face great political and regulatory uncertainty with shifting policies that threaten the trust that businesses need to make investment decisions. There is a need for increased transparency and a greater enforcement capacity for government institutions; their absence prevents long-term investment and deeper commercial ties in the region. While the challenges faced vary by country, they collectively reduce Latin America's ability to take advantage of the geopolitical alignment of supply chains.

Human Capital & Workforce Competitiveness

Latin America's workforce provides a significant competitive advantage for nearshoring. The region has approximately 660 million individuals and a Gross Domestic Product of almost USD 7 trillion, making it the world's fourth largest economy – after the United States, China, and the European Union (World Development Indicators, as cited in OECD 2025). On average, only 13% of the region's population is over the age of 60, and Mexico in particular has a highly skilled workforce with an average age of 29 that is well positioned to support advanced manufacturing while remaining cost-effective compared to competitors like China (De la Mora and Cassinelli 2024). This youthful demographic presents an immediate advantage in GVC realignment, and provides a chance to build long-term economic capacity.

However, Latin America faces a narrowing window of opportunity given that it's projected to have the most rapidly aging population in the world. By 2050, about 27.5% of the population will be above the age of 60, and by 2090 the region will have the highest share out of any continent, at 36.4% (UN World Population Prospects, as cited in Stampini et al. 2021). To capitalize on nearshoring and keep long-term competitiveness, Latin America must leverage and strengthen its current working-age population before the Gray Tide arrives. These challenges are exacerbated by gaps in human capital, as shown by the fact that only 2 in 10 young adults aged 25-34 have earned a higher education degree in LAC (Arias et al. 2025).

These deficiencies negatively affect labor productivity and contribute to skill mismatch, lowering long-term investment attractiveness. Long-term education quality reforms and greater investment in human capital would help address these issues, increasing productivity and enabling workers to access higher wages. U.S. Hispanic businesses and philanthropic leaders also have a role to play in strengthening human capital in the region. Initiatives such as the Latin America Leadership Academy (LALA) – a non-profit institution based in Florida that aims to build young individuals' access to build skills in leadership, entrepreneurship, and social innovation, and critical thinking skills – demonstrate how bicultural leadership can expand educational opportunities and strengthen the human capital needed for a more competitive region.

In addition to these required reforms and investments, it is necessary to acknowledge the potential on the U.S. side, where the Latino community represents a significant economic force. If U.S. Latinos were an independent economy, their USD 4.4 trillion economic output in 2024 would deem them the fourth-largest Gross Domestic Product in the world, surpassing Japan (Hamilton et al. 2026). The U.S. Latino GDP is among the fastest growing, increasing by a staggering 6.4% in 2024, compared to its non-Latino counterpart, which grew only 2.4% in the same timeframe. In contrast to Latin America's rapid demographic transition toward an aging population, the U.S. Hispanic population remains comparatively young and continues to expand. These diverging demographic trends create a strategic advantage for North America, as the growing Hispanic workforce helps sustain labor force participation and support long-term regional competitiveness. 78% of net new workers in the U.S. labor force over the next 10 years will be Hispanic, and by 2060 Latinos are projected to add over twenty million individuals to the working age population (Hamilton et al. 2026). By leveraging this young, bicultural workforce, firms in the U.S. can acquire the competency needed to negotiate more complex cross-border integration and drive innovation across the region.

Business Ecosystem Depth

While the TIGHT Framework identifies four drivers of competitiveness, their success ultimately depends on the depth of their local business ecosystem. Strong transportation networks, trade integration, and technological capabilities create opportunities that can only become long-term economic gains when domestic firms are properly integrated into regional value chains.

To meaningfully participate in nearshoring supply chains, small and medium enterprises (SMEs) need to evolve from isolated, low-value production by adopting better management and organizational practices and developing higher-quality products. Financial challenges, lack of infrastructure, and regulatory burdens in Latin America discourage small firms from scaling up, leaving a “Missing Middle” between SMEs and regional multinational corporations known as “Multilatinas” (Alviarez et al. 2025).

A competitive nearshoring ecosystem requires deep supply networks, which can be built with targeted foreign direct investment and the right executive and workforce talent which is culturally adept (Platas-López and Cruz-Mejía 2026). Foreign direct investment from multinationals anchors supplier ecosystems by expanding production capacity, facilitating technology and knowledge transfers, and integrating SMEs into GVCs. For example, as companies like Tesla relocate to Mexico, investment toward SMEs creates backward supply chains that feed into the manufacturing processes of companies, generating a multiplier effect for local suppliers (Hernández Zermeño and Enciso Manzo 2024, 147). Domestic firms in Costa Rica had a 33% increase in sales, 26% increase in employees, 22% increase in net assets, and 23% increase in total input costs after four years of supplying to a multinational for the first time (Alfaro-Ureña et al. 2022, as cited in Alviarez et al. 2025).

If the local supply network lacks depth, the benefits of foreign investment can remain concentrated within individual firms rather than generating broader productivity gains across the economy. To fully capture the value of foreign investments, the supporting ecosystems in the form of energy reliability, logistics, and trade facilitation, must be well-developed.

Beyond anchoring nearshoring strategies around multinational corporations, U.S. Hispanic leaders and Latino-owned small businesses can help deepen cross-border supply networks by building partnerships with suppliers in Latin America. This represents a significant and growing source of economic activity: Latino-owned businesses in the United States grew by 158 percent between 2007 and 2023, demonstrating notable resilience even through periods of economic disruption (Hamilton et al. 2026). By leveraging their cultural fluency, market knowledge, and cross-border networks, Latino-led SMEs can generate demand for Latin American suppliers, reduce the transaction costs associated with entering new markets, and help connect smaller firms to regional value chains. These linkages can enable firms in Latin America to scale and help address the region's persistent "Missing Middle" of growth-oriented SMEs.

Development finance institutions (DFIs) such as the Inter-American Development Bank (IDB) and CAF-Development Bank of Latin America and the Caribbean (CAF), can play a catalytic role in mobilizing private investment for SMEs. By expanding access to financing, mitigating investment risk, and supporting capacity-building and technology adoption, DFIs can help smaller firms increase production, diversify exports, and integrate more effectively into regional and global value chains. This is an ongoing effort, with 32% of LAC DFI portfolios now dedicated to supporting micro, small, and medium enterprises (MSMEs) (Montejano 2025). Through blended finance structures, DFIs can "crowd in" private capital and increase investor confidence by establishing lending standards and conducting due diligence, reducing perceived default risk.

DFIs have historically participated in blended finance in two ways: as commercial investors providing the majority of commercially-priced capital and by blending donor funding with their own commercial capital to invest on below market terms. These public-private partnerships combined with broader risk mitigation tools help address the high borrowing costs that have limited SMEs.

VI. Policy Recommendations

The success of nearshoring will depend on sustained coordination and collective action across governments, private sector investors, development finance institutions, small and medium enterprises, academia, and other regional stakeholders. Each has a specific role in ensuring the region attracts long-term investment and can fully capitalize on nearshoring opportunities. While the potential economic gains are significant, Latin America must overcome potential pitfalls including regulatory instability, infrastructure gaps, and weak regional integration. The following recommendations present the actions each stakeholder can take to create a more resilient, integrated, and competitive region.

Government

While there exists a window of opportunity for Latin American nearshoring, regional policymakers should overcome existing challenges to attract long-term FDI and increase exports. National and subnational governments should build physical, digital, and legal frameworks. This requires modernizing transport, port, energy, and digital infrastructure while streamlining customs procedures and logistics. Regulatory predictability, including transparent permitting, independent regulatory institutions, and consistent investment, are necessary to build investor confidence.

Regional coordination needs to be a priority. Moving from fragmented national policies to regional initiatives, such as unified electricity markets and cross-border digital corridors, will lower transaction costs and multiply the investment impact as competitiveness increases.

Governments should invest in workforce development to strengthen human capital through partnerships with universities, lessening skills mismatches, increasing productivity, and allowing for increasingly sophisticated industries and supply chains.

From a U.S. standpoint, policymakers should leverage the growing Hispanic workforce and Latino-majority gateway communities as strategic assets for regional integration. Cities along the U.S.-Mexico border, South Florida, and other major ports are critical hubs for trade, customs, logistics, and international commerce. Their public institutions, economic development agencies, universities, and Hispanic business organizations have deep cultural, linguistic, and commercial ties with Latin America that facilitate investment attraction, SME integration, and cross-border commerce. Federal and State governments should empower these cities to play a larger role in U.S. economic diplomacy, as they are uniquely positioned to coordinate with their Latin American counterparts and serve as platforms for trade promotion and regional integration.

The United States has a role in facilitating nearshoring by aligning existing U.S. trade policy and investment with regional supply chain objectives. This can be done by expanding the U.S. Development Finance Corporation (DFC) activity and lending to Latin America, allowing for further investment in areas like infrastructure, renewable energy and critical minerals. Additionally, policy coordination with partner countries to ensure provisions of current FTAs promote nearshoring and supply chain resilience will increase trade volumes and attract FDI to the region.

Private Sector Investors

The private sector should continue investing in workforce development, technology adoption, transportation infrastructure, and local business ecosystems to strengthen Latin America's long-term competitiveness.

In the short term, multinational firms should conduct regional risk assessments to identify vulnerabilities in current supplier and logistics networks, and build greater supply chain resilience. They can also work with education institutions to help develop technical and vocational education training that reflects knowledge-intensive private-sector needs.

Beyond relocating their production to nearer markets, firms should help develop the locations in which they operate. Large corporate anchors should integrate local suppliers into their value chains by providing consulting services, managerial training, and technical assistance to boost productivity, and facilitate knowledge transfers.

On the U.S. side, the private sector should also mobilize investment to fund more Latino-owned businesses so they can scale up and become effective counterparts to local Latin American firms. One of the biggest barriers to growth for these businesses is access to capital, with 70% of their funding coming from personal savings and just 6% from commercial loans (Stanford, as cited in JPMorgan Chase 2022). Only 21% of Latinos receive capital for their ventures, with less than half of rejected candidates receiving an explanation as to why they were denied funding (Arora 2025). Private sector investors should work to close this credit-access gap to strengthen the long-term competitiveness of U.S. Hispanic businesses and enable them to better participate in regional value chains.

Multinational corporations should also leverage U.S. Hispanic professionals in procurement, supply chain management, and business development. Their cultural and linguistic fluency can strengthen supplier relationships, reduce cross-border transaction costs, and further accelerate commercial partnerships across the Western Hemisphere.

Development Finance Institutions (DFIs)

Development finance institutions should mobilize additional private investment, as public funds alone are not sufficient for the scale of regional development necessary to capitalize on nearshoring. DFIs should implement more blended finance structures and other risk mitigation tools to crowd in private capital and boost investor confidence. This includes deploying political risk insurance, subordinated equity, first-loss guarantees, and currency swaps to reduce investment risk and narrow the gap between perceived and actual default risk in emerging markets. DFIs should also continue establishing common frameworks for impact measurement and reporting to reduce due diligence costs and facilitate transaction approvals.

Small and Medium Enterprises (SMEs)

Small and medium enterprises in the United States and Latin America are critical to ensure local supply chains' depth, but should become more productive and competitive to participate in GVCs by increasing their organizational and administrative skills. SMEs should continue to modernize their digital infrastructure to increase productivity and streamline production processes. For example, small enterprises should invest in electronic invoicing, digital accounting, financial management and business intelligence, and collection solutions.

SMEs in Latin America should also leverage alternative financial platforms for sectors that face challenges in accessing capital, such as agriculture and manufacturing – two of the most important sources of employment in LAC. Specialized venture capital funds can provide the necessary medium-term financing and technical support to strengthen their position with more small producers in the value chain. On the U.S. side, Hispanic-owned SMEs should be better connected to Community Development Finance Institutions (CDFIs), credit unions, and private sector initiatives to overcome the aforementioned financial barriers to scaling up.

Expanding access to capital on both sides of the border and fostering commercial partnerships among U.S. Hispanic-owned SMEs, U.S. multinationals, and firms across Latin America can accelerate supplier integration and strengthen regional value chains. Hispanic-owned businesses can leverage shared language, cultural fluency, and established diaspora networks to reduce transaction costs, build trust across markets, and connect smaller firms with new customers and commercial opportunities. These linkages can help SMEs integrate into regional supply chains while strengthening the hemisphere's long-term competitiveness.

Academia and Workforce Development

Academia and technical training institutions should assist in closing Latin America's skills mismatch by aligning education with the demands of today's labor market. There is a persistent demand for traditional and service-sector occupations, alongside growing demand for digital, analytical, and technological skills in high value-added industries (Azuara and Jaramillo Vasconez 2026) as Latin America undergoes a fourth industrial revolution. New technologies are changing the way people learn, work and interact; this is creating jobs that did not previously exist, such as drone pilots or AI engineers, changing the types of tasks performed in the labor market (Prada and Rucci 2023).

The growing U.S. Hispanic workforce should be recognized as a strategic asset for North America's nearshoring competitiveness, particularly as Hispanics are projected to account for most net new entrants to the U.S. labor force over the next decade. Realizing the full potential of this demographic shift will require expanding access to digital technologies and investing in digital skills nationwide. As of 2020, more than half of Latino workers ages 16–64 had limited or no digital skills (National Skills Coalition, as cited in Lynch, Deleersnyder, and Sanchez 2023).

This skills gap leaves Latino workers particularly vulnerable to displacement as automation and digitalization reshape the labor market, especially as more than 90 percent of jobs now require digital competencies (National Skills Coalition, as cited in Lynch, Deleersnyder, and Sanchez 2023).

Short-cycle technical and vocational education training (TVET) and curricula updates that reflect industry-relevant areas like STEM, software development, and English proficiency will prepare the workforce in advanced manufacturing and knowledge-intensive industries. Closer collaboration between universities, technical institutes, and the private sector will ensure that curricula are aligned with employer needs while fostering innovation, technology transfer, and R&D. These workforce development initiatives will strengthen skills that will ensure U.S. Hispanics are prepared to lead cross-border industries and connect firms throughout the hemisphere.

Convening Institutions & Regional Collaboration

Thought-leadership centers such as Aspen Conexión, together with business organizations like the United States Hispanic Chamber of Commerce (USHCC), are uniquely positioned to serve as facilitators for sustained cross-border collaboration. Together, these institutions can help institutionalize a network of Hispanic business leaders capable of connecting governments, multinational corporations, investors, and SMEs across the Americas. By continuing to convene leaders across different sectors to promote the opportunities nearshoring presents, they provide neutral platforms to co-design solutions that strengthen regional competitiveness and leverage Hispanic leadership as a bridge between the U.S. and Latin American economies.

The February 2026 convening, *A New Era for Cross-Border Collaboration: Hispanic Business Leadership and U.S. Global Competitiveness*, demonstrated the value of this approach by bringing together leaders from the Inter-American Development Bank, AES, Comcast, the U.S. Chamber of Commerce, Holland & Knight and others to identify shared priorities and advance a common regional agenda.

During a period of geopolitical realignment and shifting global supply chains, these efforts are increasingly important to deepen the economic ties between the United States and Latin America. Looking ahead, continued convenings, policy research, and joint initiatives with partners such as the USHCC can translate these conversations into sustained partnerships and practical action, positioning Hispanic leadership as an enduring driver of economic integration and competitiveness across the Americas.

VII. Conclusion

Nearshoring is a structural transformation of the global economy, rather than a cyclical response to specific disruptions. As supply chains continue to regionalize, competitiveness will increasingly depend on resilience, ecosystem depth, and the ability to support innovation instead of just a labor cost advantage. Hispanic leadership represents a business asset that strengthens this competitiveness by connecting markets, reducing barriers to collaboration, and facilitating cross-border investment – allowing for lasting economic integration. This structural realignment presents a generational opportunity to expand the region’s role in GVCs, but the window may be narrowing as competing regions continue to strengthen their capabilities and Latin America’s population ages rapidly, placing growing pressure on the region’s future workforce.

At the same time, the growing U.S. Hispanic workforce, with its biculturalism and deep ties to Latin America, provides a human capital advantage that allows for stronger regional integration and reinforces the region’s competitiveness. Through Jerry Haar, Ricardo Ernst, and Santiago Gutierrez’s TIGHT Framework, it is evident that Latin America faces both opportunities and challenges with energy and AI, transportation and logistics, geopolitics, and workforce development – all of which are driving the region’s nearshoring competitiveness. Success will depend on further investments to strengthen technology, infrastructure, and human capital, as well as regulatory predictability and ecosystem depth.

Small and medium enterprises should be intentionally integrated into supply chains to successfully distribute the economic benefits of nearshoring and strengthen domestic industrial systems. Hispanic leadership provides a strategic cultural advantage in facilitating these regional partnerships.

Ultimately, the future of nearshoring goes beyond manufacturing relocation; it represents a structural reset in which Latin America is becoming increasingly central to U.S. economic and national security strategy. This small window of opportunity will require collective action among governments, the private sector, financial institutions, and regional stakeholders to achieve a more resilient and competitive regional economy.

As a trusted convener at the intersection of business, policy, and civil society, Aspen Conexión is uniquely positioned to advance this agenda by connecting leaders across the United States and Latin America, fostering cross-sector dialogue, generating actionable research, and catalyzing the partnerships needed to strengthen regional competitiveness and expand economic opportunity throughout the hemisphere.

The future of the Americas will be shaped by the partnerships we build today. Aspen Conexión welcomes collaboration with leaders across business, government, academia, and civil society to develop the ideas, relationships, and initiatives that will position the region for sustained and inclusive growth.

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Epilogue

At the time of writing, the geopolitical and economic landscape continues to evolve, underscoring the urgency of the opportunities and challenges outlined in this paper. The United States' hosting of the 2026 G20 Summit in Miami, Florida, will bring regional economic integration, trade, investment, and competitiveness to the forefront of global economic discussions. Miami's role as a commercial, cultural, and financial gateway between the United States and Latin America makes it a particularly important setting for the conversations. Its role is further strengthened by the growing economic influence of U.S. Hispanics, whose businesses, entrepreneurs, and consumers have deep ties across the region and are helping drive trade, investment, and innovation across the Americas.

The decisions made during this period will shape how the Americas respond to shifting supply chains and are able to compete in the global economy. Aspen Conexión will continue advancing this work by serving as a platform and fostering the cross-sector and bicultural relationships needed to translate these opportunities into sustained economic collaboration. Its sixth annual *Advancing Economic Mobility Summit*, taking place between October 18-19, 2026, in Miami, will bring together distinguished leaders from business, government, finance, philanthropy, and academia to examine how U.S. Hispanic leaders, businesses, and communities are shaping global commerce, cross-border innovation, trade, and investment. Building on the dialogue that informed this paper, these convenings can help move from identifying opportunities to co-designing solutions, strengthening partnerships, and deepening long-term economic integration between the United States and Latin America.

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