Mexico Transportation and Logistics: What You Wanted to Know but Were Afraid to Ask

OCTOBER 16, 2025

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Source: Array

Transportation and logistics providers in the United States often look south for potential growth opportunities. Thirty years of NAFTA (and now USMCA) have produced tremendous production capacity across North America, much of which is intended for domestic United States consumers. Non-U.S. foreign investment in Mexico has also risen dramatically in recent years. With all of this attention, many in the industry sector are looking to better understand the basics of Mexico traffic and what it would mean to explore new market entry through cross-border movement and even business formation. This article explores some of those questions that are top of mind for US-MX transportation and logistics services.

What is the recovery for cargo loss or damage in Mexico?

The answer depends on whether a shipper declares value or has a contractual arrangement for liability levels. Otherwise, the carrier will have a limitation of liability equivalent to 15 days of the minimum wage in the Federal District per ton or the proportional share for loads less than a ton. This is established by the Federal Road, Bridges and Auto-Transportation Law (Ley de Caminos, Puentes y Autotransporte Federal). The Federal District's minimum wage for 2025 is MX$278.80 (approximately US$14.94 per day, using the exchange rate posted by Mexico's Foreign Exchange Commission on August 30, 2025). This is significantly lower than the full actual loss measure under the Carmack Amendment in the United States. It is also significantly lower than the common US$100,000 limitation of liability per truckload often negotiated in the United States.

Theft is a common related question when it comes to carrier liability. Cargo loss or damage resulting from theft is considered a force majeure event under Mexico regulation. Carriers may elect to accept liability resulting from force majeure events, including theft, and provided that shippers pay a commensurate rate.

Do shipments suffer from supply chain security problems in Mexico?

It is fair to say that security is a material issue in Mexico. There is a high volume of cargo theft, associated violence, and insider threats. Criminals often intercept commercial vehicles in transit according to Mexico's Secretariat of Security and Civilian Protection (SSCP). The SSCP and Mexico's Attorney General registered 12,462 cargo theft complaints in 2024. This was a 10% decrease from reported cargo thefts in 2023. However, this figure is low relative to the reality. An estimated 76.1% of cargo theft went unreported in 2023 according to the National Institute of Statistics and Geography. The cost of unreported cargo in 2023 theft totaled approximately

$60,101,396.82. Cargo theft is often unreported due to fear of retribution. Even in the first instance, 84% of cargo thefts in 2023 included acts of violence against transportation providers according to the SSCP. Many companies have found that insider threats are often an issue.

The Mexican government has taken measures to combat crime. Mexico's National Guard increases enforcement personnel as well as driver and vehicle inspection during high traffic seasons, such as the winter holiday period. The National Guard plans to use tactical drones to identify stolen tractors and trailers on the road. Mexican authorities believe this initiative will allow them to find vehicles within approximately 5-8 minutes of being stolen, which is the estimated time it takes to unhitch a trailer. Such initiatives will require industry collaboration. For example, Mexico's Secretary of Infrastructure, Communication, and Transportation plans to require transportation companies to placard the top of their equipment to carry out this security initiative.

Existing tools such as C-TPAT in the United States or Authorized Economic Operator in Mexico are intended to strengthen supply chain security. Certified participants often conduct employee background checks at onboarding, work with reputable security organizations to devise safety protocols, use insurance products, and address cargo theft in transportation agreements. Additional preventive measures are available for operational and contractual deployment.

How is vehicular accident insurance and legal liability managed in Mexico?

Mexico-based carriers must procure minimum automobile liability insurance coverage to account for property damage or injuries to third parties under Mexico law. The Secretariat of Communication and Transportation (Secretaría de Comunicaciones y Transportes or SCT) requires carriers to hold an automobile liability policy of at least 19,000 units of measure and update (UMA) which is equivalent to approximately US$115,192.24 based on the US$6.06 UMA for 2025 as set by Mexico's National Institute of Statistics and Geography and the current exchange rate. Mexico law does not impose liability on shippers and brokers for accidents caused by carriers. Shippers, brokers and carriers may all transact in Mexico free of concern of US-style nuclear verdicts (a verdict in excess of US$10 million).

How do US-based companies enter the Mexico transportation and logistics market?

Market entry will depend on the exact jurisdiction. Companies seeking to open a business presence in Mexico to arrange for intra-Mexico transportation must fulfill Mexico business formation requirements. These requirements include drafting articles of incorporation and forming a legal entity with the Public Registry of Commerce (Registro Publico de Comercio). The business must also register to obtain a tax identification number (Registro Federal de Contribuyentes or RFC) from the Tax Administration Service (Servicio de Administración Tributaria or SAT).

At a high level, new Mexico-based motor carriers will require additional motor carriage permit requirements based on the jurisdiction and cargo being transported. Depending on the shipper and traffic, carriers may also have to consider Mexico norms regarding hazardous materials transportation, maximum cargo measurements, dimensions and weights. Shipper-facing and carrier-facing agreements (as appropriate) will offer end-to-end risk protection. Logistics businesses will of course develop contractual relationships with Mexico-based motor carriers. As part of the carrier selection process, a logistics company may require having a Mexican motor carrier conducting intra-Mexico movements provide its transportation permits with the SCT, and insurance in accordance with federal requirements, as well as operational and corporate documents.

What is value-added tax (VAT) (Impuesto al Valor Agregado or IVA)?

VAT is a sales tax on the consumption of domestic Mexican and imported goods and services. The VAT rate in Mexico is generally 16% with some exceptions. For example, the Mexican government offers a tax stimulus in the form of a reduced 8% VAT to companies that operate in the country's Northern and Southern Border Regions. Transportation services that begin within or end outside of the Northern Border Region do not benefit from this stimulus. A 0% VAT applies to goods or services exports. Temporary imports of goods and machinery used for manufacturing may be VAT exempt under the Maquiladora, Manufacturing, and Export Services Industry (IMMEX) program. Certain international ocean transportation conducted by non-residents without permanent Mexico installations may also be exempt.

Companies will have VAT obligations based on scope of business operations. U.S. entities providing a service in international traffic will not have VAT obligations. However, transporting products between points in Mexico triggers VAT obligations. Responsibility for paying VAT on the collected revenue falls upon companies providing the respective good or service, although those funds are most often collected from customers. Companies that procure professional services, such as warehousing and transportation, retain two thirds of VAT and transfer it to Mexican tax authorities. Goods and service providers pay a third of VAT directly to the Mexican government.

Administrative requirements for VAT compliance require documentation obligations imposed by the Tax Administration Services. Freight brokers must file a Digital Tax Receipt (Comprobante Fiscal Digital por Internet or CFDI) that outlines VAT retained. Freight brokers provide transportation carriers with a copy of the CFDI. Transportation carriers must also file a CFDI with a Complement Bill of Lading (Complemento Carta Porte or CCP). Shippers must provide brokers and carriers with information on the goods to be included in the CFDI and CCP. Transportation service agreements can address these issues by outlining each respective party's obligations with respect to taxes in general as well as CFDI and CCP requirements.

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