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Comparative Analysis of Investment Environments for Chinese Auto Parts Enterprises in Mexico and Southeast Asia and Different Development Strategies

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Abstract: This paper employs the PESTEL six-dimensional analytical framework to systematically compare the investment environments and strategic differences for Chinese automotive parts enterprises in Mexico and Southeast Asia. The study examines six dimensions—political, economic, social, technological, environmental, and legal—to analyze similarities and differences between the two regions in terms of policy stability, economic potential, social labor force structure, technological innovation capabilities, sustainable development policies, and legal safeguards. Results indicate that Mexico, leveraging its proximity to North American markets, industrial support systems, and free trade agreement networks, is well-suited for high-value-added and technology-intensive enterprises. Conversely, Southeast Asian nations offer greater appeal in terms of labor costs, policy flexibility, and market diversification. Based on these findings, this paper proposes that Chinese enterprises should adopt differentiated international investment strategies: strengthening supply chain coordination and smart manufacturing capabilities in Mexico, while prioritizing localized operations, environmental responsibility, and social governance in Southeast Asia. This dual-track approach will help build a competitive and resilient global development framework.

Keywords: Automotive parts Enterprises; Overseas Investment; PESTEL Analysis; Mexico; Southeast Asia

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1.Introduction

In recent years, the global automotive industry's shift toward electrification, automation, connectivity, and sharing (CASE) has been reshaping the entire supply chain, propelling vehicles from traditional mechanical products into high-tech, intelligent mobility platforms. [1]This shift not only alters how vehicles are powered and used but also fuels the rapid rise of China's new energy vehicle (NEV) industry. Leveraging first-mover advantages in NEVs and a rapidly expanding domestic market, Chinese auto parts companies have secured pivotal positions in the global automotive supply chain across critical sectors like power batteries, electric drive systems, and in-vehicle intelligent systems. They are now optimizing their industrial footprint, upgrading from "exporting products" to "exporting production capacity," thereby accelerating their internationalization.

Against this backdrop, two routes—North America and Southeast Asia—are simultaneously gaining momentum. Mexico, leveraging the zero-tariff access under the USMCA, its mature automotive industrial clusters, and rapidly expanding EV production capacity plans, has become a "bridgehead" for Chinese parts companies entering the North American market. Meanwhile, Southeast Asian nations like Thailand, Vietnam, Indonesia, and Malaysia are viewed as "cost basins" for hedging

against restrictions under the U.S. Inflation Reduction Act (IRA) and capturing market share in ASEAN and the broader Global South. This appeal stems from their RCEP tariff advantages, relatively low factor costs, and government-specific incentives for new energy vehicles and components.

Given the accelerating pace of overseas investment by Chinese enterprises, the Third Plenary Session of the 20th CPC Central Committee emphasized leveraging China's super-large market advantage to enhance openness through expanded international cooperation, build a new system for a higher-level open economy, and propel the automotive industry toward modernization. [2][3]Therefore, building upon a thorough study and implementation of the spirit of the Third Plenary Session, this paper systematically compares institutional differences between Mexico and major Southeast Asian countries across six dimensions—political, economic, social, technological, environmental, and legal—to provide theoretical foundations and decision-making references for enterprises in establishing location priorities, investment pacing, and risk mitigation strategies. This aims to empower Chinese enterprises in successfully expanding into international markets and realizing their globalization strategies.

2.Current Status of Outbound Investment by Chinese Automotive Parts Companies

According to statistics from the Ministry of Commerce and the State Administration of Foreign Exchange, China's total outbound direct investment across all industries reached $162.8 billion in 2024, marking a 10% year-on-year increase. Non-financial outbound direct investment amounted to $143.9 billion, up 11% year-on-year, with non-financial direct investment in Belt and Road partner countries totaling $33.7 billion, a 5% year-on-year increase. Chinese enterprises' direct investments in Mexico and Southeast Asia have fostered significant industrial clustering effects, forming large-scale and relatively complete automotive industry clusters. To meet international market demands, Chinese auto parts manufacturers are accelerating their overseas expansion, prompting domestic parts suppliers to establish "localized supply chains" for these enterprises, thereby achieving mutual development.。

2.1 Investment by Chinese Parts Manufacturers in Mexico

In recent years, Chinese automakers have steadily increased their market share in Mexico. Companies such as BAIC, SAIC, Chery, and Changan have established production and sales bases in Mexico, competing with world-class automakers in overseas markets. [4]This trend has also spurred Chinese auto parts manufacturers to expand into Mexico, aligning with their clients' global strategies to strengthen critical supply chain links and achieve localized parts sourcing. [5]As shown in Table 1, investment projects by Chinese auto parts companies in Mexico have gradually increased, particularly around 2020, with expanding investment scales. However, these projects remain concentrated in "traditional components" such as automotive castings and other alloy parts.

Table 1 Investment History of Selected Chinese Automotive Parts Companies in Mexico

Yeat	Company Name	Investment Sector	Specific Investment Project	Investment Amount
2014	Ningbo IKD Co., Ltd.	Production Base	Built the IKD FAEZA plant in Mexico for auto parts production.	Not disclosed
2016	Yangzhou Rongtai (Jiangsu)	Aluminum Alloy Castings	Set up a Mexico subsidiary for precision aluminum castings..	Not disclosed
2019	Yangzhou Rongtai (Jiangsu)	Aluminum Alloy Castings	Expanded the Mexico plant to boost output and quality.	USD 61 million
2020	Wencan Group (Foshan)	High-Pressure Die-Casting Line	Introduced die-casting lines in Mexico after acquiring Le Bélier.	Not disclosed
2020	Lizhong Group (Shenzhen)	Lightweight Alloy Wheel Project	Built a Mexico plant for 3.6M ultra-light aluminum wheels.	USD 170 million
2020	Ningbo IKD Co., Ltd.	Production Base	Increased investment to expand Mexico plant capacity	Not disclosed
2021	Bethel Automotive (Wuhu)	Steering Knuckle Casting & Machining	Built 14 casting and 34 machining lines in Mexico.	USD 50 million
2021	Yangzhou Rongtai (Jiangsu)	Aluminum Alloy Parts	Expanded Mexico production of lightweight auto parts.	RMB 200 million

Source: Compiled by the author based on relevant corporate investment.

On the other hand, the ongoing intelligent electric transformation—driven by electrification, smart technology, and technological innovation—will rapidly boost penetration rates across numerous niche segments. This period of automotive industry transformation is poised to spawn high-market-cap parts manufacturers. Simultaneously, Mexico's lack of a domestic new energy supply chain will catalyze the resurgence of its premium Tier 1 suppliers.

Consequently, Chinese auto parts companies are intensifying investments and overseas expansion in Mexico for products including lightweight structural components, housings, and new energy thermal management modules. Following Tesla's official announcement in March 2023 to build a Gigafactory in Mexico, and BYD's planned announcement by late 2024 of its first Latin American EV production facility location, these companies are leading the charge in expanding Mexico's new energy vehicle capacity. This substantial production scale is expected to drive demand for components, accelerating the establishment of an overseas parts supply chain system. Leveraging their technological capabilities and prior experience, as shown in Table 2, domestic parts manufacturers have already begun proactive expansion. Companies like Rongtai Co., Ltd., AICODI, and Bertelli focus on lightweight structural components and housings, while Sanhua Intelligent Control, Yinlun Co., Ltd., and Top Group concentrate on new energy thermal management modules. New production capacity is expected to be concentrated in 2024-2025.

Table 2 Investment Layout of Chinese Auto Parts Enterprises in Mexico

Company	Main Products	Investment and Production Details	Investment Amount
Rongtai Co., Ltd.	Precision aluminum alloy castings	Phase II expansion for precision aluminum castings, output of 860,000 housings.	RMB 271 million
IKD Co., Ltd.	NEV structural & "three-electric" components	Produces 1.75M structural parts and 0.75M "three-electric" components.	RMB 1.23 billion
Bethel Automotive	Aluminum steering knuckles, lightweight parts	Produces steering knuckles, control arms, EPB and brake calipers.	USD 50 million
Xiangxin Technology	Metal assemblies, battery housings, energy storage parts	Set up Mexico subsidiary; clients include Tesla, Mercedes, BMW, etc.	USD 20 million
Sanhua Intelligent Controls	NEV thermal management systems	Produces pumps, cold plates, heat exchangers, and integrated modules.	RMB 1.05 billion
Yinlun Co., Ltd.	EV thermal modules and oil coolers	Supplies North American EV clients; full capacity by 2025.	RMB 270 million
Tuopu Group	Lightweight chassis, interiors, actuators	Built plant in Nuevo León to supply Tesla with shock absorbers.	Up to USD 200 million
Xusheng Group	Precision aluminum parts	Built Mexico plant for high-performance auto components.	USD 276 million

Source: Compiled by the author based on relevant corporate investment.

2.2 Investment by Chinese Parts Manufacturers in Southeast Asia

Currently, China's investment in the ASEAN region is growing rapidly, primarily directed toward countries such as Singapore, Indonesia, and Thailand. An increasing number of Chinese automotive brands are entering the ASEAN market, becoming choices for consumers in ASEAN nations. In 2023, China's automobile exports to ASEAN nations continued their rapid growth trajectory. Currently, multiple Chinese automakers have established production capacity for internal combustion engine vehicles in Southeast Asia. SAIC and Great Wall Motors are coordinating their layouts with affiliated parts suppliers, while BYD and other automakers plan to bring their production capacity online in 2024. This will drive rapid synergistic development in the metals and processing sectors. Specific investment details are shown in Table 3 below:

Table 3 Investment Layout of Automotive Component Enterprises in Four Southeast Asian Countries

Country	Company	Main Products	Project Description	Investment Amount
Thailand	CATL (Contemporary Amperex Technology)	Power batteries	WHA Industrial Park Phase I in Rayong, planned capacity of 40 GWh.	USD 730 million
	Sunwoda	Cell-to-pack integration	10 GWh cell-to-pack plant in EEC, Chonburi.	USD 1.0 billion
	CALB (China Aviation Lithium Battery)	Power batteries	20 GWh power battery project in Rayong.	USD 500 million
	Gotion High-Tech	LFP batteries	15 GWh LFP battery production line in Rayong.	USD 210 million
	SVOLT Energy	Battery packs and modules	Pack + module plant in Rayong.	USD 250 million
	Ningbo Tuopu Group	Lightweight chassis and interiors	Lightweight chassis and interior plant in Rayong.	USD 300 million
Indonesia	CATL (Contemporary Amperex Technology)	Nickel–precursor–battery integration	Integrated nickel, precursor, and battery production base in Karawang.	USD 5.97 billion
	Gotion High-Tech	Batteries and precursors	10 GWh integrated battery and precursor project in Sulawesi.	USD 560 million
	Huayou Cobalt	Nickel and nickel sulfate precursors	Joint nickel–nickel sulfate–precursor complex in Morowali IWIP Industrial Park.	Over USD 3.0 billion
	Wuling Motors	Vehicles and components	Cikarang plant with annual capacity of 120,000 passenger vehicles and components.	USD 700 million
Malaysia	EVE Energy	Cylindrical batteries	20 GWh cylindrical battery production line in Kulim.	USD 420 million
	Tuopu Group	Lightweight chassis and thermal systems	Lightweight chassis and thermal management plant in Kedah.	USD 200 million
Vietnam	Gotion High-Tech	LFP batteries	5 GWh LFP battery project in Vung Ang Economic Zone, Ha Tinh Province.	USD 270 million
	Joyson Electronics	Smart cockpit and BMS	Smart cockpit and BMS production line in Dinh Vu, Hai Phong.	USD 150 million

Source: Compiled by the author based on relevant corporate investment

In summary, Chinese parts manufacturers are rapidly establishing production capacity in Mexico focused on lightweight components and chassis systems under the "North American tariff exemption" framework. Concurrently, they are building vertical integration from minerals to batteries to complete vehicles in Southeast Asia, leveraging the Regional Comprehensive Economic Partnership (RCEP) for multi-directional expansion. This dual-track approach creates a complementary overseas strategy: a "single-point breakthrough in North America" paired with "diversified markets plus resource security."

3.Comparative Analysis of Investment Environments in Two Regions Based on PESTEL Framework

The current development status of Chinese auto parts enterprises in Mexico and Southeast Asia reflects strategic adjustments within the global automotive supply chain. So what exactly makes the investment environments in these two regions attractive to Chinese auto parts companies? This article conducts a systematic analysis from six PESTEL dimensions.

3.1 Analysis of Political Factors

First, the long-term stability of political relations.

China and Mexico have maintained diplomatic ties for over 50 years. Since establishing a comprehensive strategic partnership in 2013, bilateral relations have accelerated significantly, yielding fruitful results in mutually beneficial economic and trade cooperation. China has become Mexico's second-largest trading partner globally, while Mexico ranks as China's second-largest trading partner in Latin America. [6]However, with López Obrador winning the presidential election, he is likely to maintain and develop the previous policy direction. In the economic sphere, he will strictly implement fiscal austerity measures and reduce government spending, which may weaken Mexico's attractiveness to foreign investment. Externally, López Obrador aims to maintain good relations with China, but pressure from the United States and Canada may lead to more challenges for Chinese enterprises investing in Mexico, which also impacts the entire supply chain for automotive companies. In Southeast Asia, Thailand, Indonesia, Malaysia, and Vietnam have established regional free trade networks through multilateral agreements like RCEP and CPTPP, effectively lowering tariff barriers and non-tariff restrictions. Thailand leverages its Eastern Economic Corridor to offer corporate income tax exemptions and infrastructure subsidies for high-end automotive and electronics industries. Indonesia focuses on streamlined investment approvals, large-scale special economic zones, and adjusting foreign ownership caps in resource-based sectors. Malaysia attracts international capital through its Bilingual Free Zone strategy, providing up to ten years of tax holidays. Vietnam offers tax-free periods in high-tech and export processing zones while maintaining foreign equity caps in select key industries. Overall, while Southeast Asian governments lag behind Mexico in political stability, transparency, and administrative efficiency, they are steadily enhancing their appeal to multinational investors through regional integration and innovative industrial policies.

3.2 Analysis of Economic Factors

First, sustained and stable economic and trade growth. As Latin America's second-largest economy and one of the world's top 15 economies, Mexico has maintained steady economic expansion in recent years. Its 2023 GDP reached approximately $1.8 trillion, marking a 3.2% increase from the previous year. With a diversified economic structure, Mexico holds significant global standing in manufacturing, particularly automotive production. As a direct beneficiary of the U.S. "nearshoring" policy, Mexico has steadily enhanced its ability to attract foreign investment, providing sustained momentum for economic growth. This has driven the expansion of domestic automotive and parts production while continuously improving public infrastructure.[7]

In contrast, Vietnam and Indonesia lead Southeast Asia with growth rates of 6.5% and 5.1% respectively—lower than China's coastal regions but still above the global average. Their manufacturing sector typically maintains monthly wages per capita between $200 and $300, approximately 50% of Mexico's level, significantly enhancing labor cost competitiveness. Malaysia and Thailand, leveraging well-developed financial markets and higher per capita income levels, have effectively controlled inflation below 3%. They balance economic stability and growth momentum through foreign exchange reserve management and capital account openness. The combined annual FDI inflows for these four countries exceed $15 billion, reflecting external investors' confidence in the region's long-term prospects. However, challenges such as infrastructure development, financial inclusion, and regional economic imbalances necessitate more detailed cost-benefit analyses for investors establishing factories or branches。

3.3 Analysis of Social Factors

Mexico is situated between South America and North America, bordered by the Pacific Ocean to the south and west, the Gulf of Mexico to the east, and sharing a border with the United States to the north. The border between the two countries stretches over 3,100 kilometers. Its narrow, elongated shape from north to south makes it a bridge connecting South and North America.[8] Its strategic location offers unparalleled logistical advantages: goods shipped from Mexico can reach any point on the U.S. mainland within 48 hours and easily access South American markets, facilitating expansion into this region. [9] Additionally, Mexico boasts a substantial pool of young labor, with individuals aged 15 to 34 comprising approximately 50% of its population, providing sustained workforce support for manufacturing. However, a high informal employment rate of 55% and a national homicide rate exceeding 20 per 100,000 residents create significant challenges for businesses in labor

acquisition and management, leading to elevated recruitment, training, and security costs. Furthermore, powerful labor unions hold substantial bargaining power in negotiations. Failure to promptly fulfill collective bargaining agreements or comply with working hour and benefit agreements may expose companies to production disruptions or strike risks.

The four Southeast Asian nations also benefit from demographic dividends, with youth populations accounting for 50% to 55% of their total populations. However, significant differences exist among them in terms of social security systems and labor regulations. Thailand and Malaysia both maintain unemployment rates below 4%, with relatively high social security coverage and more formalized labor markets. Indonesia and Vietnam, despite rapid growth, still see the informal economy accounting for over 50% of activity, though both are advancing labor law reforms to strengthen employee protections. Additionally, Indonesia enjoys relatively stable public order, while Vietnam is accelerating efforts to build labor inspection and social mediation mechanisms.

This necessitates that investors, when formulating human resource strategies, not only consider local labor costs and skill levels but also prioritize social stability indicators and cultural differences to mitigate potential risks of labor disputes and community conflicts.

3.4 Analysis of Technical Factors

Mexico boasts the world's fifth-largest automotive parts industry base, featuring a comprehensive production network spanning Tier 1 to Tier 3 suppliers. In recent years, rapid advancements in automotive electronics, intelligent connectivity, and Industry 4.0 demonstration zones have significantly elevated automation rates and digitalization levels. However, it remains dependent on imports for high-end CNC equipment and semiconductors, with technology spillover constrained by supply chain bottlenecks. Approximately 35% of manufacturing processes have integrated robots and smart sensors. Multiple Fortune 500 parts suppliers have established local R&D centers in Mexico, continuously optimizing localized design and manufacturing processes through industry-academia-research collaboration. Concurrently, network coverage nears 60%, providing a solid foundation for vehicle-to-everything (V2X) and industrial internet applications.

In contrast, the four Southeast Asian nations are generally in the initial or acceleration phases of digital transformation. Thailand and Malaysia have promoted industrial IoT and cloud manufacturing platforms across multiple special economic zones, though automation rates remain between 15% and 20%. Industrial parks in Indonesia and Vietnam are attracting contract manufacturing projects from multinational corporations to drive the absorption and upgrading of local technical capabilities. Governments across the region have rolled out digital economic development plans—such as Indonesia's "Digital Blueprint 2025" and Vietnam's "National Strategy for the Fourth Industrial Revolution"—while encouraging private sector participation in 5G, artificial intelligence, and big data infrastructure development. Overall, while Mexico holds an early advantage in smart manufacturing, Southeast Asian nations demonstrate significant potential to rapidly narrow the technological gap through policy-driven initiatives and market scale.

3.5 Factors Analysis of Environmental

Mexico has proven lithium reserves of 1.7 million tons (ranking tenth globally), yet its water scarcity index places it among the top 20% worldwide. The combination of electricity shortages and hurricane disasters creates a dual constraint of "resources and ecology." Four Southeast Asian nations possess complementary resource endowments: Indonesia's laterite nickel deposits (holding 22% of global reserves), Thailand's natural rubber, and Malaysia's rare earth elements. Their renewable energy capacity growth rate (15–20%) also outpaces Mexico's (8%). Recent rapid development in automotive electronics, smart connectivity, and Industry 4.0 demonstration zones has significantly boosted automation rates and digitalization levels. Approximately 35% of manufacturing processes now incorporate robots and smart sensors. Multiple Fortune 500 parts suppliers have established local R&D centers in Mexico, continuously optimizing localized design and manufacturing processes through industry-academia-research collaboration. Concurrently, 5G network coverage nears 60%, providing a robust foundation for vehicle-to-everything (V2X) and industrial internet applications.

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3.6 Analysis of Legal Factors

Following constitutional amendments in 2014, including revisions to the Economic Competition Law and Industrial Property Law, Mexico extended the national treatment principle to cover the entire vehicle and parts sectors beyond the negative list. This was supplemented by a federal "one-stop" electronic registration system, bringing its institutional market access standards close to OECD benchmarks. However, the interplay between civil law traditions and federal governance structures has resulted in significant inter-state variations in rule enforcement. Judicial precedents indicate that the average enforcement cycle for commercial contracts in northern industrial states remains significantly higher than the Latin American average. Moreover, the timeliness of intellectual property remedies is rated as "insufficient" by most foreign manufacturers. In labor law, the federal code's rigid requirements for severance pay and profit sharing have not been substantially relaxed by the 2019 union democratization reforms. Traditional unions retain de facto monopoly bargaining power in automotive supply corridors like Nuevo León and Coahuila, imposing institutional rigidity on enterprises adjusting capacity during order fluctuations. Compounded by the risk of policy retroactivity due to local government transitions, Chinese auto parts enterprises should employ a combination of state-level government contracts, international arbitration clauses, and investment insurance during the entry phase to create institutional buffers against administrative uncertainty.

Southeast Asia's legal landscape exhibits "multiple legal sources—country-specific heterogeneity." Automotive parts investments can be strategically positioned along a "market access—enforcement—labor flexibility" gradient. The region offers a diverse legal environment where "hard law" and "soft law" coexist. Thailand and Malaysia occupy the upper end of this institutional gradient: Thailand's Eastern Economic Corridor legislation grants foreign investors 100% equity access for complete vehicles and core modules, while providing certainty through commitments on land ownership and income tax exemptions. Malaysia, underpinned by its common law tradition, aligns intellectual property rules with the CPTPP, offering institutional credibility for R&D in new energy "three-electric" systems. However, both countries' labor laws maintain a "positive list" approach to grounds for dismissal and allow significant discretionary power at the state level, resulting in relatively high adjustment costs for labor and land resources. Vietnam and Indonesia, positioned at the lower end of the gradient, significantly reduced their negative investment lists through 2020 and 2021 reforms. They attract labor-intensive segments with "risk-based licensing" and two-hour registration procedures. Yet prolonged judicial cycles and uncertainties stemming from dual land ownership systems require investors to hedge potential risks through industrial park collective bargaining, renewable land leases, and international arbitration clauses. Overall, Chinese enterprises can locate high-value-added modules in Thailand and Malaysia to leverage their relatively mature legal frameworks, while assigning labor-intensive processes to Vietnam and Indonesia. This approach trades institutional innovation at the industrial park level for factor flexibility, achieving a balance between supply chain compliance and efficiency through a combination of regional legal tools.

In summary, PESTEL analysis reveals: Mexico secures the North American market through USMCA's zero tariffs and mature supply chains, but faces high compliance costs and significant political/ecological risks. The four Southeast Asian nations excel with RCEP institutional dividends, low costs, and resource endowments, featuring rapid technological convergence and minimal institutional friction. These complementary regions enable a "North America-Diverse" dual-hub strategy.。

4.Strategies for Chinese Auto Parts Companies Investing in Both Locations

Building upon the preceding PESTEL comparison of investment environments in Mexico and Southeast Asia, this section proposes three major categories of targeted strategies: differentiated initiatives focused on the distinct characteristics of the Mexican and Southeast Asian markets, alongside collaborative development plans that leverage their shared commonalities. These strategies aim to assist Chinese automotive parts enterprises in achieving high-quality cross-regional expansion and

steady growth.

4.1 Exclusive Strategy for the Mexican Market

The primary task for entering the Mexican market is to deeply align with the USMCA regulatory framework and establish localized production and supply chain coordination mechanisms. Companies should increase the proportion of locally sourced key components and enhance production capacity through capital and technology acquisitions, joint ventures, and collaborations, while meeting the 75% origin rule requirements. This approach not only reduces tariff costs but also fosters closer ties with North American automakers. Additionally, to address security and compliance risks, companies must establish a multi-layered risk prevention network. This includes hiring local security consultants, implementing third-party compliance audits, developing emergency response plans, and regularly assessing the impact of state and municipal policy changes on project operations to ensure business activities remain highly compliant with local laws and regulations.

The Mexican government has accelerated incentives for renewable energy and green manufacturing in recent years. Component manufacturers can leverage the federal carbon emissions trading market and industrial park environmental subsidies to advance smart production lines and energy-saving upgrades. Implementing automated assembly, online monitoring, and energy recovery systems not only helps meet Euro 6 emission standards and carbon reduction requirements but also effectively lowers per-unit energy consumption and environmental compliance costs over the long term. Simultaneously, strengthening partnerships with local technical universities and vocational training institutions to build localized R&D and skills training platforms can provide a steady stream of engineering talent proficient in automation and bilingual environments, further solidifying the industrial chain foundation.

4.2 Exclusive Strategy for the Southeast Asian Market

The core advantage of the Southeast Asian market lies in its combination of labour cost competitiveness and growth potential. Enterprises should fully leverage free trade agreements such as RCEP and CPTPP, establishing operations within special economic zones or industrial parks that offer tariff advantages and comprehensive supporting infrastructure. Priority should be given to deploying high-value-added component projects, including lightweight aluminium alloys and thermal management modules. Leveraging the region's low-cost labour base, companies should accelerate capacity expansion while harnessing the market reach across multiple nations to achieve rapid product distribution throughout the ten ASEAN countries and the South Asian sub-region.

Regarding technology and branding, enterprises must adapt their approach through localised R&D and market-specific customisation. For instance, establishing regional R&D centres or joint laboratories in collaboration with universities and research institutions in Thailand and Singapore would enable the co-development of cooling systems and material formulations suited to tropical climates and road conditions. incorporate local cultural elements into design language to enhance product recognition among domestic vehicle manufacturers and the aftermarket. To mitigate social risks, it is advisable to strengthen research into informal employment and labour law reforms, establishing compliant human resource management systems encompassing contract administration, social insurance processing, and engagement with local trade unions. This ensures controllable labour costs while adhering to local regulations.

4.3 Synergy and Common Strategies Across Two Markets

Facing the global restructuring of supply chains and the digital transformation wave, Chinese parts manufacturers should establish cross-regional integrated operational platforms to achieve real-time coordination between Mexico and Southeast Asia facilities through digital technologies. Specifically, unified enterprise-level ERP and SCM systems should be adopted, combined with big data analytics and cloud-based collaboration tools, to enable centralized decision-making and risk alerts for raw material procurement, production scheduling, logistics distribution, and inventory levels. This approach enhances the overall flexibility and resilience of the supply chain.

Additionally, promoting talent sharing and knowledge accumulation across regions is recommended. Establishing an "International Talent Rotation Program" enables technical experts and managers to exchange and learn between Mexico and Southeast Asia. This not only deepens understanding of local regulations, market demands, and cultural differences but also fosters diverse innovative thinking. Finally, synchronously advance corporate social responsibility and sustainable

development strategies. Guided by environmental, social, and governance (ESG) metrics, establish unified performance evaluation standards for carbon emissions, resource consumption, and community engagement. This approach will shape a multinational brand image while elevating value and influence within the global supply chain.

5.Conclusion

Chinese automotive parts enterprises are encountering new strategic opportunities amid the global restructuring of industrial chains and the surge in new energy vehicles. This paper systematically compares the investment environments in Mexico and Southeast Asia, highlighting the distinct advantages and risks each region presents in political, economic, social, and technological aspects. Overall, Mexico's geographical proximity to the North American market and its potential for industrial chain synergy make it suitable for in-depth embedded investments by mid-to-high-end parts manufacturers. while Southeast Asian nations offer greater flexibility in labor and cost advantages, as well as regional diversification. Moving forward, Chinese auto parts companies should leverage their digital and smart manufacturing capabilities to pursue differentiated development under a "global footprint—local integration" strategy. By enhancing technological innovation, refining supply chain management, and strengthening cross-cultural operational capabilities, Chinese enterprises can achieve long-term, stable value growth in overseas markets.

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