

FP FLASH SURVEY REVEALS: MOST EMPLOYERS NOT AWARE OF OPPORTUNITIES AWAITING THEM IN MEXICO

Insights
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A large majority of American employers are unaware of the opportunities they could seize by doing business in Mexico, but those that have opened up shop south of the border report positive gains in several key areas. That's according to the results of our most recent FP Flash Survey, which gathered information from employers between September 25 – October 2. What can you glean from the results of our survey and what opportunities might lie in store for your organization if you consider expanding into Mexico?

Most Employers Unaware of Recent Mexican Labor Reforms

More than 7 in 10 employers who responded to the FP Flash Survey report that they are either not very aware or not aware at all of the recent legal changes in Mexico's employment landscape.

- 42% said they weren't aware of the changes "at all"
- 31% said they were "not very aware"

About 1 in 4 (26%) said they were "somewhat" aware of the recent legal changes, while only 2% reported being "very" aware.

Similarly, more than 60% of employers reported not being very familiar with the U.S.-Mexico-Canada Agreement (USMCA), sometimes known as the "New NAFTA" or "NAFTA 2.0." This is the law that sparked the key labor reforms that have transformed the Mexican labor landscape.

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- 54% say they've heard of the USMCA, but that's where their knowledge stops
- 8% have never even heard of it

If you would like to get a quick overview of what has changed the benefits now available to those operating in Mexico, [read this helpful guide available here](#).

Lack of Information Remains Critical Barrier to Mexican Expansion

60% of those responding to our survey indicate that they do not have operations in Mexico. And while the top reason reported by those employers for not expanding into Mexico is limited resources for international expansion (81%), the lack of information about opportunities there presents a significant roadblock. When polled about the reasons for not having operations in Mexico, our respondents identified the following additional barriers:

- Lack of familiarity with Mexican labor laws – 65%
- Perceived complexity in cross-border operations – 62%
- Insufficient market research on Mexican opportunities – 49%

Key Advantages to Mexican Expansion Identified

Those businesses that have taken the plunge and opened up operations in Mexico provide positive news about the advantages that await those considering expansion. The top five benefits they have seen since the reforms have taken hold in 2020 are:

- Access to skilled labor – 49%
- Reduced manufacturing costs – 42%
- Increased market access within Mexico – 39%
- Enhanced competitiveness in the global market – 32%
- Streamlined logistics – 23%

Challenges Remain – But Can Be Overcome With Proper Guidance



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Obviously, there will always be business challenges to be addressed with any new corporate initiative, and Mexican expansion is no different. The good news is that the roadblocks identified by those of our respondents who have operations in Mexico can all be overcome by having the right business partners working in tandem during the expansion process.

Far and away, the biggest challenge facing employers opening up operations in Mexico is **navigating the new labor laws** that have taken hold in the country, with 84% of respondents identifying this as a key challenge.

Tied for second at 49% is the **complexity of regulatory compliance** and the **language/cultural barriers** that exist with international expansion.

The final two challenges to overcome:

- Inconsistencies in local governance and enforcement – 32%
- Managing foreign exchange risks – 26%

Conclusion

Your Fisher Phillips team can assist you by answering specific questions about the way Mexican labor reforms can work in your favor and assist you in setting up operations in Mexico. [You can also read our summary overview here.](#) Contact your Fisher Phillips attorney, the authors of this Insight, or our attorneys on our [International Team](#) and in [Mexico](#) with any questions.

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