

FP SNAPSHOT FOR MANUFACTURERS: SURVEY REVEALS INDUSTRY BENEFITS FROM MEXICAN EXPANSION – BUT NEEDS HELP DOING SO

Insights
Oct 18, 2023

Our recent FP Flash Survey on business expansion into Mexico ([full summary here](#)) revealed noteworthy data about employer attitudes and experiences operating south of the border – and this topic was of particular interest to the manufacturing industry. When responses provided by manufacturing businesses are isolated from the rest of the data, it shows that manufacturers have enjoyed key benefits by expanding into Mexico but will require assistance to achieve this success. What do you need to know about the results to help your own organization’s potential initiatives?

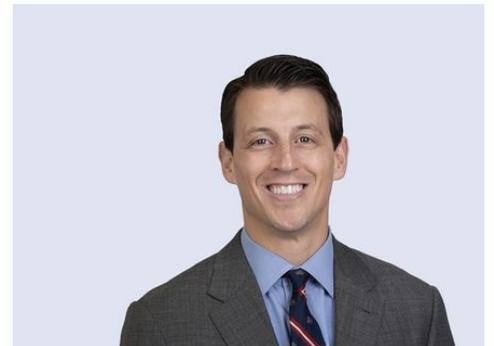
Reduced Costs + Access to Labor

When compared to the average employer responding to our survey, manufacturers reported stronger success when it comes to reducing their manufacturing costs by operating in Mexico. While only 4 in 10 employers cited this benefit as a positive result when moving some of their business operations to Mexico, a full 60% of manufacturers said they have enjoyed reduced costs after having done so.

Manufacturers also report a slightly higher benefit when it comes to access to skilled labor as a selling point for Mexican expansion compared to the overall employer population. 49% of employers overall report enjoying access to skilled labor, whereas 55% of manufacturers say they have seen such a gain.

Struggling With Compliance

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A large majority of employers overall – 84% – say they have experienced challenges when it comes to navigating the new Mexican labor law landscape. But that number jumps to 100% when we isolate just those respondents who identified as being part of the manufacturing industry. In other words, every single manufacturer who operates in Mexico has said that compliance with the new labor reforms since 2020 has been a challenge.

Lack of In-House Expertise a Stumbling Block?

Finally, when we polled those manufacturers who have not (yet) opened up shop in Mexico about the reasons keeping them away from international expansion below the border, almost half of them (47%) identified the lack of in-house expertise on Mexican operations as a reason they have not done so. This is an interesting statistic, especially given that only 13% of employers overall felt this was a critical barrier to expansion.

Meanwhile, although over 80% of employers overall reported limited resources as a reason they have not moved into Mexico, only 40% of manufacturers identified that as a barrier. Which means the resources might be there, but a perceived lack of internal leadership to steer the ship is holding manufacturers back.

Want to Know More?

If you would like to get a quick overview of what has changed and the benefits now available to manufacturers operating in Mexico – especially those in the automotive industry – [read our helpful guide available here](#).

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. Contact your Fisher Phillips attorney, the authors of this Insight, or our attorneys on our [Manufacturing Industry Team](#) to learn more.

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