Entrada Group
Mexico, Delivered

WHITE PAPER

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A Quarter Century in Mexico Manufacturing:

What We’ve Learned After 25 Years on the Ground

Entrada Group I 2026

Wire harness assembly reflects the kind of labor intensive work that Mexico's abundant and willing manufacturing workforce is suited for.

The Other Mexico

In 2026, most Americans who are not in manufacturing picture the same Mexico: beaches, border politics, cartels and avocados. What does not make the headlines is the other Mexico, the one that quietly became one of the most significant and consistently underestimated manufacturing opportunities in the world over the past four decades.

This resource is a gathering of reflections on that Mexico.

Entrada Group has been guiding mid-sized manufacturers from across the U.S. and Europe through setting up and running their own Mexico manufacturing at our two campuses in the country's interior since the early 2000s. We have partnered with them as they expanded, shifted strategic priorities and, in some cases, fundamentally transformed their cost structures and competitive positions. Over that time, certain themes have surfaced consistently across sectors, company sizes and economic conditions. Not as a checklist of concerns, but as the underlying patterns that seem to shape whether a manufacturer's Mexico experience succeeds or falls short. This resource is an attempt to put the most durable of those observations in one place.

We know we cannot cover everything here. Each section includes links to additional resources on our website for those who want to go deeper. Consider this a starting point for a conversation worth having.

Stability Is Mexico Manufacturing's Strongest Argument. And Its Most Complicated One.

Mention Mexico to a skeptic and you will hear the same objections: cartels, political instability, tariff unpredictability, currency risk. Those are legitimate concerns that deserve a direct response.

Cartel activity in certain regions has been severe and persistent. It has affected logistics corridors, influenced workforce decisions and made site selection a more consequential decision than it would be in most other markets. Similarly, political transition has brought genuine shifts in economic priority. The administration that took office in 2018 moved away from foreign investment as an organizing principle and toward domestic social spending, creating friction for manufacturers that had operated under a different set of assumptions. Last but not least, successive rounds of U.S. tariff policy (under both Trump and Biden) have introduced an unprecedented level of uncertainty that no manufacturer's cost or planning model can fully absorb.

From trade compliance to campus operations, Entrada Group's team works alongside every client on the ground in Mexico.

These challenges are current operational realities that manufacturers on the ground must navigate regularly. But stopping there doesn't reveal Mexico's full story.

To be thorough, you need to explore an additional set of facts. IMMEX, the government framework underpinning Mexico's manufacturing sector, has operated continuously for 60 years across multiple governments, currency crises and trade disruptions (IMMEX lets manufacturers import production inputs into Mexico with reduced or no duties, provided the finished goods are exported).

NAFTA, launched in 1994, was renegotiated in 2020 into USMCA, with the U.S. pushing for expanded concessions in the automotive sector. The trade framework remained intact. The commitment between the three countries did not break. Mexico has since grown from the 10th-largest U.S. trade partner to the largest overall, with over $870 Billion in bilateral trade between the two nations. The peso has devalued more than once; it has also stabilized more than once, anchored by an increasingly independent central bank and a maturing monetary policy framework.

What these intentional policies and this track record demonstrate, above all, is market access that has proven durable. Mexico is not just a place to make things. It is a platform from which manufacturers can not only produce but also sell into one of the world's largest consumer markets (U.S. and Canada), within a trade structure that has held through conditions that would have broken less established arrangements.

The question for manufacturers is not whether Mexico presents risk. It does – just as you'd encounter with any manufacturing location. **The question is whether the structural foundation underneath those risks has proven durable enough to support long-term commitments.** The track record across more than four decades answers that question more reliably than any forecast.

Go Deeper on This

- Mexico vs. U.S. Manufacturing: The Real Year One Cost Infographic
- Mexico Manufacturing During a Crisis (White Paper)
- Global Shift from China to Mexico (White Paper)
- Is Mexico Right for You: Mexico Manufacturing Readiness Calculator

Throughout this paper, you'll find boxes like this one pointing to deeper resources on our site, on the topic you just read about.

For more insight into Mexico's long-term advantages for manufacturers, including how Mexico stacks up against the world's largest emerging-market manufacturer, China, please browse our resources.

The Entrada Advantage: Why the Shared Service Model Changes Everything

Every manufacturer that seriously considers Mexico arrives at the same wall. Mexico's labor force and cost structure are genuinely advantageous. Its compliance requirements are not. The regulatory and trade compliance environment in Mexico is complex, demanding and unforgiving for manufacturers who try to navigate it without experienced local infrastructure in place. Done wrong, compliance consumes more management time and capital than the manufacturing operation it is supposed to support.

Setting up a compliant legal entity, staffing a finance function, managing import-export compliance, recruiting a local workforce and maintaining audit readiness – each of these is solvable. Together, before a single unit is produced, they represent a significant investment of time, capital and management attention that most small and mid-sized manufacturers lack this experience internally and are not structured to absorb on their own.

Entrada was built to solve that problem from day one.

From the beginning, Entrada organized its operations around the shared service center concept. One centralized accounting function. One finance team. One import-

Why Mexico. Why Now.

The case for Mexico should not be made in isolation but made in comparison.

China remains a manufacturing powerhouse, but geopolitical risk, IP enforcement gaps and rising labor costs have materially changed the calculus for U.S. manufacturers over the past decade. China's one-child policy, enforced for decades, has left its workforce aging and shrinking. The demographic math is not recoverable in the near term, which raises a direct question about the long-term sustainability of China's labor cost advantage. Southeast Asia offers competitive labor costs in some sectors but longer supply chains, less mature trade infrastructure and no proximity advantage. Domestic production addresses political pressure but not cost structure: the labor gap is structural and the manufacturing cost differential for most operations remains substantial.

Mexico's advantages as a cost-competitive manufacturing location are unsurpassed:

- A 4 percent average applied tariff rate
- Free trade agreements covering roughly 60 percent of global GDP
- A manufacturing workforce that is not only four decades in the making but also youthful and still growing
- Supply chains that move in hours rather than weeks.

The manufacturers committing to Mexico now are building cost structures and supplier relationships that competitors entering later will not be able to replicate at today's terms.

export compliance operation. One HR and recruitment infrastructure. All of it serving multiple manufacturers simultaneously at one of Entrada's two manufacturing campuses. Individual clients access expertise and operational scale they could not build independently, at a cost that reflects shared overhead rather than dedicated staffing.

The campus structure creates compounding advantages over time. Manufacturers operate within a managed industrial environment where security, infrastructure, trade compliance and audit readiness are handled by teams with years of experience and Mexico know-how. Across more than two decades, Entrada's shared infrastructure has supported over 30 manufacturing clients, with a combined labor pool today of approximately 5,000 workers. The cost structure each of those clients operates within reflects shared overhead that no single-company operation at similar scale could replicate independently.

For a mid-sized manufacturer, this means access to a depth of compliance expertise, operational experience and institutional knowledge that would take years and significant capital to build independently, structured as shared overhead rather than a dedicated cost center.

What makes the model work is not the concept alone. It is more than two decades of refinement, a team that has navigated virtually every operational scenario a global manufacturer can encounter in Mexico, and a campus environment where the infrastructure is already in place, already certified and already running.

Our website has more resources that give an inside look at how Entrada has been guiding global manufacturers in Mexico for over two decades.

Go Deeper on This

- Virtual Tour (Video)
- Routes to Mexico (White Paper)
- Mexican Customs (White Paper)

Entrada Group's campuses give clients more than just a production facility. It's an entire community, including corporate infrastructure, an industrial workforce and shared services.

For clients who treat their Entrada campus as a long-term platform, sustained growth has followed.

The Proof Is in the Growth

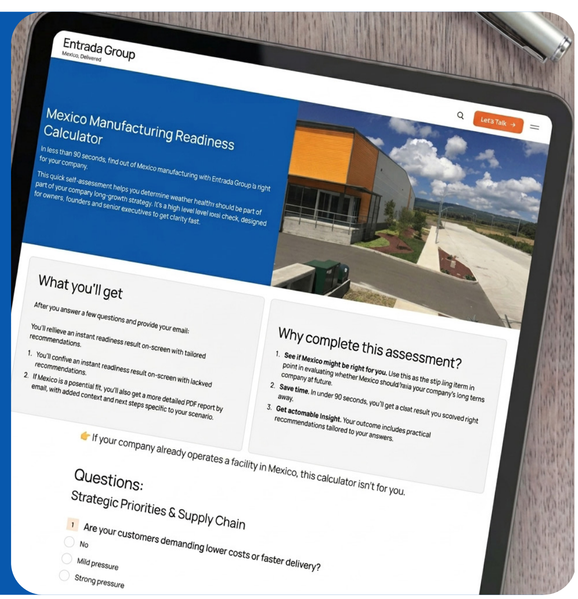
After more than two decades supporting manufacturers in Mexico, what we have seen consistently is this: **the operations that grow are the ones that entered with realistic expectations, chose a model that matched their structure, and treated Mexico as a long-term platform rather than a short-term cost experiment.**

The infrastructure to support that kind of commitment is in place and the track record is there to evaluate as the examples below illustrate. Whether that success pattern holds for your operations depends on factors you'll have to evaluate against your own operations and risk tolerance.

Evaluate your company's readiness to expand into Mexico.

In under 2-minutes, you'll learn how your product and operation aligns with Mexico, key readiness indicators and recommended next steps.

Start your readiness assessment



Domico Med-Device, a U.S.-based contract medical device designer and manufacturer, spent two years evaluating locations across Mexico before selecting Entrada's campus in Celaya, Guanajuato. The decision criteria were specific: supplier network depth, workforce availability, and a central Bajio location with room for long-term growth. They launched with 30 employees and 23,000 square feet. The goal was additional capacity. The longer-term goal was proximity to global customers without taking on the legal and operational exposure of a standalone foreign subsidiary.

Read more about Domico's Mexico launch.

Go Deeper: Domico Med-Dev Press Release

D&M Premium Sound Solutions entered Mexico through Entrada's shelter model and grew its workforce 20-fold over time. It now supplies BMW, Audi and Tesla. The growth did not come from cost reduction alone. It came from using a lower-cost, stable production base to pursue customers and contracts that would not have been accessible from a higher-cost structure.

Read the company's case study on our website to learn how they've grown operations following more than 15 years of operating experience in Mexico.

Go Deeper: D&M Premium Sound Solutions Case Study

Eastek International, a U.S.-based contract manufacturer with decades of production experience in China and Malaysia, launched its Mexico operations in 2021 at Entrada's campus in Fresnillo, Zacatecas, in the middle of the pandemic. The decision was not a retreat from Asia. It reflected a deliberate diversification strategy, adding a nearshore option to reduce single-region risk and shorten the distance to U.S. customers. The facility opened with an initial investment of $1.5 million and 50 jobs, followed by a second phase expected to bring headcount toward 500.

True global success means daring to diversify. With decades in China and Malaysia, Eastek International took bold steps into Mexico, securing their future and redefining what it means to be a global manufacturer.

Read more about Eastek's Mexico expansion.

Go Deeper: Eastek International Client Prosperity Story

60 Years in Mexico Manufacturing: 25 of Them Ours

Three parallel tracks:

- Mexico policy and economic events
- Entrada Group milestones
- Global manufacturing milestones

1965

Mexico launches the Border Industrialization Program, creating the maquiladora framework and establishing the first formal structure for foreign manufacturers operating in the country.

1982

Mexico defaults on sovereign debt, triggering an emerging market crisis and forcing a fundamental rethink of economic policy. The shift toward free-market reform begins in earnest.

1990

Formal NAFTA negotiations begin between Mexico, the U.S. and Canada, establishing a new model of trade integration: bilateral, focused and built for economic partnership rather than multilateral coordination.

1994

NAFTA takes effect. Mexico's exports grow 220 percent over the next seven years. Foreign direct investment rises 272 percent over the same period. Manufacturing's share of total exports climbs from roughly 37 percent to more than 80 percent.

1994-1995

The peso crisis. A sudden devaluation triggers a severe recession and mass emigration. It also accelerates the push for central bank independence, one of the structural reforms that will contribute to longer-term currency stability.

2000

Vicente Fox wins the presidency, ending 71 years of single-party PRI rule. Mexico becomes a functioning multiparty democracy. Anti-cartel operations in Colombia simultaneously push trafficking networks into Mexico, beginning a period of cartel fragmentation that affects daily life in ways it had not before.

2001

Entrada Group founders Paul Karon and Doug Donahue spend eight months traveling Mexico from Sinaloa to Veracruz, evaluating manufacturing sites.

2002

Entrada signs its first shelter deal, with Gilbarco USA, launching operations from a 200,000 square foot industrial park in Fresnillo, Zacatecas.

Mid-2000s

Japanese and German manufacturers begin significant investment in Mexico, broadening its manufacturing base beyond its North American trade relationships.

2006-2007

First aerospace and medical device manufacturers come online at Fresnillo Entrada's first aerospace and medical device manufacturers come online at the Fresnillo campus, reflecting the sector diversification happening across Mexico's broader manufacturing base.

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2008

Global financial crisis. Mexico's manufacturing sector contracts sharply and then recovers, maintaining its trade-linked production relationships through the disruption. Entrada wins its first sub-contracted operation relocated from China.

2010s

Mexico becomes the world's seventh-largest vehicle producer. Cars fully designed and manufactured in Mexico reach global markets. Electronics exports surpass $80 billion annually. Manufacturing evolves into a professional career track with deeper workforce infrastructure than in earlier decades. Mexico climbs from tenth to seventh-largest vehicle producer in the world, overtaking established manufacturing economies.

2016

Entrada's two campuses reach one million square feet of industrial space and a shared services workforce of 200 employees.

2018

USMCA renegotiation begins. A new left-leaning government under President "AMLO" shifts domestic policy priorities toward social equity, with reduced emphasis on foreign investment as an economic driver.

2020

COVID-19 exposes global supply chain fragility. China-plus-one sourcing strategies accelerate. USMCA formally replaces NAFTA.

2022

FDI into Mexico runs 25 percent higher than 2021. Investment in machinery and equipment runs 17 percent higher than 2020, driven largely by nearshoring activity. Entrada's labor pool reaches 5,000 workers across campus clients.

2023

Entrada becomes a founding member of the first Medical Device Manufacturing Cluster in the State of Guanajuato. Domico Medical signs on, bringing total clients served to 30 over 22 years.

2024

Mexico surpasses China to become the United States' largest overall trade partner.

2025

Tariff volatility under the second Trump administration drives a significant increase in nearshoring inquiries across the manufacturing sector.

2026

USMCA renegotiation scheduled. Entrada Group marks more than two decades of operations in Mexico.

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The Other Mexico, 25 Years Later

Twenty-five years ago, the other Mexico was ready and waiting, manufacturers just had to find it.

What we've learned since comes down to this: the manufacturers that struggle usually treat Mexico as a shortcut, a way to cut costs quickly without changing how they thought about risk, growth or time horizon. **By contrast, our clients treat Mexico and the Entrada community as one integrated platform, one worth understanding on its own terms, with a proven track record for growth and timeline for paying off.**

That distinction has held through a debt crisis, a currency collapse, three trade renegotiations and a pandemic. It held for Eastek, for Domico, for D&M Premium Sound Solutions, as well as fore scores of other global manufacturers over the decades. We expect it to keep holding, because it was never really about the headlines. It was about the manufacturing base that kept building underneath them.

The other Mexico is not hidden anymore. It has a twenty-five-year track record now, one that shows up in Entrada's own client roster and campuses. Whether it makes sense for your operation is a narrower question, and one worth answering with real numbers rather than a general sense of the market.

A good next step is straightforward: see where your own operation stands, then talk it through with someone who has spent two and a half decades doing exactly that.

Resources

Find all of the resources cited in this paper in one easy to access place. Scan the QR code to access all links.