On the Labor Reform in Mexico

Dear colleagues, this past week, the modification to the labor workday has finally been approved to reduce the current 48 hours per week to 40 hours per week, but not until the year 2030. I have been reflecting on this and would like to share a point of view with you that you may or may not agree with, but which I believe you should consider when deciding how to adapt your activities to comply with this new labor regulation.

On March 3 of the current year, in the Official Gazette of the Federation 052/2026, the approved reform was published along with a table, which I transcribe below, illustrating the reduction expected for the workday of Mexicans:

Year	Weekly Working Hours
2026	48
2027	46
2028	44
2029	42
2030	40

Likewise, it is noted that, in no case, will the decrease in the workday imply a reduction in salaries, wages, or benefits for working people.

Of course, there are positive aspects to this measure (work-life balance, mental health, more hours of rest, etc.), but it also represents a loss of labor hours and its respective effect on the productive sectors of our country. To understand this last point, let's look at the effect of the approved reduction:

Year	Weekly Working Hours	Lost Working Hours	%Reduction
2026	48	0	0.00 %
2027	46	2	4.16 %
2028	44	4	8.33 %
2029	42	6	12.50 %
2030	40	8	16.66 %

Although the annual decrease seems modest—only two fewer hours each period—the cumulative effect will result in a 16.6% loss in available working hours (assuming the number of workers is not modified), while maintaining the cost of labor and with the ultimate goal of being able to produce the same amount of goods or services as in current conditions.

How does Mexico compare with other countries regarding this point? According to data from the International Labor Organization (ILO) and the Organization for Economic Co-operation and Development (OECD), for the years 2024 to 2026, these are the weekly hours worked in different countries:

- **Bhutan:** 54.4 hours per week (highest global average in 2024).
- **United Arab Emirates:** 52 hours.
- **India:** 46 to 56 hours.
- **Pakistan:** 46.6 hours.
- **Colombia:** 46.6 hours.
- **Mexico:** 42.7 to 45.0 hours.
- **Greece:** 39.8 hours (longest workday in the EU).
- **Spain / Netherlands:** 32.1 hours (Netherlands is the lowest average in the EU).
- **Canada:** 32.3 hours.
- **Austria / Germany / Denmark:** 33.9 hours.

Observing these figures, it might seem that even the reduction to 40 hours per week is not enough to have a workday comparable to developed countries. However, I would like to propose that we review this list again by adding an additional metric: Gross Domestic Product (GDP), which is a measure of the wealth generated annually because of the economic activities of each country.

Country	Weekly Working Hour	GDP (Million USD)
Bután	54.4	~3,000
EAU	52.0	~530,000
India	46.0 – 56.0	~3,950,000
Colombia	46.6	~385,000
Mexico	44.0	~1,850,000
Turquía	43.7	~1,150,000
China	45.0	~18,500,000
EE. UU.	36.4	~28,700,000
España	32.1	~1,650,000
Noruega	27.1	~530,000

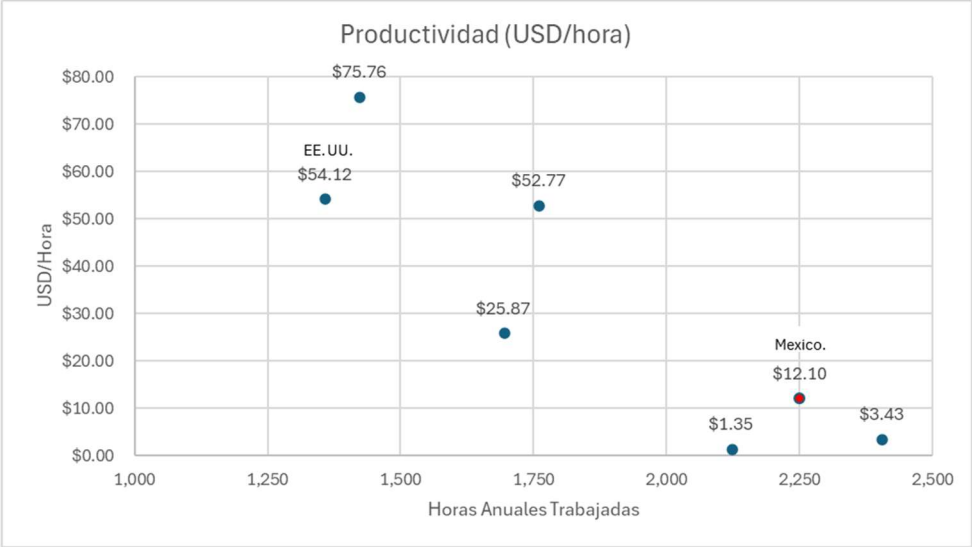
As you can observe, these numbers by themselves do not seem to indicate a direct relationship between hours worked and the wealth produced by a country. However, we can still conclude the following:

1. **Efficiency vs. Effort:** Countries like Norway or Germany have a very high GDP per capita with very few working hours. This indicates high efficiency, advanced technology, and optimized processes.
2. **Diminishing Returns:** Countries like Bhutan or India work many hours, but their GDP per hour is low. This usually happens in economies based on agriculture or low-value-added manufacturing, where "working more" does not always mean "producing more value".
3. **The Case of Mexico and Colombia:** They show a common phenomenon in Latin America: very long workdays with moderate-to-low productivity, suggesting that time in the office does not translate directly into national wealth due to a lack of automation or infrastructure.

At this point, I propose we use another indicator that relates GDP and hours worked: Labor Productivity (GDP per hour worked). It tells us, on average, how many dollars of value a worker generates for every hour working.

Productivity (USD/hour) - 2025 Data:

- **Norway:** $75.76 (1,424 annual hours).
- **USA:** $52.77 (1,760 annual hours).
- **Germany:** $54.12 (1,359 annual hours).
- **Spain:** $25.87 (1,695 annual hours).
- **Mexico:** $12.10 (2,251 annual hours).
- **India:** $1.35 (2,123 annual hours).



What can we conclude now from this data?

1. **The Effort Paradox:** Countries like India and Colombia have extensive workdays but low productivity, indicating their economy depends more on "physical effort" or manual labor than technology.
2. **The Efficiency Model:** Norway and Germany demonstrate that working fewer hours (thanks to automation and high specialization) results in much higher wealth generation per individual.
3. **Mexico:** It is at a critical middle point; it works more than almost any OECD country (2,251 hours) but produces only a fraction of what an American worker produces per hour.

To understand why some countries, generate more money working less time, we must look at what they occupy their hours with. The sectors that "skyrocket" productivity are those with high added value, where a single hour of work generates thousands of dollars thanks to technology, intellectual property, or capital:

- **Technology and Software (ICT):** Code or algorithms are created once and sold millions of times; scalability is infinite.
- **Advanced Manufacturing and Robotics:** Countries like Germany or South Korea don't just "assemble" things; they manufacture the machines that manufacture other things (capital goods).
- **Pharmaceutical Sector and Biotechnology:** Based on Research and Development (R&D). A medical patent generates massive returns for every hour of research.

- **Financial Services and Consulting:** Capital management and strategic decision-making that move global markets.
- **Energy:** Extracting high-value natural resources with little high-tech labor.

Mexico has a dual economic profile: it is an exporting powerhouse, but its average productivity is low due to the composition of its sectors. According to INEGI and the Bank of Mexico, the approximate distribution is as follows:

1. **Manufacturing (Advanced vs. Basic):** Represents about 18% of GDP. A large part is assembly (automotive and electronics). Although Mexico is very efficient at assembling cars, the design (the high value) occurs in the US, Germany, or Japan.
2. **Service Sector (Trade and Tourism):** Represents more than 60% of GDP. Much of this sector is low productivity (small businesses, informal services, hospitality).
3. **Technology and Innovation:** The information and mass media sector barely hovers around 3% to 4% of GDP. This is the largest gap compared to developed countries.
4. **Energy and Mining:** About 5% of GDP.

At this point, the main challenge for the Mexican economy to reach high labor productivity will not result simply from reducing the working hours of employees, but from significantly reorienting the country's main economic sectors.

From my point of view, the problem will not be with the industrial sectors in our country; I believe there is enough talent and tools to achieve greater efficiency in the labor available. However, the commercial and service sectors will find themselves in serious trouble keeping their businesses open for the same number of hours with fewer personnel.

In a subsequent article, we will try to explore what specific actions can be taken to position ourselves favorably in the coming years and comply with this new legislation.

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