TRANSCRIPT Episode 14 – Vidaur Mora Espinosa

Jonathan Bench: Today, I'm joined by Vidaur Mora Espinosa, the managing partner at the Mexican law firm Rivadeneira Treviño. With over 20 years of experience in cross-border investment, foreign trade, and immigration law, he advises multinational companies establishing operations in Mexico and has led major industrial projects nationwide. He is an active member of the Inter-Pacific Bar Association and holds leadership roles in various business associations. Vidaur, thank you so much for coming on the podcast today.

Vidaur Mora Espinosa: Thank you, Jonathan, for having me. It's my pleasure.

Jonathan: And we were talking just a few minutes ago that I was able to host your managing partner—I guess your founding partner. If you're managing partner, then he's… yeah, Fernando is the namesake of the law firm. And he and I have known each other for three or four years.

Vidaur: Yes.

Jonathan: He came to Salt Lake City just a couple of months ago and did a great presentation, especially on the Mexican business climate. So I'm really looking forward to getting deeper into this conversation with you today. But I would love to get to know you better. We met briefly in Mexico City. We just discussed my first visit to Mexico probably four years ago, I think. So give us a little bit of your background—where you came from and how you ended up in law.

Vidaur: Well, a bit of my background: I've been involved in this firm for more than 20 years—22 years, to be more precise. And about four years ago, I took on the managing role in the firm. One of the conditions I set was that I would take on the managing role, but I didn't want to be left out of my day-to-day clients and operations. So I'm still doing that, trying to combine both activities. It's quite a challenge, but I'm enjoying it.

Part of my practice is cross-border transactions—advising clients when it comes to doing business in Mexico: transactions, corporate, trade, etc. And of course, we have a full team of lawyers who support those transactions or operations. We are, as you said, a Mexican-based law firm.

We were founded almost 40 years ago, with three offices: one in Mexico City, one in Querétaro, and one in Puebla. So we cover the central region of Mexico. Mexico is a very centralized country; pretty much everything happens first within the Mexico City area or the central region, which concentrates about 40% of the population, GDP, FDI, etc. Many companies come here first and then they go up north, or west, south, or to the coasts.

But we cover pretty much all activities in this region. So that's how I'm involved in cross-border transactions, and it's my pleasure to share some of my thoughts on these topics with you.

Jonathan: I love talking to my friends who are in different parts of the world because I'm not reading the same news you are, and I don't speak the same language natively as you do. So give us a little bit of background: what are some things that the Mexican business community generally—Mexican business leaders—what are some things that are really on everyone's mind right now?

Vidaur: Well, Mexico is still an emerging country. We are FDI recipients. We are very dependent on what is happening outside in the world, and more precisely within the North American region.

As you are very aware, and from our conversations with colleagues in different jurisdictions, it's about what is happening in the world: geopolitics, geoeconomic changes, new challenges, changes in supply chains, etc.—all of those conversations. And of course, the uncertainty that is related to all of that. Companies are being more cautious in their investment appetite.

In Mexico, we are very sensitive to what's happening in the U.S. and in the North American region—U.S. and Canada. Now we are at a very interesting point in terms of what is happening in the USMCA negotiations that are ongoing. I call it a negotiation because, although it's supposed to be a review, it's a full renegotiation. And it's only the beginning. Everything is yet to come in the next months until we reach, I would say, summer 2026, when we are supposed to have an agreement.

And how U.S. policies will push different factors in this new negotiation is very important. It's not only economic-driven, but also involves immigration, safety, etc. There are many different factors that were not considered in the past that are now part of the equation, and that adds some challenges to the whole atmosphere.

Jonathan: Yeah, I think you're exactly right. I was just researching this because when Fernando was in town, he mentioned something extremely interesting, which I'd never heard before. He mentioned the USMCA being renegotiated again this coming summer, and looking long-term, he said, "I think Greenland will eventually come into the USMCA orbit."

And I thought that was extremely interesting because I had never considered it, never thought about it. I wanted to give him credit for at least bringing that to my attention first. I mean, you're right: the U.S., Canada, Mexico—it's the most important trade relationship to the United States and to our countries, I think.

And it's very interesting for me to also hear how the “China overflow”—and a lot of my practice has been focused on China for many years—and what that looks like from your side. I'll ask you in a little more detail later about how the actual manufacturing environment in Mexico is changing as a result of China and supply chain restructuring.

So let's talk for a minute again about the types of clients you work with. I would love to hear: are you working with a lot of foreign direct investment? Is it manufacturing-focused? Is it services-focused to take advantage of lower-cost labor in other Latin American countries? What are the kinds of things that you're seeing on the business side?

Vidaur: It’s pretty much still focused on manufacturing. Manufacturing, I’d say, is our core. Although lately, new investments are driven by technology, data centers, and so on, it’s still mostly manufacturing.

And the gap—in terms of FDI—was just recently published this week. FDI in Mexico is still growing. There's something different now: we still receive a lot of FDI that is reported to the Ministry of Economy, and the latest numbers show that this trend is still going up. The difference is that now most of these increases are related to reinvestments.

So that means that companies are expanding or reinvesting, probably because of what they are seeing in the outcome of what's happening now and the potential outcome after the USMCA negotiations finish. It’s pretty obvious that they will try to increase the percentage of regional value content to push companies to have more of the supply chain produced or manufactured within the region.

And we can discuss the “China factor” within this equation and how they will try to minimize or reduce that, which will be a challenge. I'm just thinking about how they will do it—how to decrease the impact of Chinese components within the whole supply chain.

But yes, it’s still very focused on manufacturing and reinvestment. Around 9% of the total FDI reported in the last semester is greenfield or brand-new investments. The rest is pretty much reinvestment.

As I said, manufacturing is key, and the main subsector would be automotive-related. Automotive is still a very important industry in Mexico. As you may know, Mexico is the fifth-largest car manufacturer, behind the U.S., China, Europe (Germany), and Asia (Japan, Korea, etc.). We are very integrated into the automotive industry. So most of those manufacturing numbers are related to the automotive industry.

And also, as I said, electronics and aerospace. I believe when you came down to Mexico, you went to Querétaro—I don’t remember.

Jonathan: I went to Guadalajara.

Vidaur: Guadalajara. Guadalajara is on the Pacific side, which is very driven by technology. Querétaro, which is in the Bajío region, is manufacturing as well, but the aerospace subsector is very developed in that area.

And I would add industrial machinery and metal mechanics. Those are the sectors that, not just now but historically, receive most of the FDI.

And regarding the regions in Mexico—I get this question constantly from clients or potential investors: “If I go to Mexico, where should I locate? Where should I go?” And my answer is always: it depends.

Mexico is a big country; it’s very diversified, but you have a lot of challenges in infrastructure. For example, if your company is heavily reliant on water because you have a painting facility that needs water, then I will say, “Locate here or there,” because not all industrial parks or areas have enough water capacity for industrial purposes.

Now the government—like many around the world, and Mexico is no exception—is paying a lot of attention to water consumption for industrial purposes. If you need to be closer to the border because you're heavily connected to the U.S., or you need to be in the central region, it depends on the sector, the amount of energy you need—again, energy is another infrastructure challenge that we find in some places in Mexico.

But if I have to say, the central region of Mexico is a heavy recipient of FDI in terms of services, finance, and some industry. The heavily industrialized part of Mexico is within the Bajío and the north of Mexico. You’re familiar with Monterrey, in the state of Nuevo León, and also the state of Coahuila—both related to automotive and technology. Querétaro, as I said, is technology and manufacturing, and I would also add data centers.

The latest major investment announcements in Mexico were related to data centers in the Bajío region, which has a very stable environment in terms of labor and economics, and also stable infrastructure in terms of energy and electricity.

Jonathan: What is the energy mix in Mexico? For instance, in that region—is it hydro, solar, wind, traditional fossil fuels?

Vidaur: It’s traditional fossil fuels, but you see more and more clean energy. And of course, the laws on energy and climate—according to climate change and environmental standards—are adapting to the latest trends in Europe and North America, and also in some parts of Asia. But I would say traditional sources of energy still dominate.

Jonathan: Sure. In Utah, our governor just announced a pilot project for small nuclear reactors with one of our local universities. So Utah has leaned in very heavily. We are actually quite similar to Mexico because we’re a high-elevation state, and so water is always a concern because we’re a high desert.

And we have coal, we have wind, we have solar because we have sun about two-thirds of our days. But we're leaning into all the energy mixes. So it’ll be interesting to see how that rolls out. I don’t know if nuclear is part of the conversation in the Mexican energy mix or not, but I know that, like you said, with all the data center requirements and traditional manufacturing, energy is always going to be a growing issue no matter where you are.

Vidaur: I fully agree with you.

Jonathan: So we talked a little bit about sectors and regions. I'm curious about the maquiladora manufacturing model. It was something that I didn't know about until I went to Mexico. It's very common. I describe it as the “vanilla box.” You have the industrial park, you have the vanilla-box building, and you come in and bring your equipment, bring your expertise, and they help you run it.

Is that method changing at all? Is it still very popular? I contrast that to how China works, because in China, you can go to the industry clusters where you want to have something made, and you take your complete prototype and say, “I want you to replicate this.” They specialize in breaking it down, providing all the sourcing, raw inputs, and engineering along the way.

So is the Mexican method changing at all, or is that still the strength?

Vidaur: It’s been evolving a lot. I would say since the first big trade agreement—NAFTA, now USMCA—in 1994, from that moment on, in the first stage of that agreement, we saw the boom of the maquiladoras, which were pretty much centralized or focused on the northern border of Mexico.

There are movies and documentaries about how that impacted the local economy and the social environment, but that’s another topic. The point is that many U.S. companies—and companies from many other countries—wanted to be close to the border. The maquiladora, as you may know, is a very interesting way to do business in the sense that everything basically belongs to the main entity, usually in the U.S. In Mexico, you only manufacture; you use labor, pay low salaries, put together the pieces, and you don’t sell anything in Mexico—you just re-export it to the U.S.

It was a very good business model. Although this model still exists, it has been evolving a lot through the years. Now supply chains are more complex, they are adding more value, and under the USMCA rules and other rules with the European Union, they have to add more value to the products.

There was a point where we were not as attractive as before only for labor-cost purposes. It became cheaper to go to other parts of Latin America—Central America, South America—or even Southeast Asia. So we were not that attractive anymore just for labor. We had to include more components and added value to the manufactured goods we were providing.

In 1994 it was heavily focused on textiles and electronics. Now it's changing, and we now have more areas in Mexico, not only at the border, that are heavily industrialized.

And after many years of USMCA (and NAFTA before), we were somehow "hit" in a good way by the nearshoring effect around the pandemic. Everyone realized that companies shouldn't depend so much on Asia or some other countries for key raw materials in their supply chains. We benefited from that, and that was another change in the global supply chain, not only in Mexico but in other regions.

Bajío, as I said—Querétaro, Guanajuato—the Pacific with Jalisco, the central region of Mexico, and the northern part of Mexico all felt those effects. Now, of course, we are feeling the effects of the new U.S. industrial and economic policy. That's another challenge: how we can benefit from it.

You are very aware of the Inflation Reduction Act that the U.S. announced, and the CHIPS Act, which may help companies in Mexico and U.S. or Mexican companies to be part of that supply chain. So that's another role that we're playing right now. It's been evolving and transforming. The needs from the market are different, and the challenges under the agreement are different: labor, IP, etc.

Twenty or more years ago, you never heard much about IP constraints. Now IP is key, and contracts related to IP that impose restrictions on imports and exports are now part of the transactions and customs processes. So there has been a lot going on in terms of the evolving role of the supply chain in Mexico.

Jonathan: Would you say that the Mexican people are generally optimistic about Mexico's future?

Vidaur: That's a very good question—a very broad one. I'll try to keep it on the economic side, on trade and investment. In general terms, I would say yes.

Of course, we know that we have our own concerns. And of course, setting politics aside, we still need to push for changes internally—for infrastructure, for growing the economy to a level where we are able to compete in a very complex and very competitive world.

Because, when we talk about emerging markets, you hear a lot about Southeast Asia—what is happening in Vietnam, Indonesia, Thailand—or in other parts of Latin America, like South America, that are now big competitors in terms of receiving FDI.

We are very aware that we are part of—and very much integrated into—the North American region, in a very good and positive way. Around 40% of the investment we receive is from the U.S. Then there is a huge gap: the second-largest FDI source is from Europe—Germany, Spain—around 8–10%. Then Japan, then Korea. But you see, it's 40% from the U.S.

It's no secret that the United States is our number one trade partner and FDI partner. So we know that many decisions and conversations that are yet to come will be focused on that relationship. And related to that outcome is how we can foresee part of the Mexican economy for the next three, four, five years.

Jonathan: What's the general reception to Chinese companies coming in—buying real estate, setting up factories—the way they've done in a lot of different parts of the world? Was it initially well-received or just, "It'll happen as it happens"? And has that viewpoint changed over the last couple of years?

Vidaur: That's a very good question, and probably you are more familiar with that than I am because of your experience in China. It's been changing.

China now has a lot of appetite for going abroad—more than ever, I think. They want to go abroad, not necessarily only to Mexico, but to different countries. The Chinese government is very focused on how to help companies go abroad and not only depend on the internal market.

In Mexico, of course, there is a challenge in terms of cultural aspects and the way of doing business. The way they do business is very different from U.S. or European companies, so there's a challenge there. Among Chinese companies, there are different layers or levels of companies.

Many of the Chinese investments we receive are very serious investments—companies that know how to do business. They have a challenge because they know how to do business, but they do not know how to do business in Latin America and in Mexico specifically. So that is a challenge.

The language, for example, and labor-law-related aspects are also challenges. Sometimes people in Mexico don't react very well because they are not used to that way of doing business, and the Chinese are not used to our way either. So it's a matter of learning together how to do better business in Mexico according to local regulations.

I would say we are getting more and more familiar with it. Chinese companies are still a relatively small investor in Mexico in terms of FDI. They are not key investors yet in Mexico, unlike in other Latin American jurisdictions such as Colombia, Peru, Chile, or Brazil, where they are major investors—number one, two, or three. It's a totally different atmosphere there. Here in Mexico, I think we are getting more familiar with them, in a good way.

Jonathan: Interesting, thank you. What are the things that are surprising to foreign companies about doing business in Mexico—things that come up where they think, "That is definitely different"? I know, of course, U.S. versus Europe will be different because the legal system is different, the method of doing business is different. So maybe, if you want to focus on the United States, what are some things that people just didn't expect from a legal standpoint or an operational standpoint?

Vidaur: I would say compliance is one, timelines are another important point, labor, and regulatory expectations.

In terms of regulations or regulatory expectations, Mexico has three layers of government: federal, state, and local or municipal. What that means is that for companies, it's very hard to understand that if they comply with federal regulations, that doesn't mean they will automatically comply with state and municipal regulations.

And it's very hard for them to understand that if they fail to comply with a "minor" permit—say, land-use authorization, which is a permit in Mexico for using land for industrial purposes—that in some states is a local permit, a local authority from a very small municipality can shut down a big plant.

Sometimes it's very hard to explain that to clients or big companies: "You have to fulfill all three levels." Environmental, land use, construction licenses—that can be quite complex.

Then there are the timelines. Companies are coming to Mexico saying: "Back home, I do this in one or two days." In Mexico, it's different. Just to give you an example, setting up a company in Mexico takes some time. I know in the U.S., in many states, you can do it online: you fill out a form and you're done in minutes.

Here, it's a more complex process, and you have to go through reviews just to get the name—the authorization of the name of the entity. That alone can take weeks. So that's something investors have to take into consideration in terms of timeline. If they want to be ready by March 20, 2026, just to give an example, they have to start today with all the paperwork for incorporation, tax address, bank accounts, and so on.

I would also add labor and customs. Labor-wise, we hear a lot of how surprised companies are when they realize how protective labor law is in Mexico, and now the union factor. One of the major and latest labor reforms in Mexico was on unions, as a result of the previous USMCA negotiation.

Now you have to go through a very exhaustive process to get a union in a company, as part of the panel discussions under USMCA. That is adding more complexity to the regulations in Mexico.

Finally, customs. Customs in Mexico are not as efficient as in some other countries, and you can learn the hard way how many days you need for a very basic customs clearance. The electronic systems in customs are not as advanced as in other jurisdictions, and there is a lot of paperwork and restrictions and so on.

So yes, I would add customs as a challenge for international companies coming for the first time to Mexico.

Jonathan: Thank you so much. We are almost at time, so I'm going to ask you one question that I didn't prepare you for. If you were not a lawyer today at your current law firm, what would you be doing? Pick another career path—something different, but with your current skill set.

Vidaur: I would be a professional baseball player.

And I have a third option. I probably would go into architecture and design. That's something I like a lot. I’m a frustrated architect and I like to be very detailed with things, designing things. So I would probably be more focused on that. But I love what I do, so it’s hard—it was a very hard one, that curveball you threw me.

Jonathan: It was a curveball. (laughs) Well, Vidaur, gracias por tu tiempo. It was wonderful to be with you today. Thank you so much.

Vidaur: Thank you, Jonathan. I hope my remarks were of some value for you and for your audience. It was a pleasure for me to be with you.

Jonathan: Thank you.