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Carlos Navarro

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Gap Narrows Between U.S. & Mexico Labor Costs

by Carlos Navarro

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According to a study by the National Manufacturing Industries Chamber (Camara Nacional de la Industria de Transformacion, CANACINTRA), the gap between labor costs in the US and Mexico has narrowed considerably since 1985. The study, released on Feb. 7, indicated that average US labor costs in 1992 were only 16.1% higher than those in Mexico. In comparison, in 1985, labor costs in the US were 42.2% higher than those in Mexico. CANACINTRA attributed reduction of the gap to slow growth in US wages, combined with a steady rise in Mexican wages during the seven-year period. The report also noted that the cost of borrowing money was much higher in Mexico than in the US during the seven-year period. Mexican interest rates peaked in 1988, when interest charges were 44% higher than in the US. However, the gap narrowed gradually each of the following years. In the first half of 1992, Mexican interest rates were only 13.1% higher than those in the US. (Source: Notimex, 02/07/93)

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