



Latin America's Robot Moment

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Latin America has spent years debating whether automation will destroy jobs. That is increasingly the wrong question. The more urgent issue is whether the region can adopt robotics fast enough—and intelligently enough—to remain competitive in a world in which productivity, reliability, precision, and supply-chain resilience are becoming as important as labor cost.

McKinsey's recent report *Agents, robots, and us* estimates that more than half of today's work hours in Latin America could theoretically be automated with artificial intelligence and other existing technologies, potentially unlocking roughly \$450 billion in annual economic value by 2030. The estimate is not a forecast of mass job loss; it is a measure of technical potential. But it underscores the size of the opportunity—and the risk of falling behind.

Industrial robotics is already reshaping the region's most globally exposed sectors. Automotive, electronics, metals, logistics, mining, and selected food-processing activities are natural early adopters because they combine repetitive tasks, demanding quality standards, and pressure to integrate with global production networks. Yet adoption remains strikingly uneven. Mexico is the clear regional leader, followed by Brazil, while much of the rest of Latin America remains at an early stage.

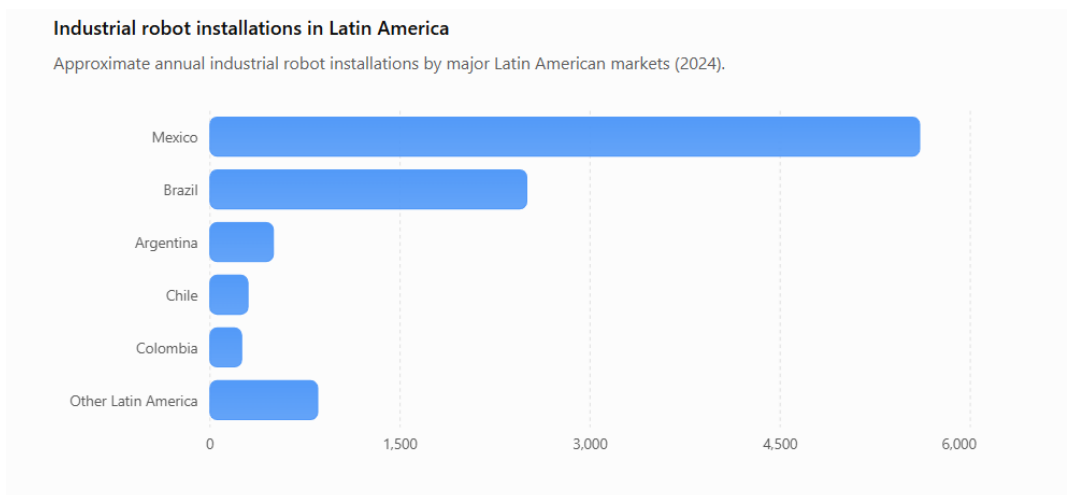


Chart 1. Industrial robot installations in Latin America (approximate annual installations, 2024)

The gap matters because robotics is becoming part of the basic infrastructure of manufacturing competitiveness. According to the International Federation of Robotics, Mexico had 62 industrial robots in operation per 10,000 manufacturing workers in 2024. That remains well below highly automated manufacturing economies, but Mexico's scale is significant: about 5,600 industrial robots were installed there in 2024, and the automotive industry accounted for nearly two-thirds of those installations. The lesson is not simply that Mexico has more robots. It is that automation follows industrial ecosystems, export integration, engineering capabilities, and investment certainty.

Robots can strengthen—not simply substitute for—labor

The labor-market debate is often framed too narrowly as robots versus workers. Evidence from developing economies suggests a more complicated outcome. World Bank research on manufacturing automation in Indonesia found that robot adoption improved plant performance and integration into global value chains and generated positive local employment spillovers, even while reducing labor's share of value added and increasing the wage premium for skills. In other words, automation can create broader economic gains while distributing them unevenly.

That distinction is critical for Latin America. The objective should not be to preserve every existing task. It should be to raise the productivity of workers and firms while helping people move toward higher-value activities. The countries that benefit most from robotics will be those that combine equipment investment with training, process redesign, data capabilities, engineering talent, and supplier development.

Manufacturing will remain the most immediate arena, but the next wave will extend well beyond the factory floor. Ports and warehouses will increasingly automate inspection, sorting, movement, and inventory handling. Mining and infrastructure operators will deploy robots for hazardous inspection and maintenance. Construction will adopt more automated equipment and prefabrication. Healthcare robotics will spread more selectively, first through wealthier urban hospitals and private networks where capital, technical support, and regulatory capacity are strongest.

The real bottleneck is absorptive capacity

Latin America's principal obstacle is not access to robots. Industrial robots can be imported. The harder challenge is the capacity to integrate, operate, maintain, and continuously improve them. High upfront costs matter, especially for small and medium-size firms, but so do shortages of systems integrators, mechatronics technicians, engineers, reliable digital infrastructure, and managers able to redesign production around automation.

Institutional weaknesses compound the problem. Policy instability raises the hurdle rate for long-lived capital investment. Weak electricity and logistics systems reduce the payoff from sophisticated equipment. Fragmented standards make integration harder. Limited long-term financing excludes smaller suppliers. Regulatory uncertainty can slow adoption in areas such as healthcare and autonomous systems. A robot placed inside a weak production ecosystem does not magically create competitiveness.

What governments should do

The policy response should therefore focus less on subsidizing machines and more on building an ecosystem in which automation produces sustained productivity gains. Five priorities stand out.

1. **First, target sectors where robotics reinforces existing or emerging comparative advantage.** Automotive and advanced manufacturing in Mexico and Brazil, mining in Chile and Peru, logistics across major port corridors, medical devices in selected clusters, and food processing are stronger candidates than indiscriminate economy-wide subsidies.
2. **Second, make adoption financeable.** Accelerated depreciation, tax credits tied to productivity-enhancing investment, development-bank financing, and shared demonstration facilities can help firms—especially SMEs—overcome the initial cost barrier.
3. **Third, build the integrator and skills ecosystem.** Governments should invest in engineering education, technician training, applied mechatronics, testing facilities, and partnerships among universities, technical institutes, manufacturers, and robotics providers. The scarce asset is often not the robot but the people who know how to use it productively.
4. **Fourth, connect automation policy to workers.** Retraining, portable benefits, stronger job-matching systems, and employer-led certification can help workers move from routine tasks toward maintenance, programming, quality control, logistics coordination, and other higher-value roles.
5. **Fifth, cooperate regionally.** Shared technical standards, mutual recognition of certifications, interoperable digital rules, and common training content would lower adoption costs and make Latin America more attractive as a production platform.

Latin America is not starting from zero. Several countries already have policy instruments that can support robotics adoption, although most were not designed specifically for robotics. The challenge is to connect these existing tools to a broader strategy for productivity, technological upgrading, skills formation, and supplier development.

Country	Principal policy approach	Relevance for robotics
Mexico	Nearshoring incentives, investment support, and industrial-development programs	Strong manufacturing base and North American supply-chain integration; the region's leading industrial-robot market.
Brazil	R&D tax incentives, grants, and public development finance	Broad innovation and industrial-support ecosystem, with strong relevance for automotive and general industry.
Argentina	Knowledge Economy incentives and investment promotion	Supports software, automation, technology-intensive services, and related R&D capabilities.
Chile	CORFO programs, R&D incentives, training, and investment promotion	Particularly relevant for mining, infrastructure, imported capital equipment, and applied automation.
Colombia	Innovation funding, entrepreneurship, and capability-building programs	Useful for startups, systems integrators, and the development of an early-stage robotics ecosystem.

Table I. Selected policy instruments relevant to robotics adoption in Latin America

A five-year window

Over the next five years, Latin America is likely to experience faster—but still highly uneven—robot adoption. Mexico should remain the regional leader because of nearshoring and its integration with North American manufacturing. Brazil will continue to advance in automotive and general industry. Chile is well positioned for mining and infrastructure applications. Elsewhere, adoption will depend heavily on whether countries build the capabilities needed to absorb imported technology rather than simply purchase isolated systems.

The best-case scenario is not a future in which Latin America replaces workers with machines. It is one in which firms combine robots, artificial intelligence, and human skills to produce more sophisticated goods and services, deepen supplier networks, and move into higher-value segments of global supply chains. The worst-case scenario is that the region continues to rely on relatively low labor costs while competitors automate around it.

The strategic choice is therefore larger than robotics. It is about the region's position in the next generation of global production. Latin America does not need to win a race to build every robot it uses. But it does need to become much better at deploying, integrating, servicing, and improving them. Countries that treat robotics as part of a broader competitiveness strategy will have a chance to capture the productivity dividend. Those that treat it as a narrow technology purchase—or postpone adoption out of fear of disruption—risk discovering that the greater employment threat is not automation itself, but declining competitiveness.

Selected sources: McKinsey Global Institute, “Agents, robots, and us: How AI reshapes work and skills in Latin America” (July 2026); International Federation of Robotics, World Robotics 2025 and 2026 regional updates; World Bank, “Automation and Manufacturing Performance in a Developing Country.”

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