



— Charting —  
**MEXICO™**

Understand The Economy  
In 30 Charts or Less

**1Q 2019**

ISSN 2539-6536

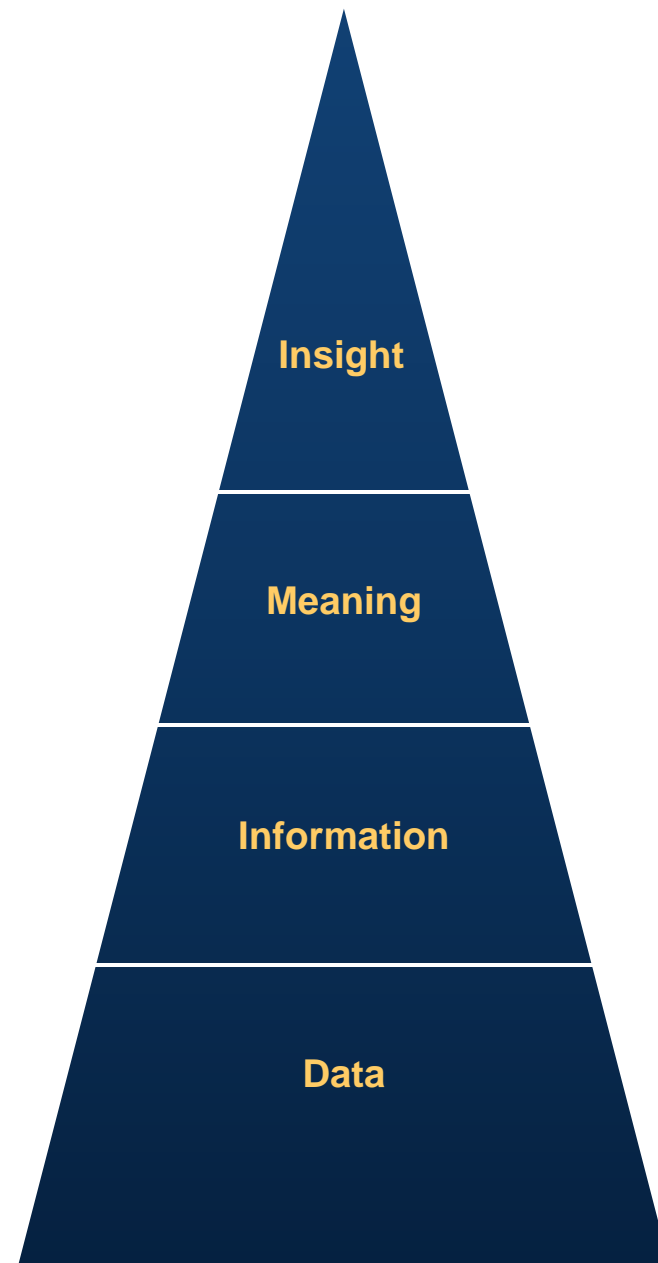
# Charting Mexico 1Q 2019

Quickly understand the economy,  
avoiding information overload, biased views  
and contradictory expert opinions

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Next Publication Date: April 2019

# Current problems for most people in trying to understand the economy



## Current problems

- ✗ Contradictory expert opinions, not sure which to believe
- ✗ Partial explanations on some indicators
- ✗ Information over load
- ✗ Multiple sources

## Our ways to solve them

- ✓ Produce your own insights from a good understanding
- ✓ Exhaustive and fact-based explanations
- ✓ Only those that matter are selected
- ✓ Visual graphic presentation
- ✓ One place for all related economic indicators

## Designed for readers in any field

Our reports are specifically designed for wider audiences. Our readers find the reports useful beyond research. They find our reports as a great guide to the subject economy. They can incorporate our charts in their own presentations or just use ours to present in classroom, boardroom or seminar.

# Mexico

**Official name:** United Mexican States

## Brief history

- The site of several advanced Amerindian civilizations - including the Olmec, Toltec, Teotihuacan, Zapotec, Maya, and Aztec - Mexico was conquered and colonized by Spain in the early 16th century
- Administered as the Viceroyalty of New Spain for three centuries, it achieved independence early in the 19th century
- Elections held in 2000 marked the first time since the 1910 Mexican Revolution that an opposition candidate - Vicente FOX of the National Action Party (PAN) - defeated the party in government, the Institutional Revolutionary Party (PRI)
- Ongoing economic and social concerns include low real wages, high underemployment, inequitable income distribution, and few advancement opportunities for the largely indigenous population in the impoverished southern states
- Since 2007, Mexico's powerful drug-trafficking organizations have engaged in bloody feuding, resulting in tens of thousands of drug-related homicides



## Geography

Area: 1,964,375 sq km (#14 in the world)

### Land boundaries:

- Belize 276 km
- Guatemala 958 km
- US 3,155 km

Coastline: 9,330 km

### Land use (2011 est.):

- agriculture: 54.9%
- forest: 33.3%
- other: 11.8%

Irrigated land: 65,000 sq km (2012)

Freshwater withdrawal per capita: 700.4 cu m/yr

### Natural resources:

petroleum, silver, copper, gold, lead, zinc, natural gas, timber

## Population and society

### Population:

125,959,205 (July 2018 est.)

### Ethnic group (2012):

mestizo (Amerindian-Spanish) 62%, predominantly Amerindian 21%, Amerindian 7%, other 10% (mostly European)

### Language (2005):

Spanish only 92.7%, Spanish and indigenous languages 5.7%, indigenous only 0.8%, unspecified 0.8%

### Religions (2010):

Roman Catholic 82.7%, Pentecostal 1.6%, Jehovah's Witnesses 1.4%, other Evangelical Churches 5%, other 1.9%, none 4.7%, unspecified 2.7%

Working age population (15-64 yr): 66.1%

Population growth rate: 1.09% (2018 est.)

## Government

Government type: federal republic

Capital: Mexico City

Currency: Peso (MXN)

Chief of state: President Andres Manuel LOPEZ OBRADOR (since 1 December 2018)

Head of government: President Andres Manuel LOPEZ OBRADOR

Cabinet: Cabinet appointed by the president

### Elections:

- president directly elected by simple majority popular vote for a single 6-year term
- election last held on 1 July 2018 (next to be held in July 2024)

## General Information

This section provides a snap shot and acts as a country fact sheet. Readers will find brief history as well as information on geography, population, society and government.

# EXECUTIVE SUMMARY

## ECONOMIC PROFILE

### Structure

### Competitiveness

### Development

## ECONOMIC OUTLOOK

### Growth

### Stability

- Mexico is the second largest economy in Latin America, only behind Brazil
- Mexico is the most populous Spanish-speaking country in the world and second most populous in Latin America
- Mexico's demographic structure is quite favorable to economic growth with increasing working age group
- Mexico's economy is traditionally service-based relying a lot on domestic demand with Export gaining importance after NAFTA
- Mexico's export relies mainly on the US market, thanks to NAFTA and its location
- In terms of geography, Mexico's economy is quite well distributed with the capital city accounting for around 17% of total GDP
- Economic freedom in Mexico has deteriorated over the past 5 years

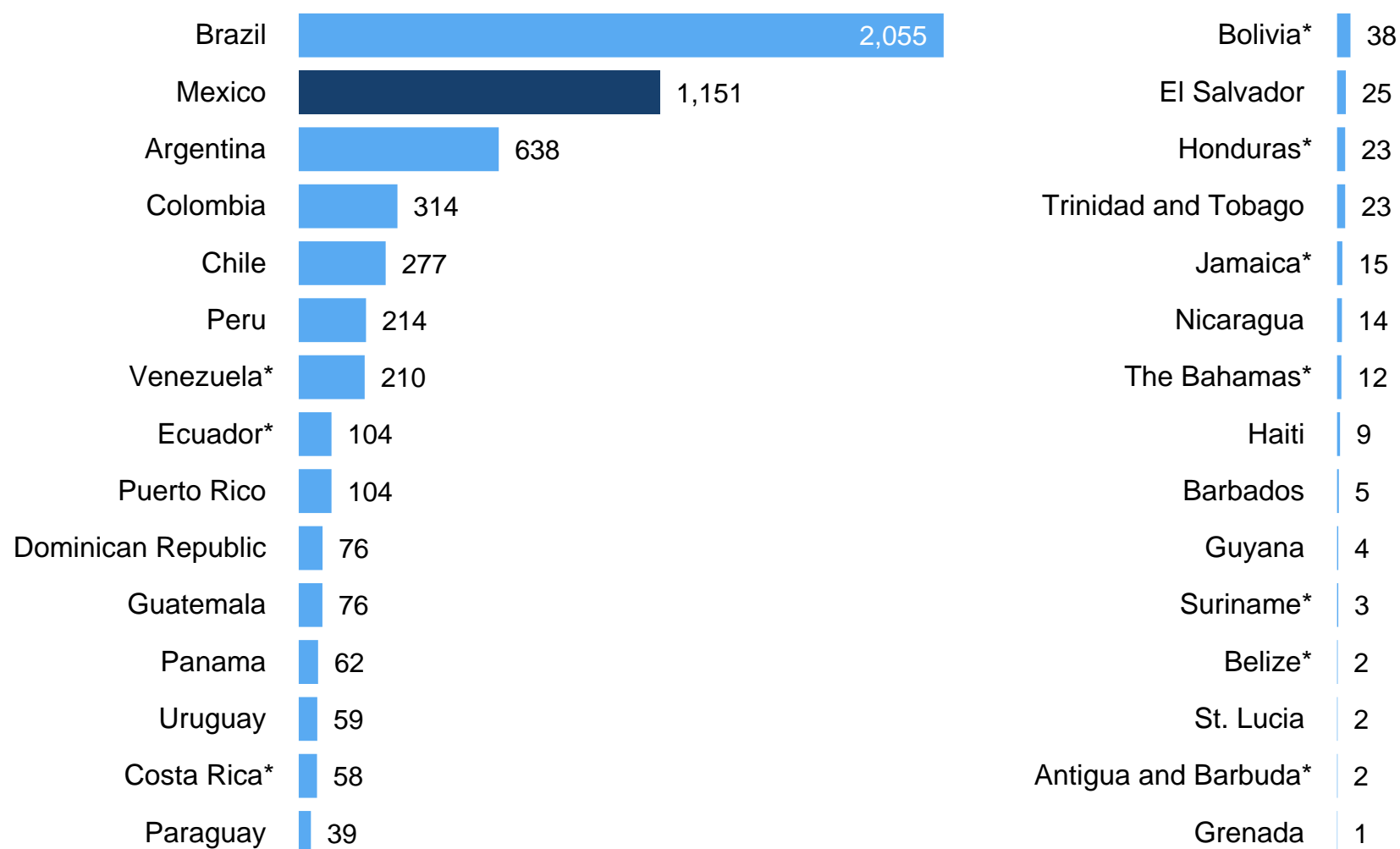
### Economic Structure

Part of the country's economic profile, economic structure section gives readers useful views to understand what matters for the Mexico's economy.

# Mexico is the second largest economy in Latin America, only behind Brazil

## Latin America and the Caribbean Economies

2017, Top 30, USD billion, Market Exchange Rate



Note: (\*) IMF estimate

Source: IMF World Economic Outlook Database October 2018

### Measuring the size of an economy

Size of any economy is usually measured by calculating its Gross Domestic Product (GDP) which is the market value of all officially recognized final goods and services produced within a country in a given period of time. To compare GDP internationally, there is a need to convert value in local currencies to one main currency, normally USD. There are two popular exchange rate to be used. The first one is the official exchange rate for that particular period. The second one is the so called "Purchasing Power Parity" exchange rate, which takes into account the difference in living expenses between countries. The first method is more popular in comparing the size of each economy.

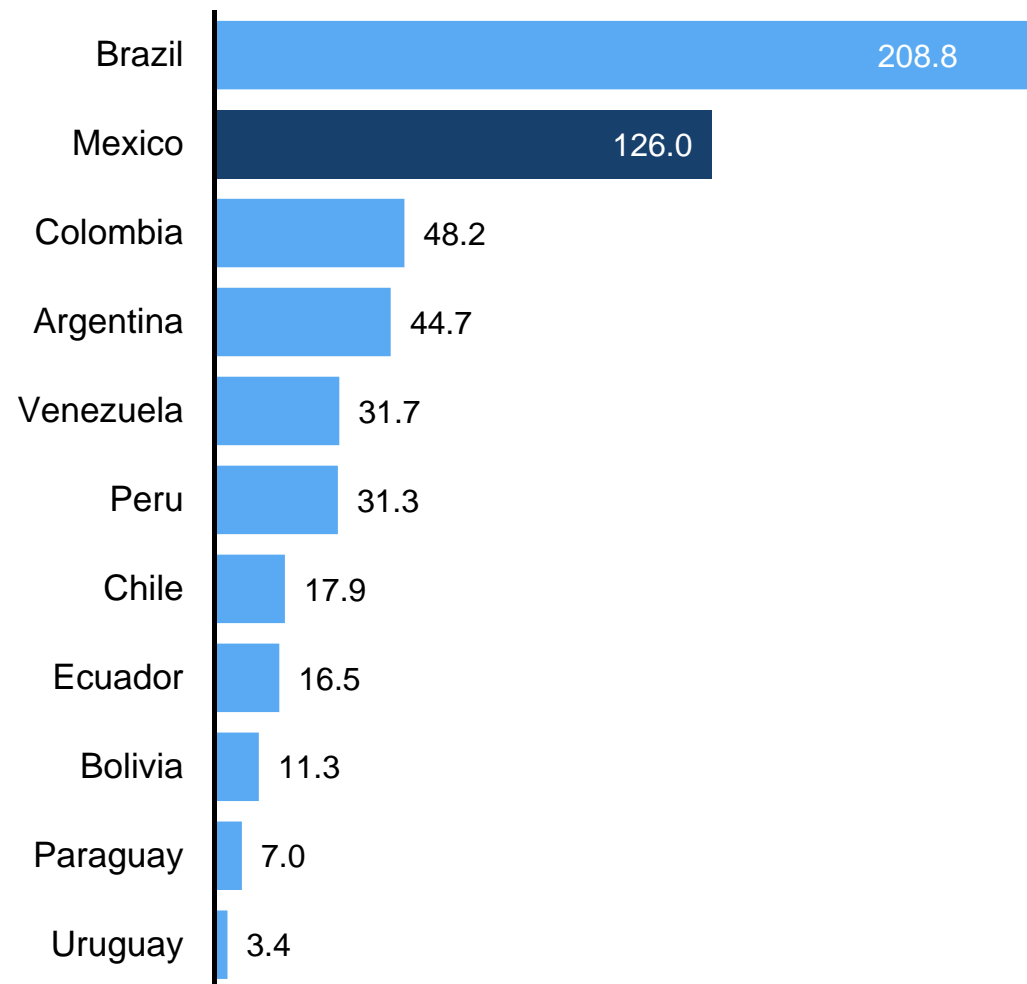
### Size of Mexico's economy

Using the market exchange rate method, Mexico's GDP is estimated to be around USD 1,151 billion in 2017, the second largest in Latin America and 15<sup>th</sup> largest in the world.

# Mexico is the most populous Spanish-speaking country in the world and second most populous in Latin America

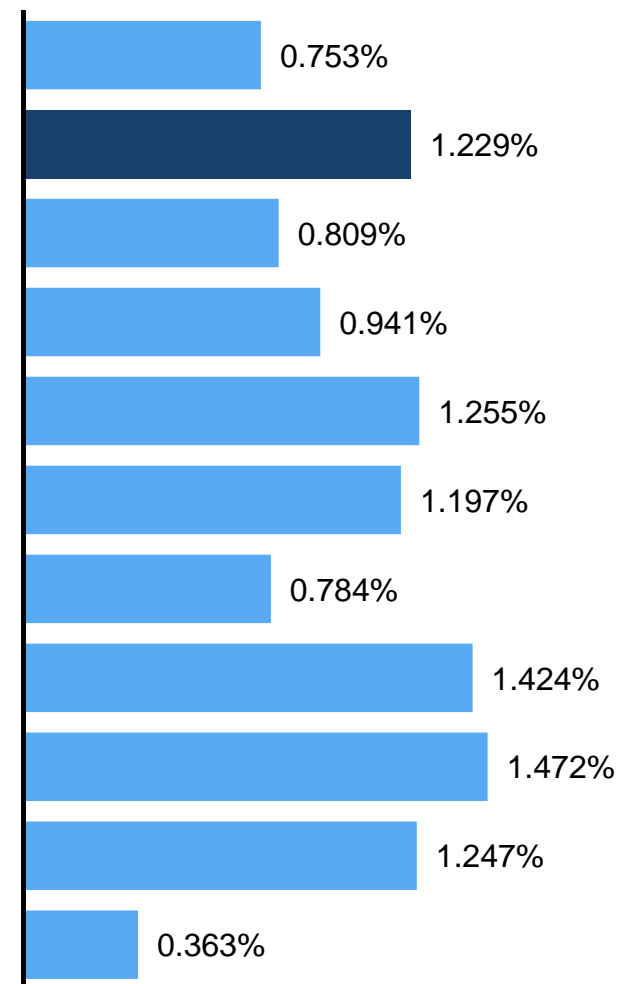
## Population

Selected Countries, Million, July 2018 est.



## Population Growth

Avg. Annual Rate of Change, Medium fertility, 2015-2020



### Population

Population compares estimates from the US Bureau of the Census based on statistics from population censuses, vital statistics registration systems, or sample surveys pertaining to the recent past and on assumptions about future trends.

### Population growth projection

Projected by UN's Population Division in World Population Prospects: 2017 Revision. There are many sets of assumptions in the projections and we show here the medium fertility scenario as a base case.

### Mexico's population

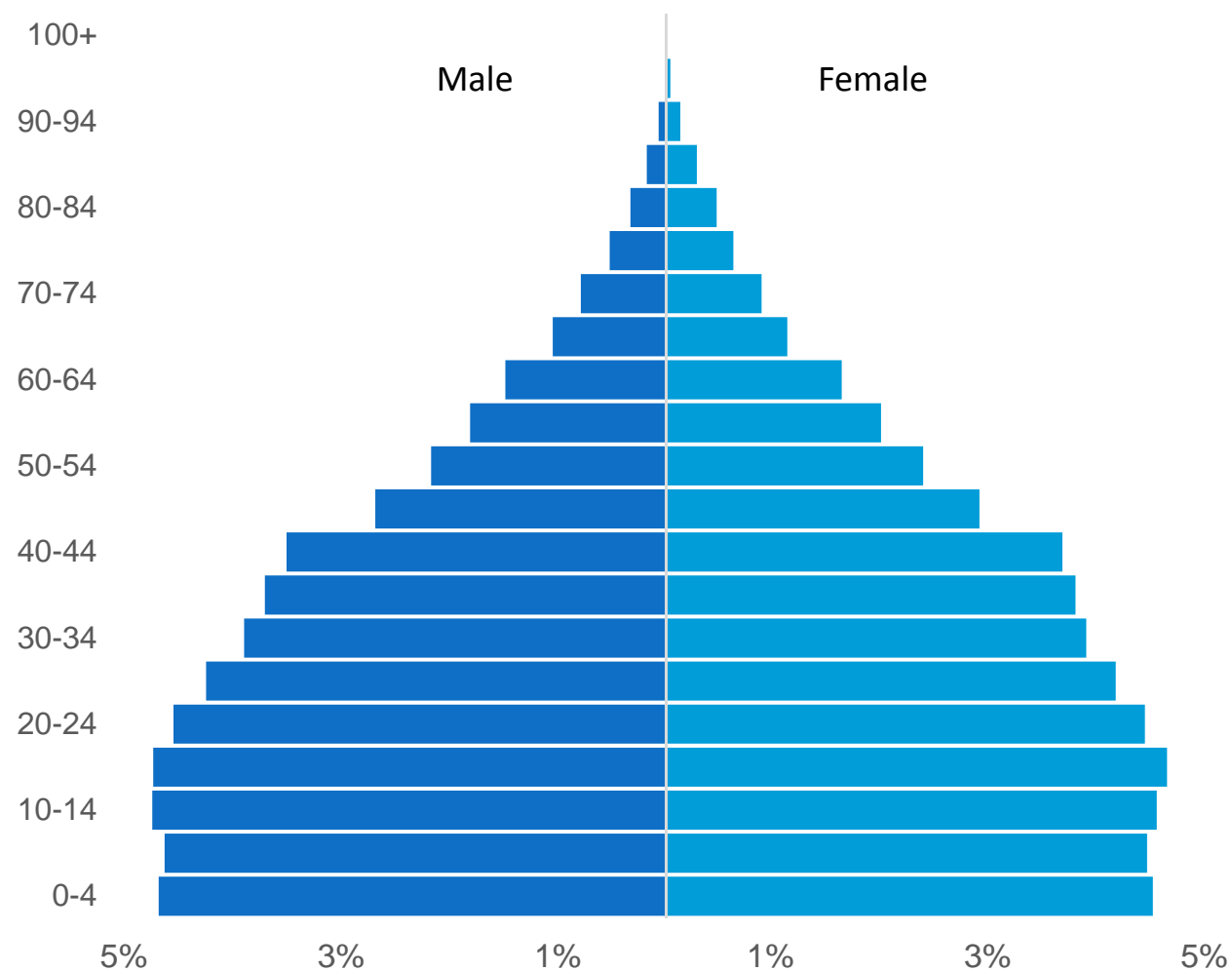
Mexico's population of 126 million, the most populous Spanish-speaking country in the world and the second most populous in Latin America. Its population growth rate is rather high with the annual growth rate of around 1.229% expected over the next five years.



# Mexico's demographic structure is quite favorable to economic growth with increasing working age group

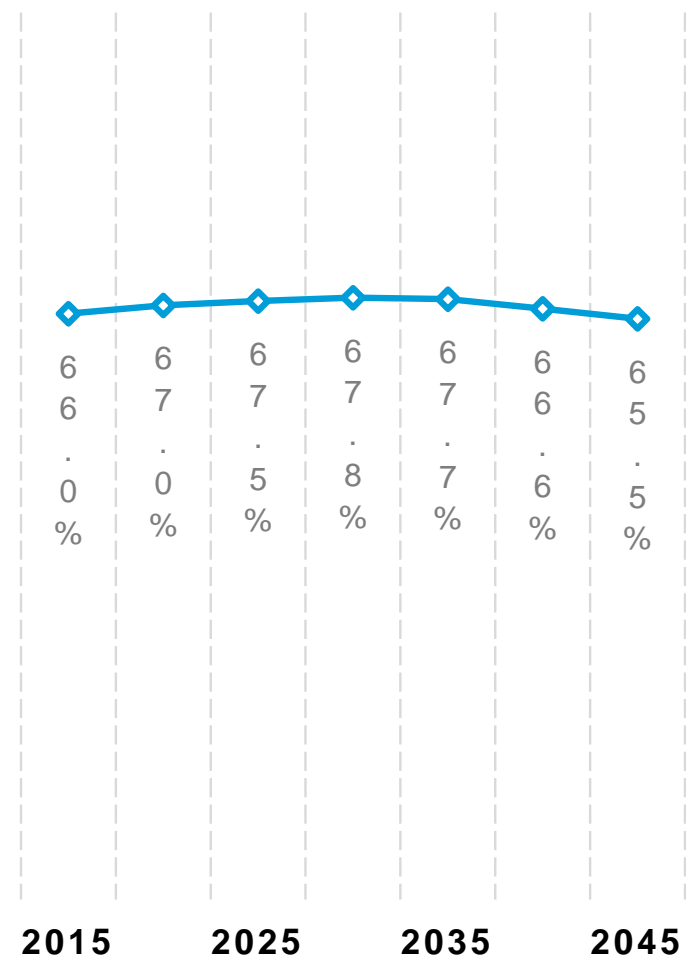
## Demographic Structure

2015, % of total population, Medium Fertility



## Working age

15-64 Years, % of total population, Medium Fertility



### Demographic structure

Total population (both sexes combined) by five-year age group.

### Demographic projection

Projected by UN's Population Division in World Population Prospects: 2017 Revision. There are many sets of assumptions in the projections and we show here the medium fertility scenario as a base case.

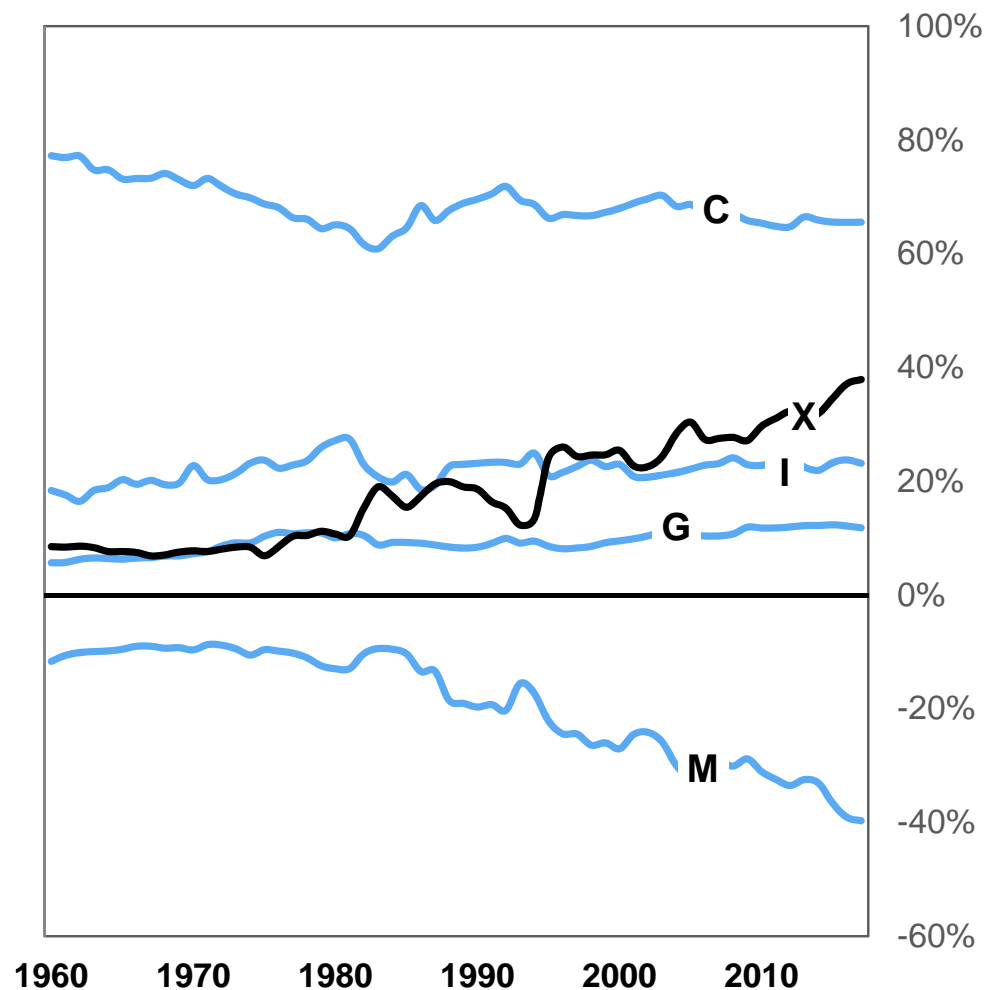
### Mexico's demographic structure

Mexico's demographic structure is quite favorable to economic growth with relatively young population and stable portion of working age group. The portion of working-age group (15-64 years) is projected to increase from 66.0% in 2015 to peak at 67.8% in 2030.

# Mexico's economy is predominantly service-based relying a lot on domestic demand with Export gaining importance after NAFTA

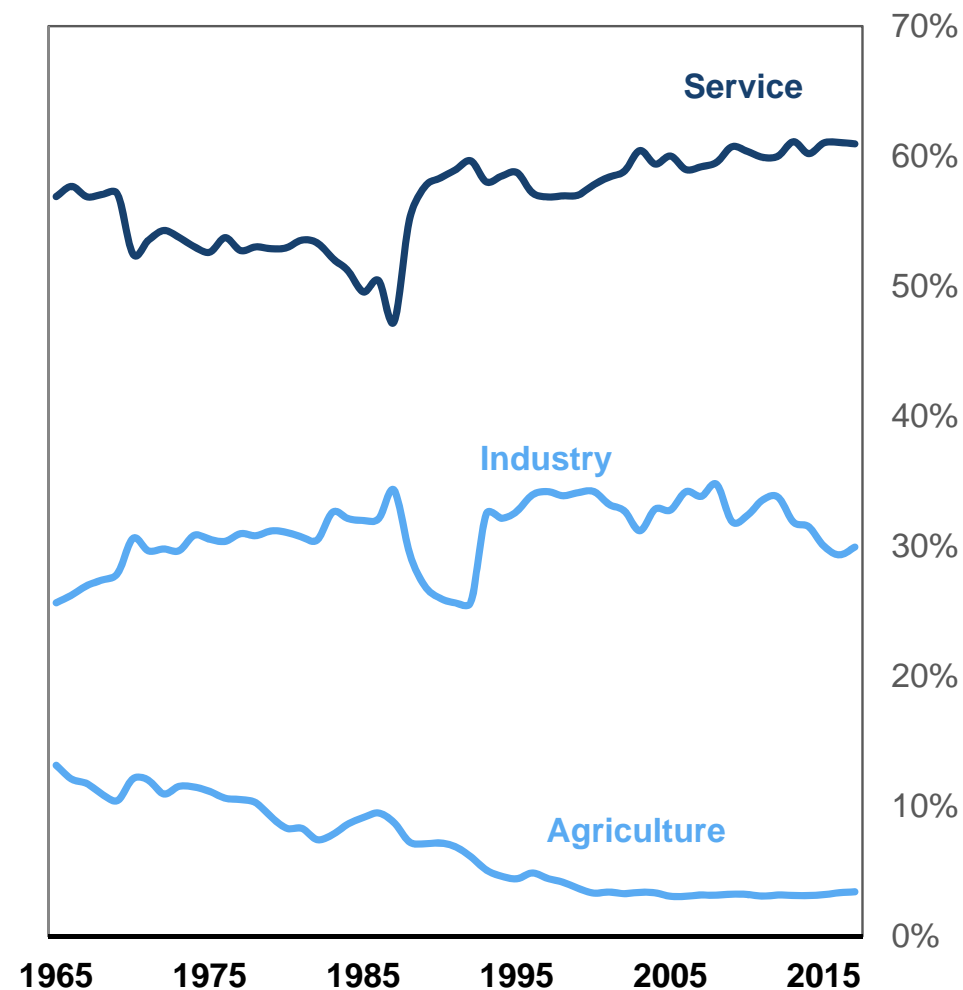
**GDP composition – Expenditure\***

% of total



**GDP composition – Production**

% of total



Note: (\*) C = Private Consumption, I = Investment including: I (capital) = Fixed Capital formation and I (inventory) = change in inventory  
G = Public consumption, X = Export of goods and services, M = Import of goods and services

## GDP composition

GDP can be determined in three ways, all of which should, in principle, give the same result. They are the product (or output) approach, the income approach, and the expenditure approach. The expenditure approach is summarized in the formula:  $GDP = C$  (private consumption) +  $I$  (Investment) +  $G$  (public consumption) +  $X$  (export of goods and services) –  $M$  (import of goods and services). The production approach measures market value of all final goods and services calculated during the period. It sums up value added of each production process to avoid double counting. The value added shares presented in the World Development Indicators for agriculture, industry, and services may not always add up to a hundred percent due to FISIM and net indirect taxes.

## Mexico's GDP composition

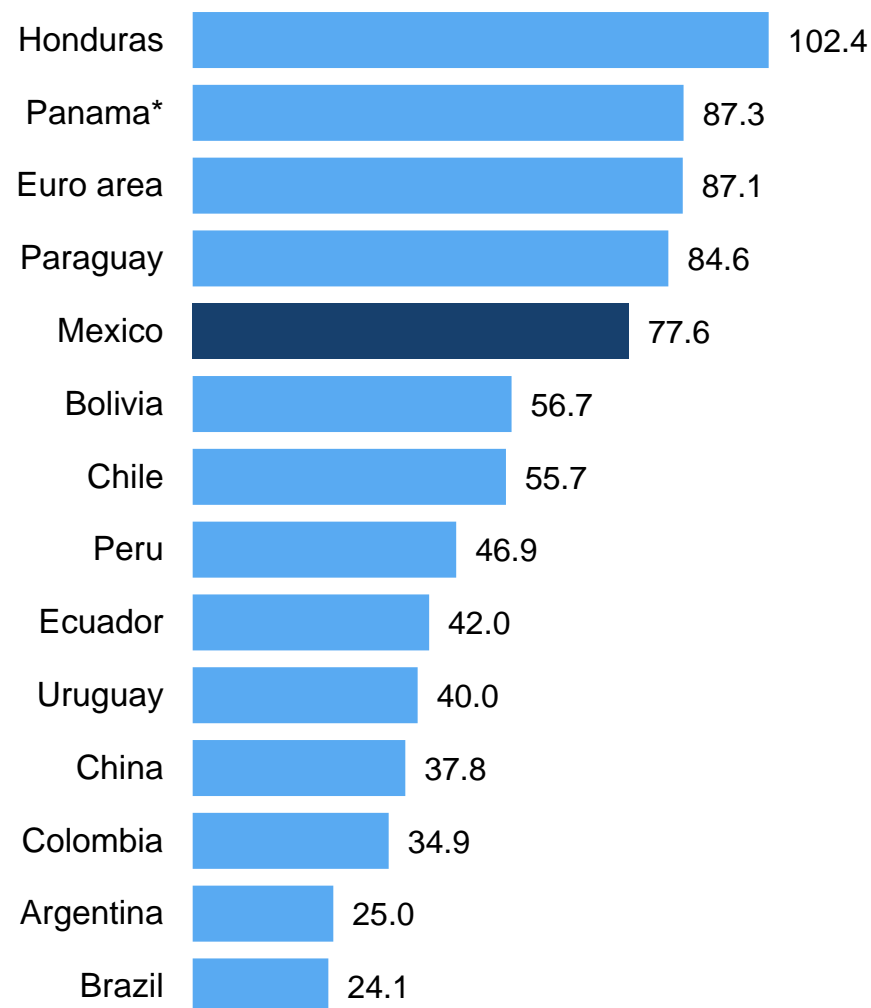
Mexico's economy is predominantly service-based relying a lot on domestic demand. Service accounts for almost two-third of GDP, while the share of Industry has been around 30%. On the expenditure side, Mexico's economy still relies a lot on domestic demand despite the gaining share of Export after NAFTA in 1994-1995.



# Mexico's export relies mainly on the US market, thanks to NAFTA and its location

## Trade Openness

Trade / GDP, 2017, %



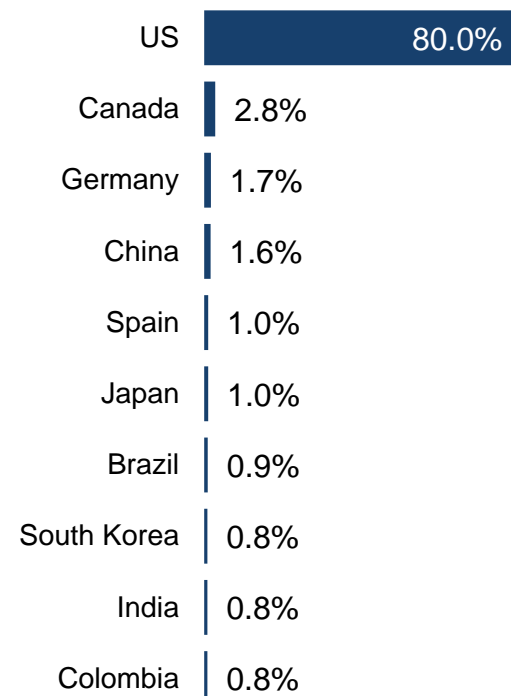
Note: (\*) 2016

Source: The World Bank, ITC, CIA World Factbook

## Export

### Key partners

2017, %



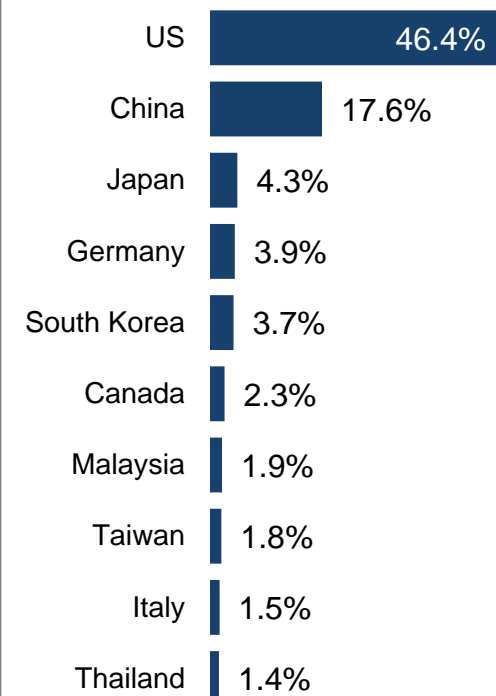
### Main Export items

manufactured goods, oil and oil products, silver, fruits, vegetables, coffee, cotton

## Import

### Key partners

2017, %



### Main import items

metalworking machines, steel mill products, agricultural machinery, electrical equipment, automobile parts for assembly and repair, aircraft, aircraft parts

### Trade openness

The trade-to-GDP ratio is frequently used to measure the importance of international transactions relative to domestic transactions. This indicator is calculated for each country as the simple average (i.e. the mean) of total trade (i.e. the sum of exports and imports of goods and services) relative to GDP. This ratio is often called the trade openness ratio.

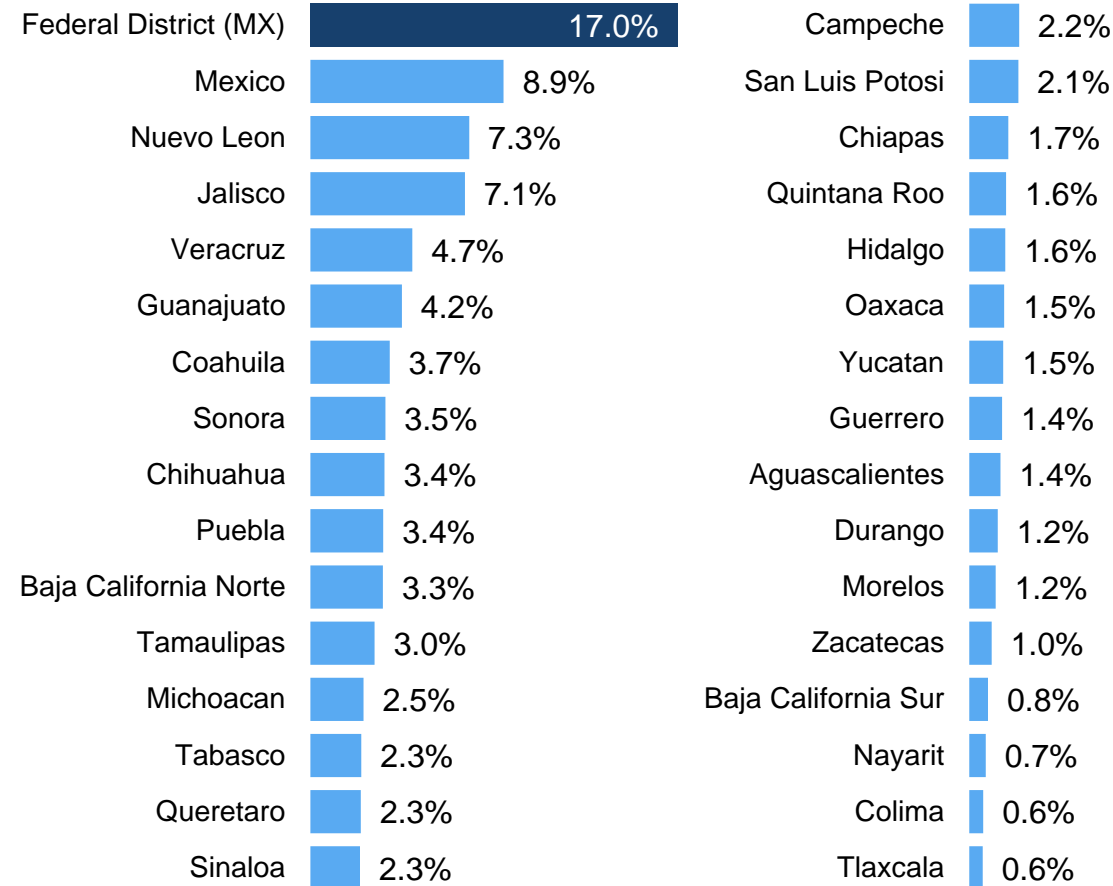
### Trade openness level for Mexico

With Trade accounting for 78% of its GDP, Mexico's economy relies on international trade more than other comparable economies in the region. Its export relies mainly on the US market, thanks to its location and NAFTA.

# In terms of geography, Mexico's economy is quite well distributed with the capital city accounting for around 17% of total GDP

## Regional GDP

% of 2016 GDP at current market price  
100% = MXN 20,099.6 Billion



## Regional GDP

Gross domestic product (GDP) at market prices represents the final result of the production activity of resident producer units.

## Mexico's Regional Economy

In terms of geography, Mexico's economy is quite well distributed with the capital city accounting for around 17% of total GDP.

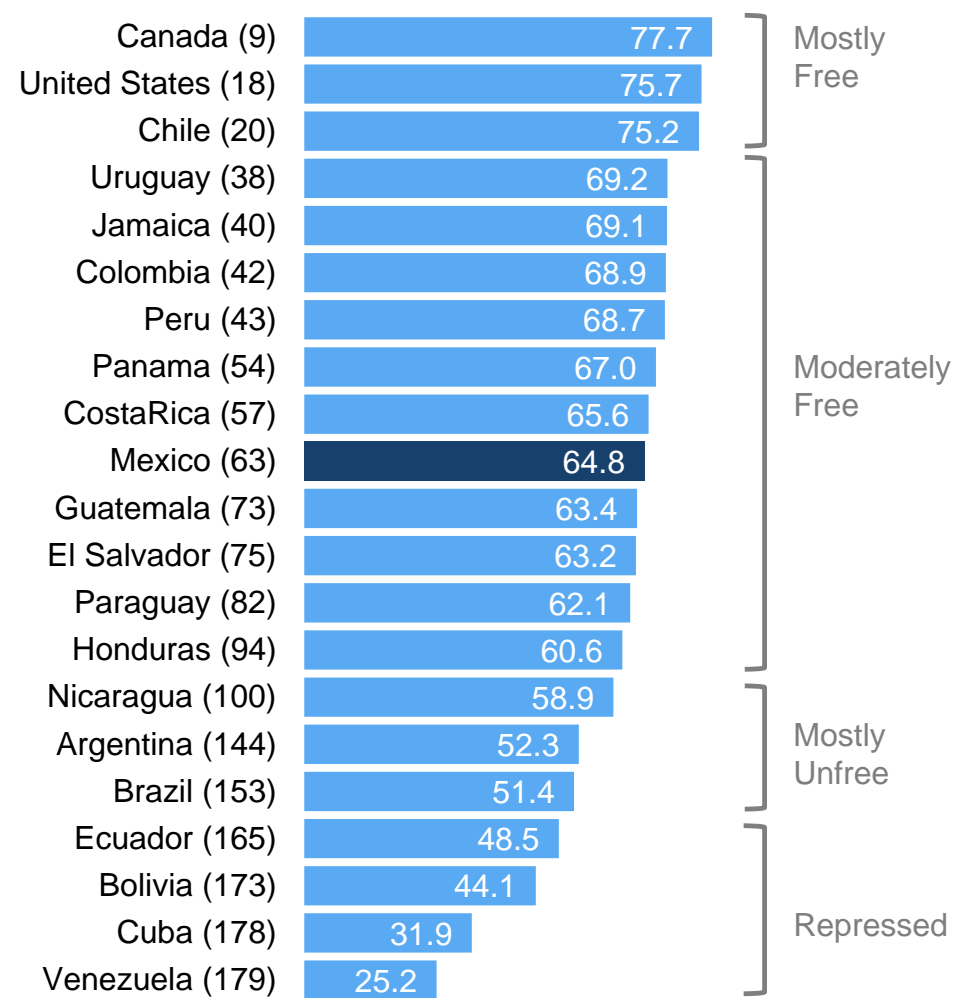
# Economic freedom in Mexico has deteriorated over the past 5 years

**Mexico's Economic Freedom Index Score**  
Overall Score, 0-100



**Economic Freedom Score in America**

2018, Selected countries, overall score and global rank ()



## Economic Freedom Index

The Index of Economic Freedom is published annually by The Heritage Foundation, a Washington think tank. The Index covers 12 freedoms which can be grouped into four broad categories:

- Rule of law (property rights, judicial effectiveness, and government integrity)
- Government size (tax burden, government spending, and fiscal health)
- Regulatory efficiency (business freedom, labor freedom, and monetary freedom)
- Market openness (trade freedom, investment freedom, and financial freedom)

## Economic Freedom in Mexico

Economic freedom in Mexico has deteriorated over the past 5 years due to higher tax burden and less business freedom.

# EXECUTIVE SUMMARY

## ECONOMIC PROFILE

Structure

**Competitiveness**

Development

## ECONOMIC OUTLOOK

Growth

Stability

- Mexico ranks 53<sup>rd</sup> in the latest global competitiveness rankings, dropping 2 places
- Mexico has advantages over its peers in Infrastructure, Macroeconomic stability, Market size and Business dynamism
- Minimum wage in Mexico is a step lower than most in the region
- Labor productivity in Mexico has grown lower than most of its peers
- Mexico is the easiest place to do business in Latin America but the improvement has shown mixed results
- Mexico is one of the leading FDI destinations in the region but it could do better given the size of its economy

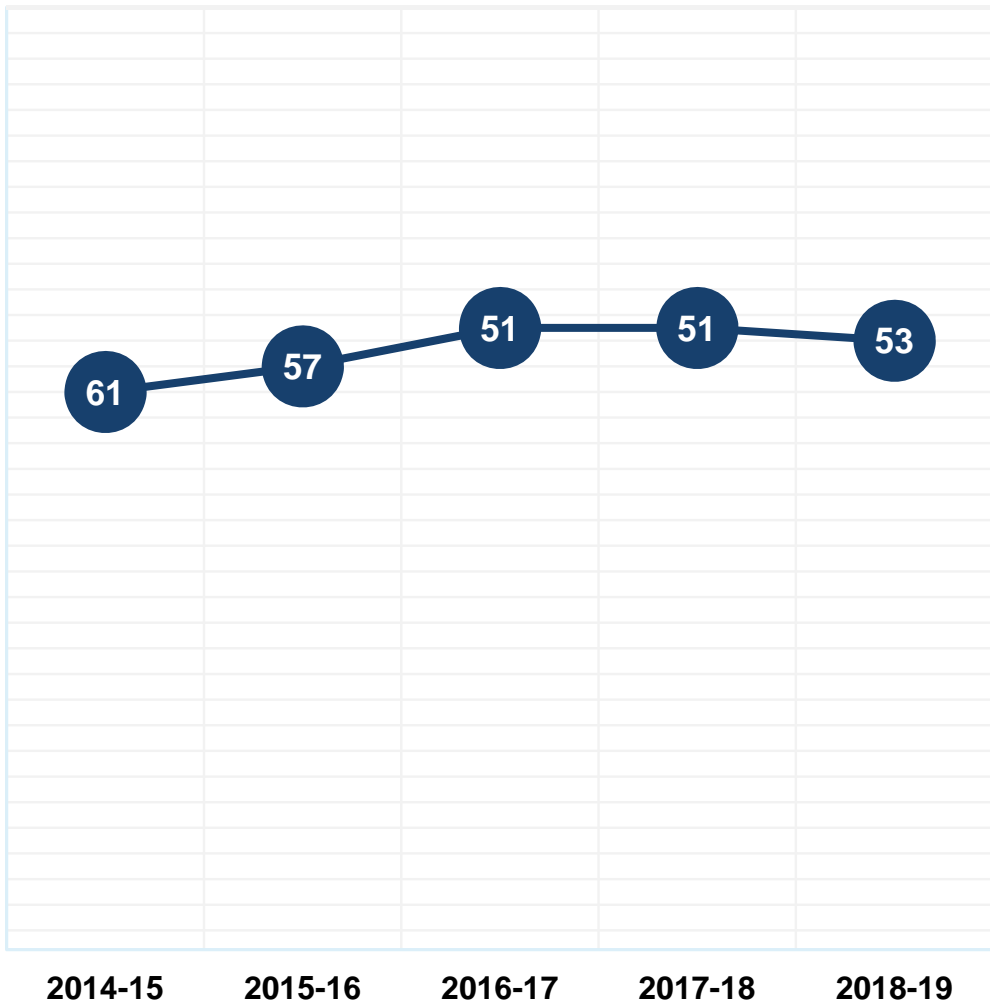
### **Nation Competitiveness**

Part of the country's economic profile, this section explores Mexico's competitiveness in the global level. It also covers the country's attractiveness to foreign direct investment.

# Mexico ranks 53<sup>rd</sup> in the latest global competitiveness rankings, dropping 2 places from the year before

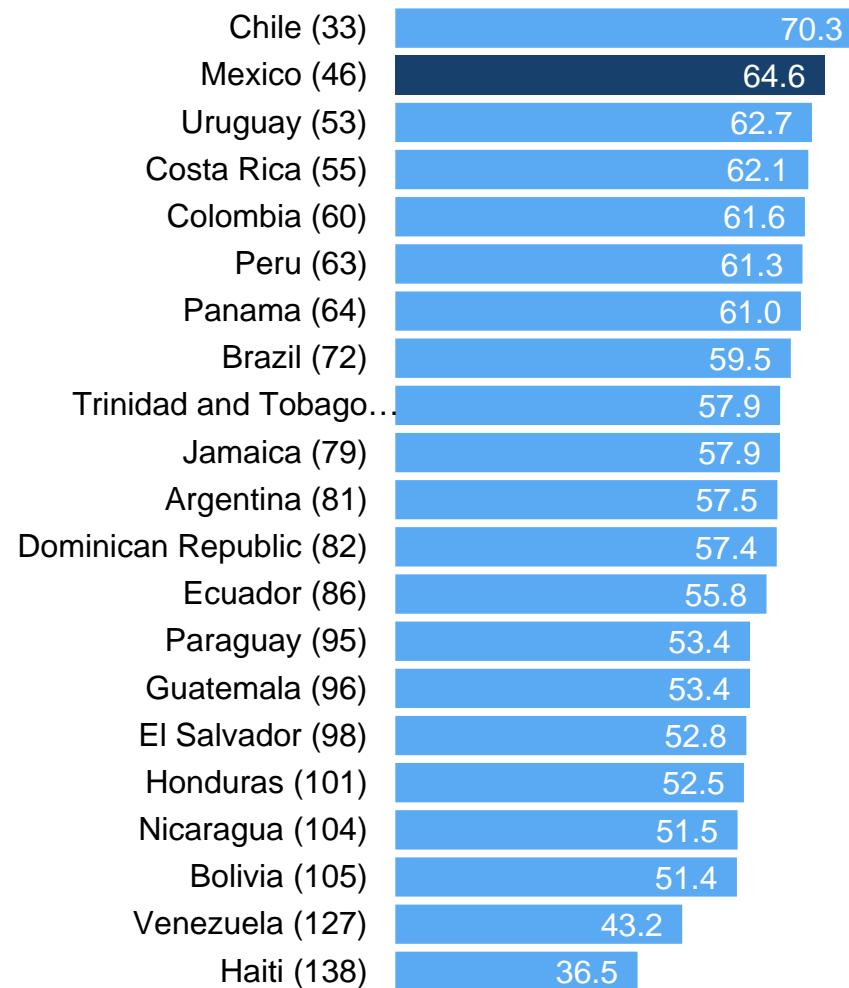
## Global Competitiveness Ranking: Mexico

Overall ranking, full scale



## Global Competitiveness Index Latin America & Caribbean

2018-19, overall score and global rank ( )



## Global Competitiveness

World Economic Forum, the publisher of the annual Global Competitiveness Report, defines competitiveness as the set of institutions, policies, and factors that determine the level of productivity of a country. Featuring the new Global Competitiveness Index 4.0, the Report assesses the competitiveness landscape of 140 economies, providing unique insight into the drivers of economic growth in the era of the Fourth Industrial Revolution. More information on the report can be found on its website <http://www.weforum.org>.

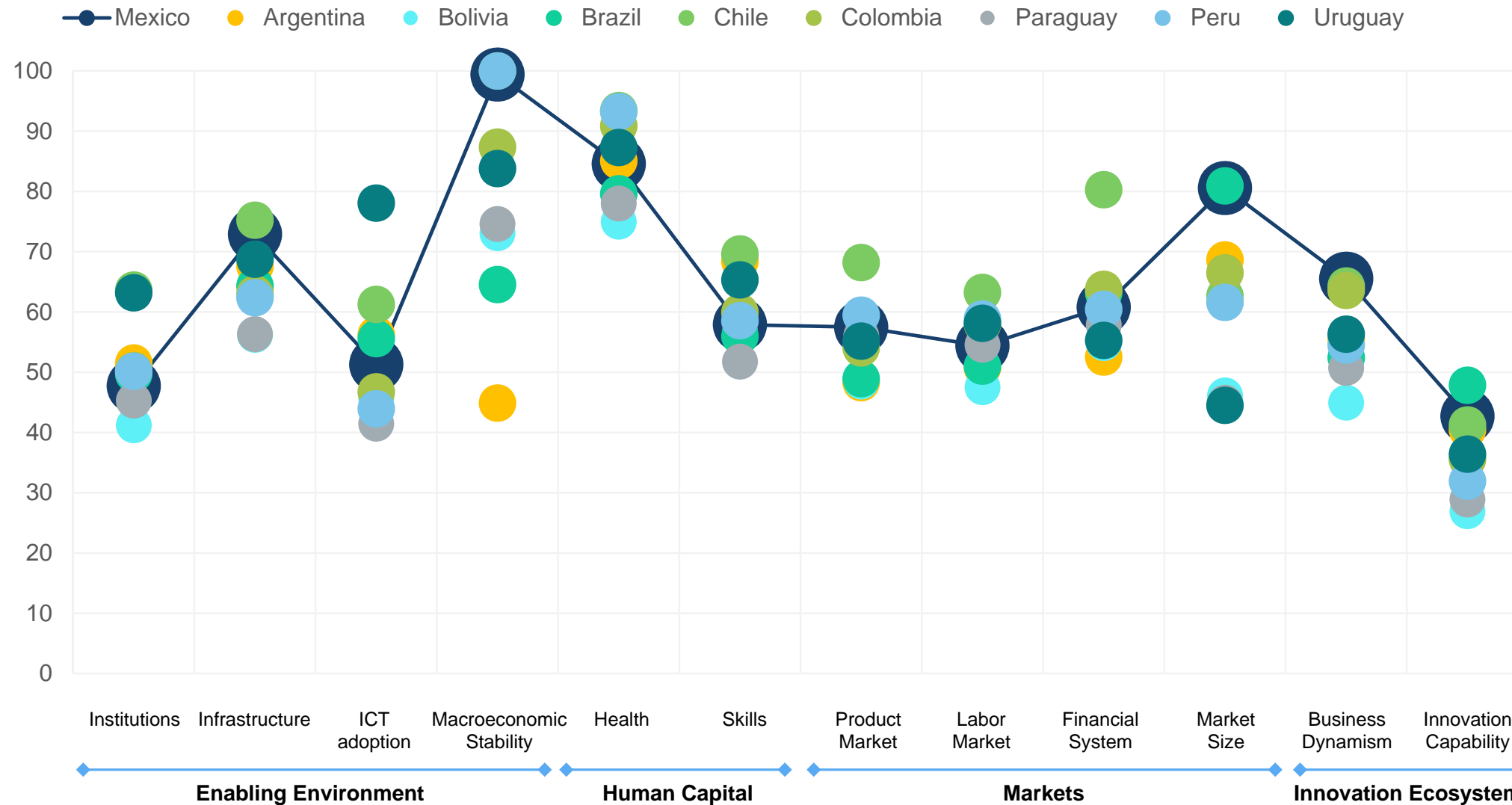
## Mexico in the Global Competitiveness Rankings

Mexico's economy ranks 53<sup>rd</sup> in the world in the 2018-2019 global competitiveness rankings, dropping 2 places from the year before. It is the second most competitive economy in Latin America and the Caribbean.

# Mexico has advantages over its peers in Infrastructure, Macroeconomic stability, Market size and Business dynamism

## The Global Competitiveness Index

2018-2019, score = 0-100



### The Global Competitiveness Index

The Global Competitiveness Index 4.0 framework is organized into 12 main drivers of productivity, or 'pillars'. It places a premium on factors that will grow in significance as the 4<sup>th</sup> Industrial Revolution gathers pace: human capital, agility, resilience, and innovation.

### Global Competitiveness Index: Mexico and comparable

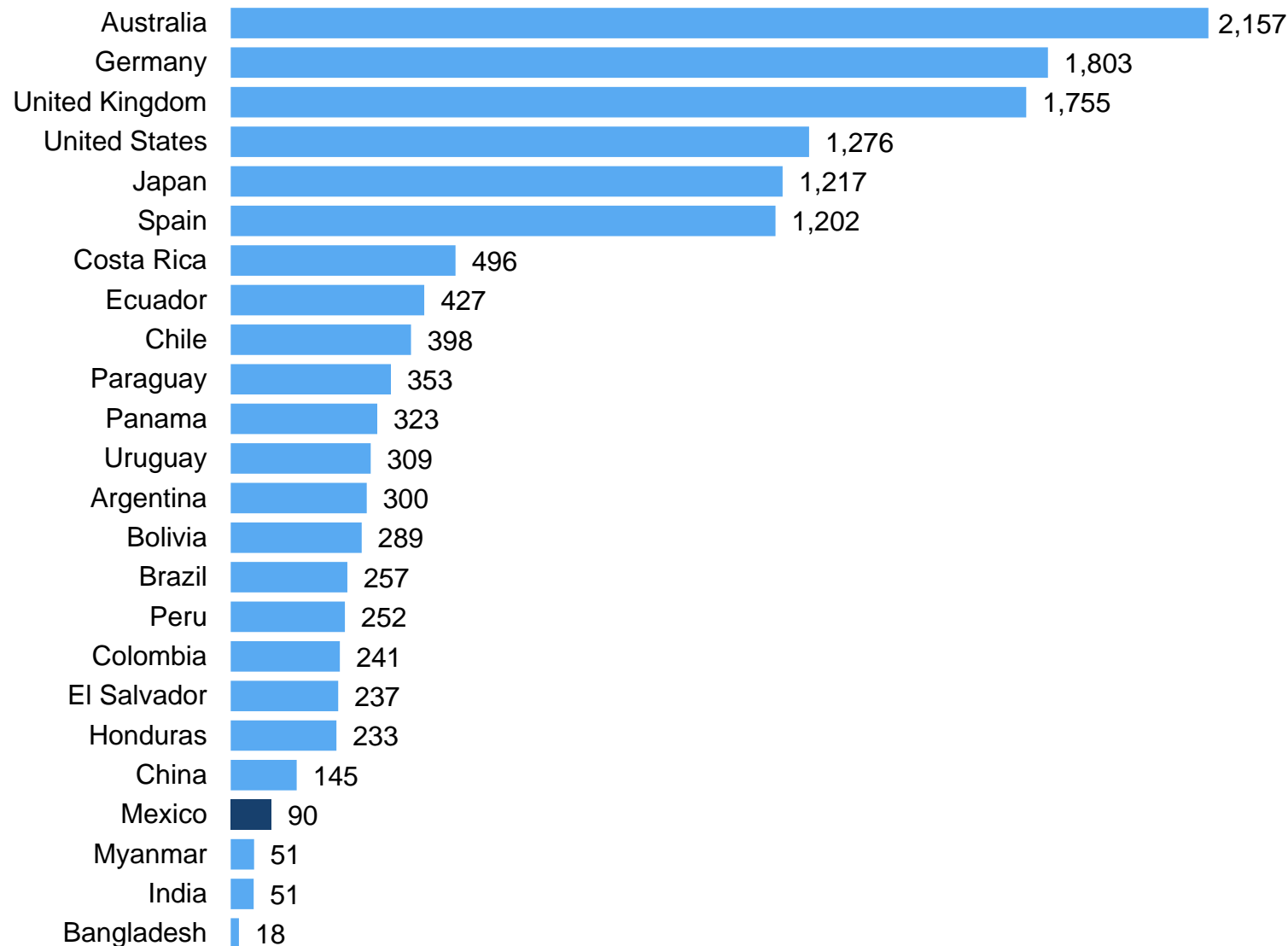
Mexico has advantages over its peers in Infrastructure, Macroeconomic stability, Market size and Business dynamism. Its main weaknesses are in ICT adoption, Institutions and Skills.



# Minimum wage in Mexico is a step lower than most in the region

## Minimum Monthly Wage

Effective as of Jan 1<sup>st</sup>, 2019, US\$



### International Wage Comparison

International Labour Organization collects statutory nominal gross monthly minimum wage from countries around the world. Data on earnings are presented in nominal terms and on the basis of the minimum of monthly earnings of all employees as of December 31st of each year. In cases where a national minimum wage is not mandated, the minimum wage in place in the capital or major city is used. In countries where the minimum wage is set at the sectoral level or occupational level, the minimum wage for manufacturing or unskilled workers is generally applied. Market exchange rate is applied by Charting Economy to get the USD term.

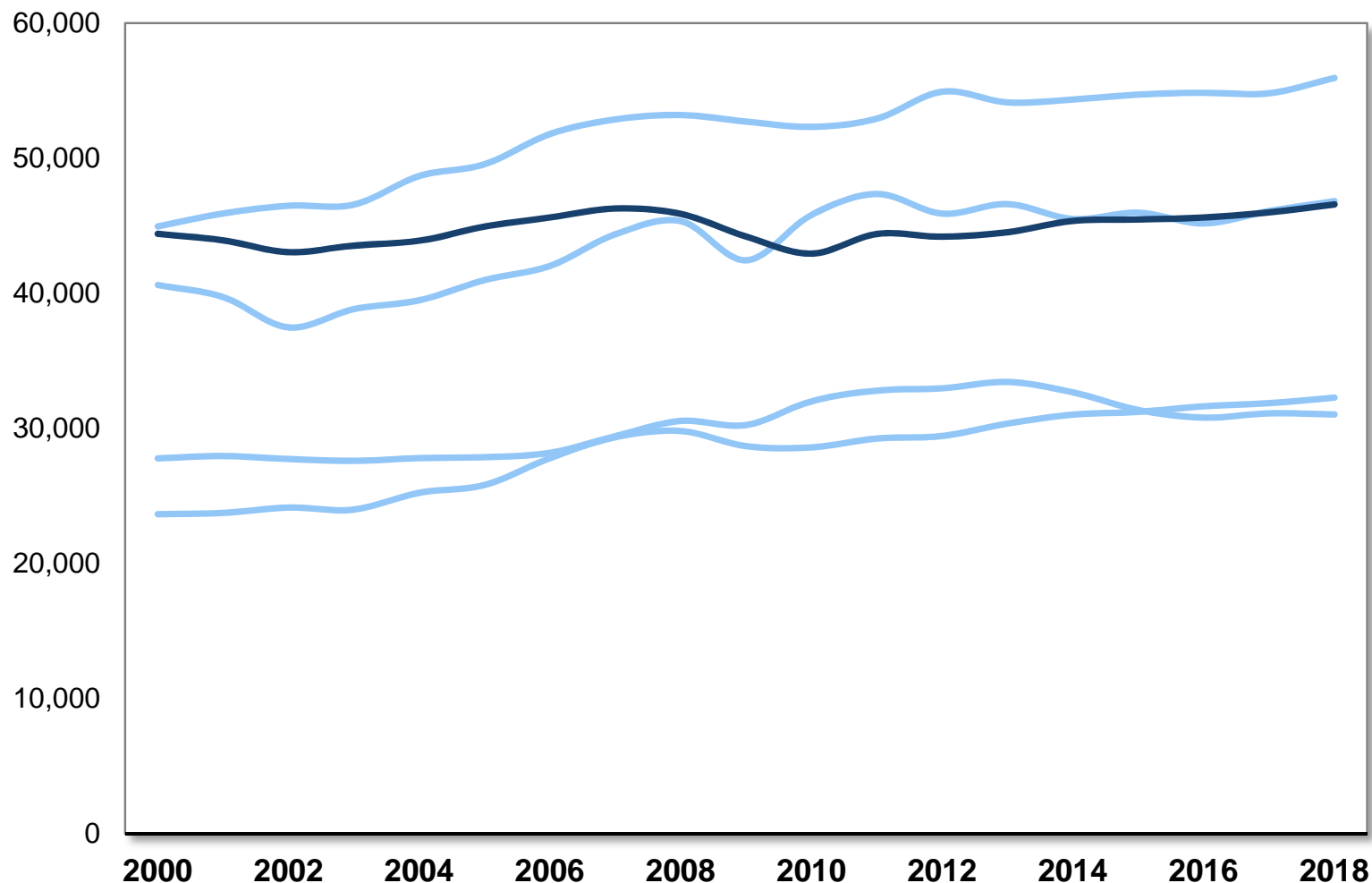
### Wages in Mexico

Minimum monthly wages in Mexico is around USD 90, lower than most economies in the region.

# Labor productivity in Mexico has grown lower than most of its peers

## Labor productivity

Per person employed in 2017 US\$ (converted to 2016 price level with updated 2011 PPPs)



Cumulative Annual Growth Rate, 2000-2016

Chile (1.2%)

Argentina (0.8%)

Mexico (0.3%)

Colombia (1.7%)

Brazil (0.6%)

### Labor Productivity

Labor productivity per person employed in 2017 US\$ (converted to 2016 price level with updated 2011 PPPs). Compiled and computed by The Conference Board from macro economic indicators in each country. This indicates labor productivity of the whole economy and is useful for analyzing the macro trend.

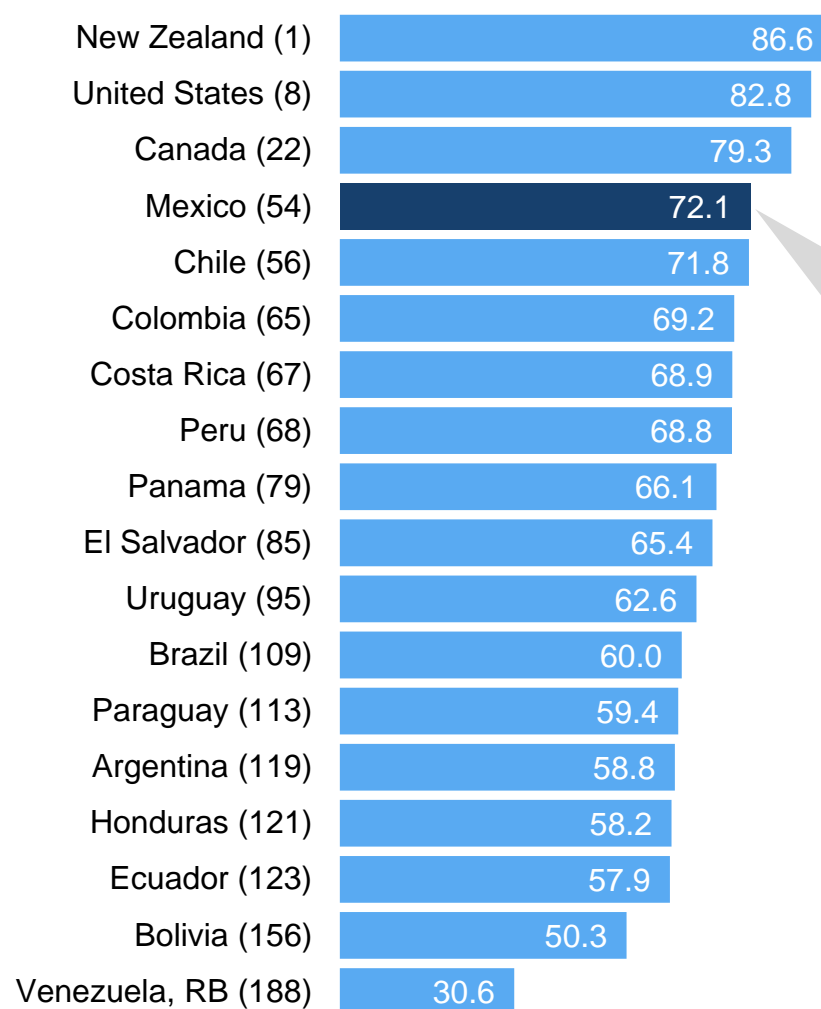
### Labor Productivity in Mexico

Labor productivity in Mexico is one of the highest in the region. Its growth rate of 0.3% p.a. over the last 18 years is quite low especially when compared to neighbors.

# Mexico is the easiest place to do business in Latin America but the improvement has shown mixed results

## Ease of Doing Business Ranking

Selected economies, ( ) = 2019 rank, DTF\* score



## Mexico's DTF\* score

2019 vs 2018

TOPICS	DB 2019	DB 2018	Change
<b>Overall</b>	72.09	72.27	↓
Starting a Business	85.94	85.84	↑
Dealing with Construction Permits	68.62	68.29	↑
Getting Electricity	71.06	70.99	↑
Registering Property	60.42	60.81	↓
Getting Credit	90.00	90.00	→
Protecting Minority Investors	58.33	58.33	→
Paying Taxes	66.65	67.01	↓
Trading Across Borders	82.09	82.09	→
Enforcing Contracts	67.01	67.01	→
Resolving Insolvency	70.77	72.31	↓

## Ease of Doing Business

Doing Business sheds light on how easy or difficult it is for a local entrepreneur to open and run a small to medium-size business when complying with relevant regulations. It measures and tracks changes in regulations affecting 11 areas in the life cycle of a business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and labor market regulation.

## Doing Business in Mexico

Mexico is the easiest place to do business in Latin America. It ranks 54<sup>th</sup> on the World Bank's Ease of Doing Business 2019 ranking. However, the improvement has shown mixed results over the past year.

Note: (\*) An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier

Source: Doing Business 2019

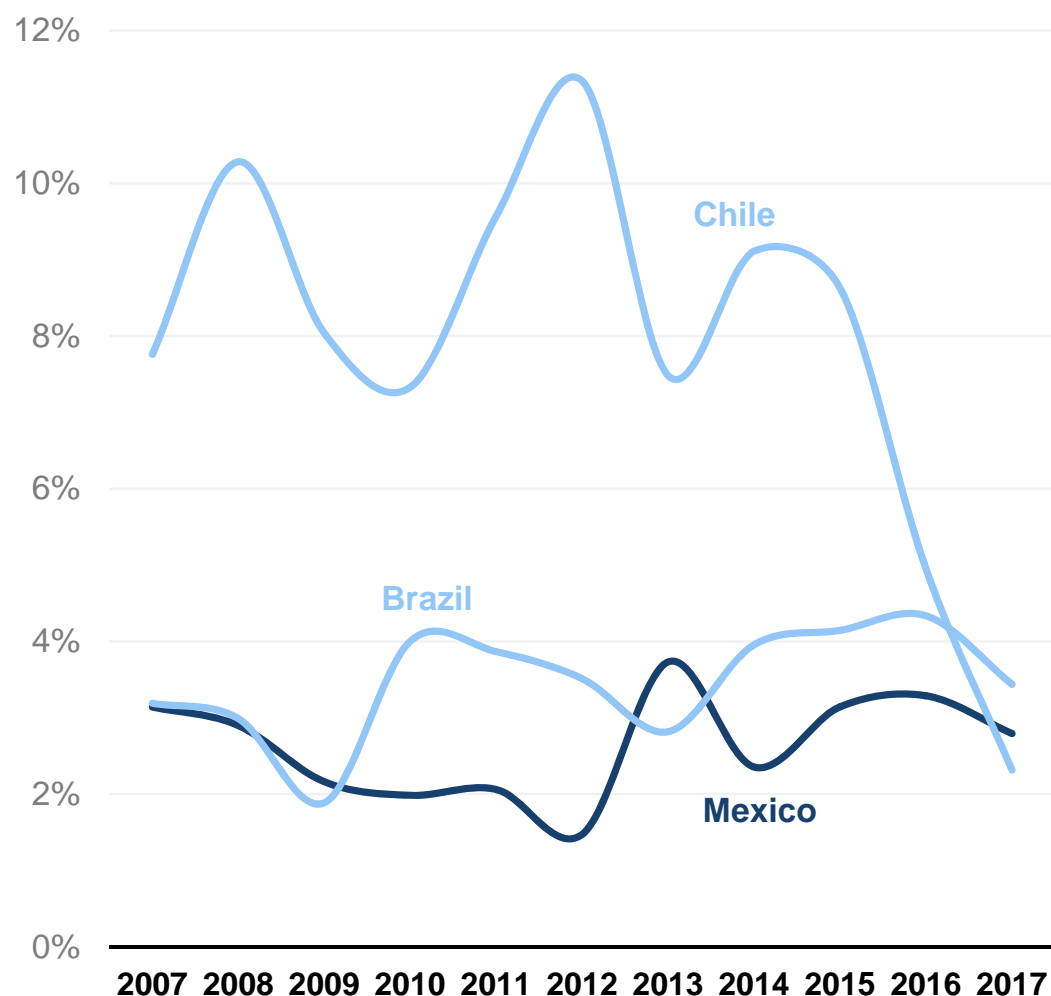
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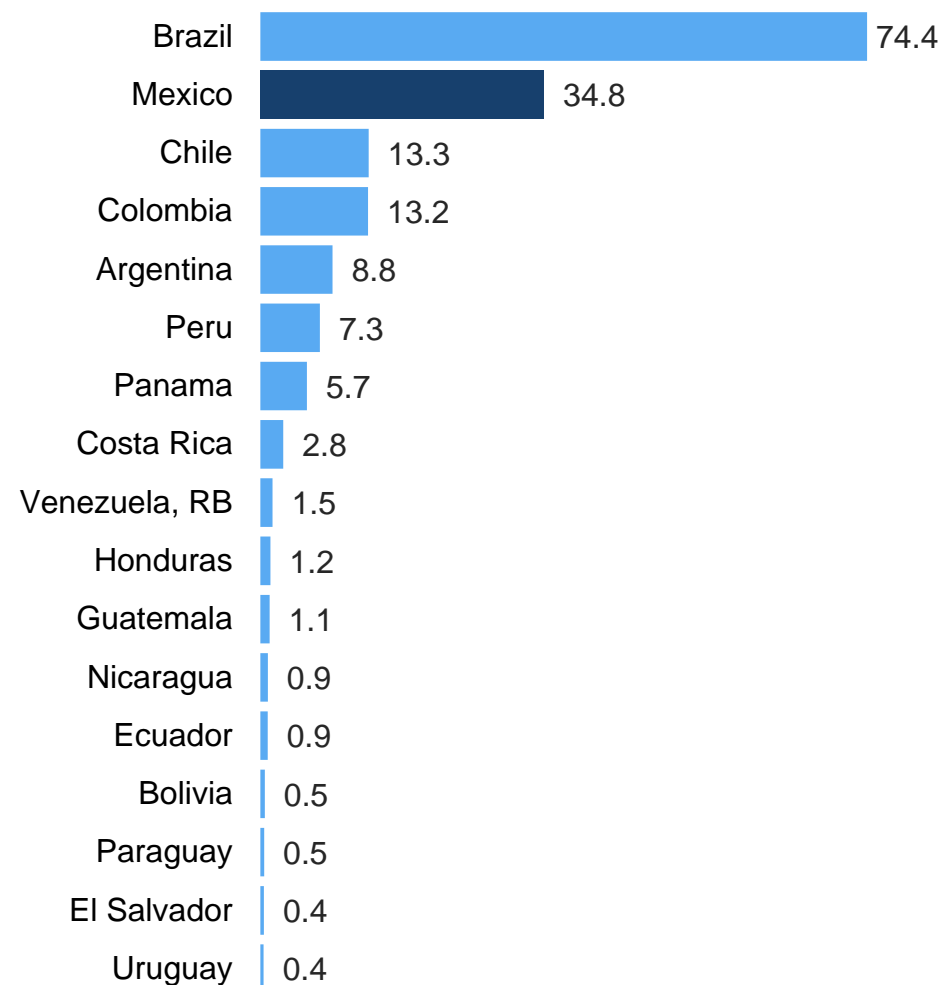
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# Mexico is one of the leading FDI destinations in the region but it could do better given the size of its economy

**FDI into Mexico and comparable countries**  
Net inflows, % of GDP



**Average FDI, 2015-2017**  
Net inflows, Current US\$ billion



## Foreign direct investment, net inflows (BoP, current US\$)

Foreign direct investment are the net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors. Data are in current U.S. dollars.

## Foreign direct investment, net inflows (% of GDP)

This series shows net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors, and is divided by GDP.

## Foreign direct investment into Mexico

In absolute term, FDI into Mexico is one of the highest in the region. It averages USD 34.8 billion annually over the last 3 years. As percentage of GDP, it has been behind those in Chile and Brazil.

# EXECUTIVE SUMMARY

## ECONOMIC PROFILE

Structure

Competitiveness

**Development**

## ECONOMIC OUTLOOK

Growth

Stability

- Mexico's per capita income is slightly higher than the regional average
- Poverty situation in Mexico has not improved much over the years
- Unemployment rate in Mexico has been decreasing and is currently lower than any other economy in the region
- Income distribution in Mexico is better than most in the region
- Mexico ranks 74<sup>th</sup> in the latest Human Development ranking, higher than Venezuela, Brazil, Peru and Colombia
- Quality of life in Mexico has been above the regional average level
- Mexico has not reached any of the 17 SDGs and faces major challenges in 10 of the goals

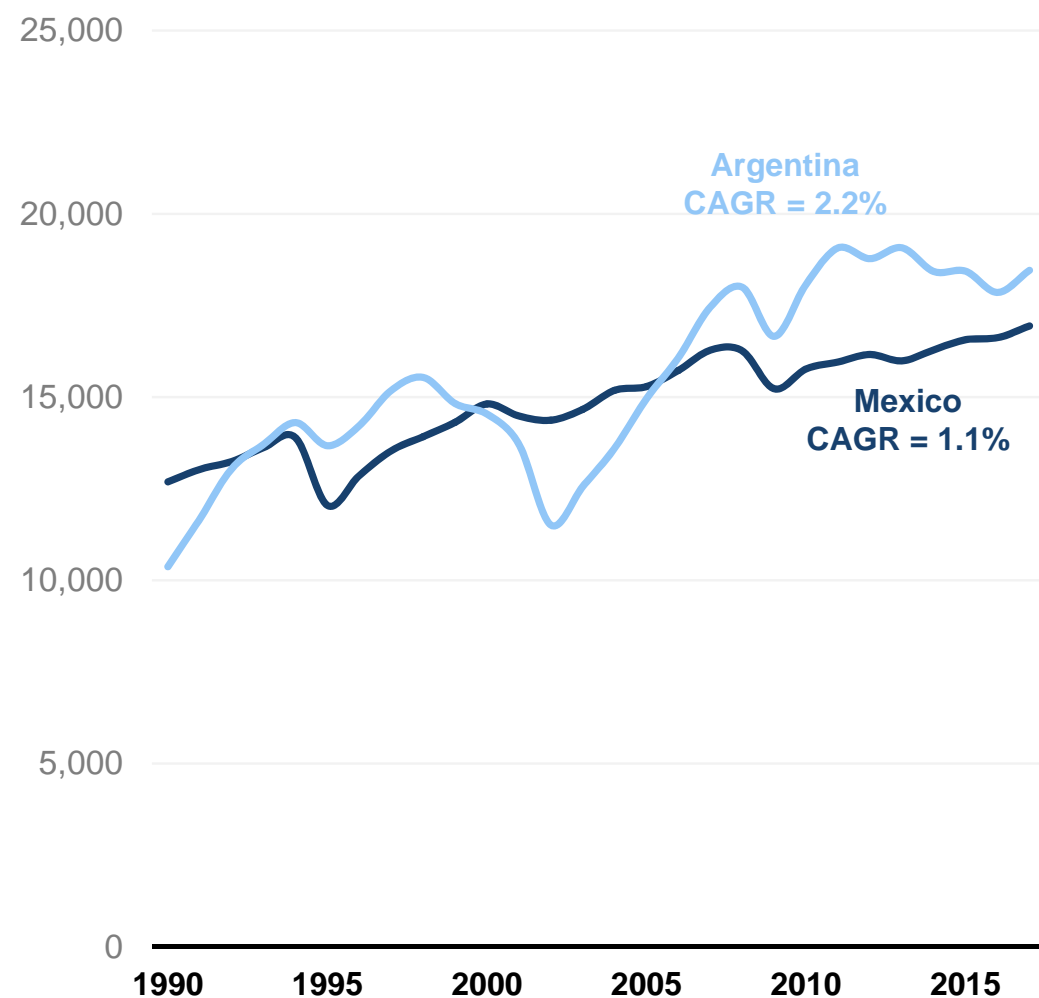
### **Economic Development**

Part of the country's economic profile, this section explores Mexico's economic development, average income and its distribution, human development index as well as other development indicators.

# Mexico's per capita income is slightly higher than the regional average

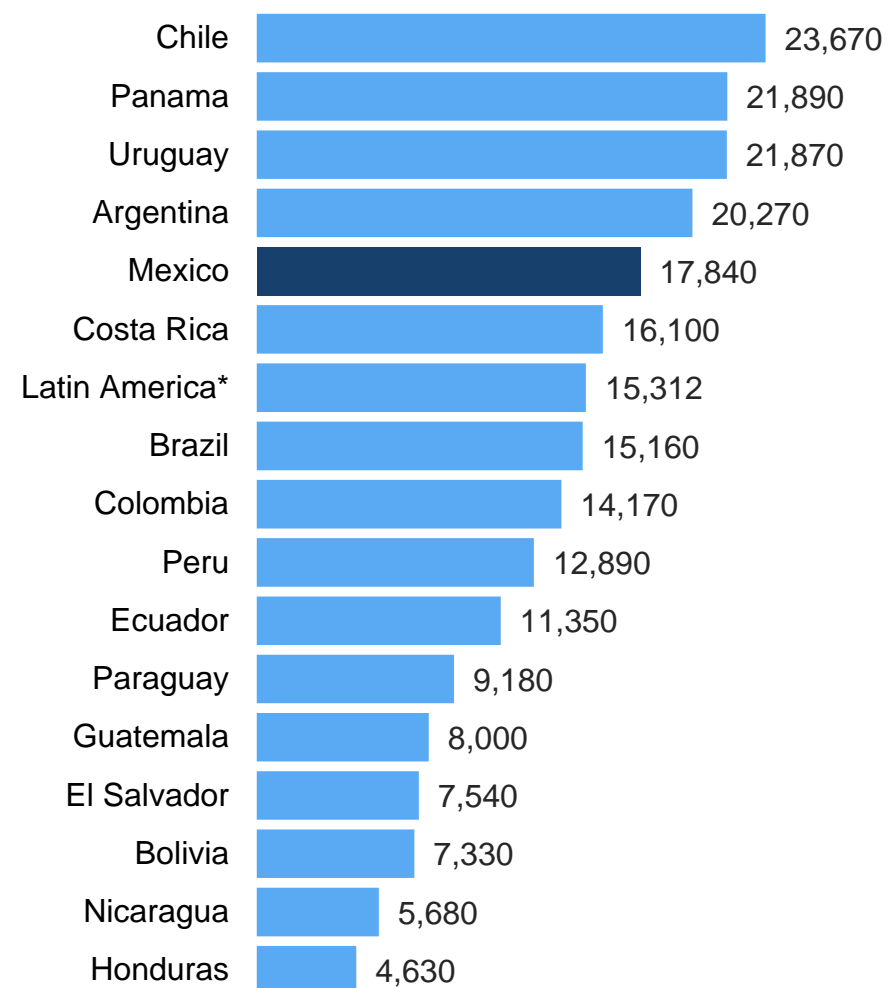
## Growth in GNI per capita

1990-2017, Purchasing Power Parity in 2011 international dollars



## GNI per capita comparison

2017, Purchasing Power Parity in current international dollars



## GNI per capita, PPP

GNI per capita based on purchasing power parity (PPP). PPP GNI is gross national income (GNI) converted to international dollars using purchasing power parity rates. An international dollar has the same purchasing power over GNI as a U.S. dollar has in the United States. GNI is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. The constant 2011 international dollars version is useful to calculate real growth while the current international dollars version is useful to compare per capita income level across countries.

## Mexico's per capita income

Mexico's per capita income is slightly higher than the regional average. It has grown 1.1% annually in real term over the past 27 years, much lower than those in Argentina.

Note: (\*) including Caribbean

Source: The World Bank; Charting Economy analysis

www.ChartingEconomy.com

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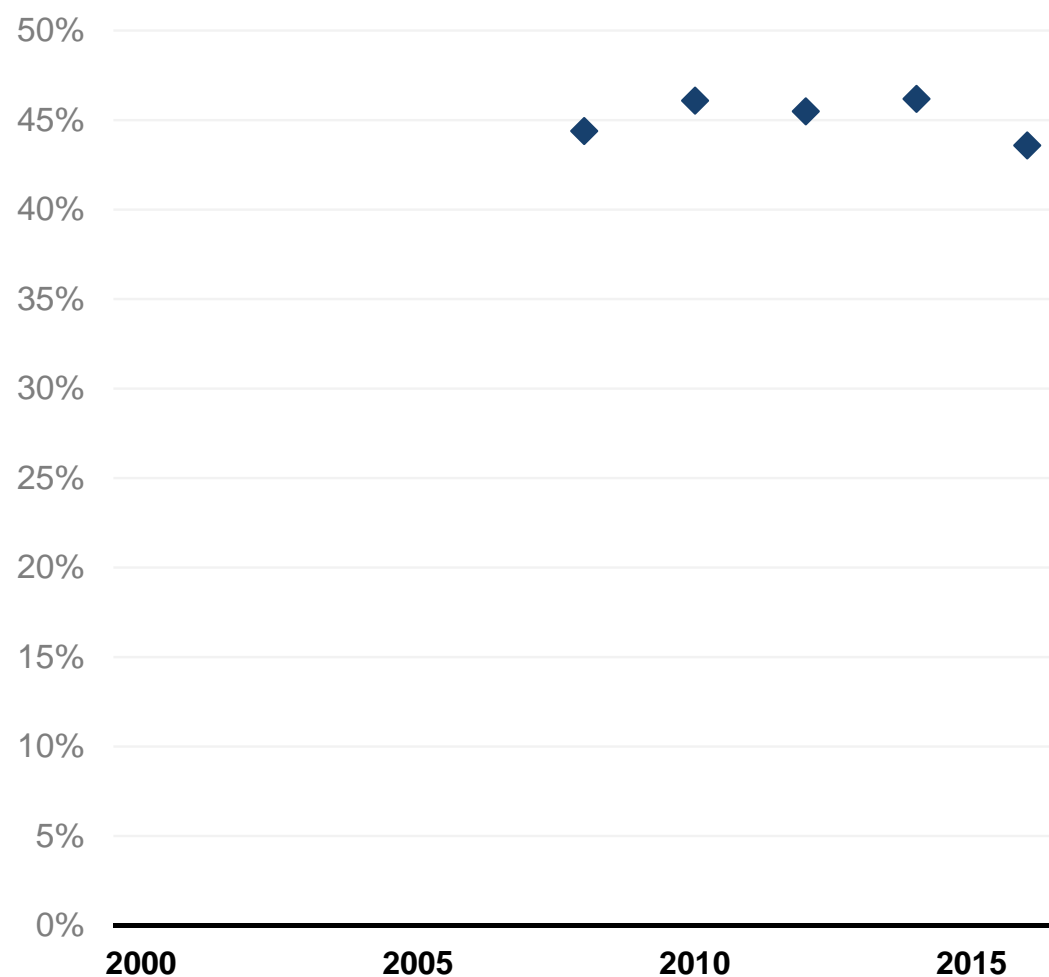
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# Poverty situation in Mexico has not improved much over the years

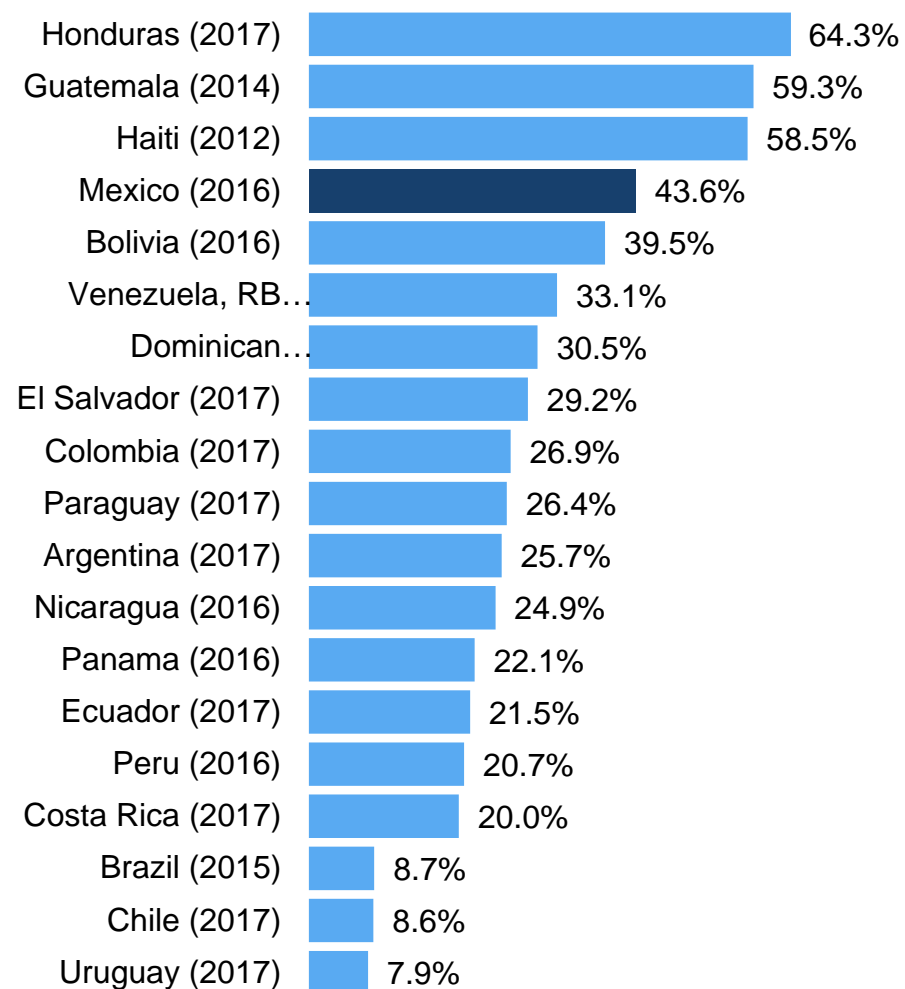
## Mexico's Poverty Headcount

% of population living below the national poverty line



## Comparable Poverty Headcount

% of population living below the national poverty line



### Poverty headcount

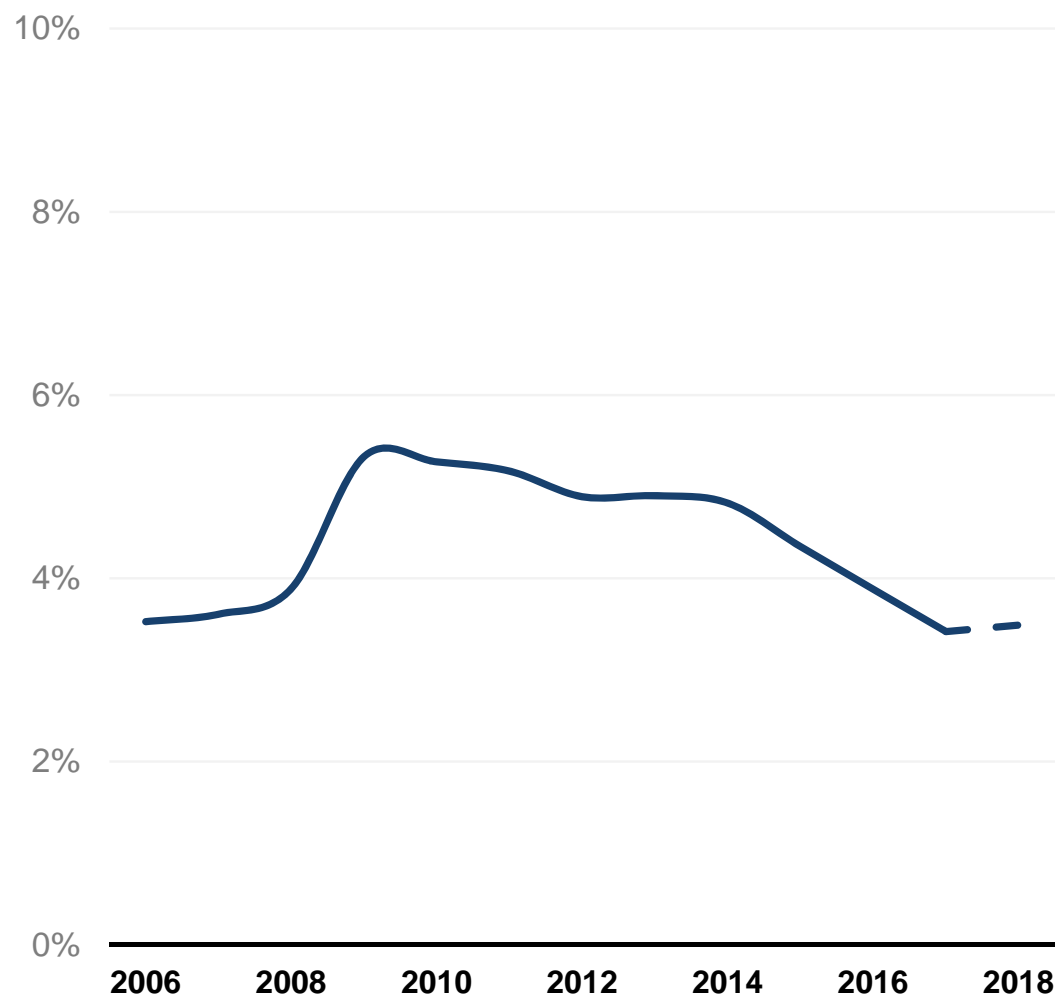
There can be various definitions of poverty, this chart shows the National poverty rate, which is the percentage of the population living below the national poverty line. National estimates are based on population-weighted subgroup estimates from household surveys.

### Mexico's poverty headcount

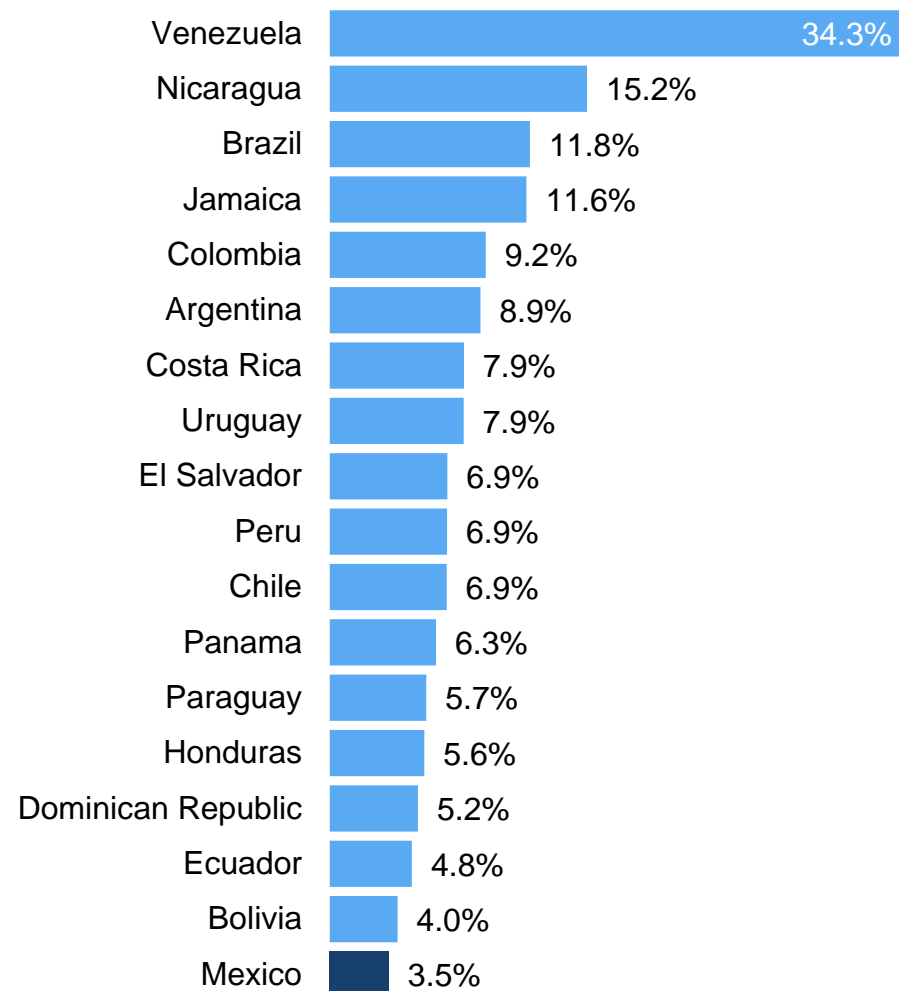
Despite its economic growth achievement, poverty situation in Mexico has not improved much over the years.

# Unemployment rate in Mexico has been decreasing and is currently lower than most in the region

**Unemployment rate in Mexico**  
% of total labor force



**Projected Unemployment rate\***  
2018, % of total labor force



Note: (\*) Forecasted by IMF in World Economic Outlook report, October 2018

Source: IMF; Charting Economy analysis

## Unemployment rate

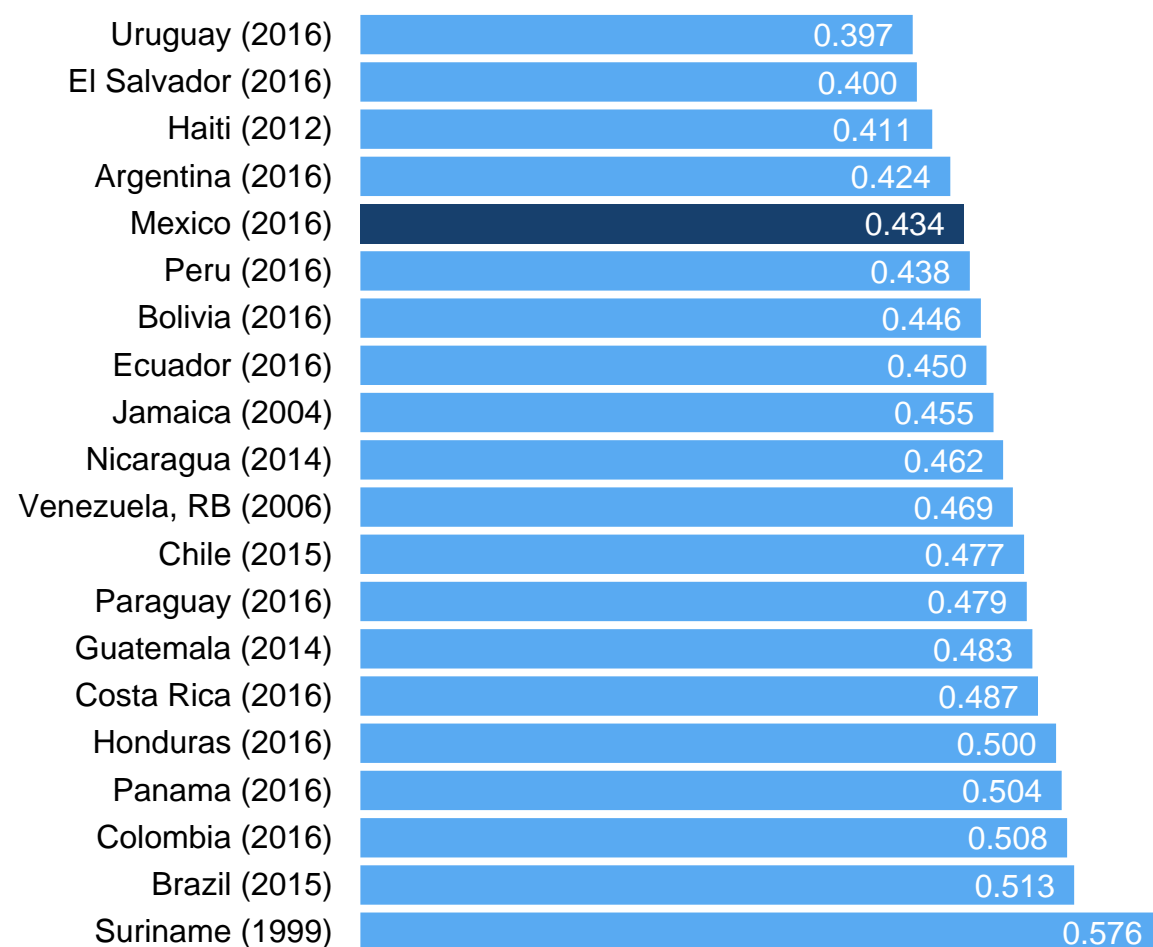
Unemployment rate can be defined by either the national definition, the ILO harmonized definition, or the OECD harmonized definition. The OECD harmonized unemployment rate gives the number of unemployed persons as a percentage of the labor force (the total number of people employed plus unemployed). As defined by the International Labour Organization, unemployed workers are those who are currently not working but are willing and able to work for pay, currently available to work, and have actively searched for work. For Mexico's data, it is defined by the National definition.

## Unemployment rate in Mexico

Unemployment rate in Mexico has been decreasing and is currently lower than most in the region. It is expected to be around 3.5% in 2018.

# Income distribution in Mexico is better than most in the region

## GINI Coefficient



- The Gini coefficient is a measure of inequality of a distribution of income
- It is defined as a ratio with values between 0 and 1
- Here, 0 corresponds to perfect income equality (i.e. everyone has the same income)
- 1 corresponds to perfect income inequality (i.e. one person has all the income, while everyone else has zero income)
- Therefore, the lower the ratio the better the income distribution.

### GINI coefficient

The Gini coefficient measures the inequality among values of a frequency distribution (for example levels of income). A Gini coefficient of zero expresses perfect equality where all values are the same (for example, where everyone has an exactly equal income). A Gini coefficient of one (100 on the percentile scale) expresses maximal inequality among values (for example where only one person has all the income).

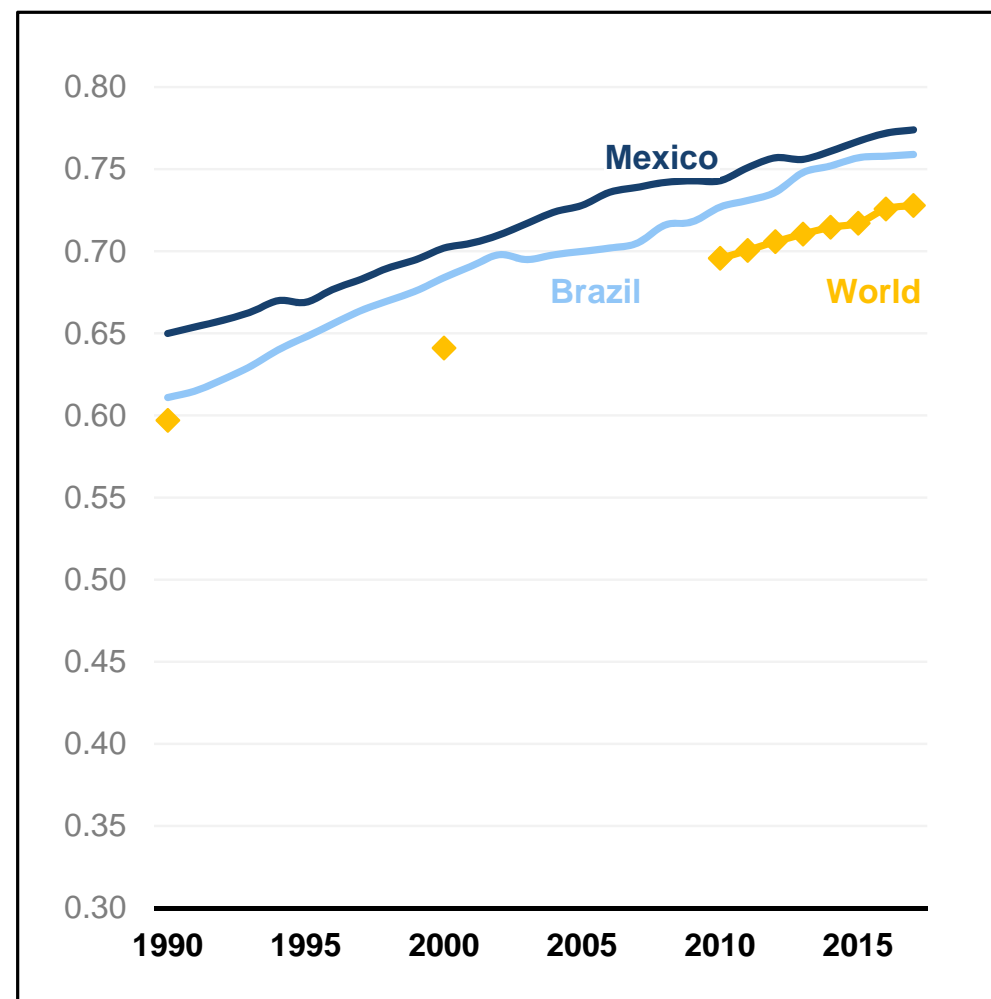
### Income distribution in Mexico

Income distribution in Mexico is better than most in the region. Its GINI coefficient was at 0.434 at the latest survey in 2016.

# Mexico ranks 74<sup>th</sup> in the latest Human Development ranking, higher than Venezuela, Brazil, Peru and Colombia

## Human Development Index (HDI)

Score 0-1, 1990-2017



## HDI scores and rank

2017, selected countries

Very High Human Development		High Human Development			
1	Norway	0.9530	63	Costa Rica	0.7940
5	Germany	0.9360	69	Trinidad and Tobago	0.7840
9	Singapore	0.9320	73	Cuba	0.7770
12	Canada	0.9260	74	<b>Mexico</b>	0.7740
13	United States	0.9240	78	Venezuela (Bolivia)	0.7610
14	United Kingdom	0.9220	79	Brazil	0.7590
24	France	0.9010	86	China	0.7520
44	Chile	0.8430	89	Peru	0.7500
47	Argentina	0.8250	90	Colombia	0.7470
49	Russian Federation	0.8160	100	Suriname	0.7200
55	Uruguay	0.8040	110	Paraguay	0.7020
Medium Human Development		Low Human Development			
118	Bolivia (Plurinational State of)	0.6930	153	Papua New Guinea	0.5440
121	El Salvador	0.6740	157	Nigeria	0.5320
124	Nicaragua	0.6580	158	Rwanda	0.5240
127	Guatemala	0.6500	161	Madagascar	0.5190
130	India	0.6400	168	Haiti	0.4980
133	Honduras	0.6170	170	Côte d'Ivoire	0.4920
136	Bangladesh	0.6080	180	Mozambique	0.4370
146	Cambodia	0.5820	183	Burkina Faso	0.4230
149	Nepal	0.5740	186	Chad	0.4040
150	Pakistan	0.5620	188	Central African Republic	0.3670
151	Cameroon	0.5560	189	Niger	0.3540

### Human Development Index

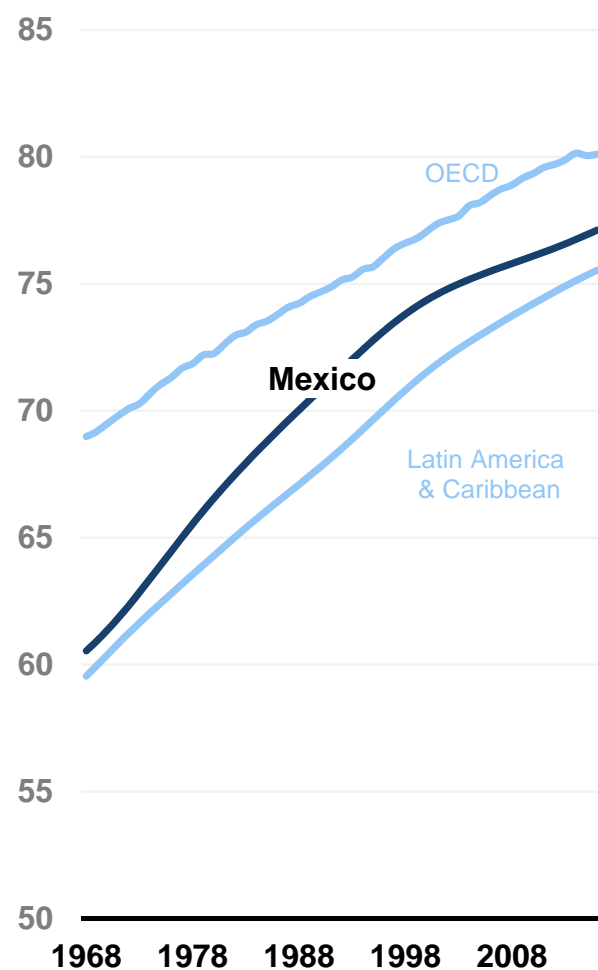
Human Development Index (HDI): A composite index measuring average achievement in three basic dimensions of human development—a long and healthy life, knowledge and a decent standard of living. HDI is calculated every year by UNDP.

### Mexico's HDI and ranking

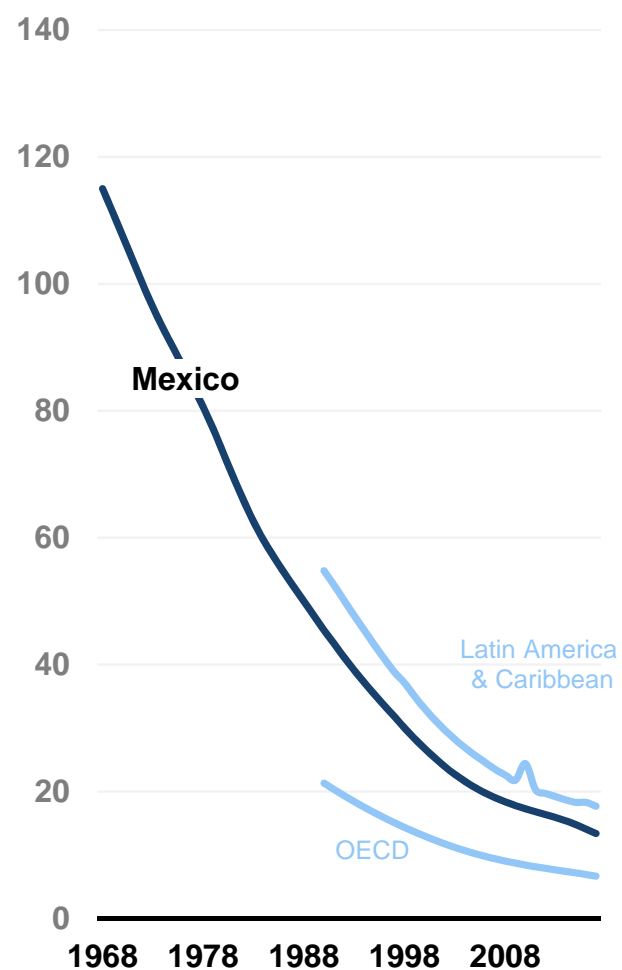
Mexico ranks 74th in the latest Human Development ranking, higher than Venezuela, Brazil, Peru and Colombia. It is in the High Human Development along with most in the region.

# Quality of life in Mexico has been above the regional average level

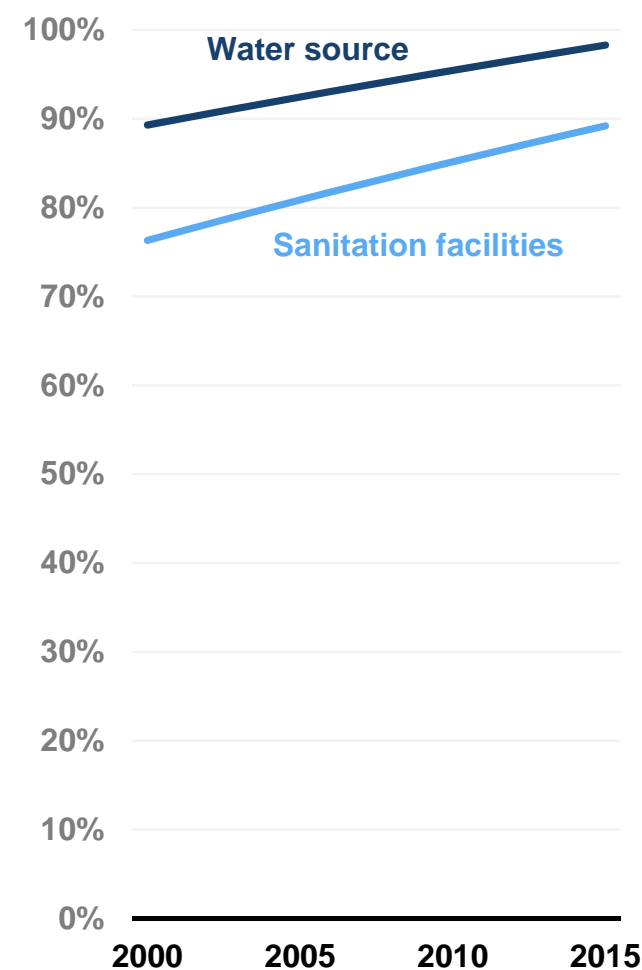
**Life expectancy at birth**  
Total (years)



**Mortality rate, Under-5**  
Per 1000 live births



**Life basic facilities**  
% of population with access



**Life expectancy at birth**

Life expectancy at birth indicates the number of years a newborn infant would live if prevailing patterns of mortality at the time of its birth were to stay the same throughout its life.

**Mortality rate under 5 per 1000 live births**

Under-five mortality rate is the probability per 1,000 that a newborn baby will die before reaching age five, if subject to current age-specific mortality rates.

**Water source access**

The percentage of people using at least basic water services. This indicator encompasses both people using basic water services as well as those using safely managed water services.

**Sanitation facilities access**

The percentage of people using at least basic sanitation services, that is, improved sanitation facilities that are not shared with other households.

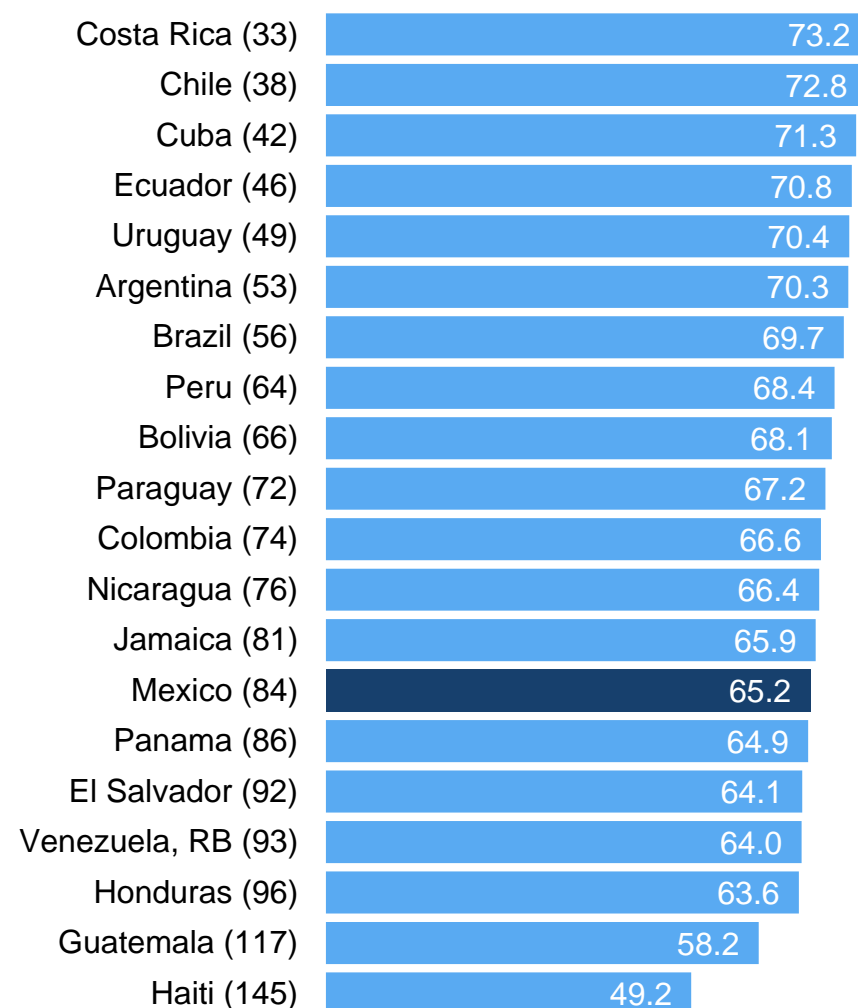
**Quality of life in Mexico**

Quality of life in Mexico has been above the regional average level.

# Mexico has not reached any of the 17 SDGs and faces major challenges in 10 of the goals

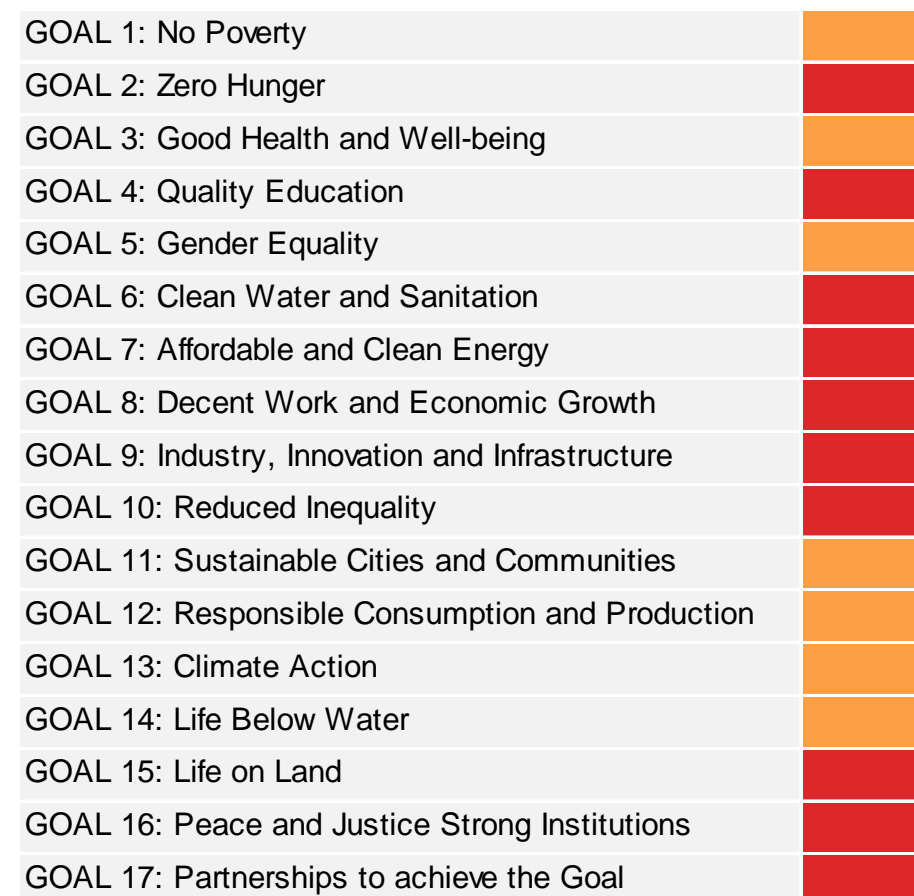
## The SDG Index score

Selected LAC countries, ( ) = Global rank



## Mexico's SDG Dashboard\*

2018



(\*) To assess a country's progress on a particular indicator, such absolute quantitative thresholds are introduced to differentiate between situations where an SDG threshold has been met (green), where significant challenges remain (yellow & orange), and where major challenges must be overcome if the country is to meet the goal (red).

## The SDG Index and Dashboards

Agenda 2030 and the Sustainable Development Goals (SDGs), which were adopted by all member states of the United Nations in 2015, describe a universal agenda that applies to and must be implemented by all countries, both developed and developing. To complement the official SDG indicators and voluntary country-led follow-up and review processes, the Sustainable Development Solutions Network (SDSN) and Bertelsmann Stiftung published annual global unofficial SDG index and Dashboards to enable countries to take stock of where they stand with regards to fulfilling the SDGs and to help countries set priorities for early action.

The SDG Index score signifies a country's position between the worst (0) and best (100) outcomes. An overall index score of 85.6 suggests that the country is on average 85.6% of the way to the best possible outcome across the 17 SDGs.

## Mexico's SDGs

Mexico has not reached any of the 17 SDGs and faces major challenges in 10 of the goals.



# EXECUTIVE SUMMARY

## ECONOMIC PROFILE

Structure

Competitiveness

Development

## ECONOMIC OUTLOOK

Growth

Stability

- Over the last 10 years, Mexico's economy has grown on average 2.0% per year, close to LATAM regional average
- In 2017 calendar year, Mexico's economy grew 2.1% driven mainly by the surge in Private Consumption
- On the production side, the growth was driven mainly by Commerce and Manufacturing while Mining was the main drag
- Mexico's economic expansion maintained its pace in 3Q18 with 2.5% year-on-year growth
- Larger contribution from Export was the main reason for the higher overall growth over the past 2 quarters
- Mexico's economic growth is projected to accelerate but would still be lower than most economies in the region

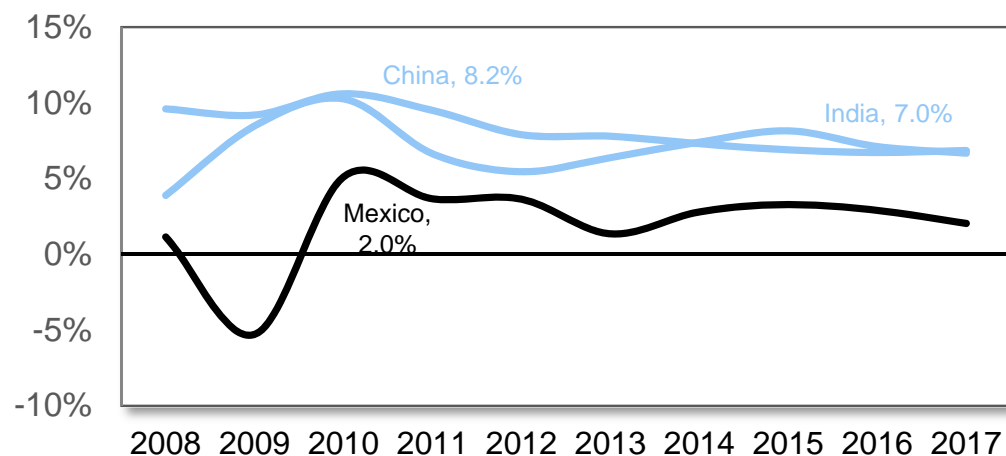
### Economic Growth

Part of the country's economic outlook, this section explores Mexico's recent economic growth, its key drivers and well as the growth outlook for the coming years.

# Over the last 10 years, Mexico's economy has grown on average 2.0% per year, close to LATAM regional average

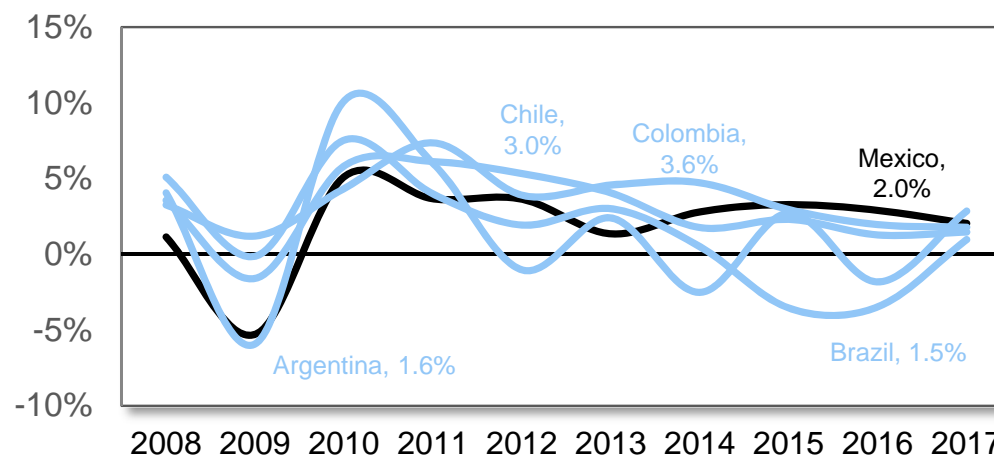
### Real GDP growth vs China and India

Annual percentage change



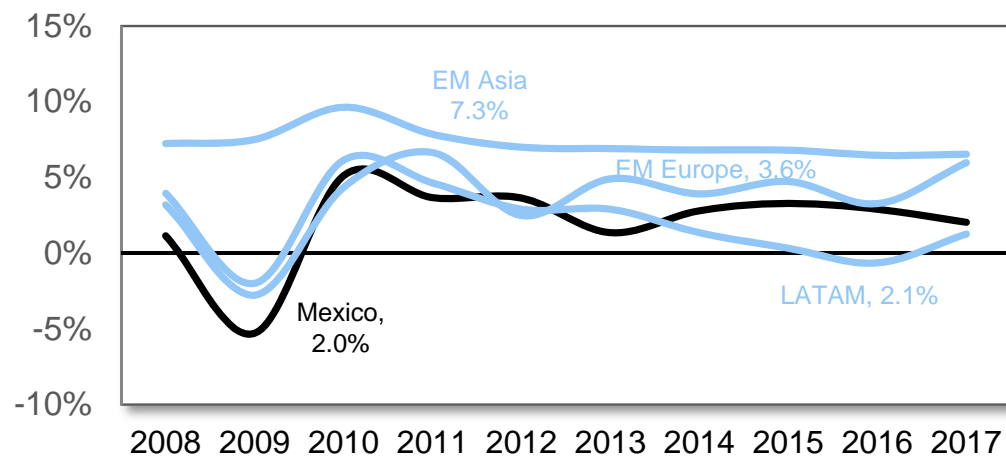
### Real GDP growth vs Peers

Annual percentage change



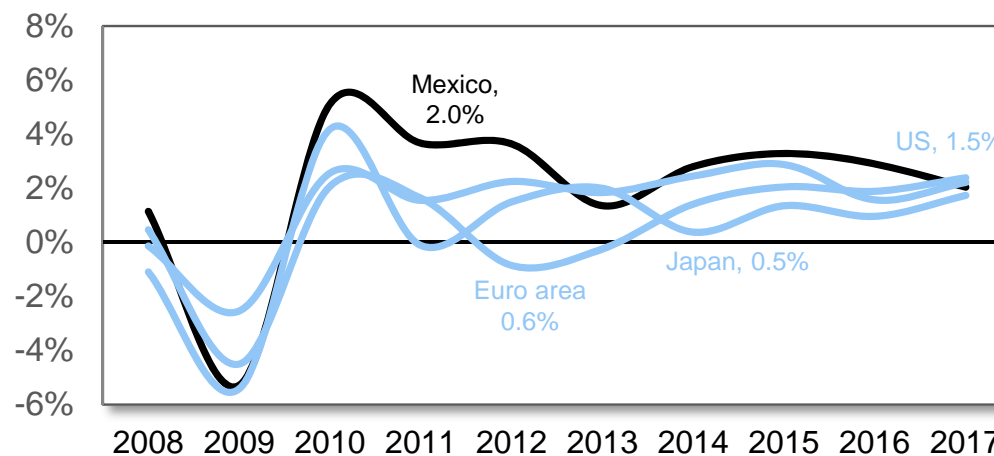
### Real GDP growth vs Emerging economies

Annual percentage change



### Real GDP growth vs Developed economies

Annual percentage change



## Economic growth

Economic growth is the increase in the amount of the goods and services produced by an economy over time. It is conventionally measured as the percent rate of increase in real gross domestic product, or real GDP. Growth is usually calculated in real terms – i.e., inflation-adjusted terms – to eliminate the distorting effect of inflation on the price of goods produced.

## Historical growth for Mexico's economy

Over the last 10 years, Mexico's economy has grown on average 2.0% per year, close to LATAM regional average

Note: (\*) Labels denote countries and their cumulative annual growth rate between 2008-2017

Source: IMF

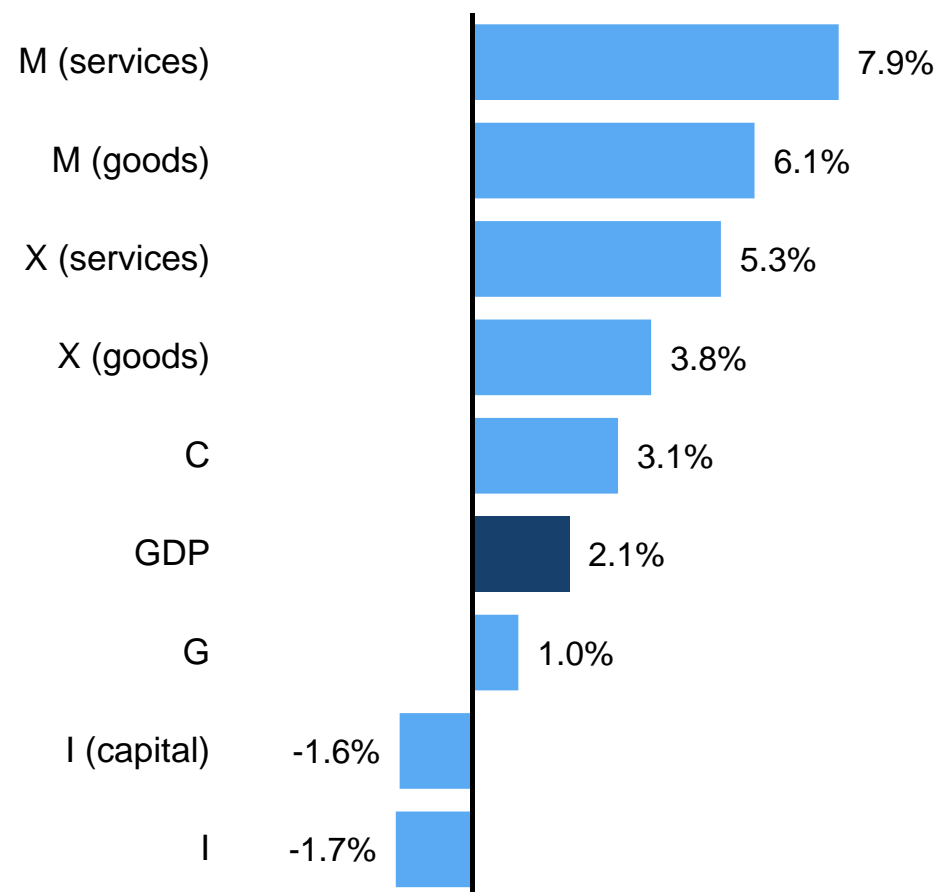
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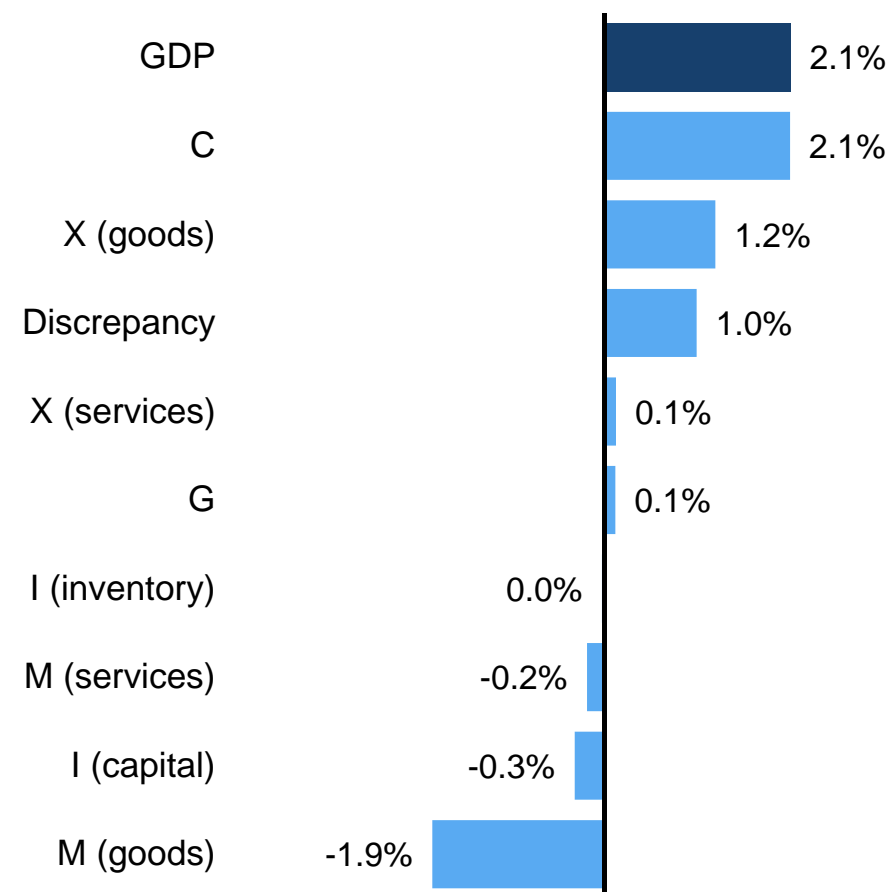
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# In 2017 calendar year, Mexico's economy grew 2.1% driven mainly by the surge in Private Consumption

**Real growth by expenditure**  
2017, % change from last year



**Contribution to GDP growth**  
Percentage point



Note: (\*) C = Private Consumption, I = Investment including: I (capital) = Fixed Capital formation and I (inventory) = change in inventory  
G = Public consumption, X = Export of goods and services, M = Import of goods and services

## Real growth by expenditure

Real GDP growth and the growth in each of its composition on the expenditure side which are C = Private Consumption, I = Investment including: I (capital) = Fixed Capital formation and I (inventory) = change in inventory G = Public consumption, X = Export of goods and services, M = Import of goods and services.

## Source of Growth

Growth contribution shows portions of the total growth from each composition. They must add up to the total growth but in case of Mexico, GDP growth is calculated using Chained Value Measured (CVM) which has Non-additive characteristic, i.e. the sum of all parts do not equal the total.

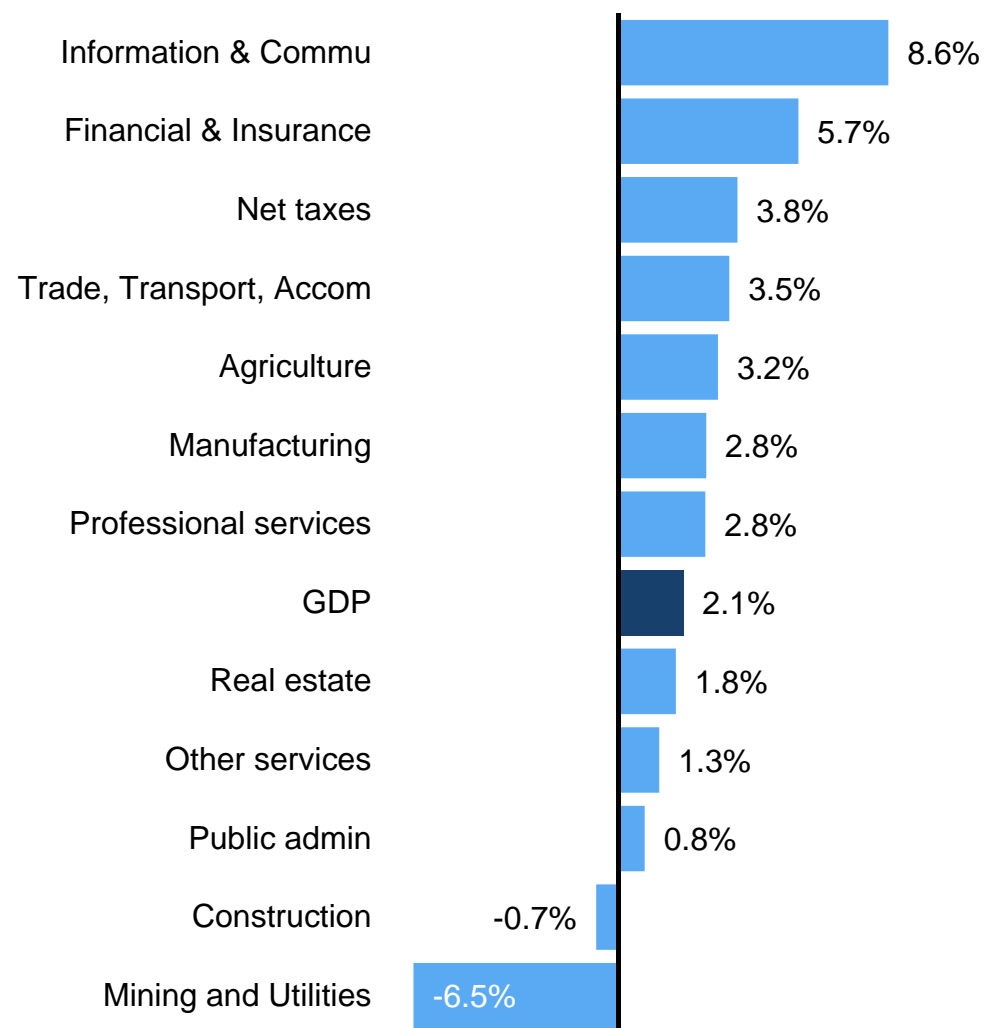
## Growth drivers for Mexico's economy in 2017

In 2017 calendar year, Mexico's economy grew 2.1% driven mainly by the surge in Private Consumption. Increase in Import, a deduction to GDP, was the main drag on the overall growth.

# On the production side, the growth was driven mainly by Commerce and Manufacturing while Mining was the main drag

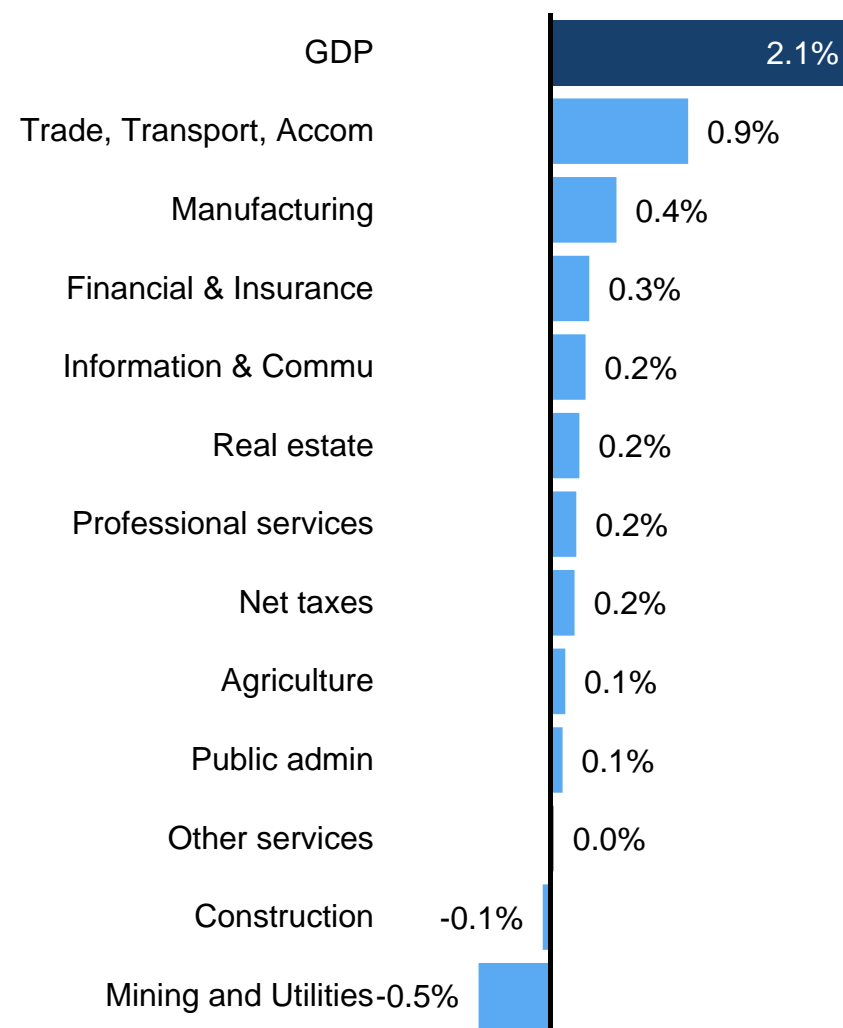
## Real growth by production sectors

2017, % change of value added from last year



## Contribution to GDP growth

Percentage point



### Real GDP growth by production sectors

It shows the real growth rate of value add from each production sector.

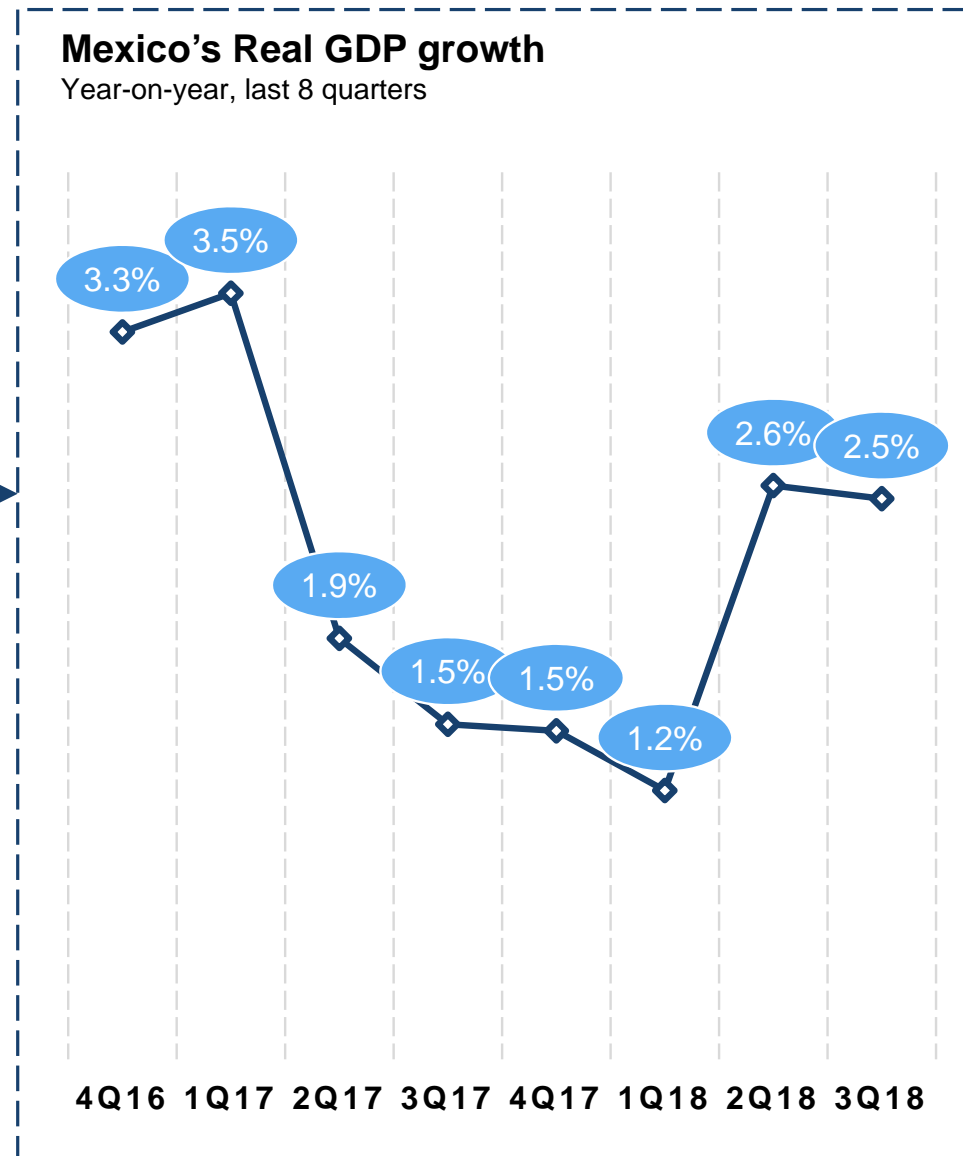
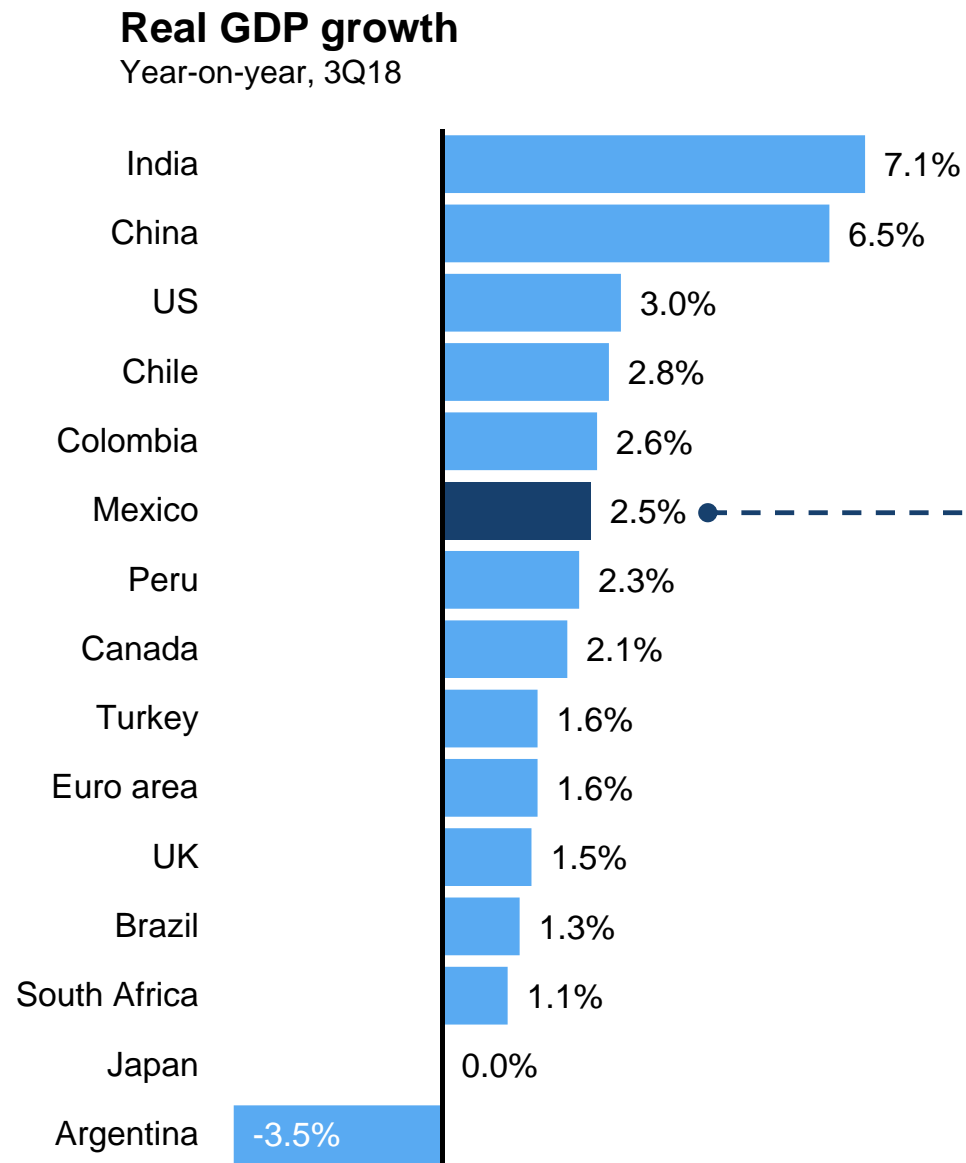
### Source of Growth

GDP growth contribution from production sectors shows each sector's contribution to the total GDP growth. The contribution from each sector must add up to the total GDP growth. In case of Brazil, GDP growth is calculated using Chained Value Measured (CVM) which has Non-additive characteristic, i.e. the sum of all parts do not equal the total.

### Most contributing sectors for Mexico's economy in 2017

On the production side, the growth was driven mainly by Commerce and Manufacturing while Mining was the main drag.

# Mexico's economic expansion maintained its pace in 3Q18 with 2.5% year-on-year growth



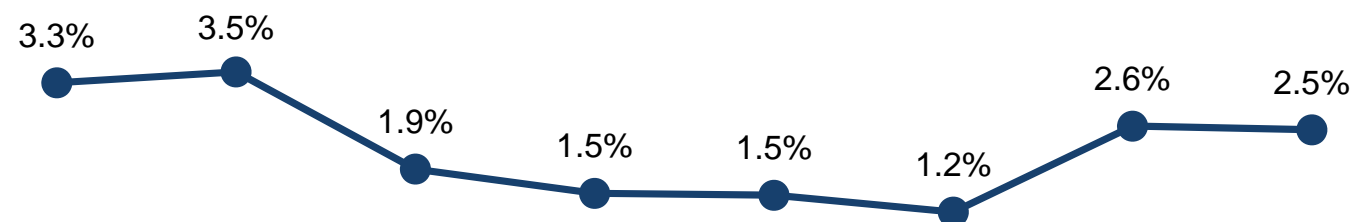
**GDP growth in the latest quarter**  
Real GDP growth in the latest quarter from major economies in the world sorted from highest to lowest.

**GDP growth for Mexico's economy in latest quarter**  
Mexico's economic expansion maintained its pace in 3Q18 with 2.5% year-on-year growth.

# Larger contribution from Export was the main reason for the higher overall growth over the past 2 quarters

## Contribution to GDP growth

Year-on-year, percentage point



	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
<b>C</b>	2.4%	2.3%	2.3%	2.2%	1.6%	1.5%	1.9%	1.5%
<b>G</b>	0.4%	0.4%	0.1%	0.0%	0.0%	0.2%	0.4%	0.1%
<b>I (capital)</b>	0.2%	0.1%	-0.6%	-0.2%	-0.6%	0.2%	0.7%	0.1%
<b>I (inventory)</b>	0.0%	0.0%	-0.1%	0.0%	0.0%	0.1%	-0.1%	0.1%
<b>I</b>	0.1%	0.1%	-0.7%	-0.2%	-0.6%	0.3%	0.6%	0.2%
<b>X</b>	1.6%	3.2%	1.5%	-0.3%	1.1%	0.7%	2.9%	3.0%
<b>M</b>	-1.1%	-2.6%	-1.7%	-1.9%	-2.4%	-1.9%	-2.6%	-2.3%

Note: (\*) C = Private Consumption, I = Investment including: I (capital) = Fixed Capital formation and I (inventory) = change in inventory  
 G = Public consumption, X = Export of goods and services, M = Import of goods and services  
 (\*\*) GDP = C + I + G + X - M

### Source of Growth

Growth contribution shows portions of the total growth from each composition. They must add up to the total growth. Import is a deduction to GDP and the growth in Import contributes negatively to the overall GDP growth.

### Growth drivers for Mexico's economy

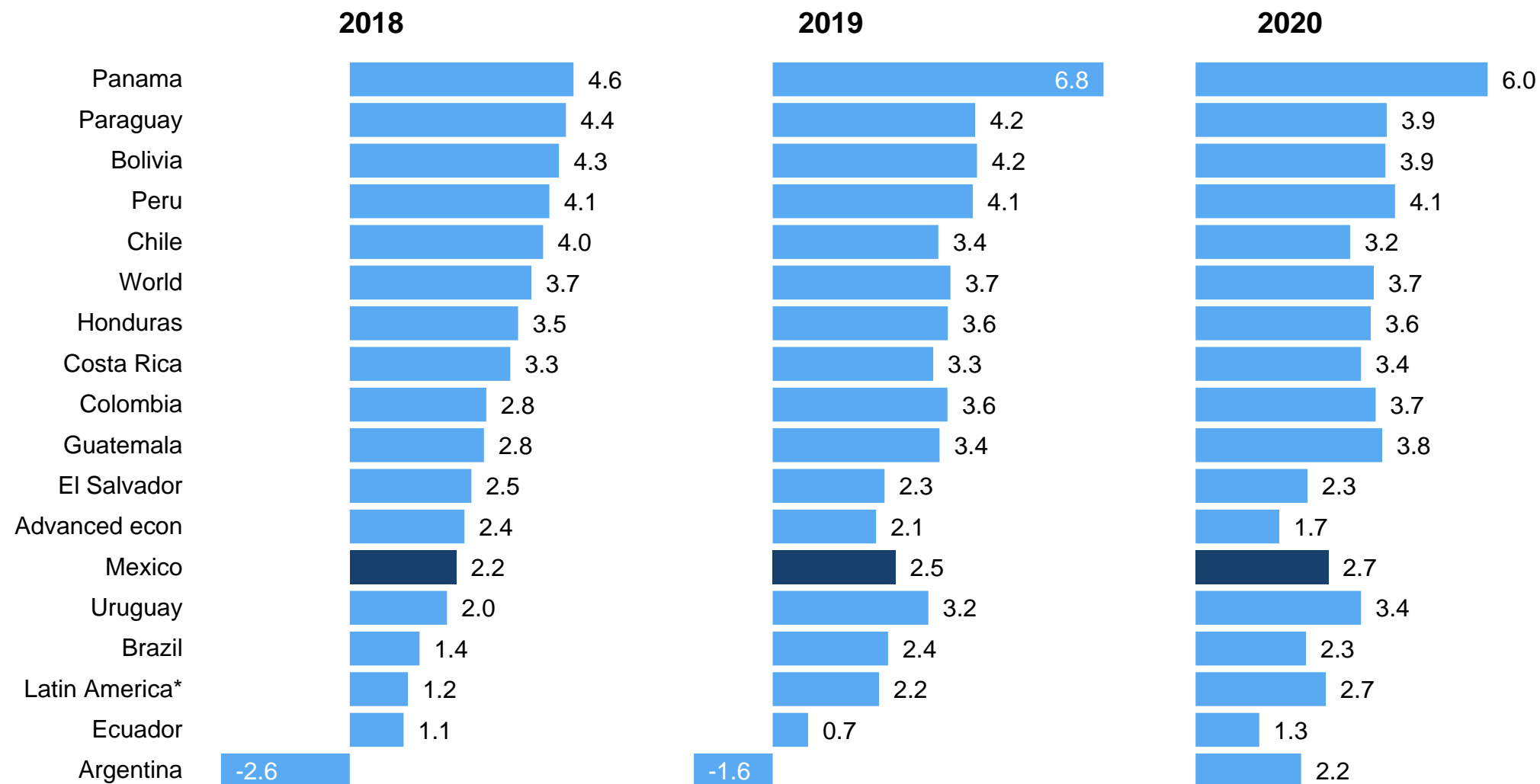
Larger contribution from Export was the main reason for the higher overall growth over the past 2 quarters.



# Mexico's economic growth is projected to accelerate but would still be lower than most economies in the region

## GDP growth projections

% of real growth from the year before



Note: (\*) including the Caribbean

Source: IMF World Economic Outlook October 2018

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### GDP growth projections

GDP growth projection is an exercise done by various parties, international and domestic. We use the projections by International Monetary Fund which releases in its World Economic Outlook report in April and October of every year.

### Growth Projections for Mexico's economy

Mexico's economic growth is projected to accelerate but would still be lower than most economies in the region.

# EXECUTIVE SUMMARY

## ECONOMIC PROFILE

Structure

Competitiveness

Development

## ECONOMIC OUTLOOK

Growth

Stability

- Inflation in Mexico is expected to decrease and be within the central bank's target range in 2019
- The Central Bank of Mexico raised its policy interest rate 4 times in 2018 to shore up the Peso value and ward off inflation
- Mexico's bank capital can adequately cover its NPL, and compares well with others
- Mexico's recent fiscal improvement is expected to continue while its public debt level is getting close to dangerous level
- Mexico has relied on net capital inflow to finance its current account deficit which is expected to continue in 2018
- Mexico's international reserves are adequate to cover its short-term debt and import needs
- Mexican Peso appreciated 0.2% against USD and outperformed most currencies in the region in 2018

### **Economic Stability**

Part of the country's economic outlook, this section explores Mexico's macro economic risks, including inflation, financial sector, budget deficit as well as balance of payment and exchange rate.

# Inflation in Mexico is expected to decrease and be within the central bank's target range in 2019

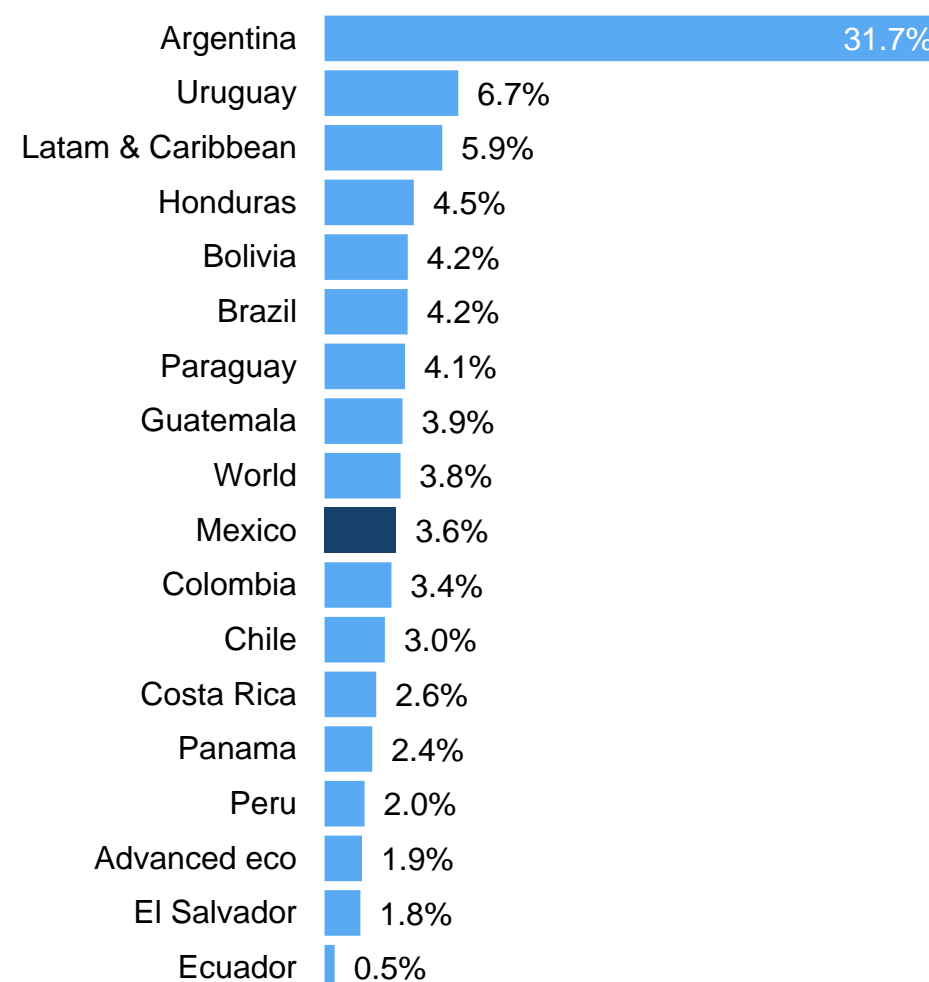
## Inflation in Mexico

Annual percentage change in consumer price index



## Projected Inflation\*

2019, annual percentage change in CPI



### Inflation

Inflation is normally calculated from the change in the Consumer Price Index (CPI). CPI is the general price level of goods and services purchased by consumers.

### Inflation in Mexico

Inflation in Mexico is expected to decrease and be within the central bank's target range in 2019.

Note: (\*) Forecasted by IMF in World Economic Outlook report, October 2018

Source: IMF

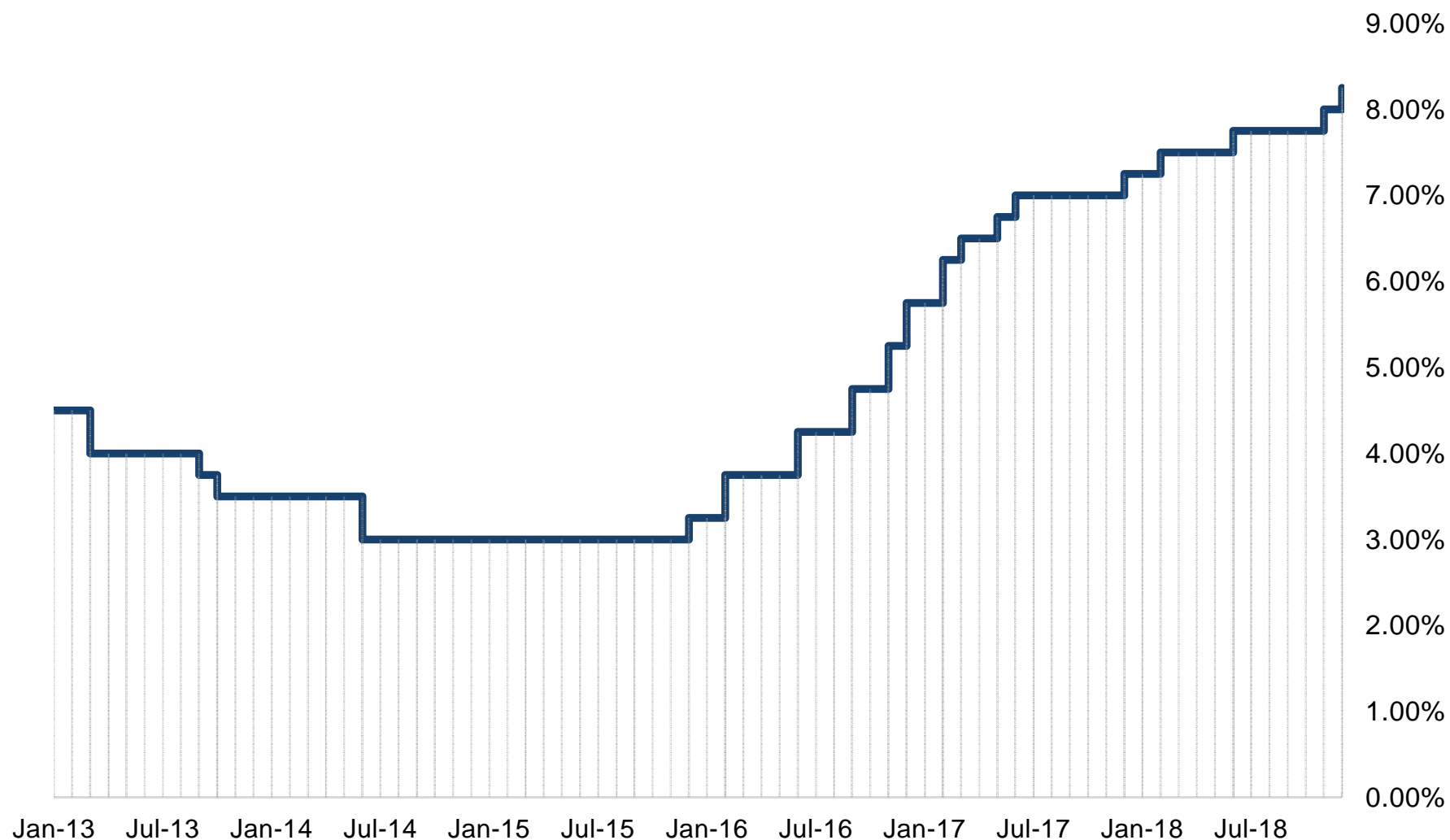
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# The Central Bank of Mexico raised its policy interest rate 4 times in 2018 to shore up the Peso value and ward off inflation

**Overnight interbank rate (tasa de fondeo bancario)**  
Percent, annualized



Source: Banco de Mexico

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## Policy Interest rate

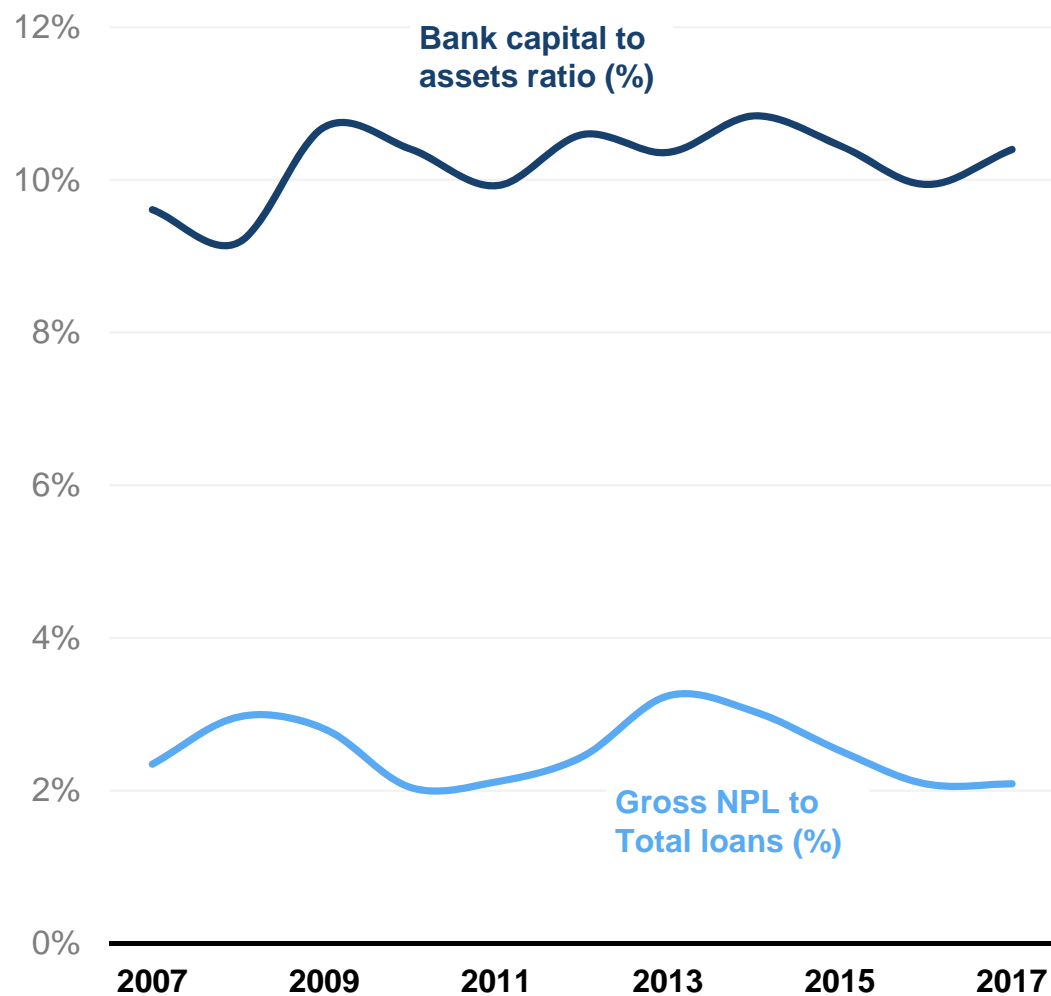
Banco de Mexico (Banxico) the central bank of Mexico. Monetary policy is the set of actions taken by Banco de México to influence interest rates and inflation expectations in order to make price behavior consistent with the goal of ensuring an environment of low and stable inflation. The overnight interest rate or tasa de fondeo bancario is Mexico's policy interest rate determined by the board of governors during their monthly meeting.

## Latest development

The Central Bank of Mexico raised its policy interest rate 5 times in 2016 to shore up the Peso value. The pressure came mainly from Trump's presidential victory. It further raised its policy interest rate 5 times in 2017 and 4 times in 2018 to shore up the Peso value and ward off inflation.

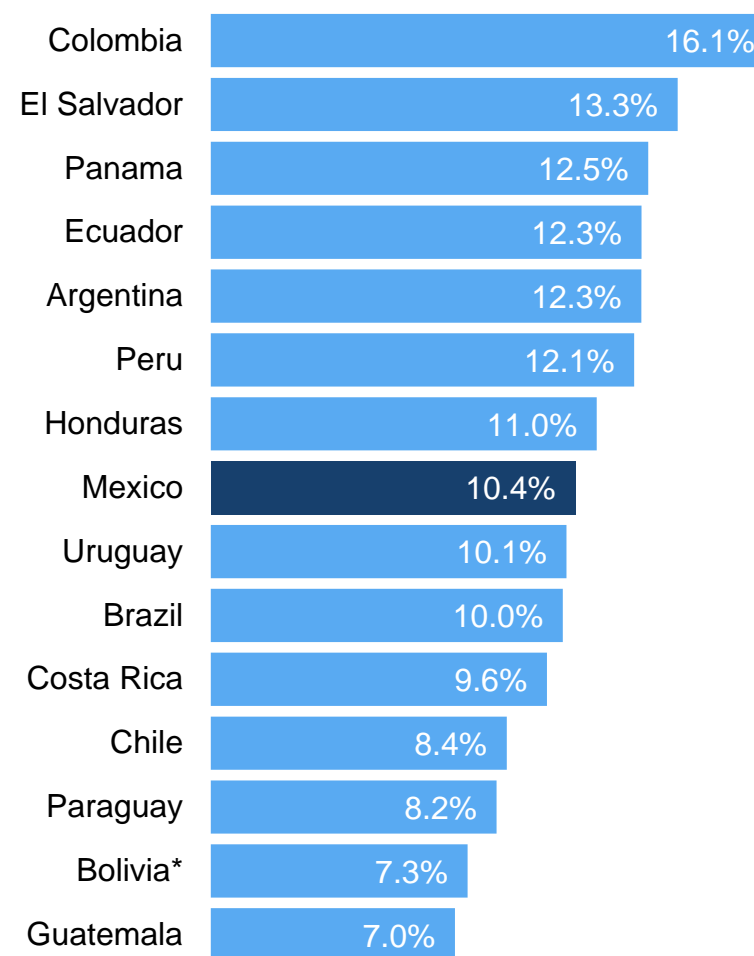
# Mexico's bank capital can adequately cover its NPL, and compares well with other emerging economies

Mexico's Banking sector



Bank Capital ratio

2017, % of assets



## Stability in banking sector

Stability in banking sector is achieved when there is a high capital ratio as well as low bad debt among banks. Capital ratio is bank capital divided by assets. Bad debt is usually measured by gross non-performing loan divided by total loans.

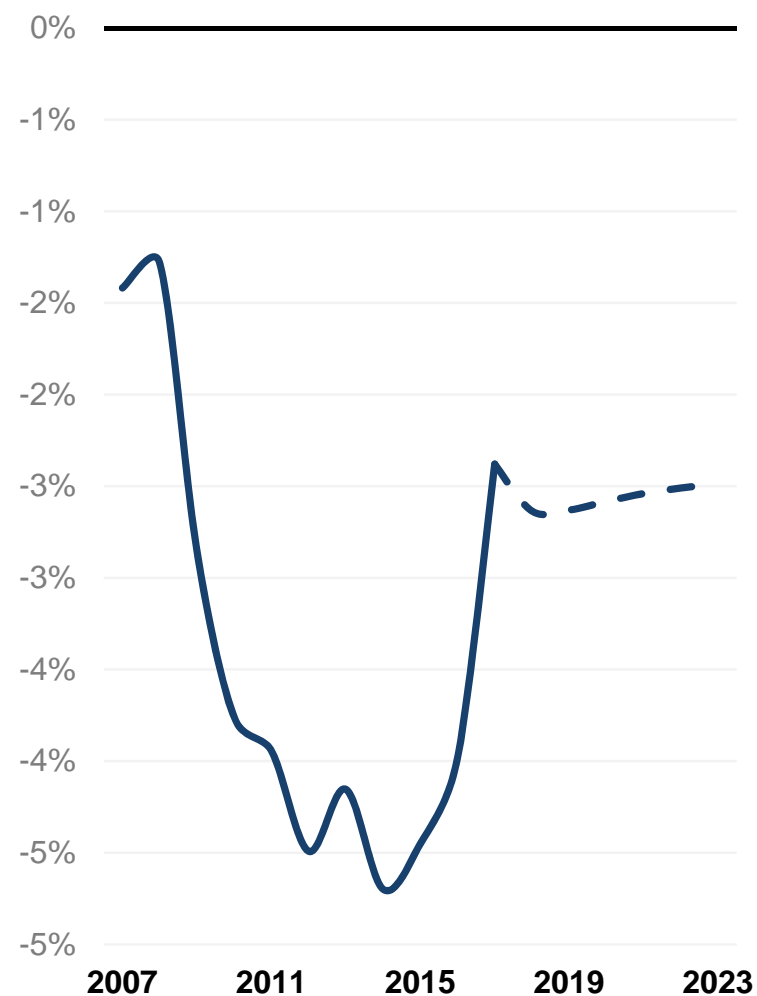
## Mexico's banking sector

Mexico's bank capital can adequately cover its NPL, and compares well with other emerging economies.

# Mexico's recent fiscal improvement is expected to continue while its public debt level is getting close to dangerous level

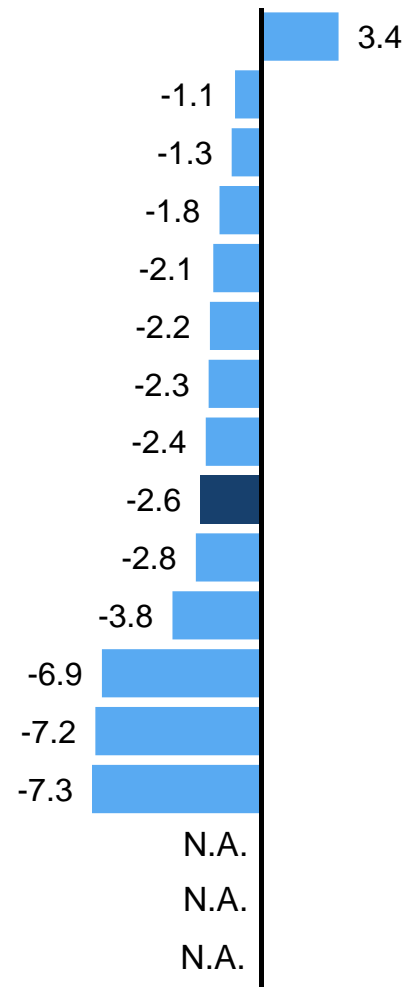
## Mexico's General government structural balance\*

% of GDP



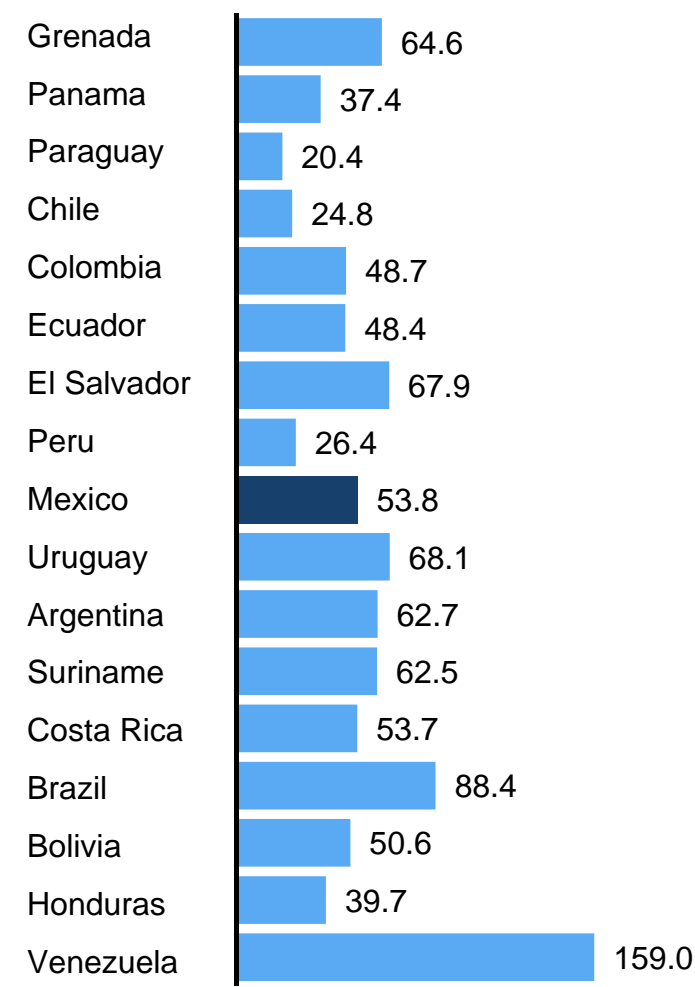
## Projected General government structural balance\*

2018, % of GDP



## Projected General government debt\*

2018, % of GDP



Note: (\*) Forecasted by IMF in World Economic Outlook report, October 2018

Source: IMF

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### Fiscal or Government budget balance

Budget balances are the government revenues net of the government expenditures. When compared across countries, it is commonly standardized in the form of percentage of GDP.

### Public debt

Public debt includes direct government debt, debt of State Enterprises and others. When compared across countries, it is commonly standardized in the form of percentage of GDP. Public debt of over 60% of GDP is widely considered dangerous.

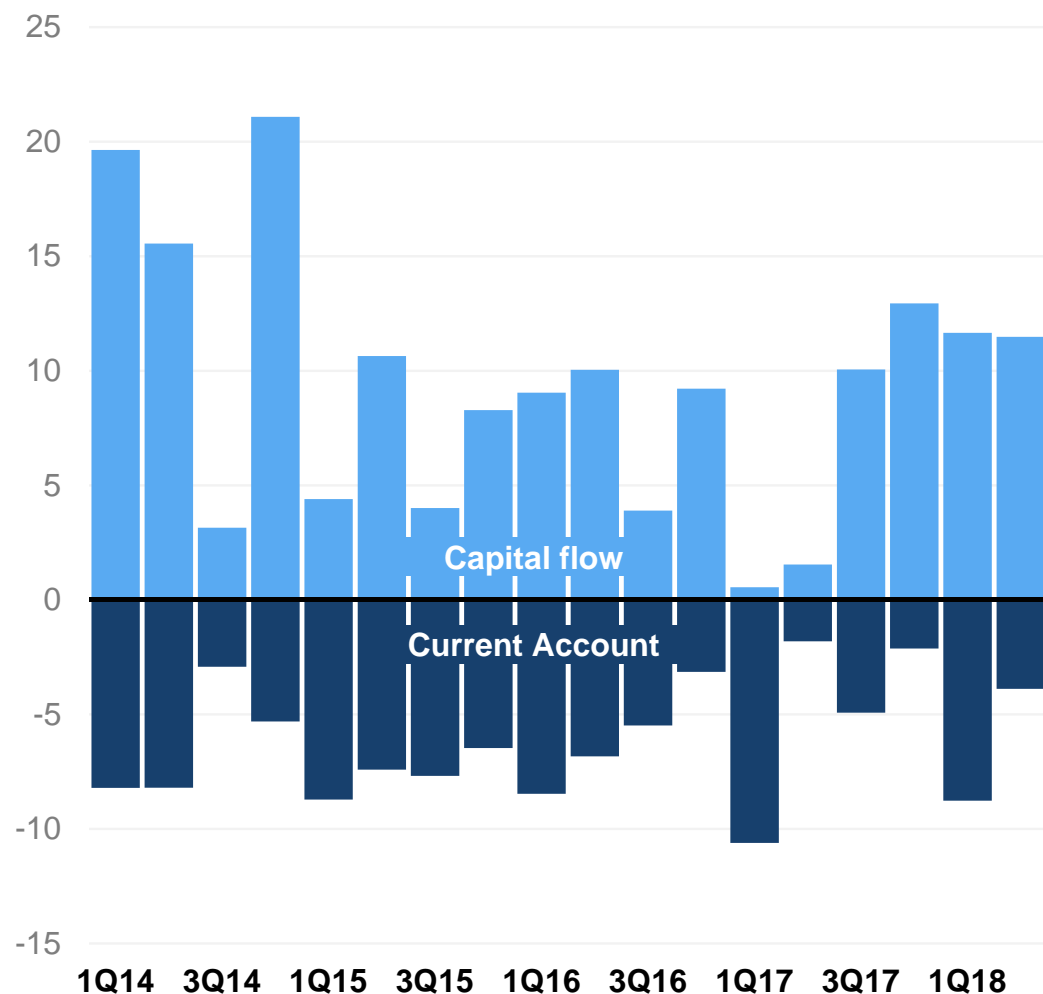
### Mexico's fiscal situation

Mexico's recent fiscal improvement is expected to continue while its public debt level is getting close to dangerous level (60% of GDP). Therefore, more austerity measures can be expected over the next few years.

# Mexico has relied on net capital inflow to finance its current account deficit which is expected to continue in 2018

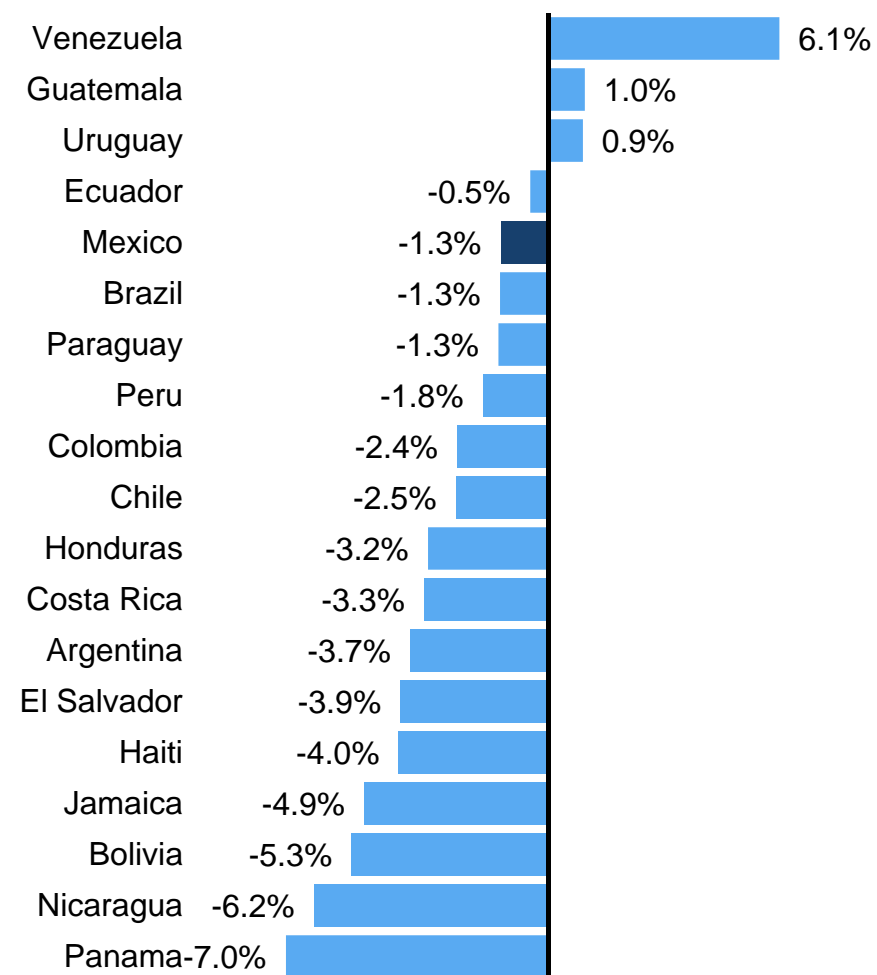
## Mexico's Balance of Payment

USD billion



## Projected Current Account balance

2018\*, % of GDP



### Balance of Payment

Essentially, Balance of Payment equals Current Account plus Capital flow. Current Account balance equals Trade balance plus Net Services. Current Account balance reflects the capability of a country to obtain foreign exchange through commercial means while Capital flow include capital and financial accounts.

### Mexico's Balance of Payment

Mexico has relied on net capital inflow to finance its current account deficit which is expected to continue in 2018.

Note: (\*) Forecasted by IMF in World Economic Outlook report, October 2018

Source: IMF, BCRP; Charting Economy analysis

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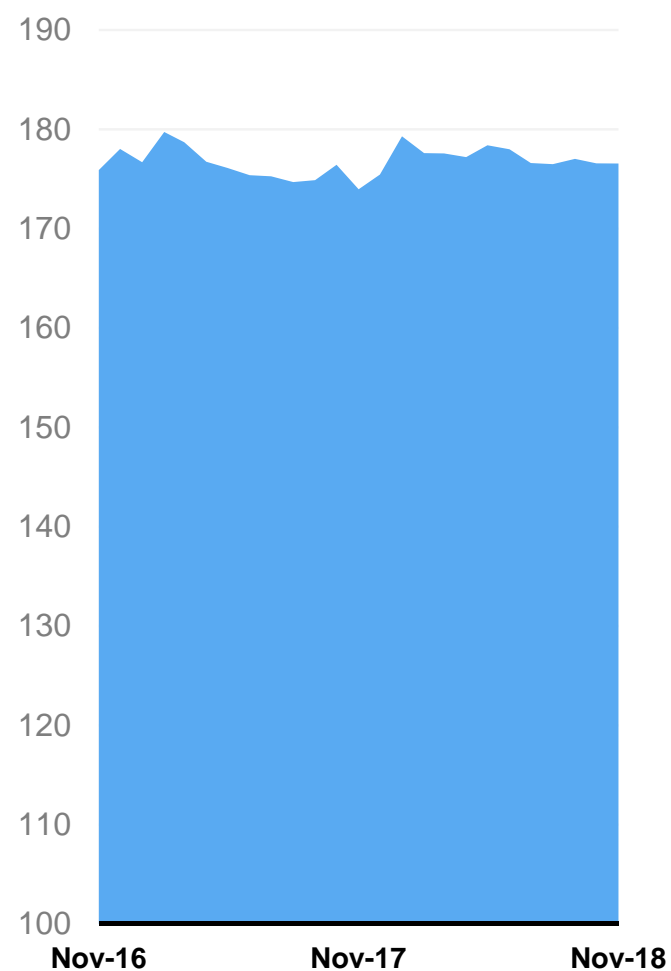
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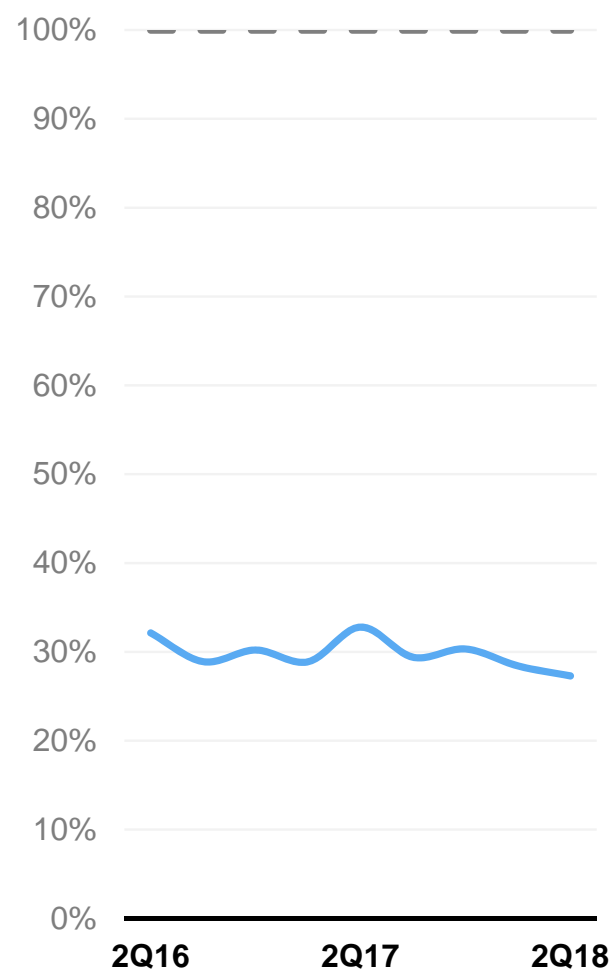


# Mexico's international reserves are adequate to cover its short-term debt and import needs

**International Reserves**  
USD billion

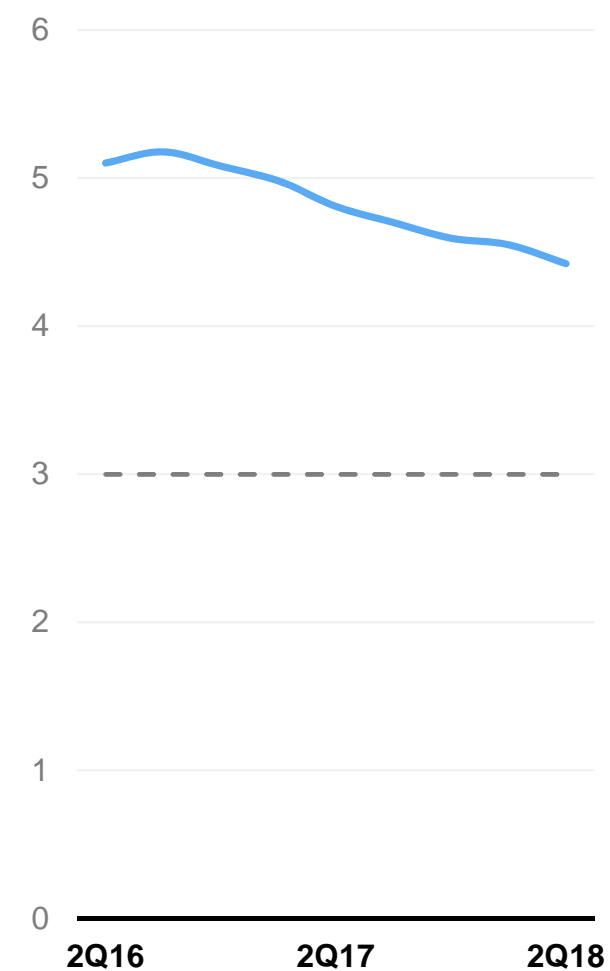


**Short-term External Debt**  
% of international reserves



**Import Cover**

International reserves as months of import



## International reserves

International reserve assets refer to external assets that are held or controlled by central bank and are readily available for immediate uses, for instance, in financing payment imbalances or in implementing exchange rate policy.

## External debt

External debt refers to the remaining outstanding portion of liabilities (excluding equity) which residents have over nonresidents of an economy. Short-term external debt should not exceed the country's international reserves.

## Import Cover

Ratio of the country's international reserves to the average value of its import of goods and services per month. A country should be able to cover at least 3 months of Import.

## Mexico's International Wealth

Mexico's international reserves are adequate to cover its short-term debt and import needs.

# Mexican Peso appreciated 0.2% against USD and outperformed most currencies in the region in 2018

## Currency Performance Analysis

Change in value against USD, percentage

Return Analysis	1-year (2018)	3-year (2016-2018)	5-year (2014-2018)
Japan - JPY	2.4%	9.4%	-4.5%
Mexico - MXN	0.2%	-11.7%	-33.4%
El Salvador - SVC	0.0%	0.3%	-0.2%
Ecuador - ECS	0.0%	0.0%	0.0%
Panama - PAB	0.0%	0.0%	0.0%
Bolivia - BOB	0.0%	-0.3%	-0.4%
Honduras - HNL	-3.2%	-9.2%	-16.9%
Peru - PEN	-4.1%	0.8%	-17.3%
Euro - EUR	-4.5%	4.9%	-17.0%
UK - GBP	-5.6%	-14.0%	-22.9%
Costa Rica - CRC	-6.2%	-11.1%	-17.5%
Paraguay - PYG	-6.5%	-3.0%	-23.2%
Canada - CAD	-7.9%	1.8%	-21.9%
Colombia - COP	-8.1%	-2.4%	-40.6%
Uruguay - UYU	-11.1%	-8.0%	-34.8%
Chile - CLP	-11.3%	2.1%	-24.2%
Brazil - BRL	-14.6%	2.1%	-39.1%
Argentina - ARS	-50.5%	-65.6%	-82.7%
Venezuela - VEF	-100.0%	-100.0%	-100.0%

### Exchange rate

A stable exchange rate is preferred in the world where most countries adopt floating rate policy. Volatile exchange rate can certainly harm international trade and investment.

### Mexico's exchange rate

Mexican Peso appreciated 0.2% against USD and outperformed most currencies in the region in 2018.

# Mexican Peso has been quite volatile against USD especially in 2<sup>nd</sup> and 4<sup>th</sup> quarter

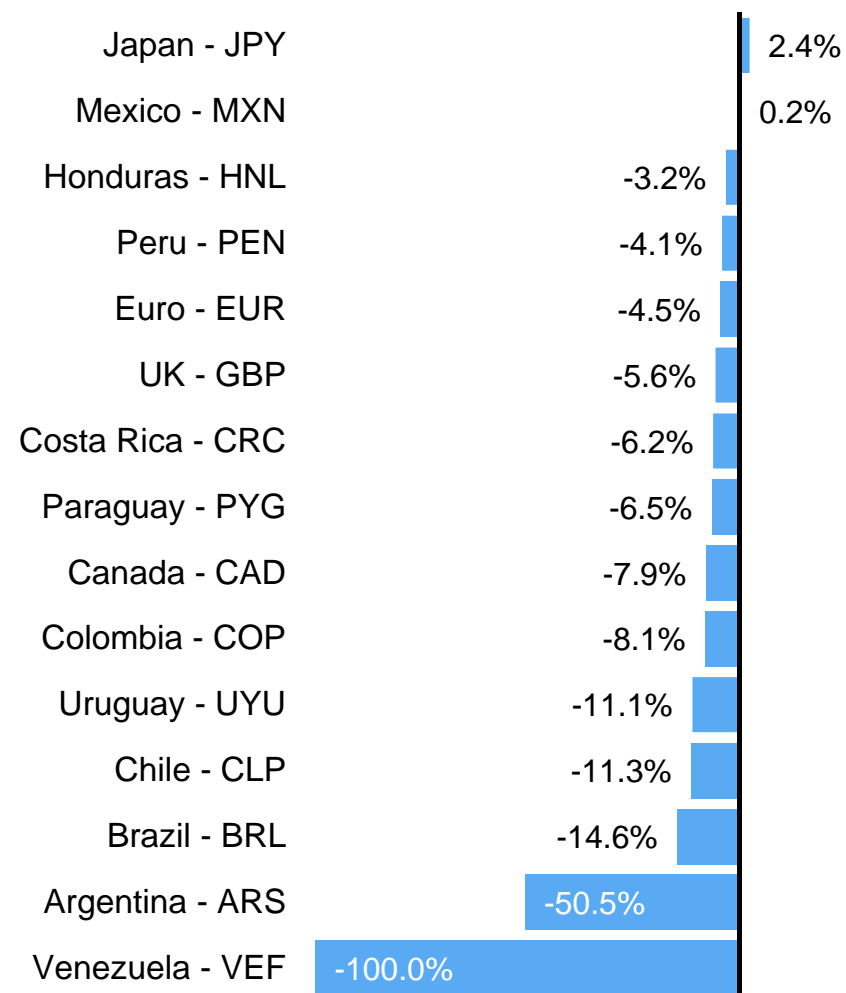
## Mexican Peso Exchange Rate

Per USD, mid point



## YTD change in currency values

Against USD, as of 31 Dec 2018



### Exchange rate

A stable exchange rate is preferred in the world where most countries adopt floating rate policy. Volatile exchange rate can certainly harm international trade and investment.

### YTD change in Mexico's exchange rate

Mexican Peso has been quite volatile against USD especially in 2<sup>nd</sup> and 4<sup>th</sup> quarter.

APPENDIX 1:

# **KEY PROJECTIONS**

**From IMF's World Economic Outlook Report  
October 2018**

# KEY PROJECTIONS: MEXICO'S ECONOMY

Indicators	Units	2015	2016	2017	2018	2019	2020	2021	2022	2023	Estimates Start After
Current account balance	% of GDP	-2.5	-2.2	-1.7	-1.3	-1.3	-1.5	-1.6	-1.6	-1.6	2016
Current account balance	Billion USD	-29.8	-23.3	-19.4	-15.3	-16.0	-19.7	-22.1	-23.0	-24.0	2016
General government gross debt	% of GDP	52.83	56.76	54.33	53.82	53.68	53.74	53.72	53.69	53.63	2017
General government structural balance	% of potential GDP	-4.45	-3.98	-2.38	-2.64	-2.63	-2.58	-2.54	-2.51	-2.49	2017
Gross domestic product per capita, constant prices	National currency	142,835	145,450	146,924	148,677	150,988	153,686	156,679	159,910	163,295	2017
Gross domestic product per capita, constant prices, PPP	2011 USD	17,618	17,941	18,123	18,339	18,624	18,957	19,326	19,725	20,142	2017
Gross domestic product per capita, current prices	National currency	153,310	164,515	176,373	188,097	198,426	208,565	219,734	231,704	244,362	2017
Gross domestic product per capita, current prices, PPP	Current USD	18,816	19,370	19,938	20,645	21,412	22,211	23,065	23,978	24,959	2017
Gross domestic product per capita, current prices	U.S. dollars	9,674	8,815	9,319	9,614	9,866	10,282	10,733	11,208	11,705	2017
Gross domestic product, constant prices	% Change	3.3	2.9	2.0	2.2	2.5	2.7	2.9	3.0	3.0	2017
Gross domestic product, current prices	Billion USD	1,170.6	1,077.8	1,151.0	1,199.3	1,242.4	1,306.8	1,376.3	1,449.8	1,527.0	2017
Gross national savings	% of GDP	20.7	21.6	21.4	21.2	20.8	20.7	20.7	20.9	21.0	2017
Inflation, average consumer prices	% change	2.7	2.8	6.0	4.8	3.6	3.0	3.0	3.0	3.0	2017
Population	Million persons	121.0	122.3	123.5	124.7	125.9	127.1	128.2	129.4	130.5	2017
Unemployment rate	% of total labor force	4.3	3.9	3.4	3.5	3.5	3.5	3.5	3.5	3.5	2017

APPENDIX 2:

## **DOING BUSINESS 2019**

**Detailed rankings and scores for Mexico  
and comparable economies**

# It takes just over a week to start a business in Mexico, although the associated cost can be quite high

## Starting a business rank

Economy	Rank	DTF*	Procedure - Men (number)	Time - Men (days)	Cost - Men (% of income per capita)	Procedure - Women (number)	Time - Women (days)	Cost - Women (% of income per capita)	Paid-in min. capital (% of income per capita)
New Zealand	1	100.0	1	0.5	0.2	1	0.5	0.2	0.0
Panama	48	92.1	5	6.0	5.4	5	6.0	5.4	0.0
Uruguay	65	89.8	5	6.5	22.6	5	6.5	22.6	0.0
Chile	72	89.1	7	6.0	5.7	7	6.0	5.7	0.0
Guatemala	89	86.7	6	15.0	18.1	6	15.0	18.1	0.6
Mexico	94	85.9	7.83	8.4	16.2	7.83	8.4	16.2	0.0
Colombia	100	85.3	8	11.0	14.0	8	11.0	14.0	0.0
Dominican Republic	117	83.4	7	16.5	14.1	7	16.5	14.1	31.3
Peru	125	82.4	8	24.5	9.9	8	24.5	9.9	0.0
Argentina	128	82.0	11	11.0	5.3	11	11.0	5.3	0.0
Brazil	140	80.2	10.61	20.5	5.0	10.61	20.5	5.0	0.0
Costa Rica	142	79.9	10	23.0	9.5	10	23.0	9.5	0.0
El Salvador	147	78.4	9	16.5	45.1	9	16.5	45.1	2.7
Paraguay	151	77.5	7	35.0	40.3	7	35.0	40.3	0.0
Honduras	154	77.1	11	13.0	40.7	11	13.0	40.7	0.0
Ecuador	168	70.6	11	48.5	21.2	11	48.5	21.2	0.0
Bolivia	178	64.3	14	43.5	46.0	14	43.5	46.0	0.0
Suriname	182	60.7	8	66.0	93.4	9	67.0	93.4	0.0
Haiti	189	33.8	12	97.0	200.3	12	97.0	200.3	12.4
Venezuela, RB	190	25.0	20	230.0	391.3	20	230.0	391.3	0.0

### Starting a Business

This topic measures the paid-in minimum capital requirement, number of procedures, time and cost for a small- to medium-sized limited liability company to start up and formally operate. To make the data comparable across 190 economies, Doing Business uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. The most recent round of data collection for the project was completed in June 2018.

### Starting a Business in Mexico

It takes just over a week to start a business in Mexico, although the associated cost can be quite high.

Note: (\*) An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier

Source: Doing Business 2019

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# Getting construction permits in Mexico requires 15 procedures and almost 3 months to complete

## Dealing with Construction Permits rank

Economy	Rank	DTF*	Procedures (number)	Time (days)	Cost (% of warehouse value)	Building quality control index (0-15)
Hong Kong SAR, China	1	88.2	11	72	0.62	14.0
Chile	33	75.9	12	195	1.27	13.0
Peru	54	73.6	15	187	1.19	13.0
Costa Rica	74	71.1	17	135	1.94	11.0
Paraguay	79	70.5	14	121	1.59	8.0
Dominican Republic	80	70.4	15	206	2.62	13.0
Colombia	89	68.8	13	132	7.14	11.0
Mexico	93	68.6	15	82	9.69	11.7
Panama	108	66.8	18	105	3.64	9.0
Ecuador	113	66.4	17	132	1.85	8.0
Suriname	114	66.4	10	223	0.21	6.5
Honduras	116	66.1	17	94	6.94	10.0
Guatemala	122	64.7	11	230	6.33	11.0
Venezuela, RB	152	56.9	11	434	3.70	10.5
Uruguay	155	56.4	21	251	1.08	9.0
Bolivia	160	55.7	13	322	1.32	7.0
El Salvador	173	51.8	17	314	5.67	10.0
Argentina	174	51.0	21	341	2.90	11.0
Brazil	175	49.9	19	434	0.74	9.0
Haiti	180	44.2	14	98	20.95	5.0

### Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, this year Doing Business introduces a new measure, the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in June 2018.

### Getting construction permits in Mexico

Getting construction permits in Mexico requires 15 procedures and almost 3 months to complete.

Note: (\*) An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier

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# Getting electricity in Mexico takes more than 3 months and would not be cheap

## Getting Electricity rank

Economy	Rank	DTF*	Procedures (number)	Time (days)	Cost (% of income per capita)	Reliability of supply and transparency of tariff index (0-8)
United Arab Emirates	1	100.0	2	10	0.0	8.0
Panama	30	86.7	5	35	15.7	7.0
Chile	36	85.7	5	43	48.9	7.0
Costa Rica	38	85.1	5	45	164.6	7.0
Brazil	40	84.4	4	64	52.5	6.0
Guatemala	44	84.1	5	44	515.4	7.0
Uruguay	55	82.1	5	48	10.7	6.0
Peru	67	79.0	5	67	348.4	6.0
Colombia	80	75.8	5	92	519.0	6.0
Ecuador	94	72.2	7	74	614.7	7.0
El Salvador	97	71.2	7	56	553.4	6.0
Mexico	99	71.1	7	100	290.4	7.0
Paraguay	101	70.2	5	67	165.5	3.0
Argentina	103	70.0	6	92	21.0	5.0
Bolivia	111	68.2	8	42	691.3	6.0
Dominican Republic	116	64.7	7	67	276.7	4.0
Suriname	138	58.2	4	113	743.2	0.0
Honduras	153	53.8	7	39	735.0	0.0
Venezuela, RB	186	16.9	6	208	17659.2	0.0

### Getting Electricity

This topic tracks the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. In addition to assessing efficiency of connection process, new indicators were added to measure reliability of power supply and transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in June 2018.

### Getting Electricity in Mexico

Getting electricity in Mexico takes more than 3 months and would not be cheap.

Note: (\*) An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier

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# Registering property in Mexico takes more than a month and can be costly

## Registering Property rank

Economy	Rank	DTF*	Procedures (number)	Time (days)	Cost (% of property value)	Quality of the land administration index (0-30)
New Zealand	1	94.9	2	1	0.07	26.5
Peru	45	74.9	5	8	3.35	17.5
Costa Rica	47	74.4	5	11	3.42	17.5
Colombia	59	71.2	7	15	2.02	16.5
Chile	61	70.9	6	29	1.24	14.0
El Salvador	73	66.3	6	31	3.80	14.0
Paraguay	74	66.1	6	46	1.85	12.0
Ecuador	75	65.8	8	38	2.12	16.0
Dominican Republic	77	65.7	6	45	3.41	14.5
Panama	81	65.2	7	23	2.35	11.0
Guatemala	86	64.9	7	24	3.66	13.5
Honduras	95	63.4	6	29	5.69	14.0
Mexico	103	60.4	8	39	5.84	16.3
Uruguay	115	57.6	9	66	7.03	22.5
Argentina	119	56.7	7	52	6.59	13.5
Brazil	137	51.9	14	31	3.55	13.8
Venezuela, RB	138	51.9	9	52	2.94	5.5
Bolivia	148	49.9	7	90	4.67	7.0
Suriname	160	46.0	6	46	13.70	11.5
Afghanistan	186	27.5	9	250	5.00	3.0

### Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, this year Doing Business adds a new measure to the set of registering property indicators, an index of the quality of the land administration system in each economy. The quality of land administration index has four dimensions: reliability of infrastructure, transparency of information, geographic coverage and land dispute resolution. The most recent round of data collection for the project was completed in June 2018.

### Registering Property in Mexico

Registering property in Mexico takes more than a month and can be costly.

Note: (\*) An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier

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# Mexico is an easy place to get credit, thanks to its strong legal rights and 100% credit bureau coverage

## Getting Credit rank

Economy	Rank	DTF*	Credit information index	Legal rights index	Sum getting credit
New Zealand	1	100.0	8	12	20
Colombia	3	95.0	7	12	19
Mexico	8	90.0	8	10	18
Costa Rica	12	85.0	7	10	17
Honduras	12	85.0	8	9	17
Panama	22	80.0	8	8	16
Guatemala	22	80.0	7	9	16
El Salvador	22	80.0	7	9	16
Peru	32	75.0	8	7	15
Uruguay	73	60.0	8	4	12
Chile	85	55.0	7	4	11
Argentina	85	55.0	8	3	11
Brazil	99	50.0	8	2	10
Dominican Republic	112	45.0	8	1	9
Ecuador	112	45.0	8	1	9
Paraguay	124	40.0	7	1	8
Venezuela, RB	124	40.0	7	1	8
Bolivia	134	35.0	7	0	7
Suriname	178	10.0	0	2	2
Yemen, Rep.	186	0.0	0	0	0

### Getting Credit

This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in June 2018.

### Getting Credit in Mexico

Mexico is an easy place to get credit, thanks to its strong legal rights and 100% credit bureau coverage.

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# Minority investors in Mexico are better protected than their counterparts in most markets in the region

## Protecting Minority Investors rank

Economy	Rank	DTF*	Disclosure index (0-10)	Director liability index (0-10)	Shareholder suits index (0-10)	Shareholder rights index (0-10)	Ownership and control index (0-10)	Corporate transparency index (0-10)
Kazakhstan	1	85.0	9	6	9	10	8	9
Colombia	15	75.0	9	7	8	6	9	6
Brazil	48	65.0	5	8	4	7	6	9
Peru	51	63.3	9	6	6	8	3	6
Argentina	57	61.7	7	2	6	8	7	7
Chile	64	60.0	8	6	7	9	4	2
Mexico	72	58.3	8	5	5	7	6	4
Germany	72	58.3	5	5	5	7	6	7
Dominican Republic	83	56.7	5	4	8	7	5	5
Panama	99	51.7	4	4	8	8	1	6
Costa Rica	122	48.3	5	5	8	4	4	3
Ecuador	125	46.7	2	5	6	9	3	3
Uruguay	132	43.3	3	4	8	5	5	1
Paraguay	140	41.7	6	5	6	3	3	2
Honduras	140	41.7	3	8	6	5	1	2
Bolivia	149	40.0	1	5	6	6	2	4
El Salvador	161	38.3	3	0	7	6	1	6
Suriname	168	35.0	1	0	6	8	4	2
Guatemala	174	31.7	3	2	5	5	1	3
Venezuela, RB	180	26.7	3	2	3	2	3	3

### Protecting Minority Investors

This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in June 2018.

### Minority Investors in Mexico

Minority investors in Mexico are better protected than their counterparts in most markets in the region.

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# Total tax rate in Mexico can be as high as 53% of profit

## Paying Taxes rank

Economy	Rank	DTF*	Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling index (0-100)
Hong Kong SAR, China	1	99.7	3	35	22.9	98.9
United Arab Emirates	2	99.4	4	12	15.9	
Costa Rica	57	78.0	10	151	58.3	87.2
El Salvador	62	77.3	7	180	35.6	49.5
Chile	76	75.3	7	296	34.0	57.0
Uruguay	101	70.3	20	163	41.8	49.5
Guatemala	102	70.3	8	248	35.2	33.0
Suriname	105	69.4	30	199	27.9	48.4
Mexico	116	66.7	6	241	53.0	40.5
Peru	120	65.4	9	260	36.8	19.2
Paraguay	127	63.7	20	378	35.0	46.6
Ecuador	143	59.4	8	664	32.3	49.5
Colombia	146	57.9	11	256	71.9	48.2
Dominican Republic	148	57.4	7	317	48.8	10.7
Honduras	164	51.7	48	224	44.4	35.1
Argentina	169	49.3	9	312	106.0	47.9
Panama	174	46.7	36	408	37.2	12.8
Brazil	184	34.4	10	1958	65.1	7.8
Bolivia	186	21.6	42	1025	83.7	50.0
Venezuela, RB	189	15.4	70	792	64.6	19.7

### Paying Taxes

This topic addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as measures the administrative burden in paying taxes. The most recent round of data collection for the project was completed on June 1, 2018 covering for the Paying Taxes indicator calendar year 2017 (January 1, 2017 – December 31, 2017).

### Paying Taxes in Mexico

Total tax rate in Mexico can be as high as 53% of profit.

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# It's quite easy to trade across borders in Mexico

## Trading Across Borders rank

Economy	Rank	DTF*	Time to export: Border compliance (hours)	Cost to export: Border compliance (USD)	Time to export: Documentary compliance (hours)	Cost to export: Documentary compliance (USD)	Time to import: Border compliance (hours)	Cost to import: Border compliance (USD)	Time to import: Documentary compliance (hours)	Cost to import: Documentary compliance (USD)
Austria	1	100.0	0	0	0.5	0.0	0.0	0.0	0.5	0.0
El Salvador	44	89.8	24	128	9.3	50.0	36.0	128.3	13.3	66.7
Panama	57	85.5	24	270	6.0	60.0	24.0	490.0	6.0	50.0
New Zealand	60	84.6	37	337	3.0	67.0	25.0	366.5	1.0	80.0
Dominican Republic	63	83.5	16	488	10.0	15.0	24.0	579.2	13.5	40.0
Mexico	66	82.1	20	400	8.0	60.0	44.2	450.0	17.6	100.0
Chile	71	80.6	60	290	24.0	50.0	54.0	290.0	36.0	50.0
Costa Rica	73	79.3	20	375	24.0	80.0	80.0	420.0	26.0	75.0
Guatemala	83	77.2	36	310	48.0	105.0	72.0	405.0	32.0	37.0
Suriname	87	75.0	84	468	12.0	40.0	48.0	658.0	24.0	40.0
Bolivia	96	71.6	48	65	144.0	25.0	114.0	315.0	72.0	30.0
Brazil	106	69.9	49	862	12.0	226.4	30.0	375.0	24.0	106.9
Ecuador	109	68.7	96	560	24.0	140.0	24.0	250.0	120.0	75.0
Peru	110	68.2	48	630	48.0	50.0	72.0	700.0	72.0	80.0
Honduras	123	65.9	88	601	48.0	80.0	96.0	482.8	72.0	70.0
Argentina	125	65.4	21	150	30.0	60.0	60.0	1200.0	192.0	120.0
Paraguay	127	65.1	120	815	24.0	120.0	24.0	500.0	36.0	135.0
Colombia	133	61.8	112	630	60.0	90.0	112.0	545.0	64.0	50.0
Uruguay	152	57.1	96	1038	24.0	231.0	6.0	500.0	72.0	285.0
Venezuela, RB	187	7.9	288	1250	528.0	375.0	240.0	1500.0	1090.0	400.0

### Trading Across Borders

Doing Business records the time and cost associated with the logistical process of exporting and importing goods. Under the new methodology introduced this year, Doing Business measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in June 2018.

### Trading Across Borders in Mexico

It's quite easy to trade across borders in Mexico.

Note: (\*) An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier

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# Enforcing contracts in Mexico takes about a year and the quality of judicial process is quite high

## Enforcing Contracts rank

Economy	Rank	DTF*	Time (days)	Cost (% of claim)	Quality of judicial processes index (0-18)
Singapore	1	84.5	164	26	15.5
Mexico	43	67.0	341	33	10.1
Brazil	48	66.0	731	22	13.1
Chile	49	65.8	480	26	10.0
Peru	70	60.7	426	36	8.5
Ecuador	79	59.4	523	27	7.5
Paraguay	91	57.9	606	30	8.5
Uruguay	100	56.3	725	23	8.0
Argentina	107	55.7	995	23	11.5
El Salvador	109	55.3	816	19	8.0
Bolivia	113	54.7	591	25	5.5
Costa Rica	121	53.3	852	24	8.5
Panama	147	47.1	790	38	7.0
Venezuela, RB	148	46.9	720	44	7.0
Dominican Republic	149	46.9	590	41	4.5
Honduras	152	45.5	920	35	7.5
Guatemala	176	34.6	1402	27	6.0
Colombia	177	34.3	1288	46	9.0
Suriname	187	25.9	1715	37	3.5

### Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court. In addition, this year it introduces a new measure, the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the commercial court system. The most recent round of data collection was completed in June 2018.

### Enforcing Contracts in Mexico

Enforcing contracts in Mexico takes about a year and the quality of judicial process is quite high.

Note: (\*) An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier

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# Resolving insolvency in Mexico takes 2 years with high recovery rate

## Resolving Insolvency rank

Economy	Rank	DTF*	Recovery rate (cents on the dollar)	Strength of insolvency framework index (0-16)
Japan	1	93.5	92	14.0
Mexico	32	70.8	65	11.5
Colombia	40	67.4	67	10.0
Chile	51	59.9	42	12.0
Uruguay	70	53.0	43	9.5
Brazil	77	48.5	15	13.0
Peru	88	45.7	30	9.5
El Salvador	89	45.6	33	9.0
Bolivia	102	42.3	41	6.5
Paraguay	103	41.3	22	9.5
Argentina	104	41.2	21	9.5
Turkey	109	40.7	15	10.5
Panama	113	39.6	27	8.0
Dominican Republic	124	37.5	9	10.5
Costa Rica	134	34.5	29	6.0
Suriname	138	33.8	8	9.5
Honduras	143	32.1	19	7.0
Guatemala	156	27.6	28	4.0
Ecuador	158	25.4	18	5.0
Venezuela, RB	165	18.6	6	5.0

### Resolving Insolvency

This topic identifies weaknesses in existing insolvency law and the main procedural and administrative bottlenecks in the insolvency process. The most recent round of data collection for the project was completed in June 2018.

### Resolving Insolvency in Mexico

Resolving insolvency in Mexico takes 2 years with high recovery rate.

Note: (\*) An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier

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