

MEXICO

1. Recent trends

Poverty in Mexico decreased from 37.6% in 2016 to 28.6% in 2022, remaining above the Latin America and the Caribbean (LAC) average of 24.1%. Similarly, extreme poverty fell from 8.4% in 2016 to 6.2% in 2022, below the LAC average (8.3%). The Gini index decreased from 47.7 in 2016 to 45.4 in 2020, above the LAC average (44.8). Regarding investment and production transformation indicators, total investment in Mexico was at 21.2% in 2022, similar to the LAC average of 21.3% over the same period. Private investment represented 15.0% of GDP in 2019, slightly below the LAC average (15.8% of GDP). Mexico's labour productivity, measured against output per employed person in the United States, decreased from 38.2% in 2016 to 32.7% in 2023 yet remains above the LAC average of 27.1% in 2023. The share of exports of high-tech products in total exported manufactured goods represented close to 20% in 2021, substantially above the LAC average (7.2%). Positive perceptions of foreign direct investment (FDI), which declined across the LAC region, fell from 59.3% in 2016 to 54.3% in 2020. In contrast to a decline in the LAC average, tax revenue in Mexico increased slightly from 16.6% to 16.7% of GDP. Environment-related tax revenues decreased from 1.6% of GDP in 2016 to 1.0% in 2021 but are still slightly above the LAC average (0.9% of GDP in 2021).

2. Long-term policies to promote investment and production transformation

Mexico has made significant efforts to **attract and mobilise high-quality investment**, focusing mainly on attracting investment in industrial activities. In 2023, Mexico approved a decree to promote investment by taxpayers who carry out productive economic activities at the Isthmus of Tehuantepec within the Development Poles for Well-being (*Polos de Desarrollo para el Bienestar*). Mexico also implemented, in 2019, the Mobilising Sustainable Finance Strategy (*Estrategia de Movilización de Financiamiento Sostenible*), with the overall objective to mobilise, redirect and improve access to public and private sources of finance to develop activities and projects compatible with national sustainable development, climate change and biodiversity conservation goals.

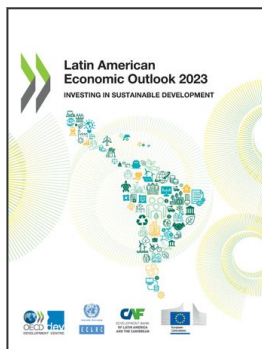
To advance an **inclusive and sustainable production model**, Mexico published a Sustainable Taxonomy in 2023. This corresponds to a public financial policy instrument for sustainability that sets out technical parameters and criteria to identify activities, assets or investment projects with positive environmental and social impacts. The Taxonomy provides a catalogue of 124 activities, distributed across six strategic sectors of the economy: agriculture and forestry; energy and water; manufacturing; transport; construction; and waste management. In August 2020, the Infrastructure for Quality Law (LIC) came into effect in Mexico, which aims to promote technological innovation in goods, services and processes to: improve quality of life; facilitate creation of greater physical and digital infrastructure (through standardisation, accreditation, conformity assessment and metrology activities); and foster economic development and quality in the production of goods and services (by expanding productive capacity and ensuring better insertion in value chains).

In terms of **regional and international partnerships** to support the attraction of quality investments, Mexico has established collaborative initiatives with partners both within and beyond LAC. **Within** the region, Mexico promoted the *Sembrando Vida* programme with investments in El Salvador (USD 15.5 million) and Honduras (USD 20 million). This innovative project seeks to contribute to food security in low-income rural areas through agroforestry systems that encourage self-consumption and the commercialisation of surpluses. **Beyond** the LAC region, Mexico is a member of Euroclima, the flagship programme of the European Union (EU) to promote green action in LAC countries. This active participation will contribute significantly to the implementation of the EU Global Gateway Investment Agenda in the region, further strengthening efforts to promote sustainable development and attractiveness for both local and international investments.

	Key indicators – Mexico					
	Mexico		LAC		OECD	
	2016	2022	2016	2022	2016	2022
Social						
Extreme poverty	8.4	6.2	8.1	8.3	N/A	N/A
Poverty	37.6	28.6	25.9	24.1	N/A	N/A
	2016	2021	2016	2021	2016	2021
Share of internet users (% of population)	59.5	75.6	54.5	74.2	81.8	89.6
	2016	2020	2016	2021	2016	2020
Gini index	47.7	45.4	46.3	44.8	34.1	33.6
	2010	2020	2009	2021	2009	2021
Share of total population in informal households (%)	41.6	36.8	44.2	46.8	N/A	N/A
Share of total population in informal households, upper-income quintile (%)	13.4	14.4	23.9	21.3	N/A	N/A
Share of total population in informal households, lower-income quintile (%)	80.7	72.5	77.6	78.2	N/A	N/A
	2019	2023	2019	2023	2019	2023
SIGI index	29.0	21.9	25.4	21.6	17.5	15.3
	2015	2018	2015	2018	2015	2018
PISA score in science	416	419	411	407	489	487
Productivity and innovation						
	2016	2023	2016	2023	2016	2023
Labour productivity (% of the United States)	38.2	32.7	29.3	27.1	70.0	68.5
	2016	2021	2016	2021	2016	2021
High-tech exports (% of manufactured exports)	20.6	19.8	8.4	7.2	16.5	16.0
	2016	2019	2016	2019	2016	2019
R&D expenditures (% of GDP)	0.4	0.3	0.3	0.4	1.8	2.0
Investment and production transformation						
	2016	2022	2016	2022	2016	2022
Total investment, gross fixed capital formation (% of GDP)	22.8	21.2	20.8	21.3	21.9	22.8
Foreign direct investment (FDI), net capital inflow (% of GDP)	3.6	2.8	4.4	4.6	6.8	3.5
	2016	2019	2016	2019	2016	2019
Private investment (% of GDP)	16.0	15.0	16.1	15.8	18.2	18.8
	2016	2020	2016	2021	2016	2021
Public Investment in Economic Infrastructure (% of GDP)	1.8	0.5	2.3	1.6	N/A	N/A
Citizens' perceptions and institutions						
	2016	2020	2016	2020	2016	2020
Share of population who perceive FDI as beneficial (%)	59.3	54.3	70.9	53.9	N/A	N/A
	2018	2020	2018	2020	2018	2020
Share of population who consider that, in general, domestic products are of lower quality than imported ones (%) (agreeing or strongly agreeing)	37.7	41.0	44.6	42.7	N/A	N/A
	2016	2022	2016	2022	2016	2022
Corruption Perception Index (score on a scale of 0 [highly corrupt] to 100 [totally clean])	30.0	31.0	41.2	40.6	67.3	66.3
Security risks indicator (score from 0 [low security risks] to 10 [high security risks])	8.0	8.6	5.9	5.6	2.8	2.6
	2010-14	2017-22	2010-14	2017-22	2010-14	2017-22
Belief that science and technology will create more opportunities for the next generation (score on a scale from 1 [strongly disagree] to 10 [strongly agree])	7.8	7.5	7.3	7.2	7.6	7.2
Share of population who worry (very much or a great deal) about not being able to provide a good education for their children (%)	92.0	90.0	75.4	74.0	49.8	41.4
Fiscal position						
	2016	2021	2016	2021	2016	2021
Total tax revenues (% of GDP)	16.6	16.7	22.0	21.5	33.6	34.1
Environmentally related tax revenue (% of GDP)	1.6	1.0	1.1	0.9	2.4	2.0
Share of VAT (% GDP)	3.9	4.3	5.9	6.1	6.6	7.0
Share of PIT (% GDP)	3.4	3.6	2.0	2.0	7.8	8.3
Share of CIT (% of GDP)	3.5	3.4	3.2	3.4	2.9	3.1
Debt service (% of total tax revenue)	18.8	23.1	11.3	12.3	5.4	5.3
Social expenditure (% of GDP)	9.9	9.9	11.3	13.3	20.1	22.0
	2016	2020	2016	2020	2016	2019
Perception of tax evasion (%)	N/A	24.3	N/A	27.3	N/A	N/A

Note: See the Reader's Guide for definitions and sources.

StatLink  <https://stat.link/v2udn5>



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