

TRADE LINKS LAZOS COMERCIALES

Mexico, best place for business in Latin America

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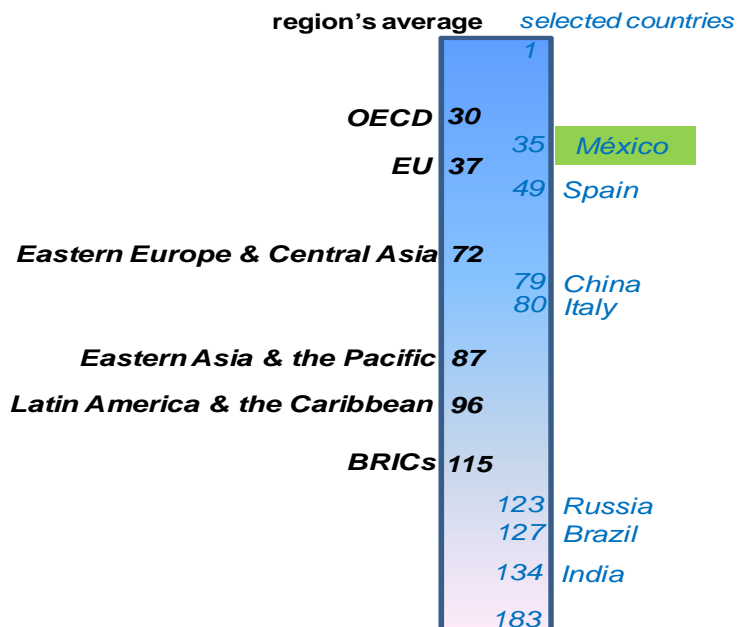
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Mexico moved up in the ranking on the ease of doing business, according to the report “*Doing Business 2011: Making a Difference for Entrepreneurs*”, published by the World Bank and the International Finance Corporation (IFC)¹.

Regarding the global ranking, the analysis highlights that Mexico advanced six places, going from position 41 to 35. Mexico is now closer to the average of the countries members of the Organisation for Economic Co-operation and Development (OECD), and above the average position for the European Union (EU), as the enclosed graph shows.

Doing Business 2011: Global Ranking



Source: Doing Business 2011: Making a Difference for Entrepreneurs

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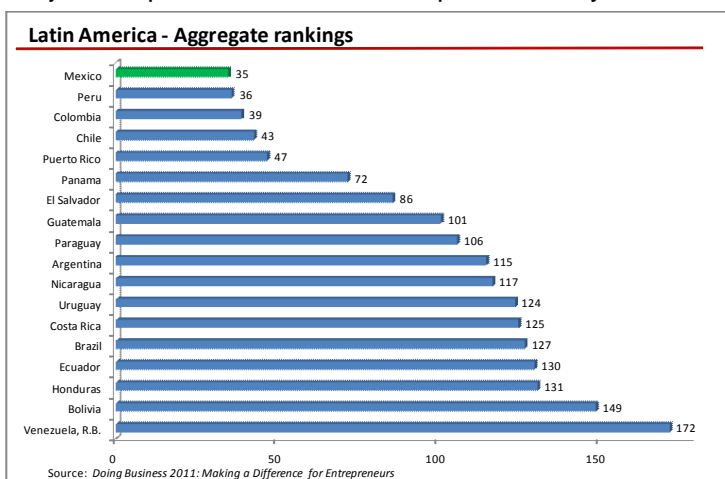
¹ Doing Business provides a quantitative measure of regulations for starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business—as they apply to domestic small and medium-size enterprises. It also looks at regulations on employing workers as well as a new measure on getting electricity.

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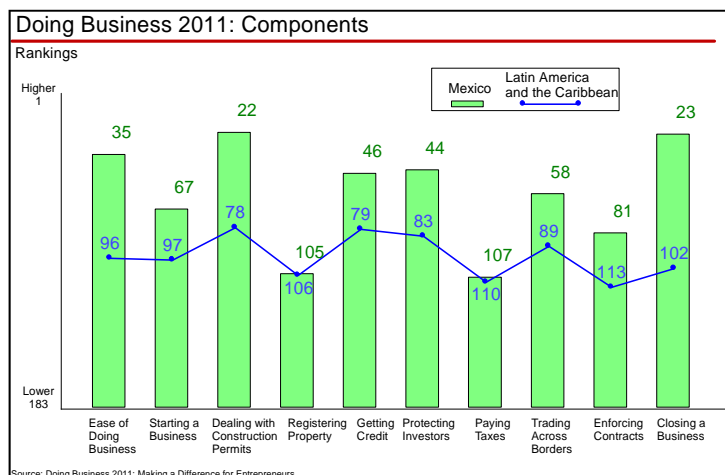
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In fact, Mexico is now the fifth best economy among emerging countries, only after Korea (16), Thailand (19), Malaysia (21) and South Africa (34).

Furthermore, Mexico is in a better position than all four BRICs and all Latin America countries, as well as some major European economies, like Spain and Italy.



Thus, Mexico outperformed Latin America and the Caribbean averages in all nine indicators of the report².



Doing Business 2011 measure nine aspects of the businesses environment. Mexico's position in some of these indicators is as follows:

In the **starting business**, Mexico is in the place 67, better than some important economies as Italy, the Netherlands, Switzerland, Germany, Japan, Brazil, Argentina, India and China. As for the number of procedures, Mexico is equal to the average of the EU, but in better position than all Latin America. And for the time that takes to open, it is better positioned than all Latin America and the average of OECD and the EU.

Mexico obtains its best position in the area of **dealing with construction permits**, ranked on place 22, with a higher ranking than the average of OECD and the EU as well as big economies like U.S., Switzerland, Japan, Italy, India, China, Chile, Brazil and Argentina.

In **getting credit**, Mexico shares position 46 with Italy, France, Spain, the Netherlands and Belgium, and it is above Sweden, China, Chile, Brazil and Argentina.

In the indicator of **protecting investors**, Mexico obtains the same score as the average of the countries of OECD. Mexico is in the place 44, above economies like Italy, France, Korea, Spain, the Netherlands, China, Brazil and Argentina.

Mexico reached position 58 in the indicator of **trading across borders**, being better ranked than countries like Italy, India, Chile, Brazil and Argentina. Regarding the number of documents to import, Mexico requires 4, while the average in the EU is 5.3 and in the OECD is 4.9.

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² In order to obtain the indicators, the Doing Business 2011 report encompasses two types of data from June 2009 to May 2010. The first come from readings of laws and regulations. The second are time and motion indicators that measure the efficiency and complexity in achieving a regulatory goal (such as granting the legal identity of a business). Within the time and motion indicators, cost estimates are recorded from official fee schedules where applicable.

Mexico's Total Trade in October (billion US\$)			
	2009	2010	%
Total	44.0	53.8	22.3
Exports	22.1	26.5	19.8
Exports (excluding oil)	19.0	22.8	20.4
Imports	21.9	27.3	24.8

Source: Banco de México

Mexico's Trade with EU and EFTA (million US\$)			
	2009	2010	%
January - October			
Exports to the EU	9,233.5	11,510.1	24.7
Imports from the EU	22,031.2	26,605.4	20.8
Exports to the EFTA	398.4	773.7	94.2
Imports from the EFTA	1,143.8	1,372.2	20.0

Source: Banco de México

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Mexico is ranked 81 in **enforcing contracts**, above economies like Italy, Israel, Brazil and Colombia. As for the time to enforce a contract it is better located than all Latin America and the average of OECD and the EU.

As for the easiness for **closing a business**, Mexico is placed in the position 23, outpacing all Latin America and also important economies such as Italy, Germany, Switzerland, France, India and China.

Final remarks

Mexico is one of the developing economies that are becoming more active in the improvement of its business regulation. Among the long reach reforms made recently by Mexico, it is worth to highlight the following:

- Mexico launched an online one-stop shop for initiating business registration.
- Mexico improved construction permitting by merging and streamlining procedures related to zoning and utilities.
- Mexican administrative burden was reduced slightly with more options for online payment and increased use of accounting software.

For Mexico, one of the most valuable conclusions of the Doing Business report is the proof that a high correlation exist between wealth creation and the easiness of doing business: an improvement in the business environment generates a higher personal income, and vice versa.

A good example of this is Mexico, where in this year, more than 850 thousand employments have been created in the formal sector of the economy.

For more information regarding Doing Business, please visit:

www.doingbusiness.org

IV Social Dialogue México – EU

On October 25 and 26, 2010, the IV Forum of Dialogue between Civil Society and the Government Institutions of Mexico and the European Union (EU) was held in Mexico City, having as its main objective to exchange views on the operation of the Economic Partnership, Political Coordination and Cooperation between Mexico and the EU (Global Agreement).

Along with the governments, European and Mexican civil society organizations also participate, such as NGOs, trade unions and representatives of the business, academic and scientific communities.

The meeting consisted of four working roundtables: political dialogue, economic affairs, cooperation and institutionalization of the dialogue. Among the economic issues, it was conducted an evaluation of the Mexico – EU Free Trade Agreement (FTA) after ten years of implementation, pointing out that both trade and investment flows have grown significantly (see Trade Links of July 2010).

Regarding economic cooperation, participants highlighted the programs co-financed by Mexico and the EU: The Integral Support Program for Small and Medium Enterprises (PIAPyME, from 2004 to 2009); the FTA Trade Facilitation Project (PROTLCUEM, from 2006 to 2011) and the Competitiveness and Innovation Program Mexico – EU (PROCEI, from 2011 to 2015).

XI Meeting of the Mexico-EU Joint Parliamentary Committee

On December 2, the XI Meeting of the Mexico-European Union (EU) Joint Parliamentary Committee was held in Mexico City.

Lawmakers from both Parties assessed the significant progress achieved during the 2000 – 2010 period in the fields of economics, politics, trade and cooperation and expressed their determination to promote the optimization of the potential of the Mexico - EU Global Agreement.

Mexico's Economic Indicators

Inflation rate: 0.80% (November, 2010);
4.32 % (2010, annual)

Industrial Production: 3.7% (October 2010 / October 2009)
Manufacturing: 4.6%; **Construction:** 3.4%, **Mining:** 1.7%

Global Index of Economic Activity: 4.96% (Sep 2010 / Sep 2009)

Consumer Confidence Index: 88.5 pts. (November 2010)
10.3 percentage points (November 2010 / November 2009)

Open unemployment rate: 5.7 % (October, 2010) *Source: INEGI*

Mexico's Financial Indicators

Foreign exchange rate: 12.45 peso/dollar (December 16, 2010)

International reserves: \$111,036 million dollars (December 10, 2010)

Mexican stock market index (IPC): 37,833 (December 16, 2010)

Interest rate treasury bonds CETES 28 days:
4.18 % (December 16, 2010)

Source: Banco de Mexico

Mexico's Official Gazette Notices

- **05/11/2010** Notice on the validity of countervailing quotas.
- **06/11/2010** Mexican Official Standard NOM-013-SEMARNAT-2010, which regulates the sanitary aspects for imports of natural Christmas trees of the species of the Pinus and Abies genus and the Pseudotsuga menziesii specie.
- **11/11/2010** Twentieth-second amendment of the Agreement through which the Ministry of the Economy issues general rules and practices on foreign trade.
- **29/11/2010** Agreement modifying the Agreement that publicizes the import and export quotas of non-originating textiles and apparel goods which may apply for preferential treatment under NAFTA.

EU Official Journal

- **04/11/2010 L287** Council Decision of 14 May 2010 on the signing, on behalf of the European Union, of the Agreement amending for the second time the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States, of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000, as first amended in Luxembourg on 25 June 2005
- **10/11/2010 L292** Council Decision of 8 November 2010 on the signing, on behalf of the Union, of an Agreement in the form of an Exchange of Letters between the European Union and the Kingdom of Norway concerning additional trade preferences in agricultural products reached on the basis of Article 19 of the Agreement on the European Economic Area
- **16/11/2010 L298** Commission Regulation (EU) No 1035/2010 of 15 November 2010 imposing a provisional anti-dumping duty on imports of melamine originating in the People's Republic of China
- **16/11/2010 L298** Commission Regulation (EU) No 1036/2010 of 15 November 2010 imposing a provisional anti-dumping duty on imports of zeolite A powder originating in Bosnia and Herzegovina
- **17/11/2010 L300** Council Implementing Regulation (EU) No 1030/2010 of 17 November 2010 imposing a definitive anti-dumping duty on imports of certain polyethylene terephthalate originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EC) No 1225/2009
- **27/11/2010 L312** Commission Decision of 26 November 2010 amending Annex I to Decision 2006/766/EC as regards the title and the entry for Chile in the list of third countries from which imports of live, frozen or processed bivalve molluscs, echinoderms, tunicates and marine gastropods for human consumption are permitted
- **30/11/2010 L313** Council Decision of 22 November 2010 on the conclusion of a Second Additional Protocol to the Agreement establishing an Association between the European Community and its Member States, of the one part, and the Republic of Chile, of the other part, to take account of the accession of the Republic of Bulgaria and Romania to the European Union

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