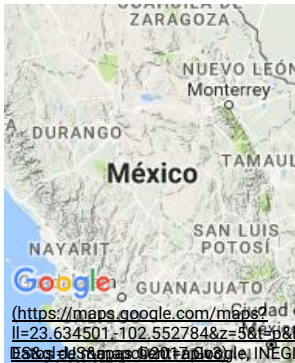


## Mexico

Previous: #69 Spain (./spain)

Next: #71 Fiji (./fiji)

OVERALL SCORE **63.6**

WORLD RANK **70**

**RULE OF LAW**

Property Rights	<b>58.1</b>
Government Integrity	<b>30.0</b>
Judicial Effectiveness	<b>38.7</b>

## GOVERNMENT SIZE

Government Spending	<b>76.7</b>
Tax Burden	<b>74.9</b>
Fiscal Health	<b>66.8</b>

## REGULATORY EFFICIENCY

Business Freedom	<b>70.7</b>
Labor Freedom	<b>57.9</b>
Monetary Freedom	<b>78.8</b>

## OPEN MARKETS

Trade Freedom	<b>80.0</b>
Investment Freedom	<b>70.0</b>
Financial Freedom	<b>60.0</b>

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Prudent fiscal and monetary policies have enhanced Mexico's macroeconomic performance. The pace of change has

## QUICK FACTS

**Population:**

121.1 million

**GDP (PPP):**

\$2.2 trillion

2.5% growth

2.8% 5-year compound annual growth

\$17,534 per capita

**Unemployment:**

4.3%

**Inflation (CPI):**

2.7%

**FDI Inflow:**

\$30.3 billion

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accelerated in recent years as previously unthinkable structural reforms have been adopted in parts of the economy that include the energy and telecommunications sectors. The regulation of commercial operations has become more streamlined, and business formation is relatively easy.

However, lingering constraints on achieving even more dynamic economic expansion are numerous, including the lack of competition in the domestic market, labor market rigidity, institutional shortcomings within the judicial system, and limited progress in curbing high levels of crime. Corruption is a continuing problem.

## BACKGROUND

Mexico has the largest Spanish-speaking population of any country in the world. Following the 1910 Mexican Revolution, the center-left Institutional Revolutionary Party (PRI) governed the country unchallenged for decades until its defeat by the center-right National Action Party in 2000. The PRI regained the presidency in 2012 with the election of current President Enrique Peña Nieto, whose single six-year term of office runs through 2018. After pushing through most of his ambitious structural reform agenda in 2013–2014, Peña Nieto has focused on implementation and on boosting sluggish growth. Rising drug-related crime has resulted in homicides, and widespread corruption has increased public dissatisfaction about the effectiveness of anticorruption efforts by weak government institutions.

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### Create a Comparison Chart

See how Mexico compares to another country using any of the measures in the Index.

Mexico

VS

## COMPARE

## RULE OF LAW

In 2016, Freedom House reported that property rights in Mexico are protected by a modern legal framework but that the weakness of the judicial system, frequent solicitation of bribes by bureaucrats and officials, widespread impunity, and the high incidence of extortion harm security of property for many individuals and businesses. Corruption, deeply embedded culturally, is pervasive and fed by billions of narco-dollars. Drug-related crime has risen.

Property Rights	<b>58.1</b>
Government Integrity	<b>30.0</b>
Judicial Effectiveness	<b>38.7</b>

## GOVERNMENT SIZE

The top individual income tax rate is 35 percent, and the corporate tax rate is 30 percent. Other taxes include a value-added tax. The overall tax burden equals 19.7 percent of total domestic income. Government spending has amounted to 27.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.1 percent of GDP. Public debt is equivalent to 54.0 percent of GDP.

Government Spending	<b>76.7</b>
Tax Burden	<b>74.9</b>
Fiscal Health	<b>66.8</b>

## REGULATORY EFFICIENCY

There is no minimum capital requirement for launching a business, but completion of necessary licensing requirements remains costly. Rigid labor laws continue to give incentives for small companies to operate outside the formal sector, making the hiring and dismissing of employees costly. Mexico maintained no formal price controls as of mid-2016, although the government does set price recommendations for pharmaceuticals.

Business Freedom	<b>70.7</b>
Labor Freedom	<b>57.9</b>
Monetary Freedom	<b>78.8</b>

## OPEN MARKETS

Trade is important to Mexico's economy; the value of exports and imports taken together equals 73 percent of GDP. The average applied tariff rate is 5.0 percent. Mexico participates in numerous free-trade agreements. The state-owned oil company has begun to accept foreign investment. The financial sector is competitive and open. The banking system remains relatively well capitalized, and foreign participation has grown.

Trade Freedom	<b>80.0</b>
Investment Freedom	<b>70.0</b>
Financial Freedom	<b>60.0</b>

