OECD ECONOMIC SURVEY OF
MEXICO

Realising Mexico's large potential
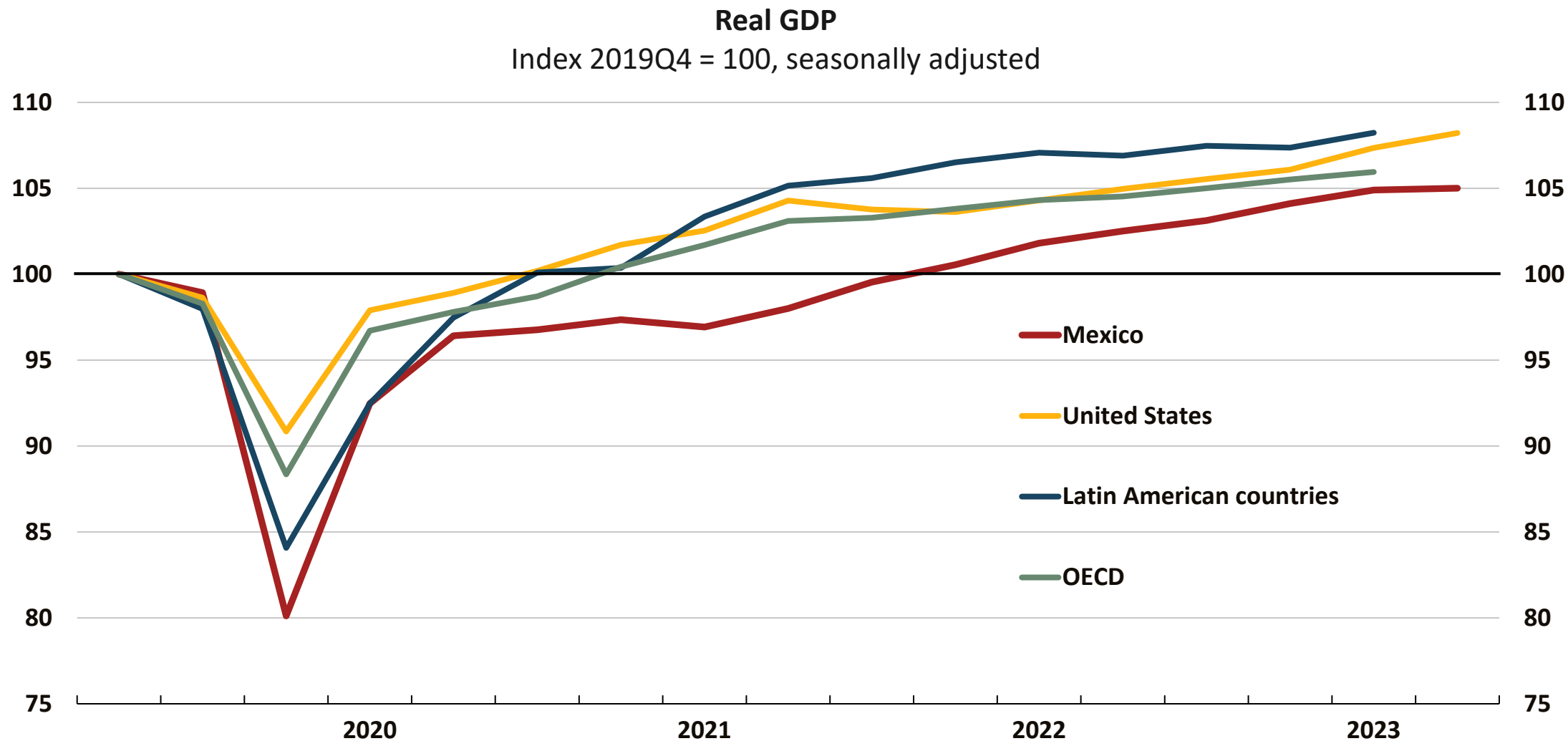
27 February 2024

oe.cd/mexico

@OECDeconomy
@OECD

The recovery from the pandemic was moderate but has accelerated

Real GDP
Index 2019Q4 = 100, seasonally adjusted

Legend:
- Mexico
- United States
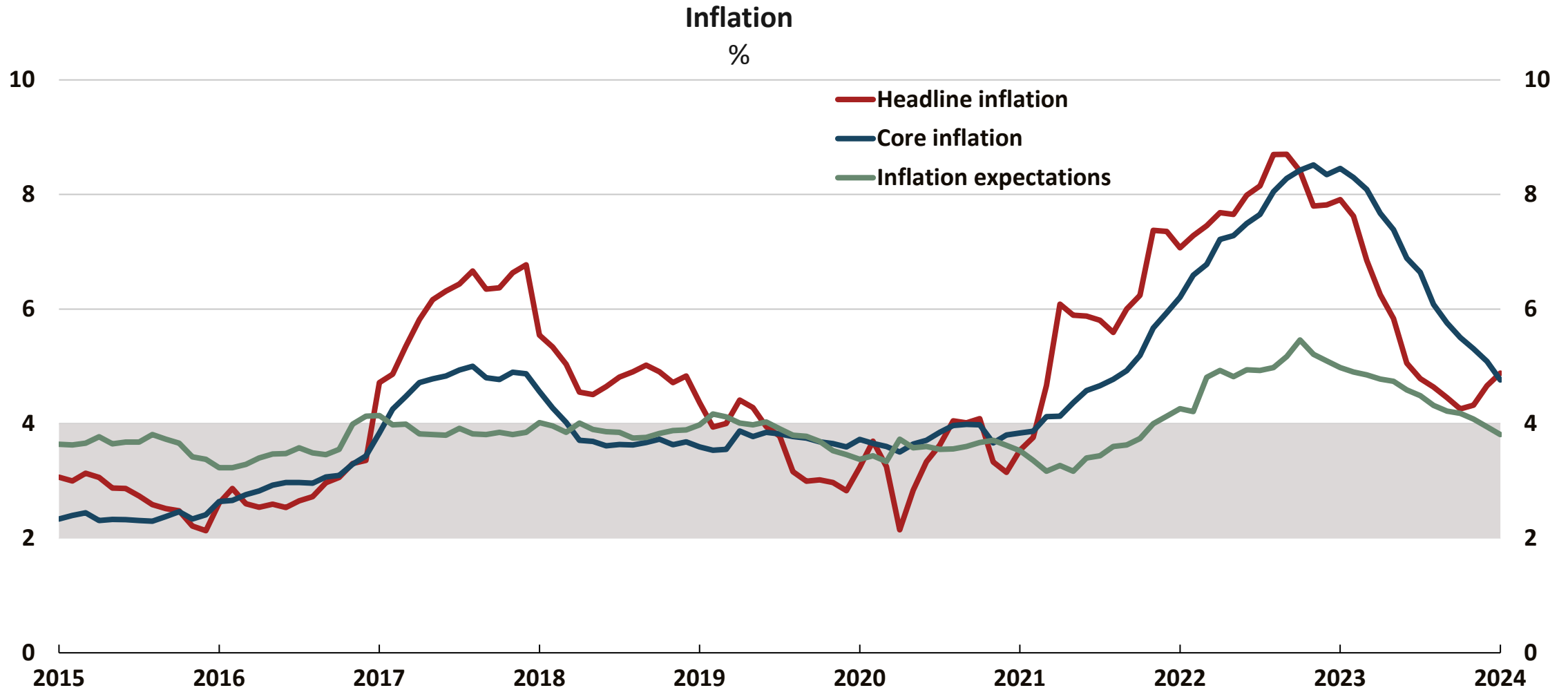- Latin American countries
- OECD

Note: LAC is an unweighted average of Argentina, Brazil, Chile, Colombia, Costa Rica and Peru.
Source: OECD Economic Outlook database.

Investment has picked up supported by large public investment projects

Index January 2020 = 100, seasonally adjusted

Legend:
- **Total**
- **Residential construction**
- **Non-residential construction**
- **Machinery and equipment**
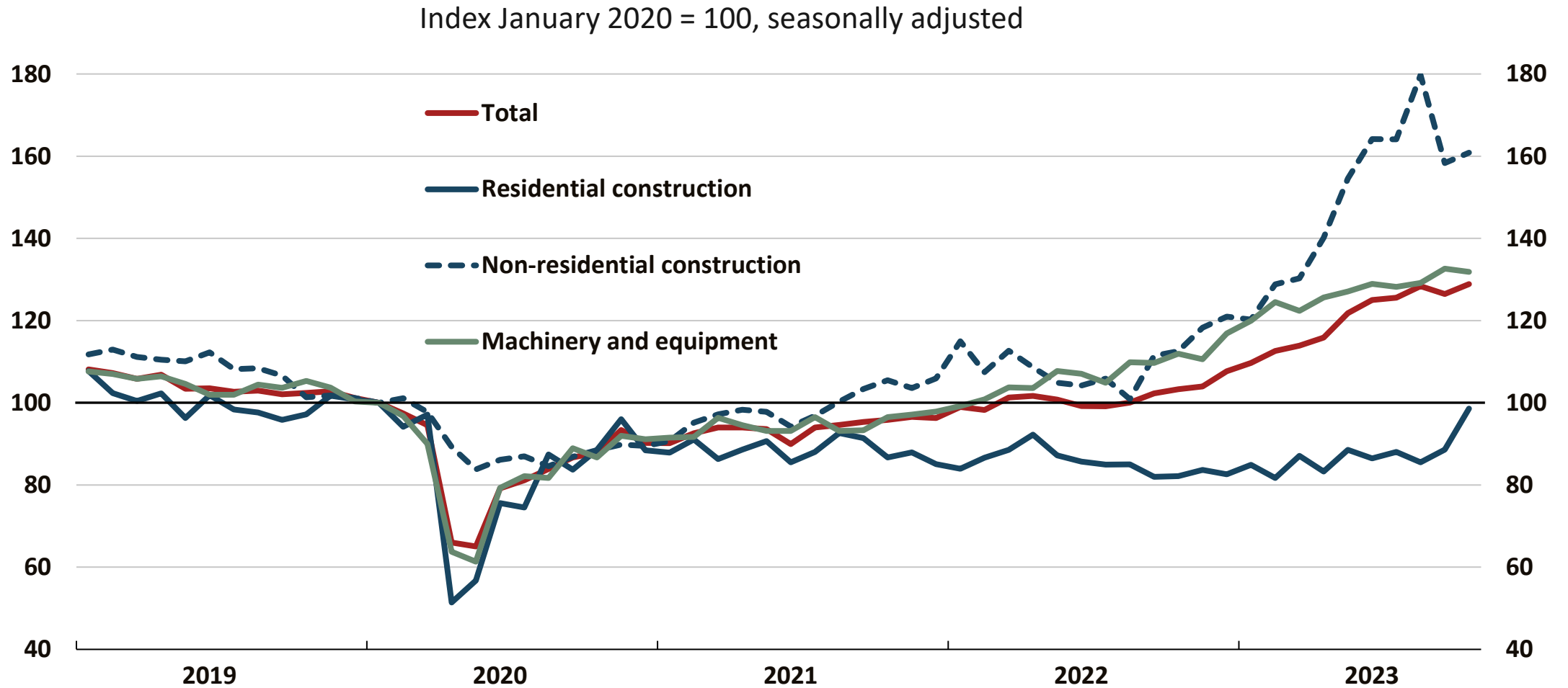
Inflation is falling towards the central bank target range

Inflation
%

Headline inflation
Core inflation
Inflation expectations

Note: The shaded area represents the Central Bank's inflation target range. Inflation expectations refer to expectations by the private sector for the next 12 months.
Source: Banxico.

Growth is projected to moderate and inflation will continue declining

		2023	2024	2025
	Real GDP growth, %	3.1	2.5	2.0
	Consumer price index, % change	5.5	4.1	3.2
	Unemployment rate, %	2.8	3.0	3.1

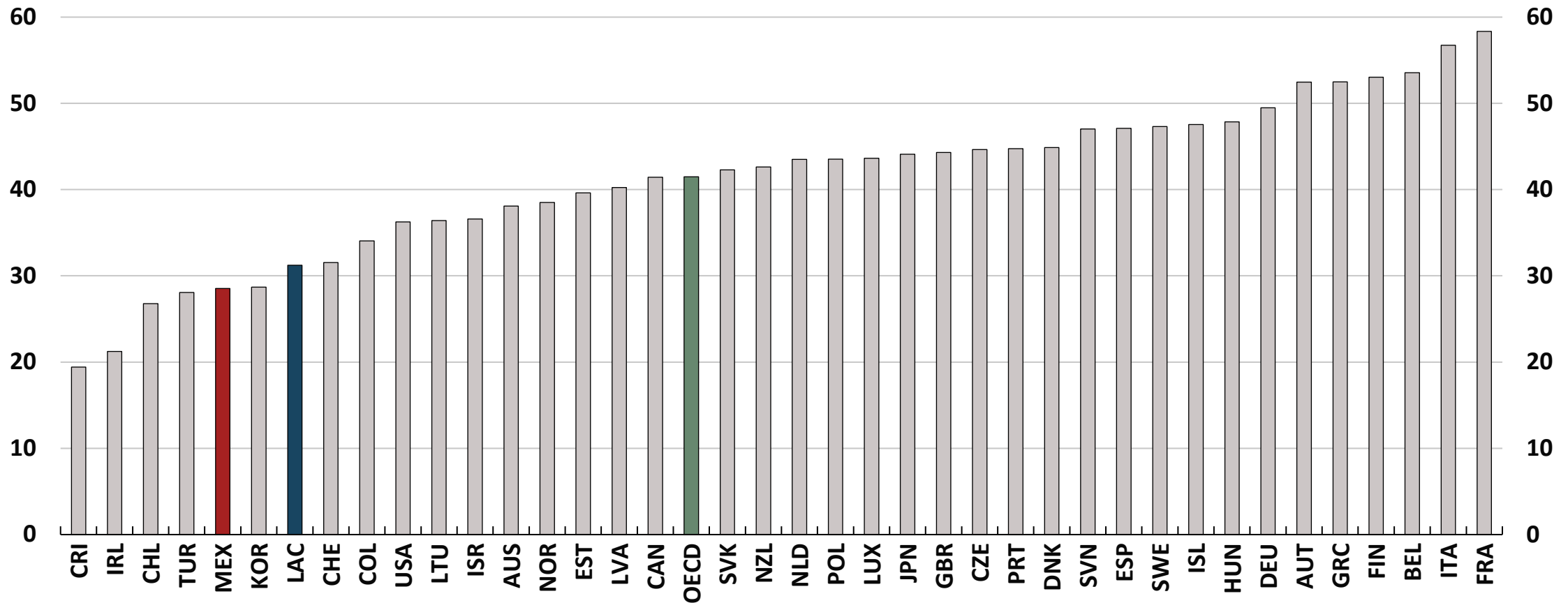Source: OECD Economic Outlook database.

Further buttressing fiscal policies

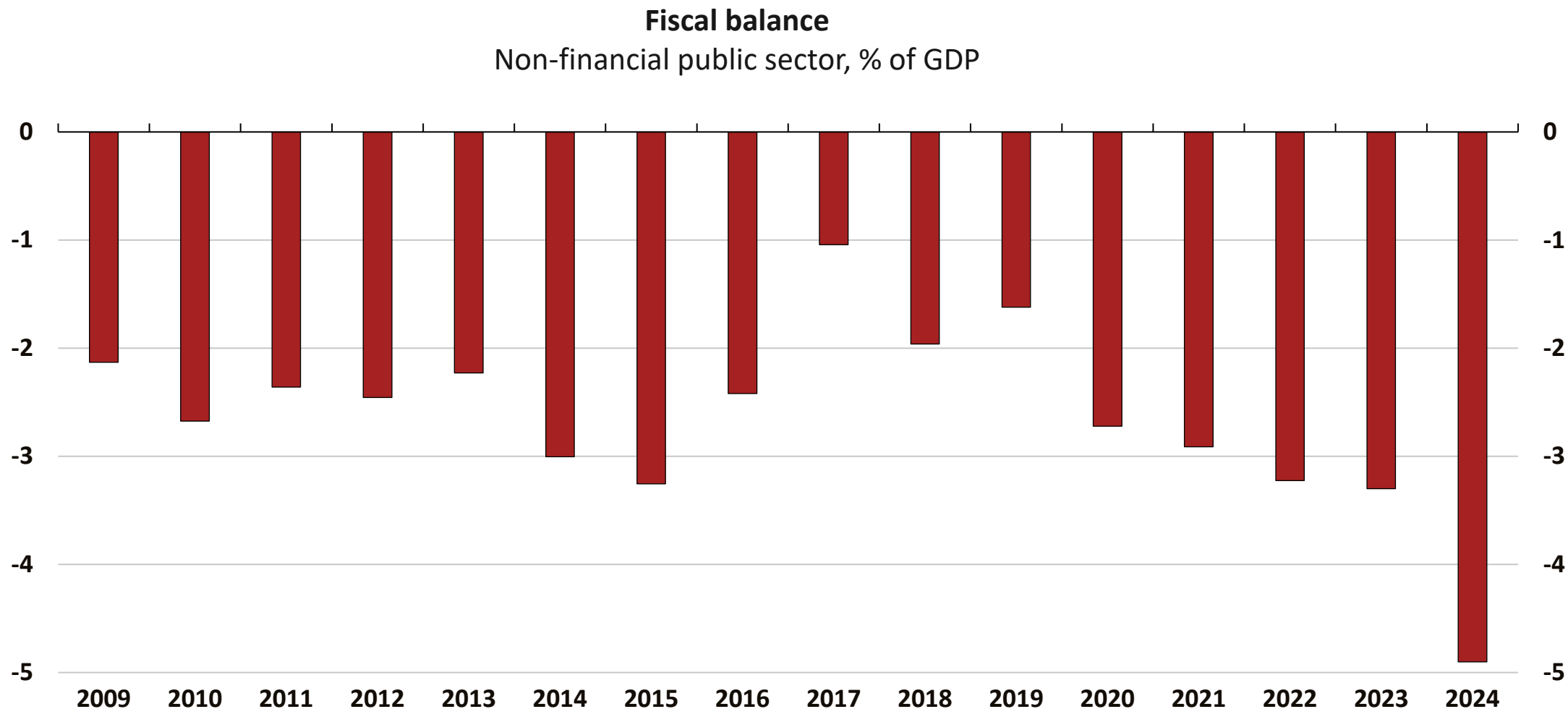# Public spending is low, due to low revenue collection

General government expenditure
% of GDP, 2022

Note: LAC is an unweighted average of Argentina, Brazil, Chile, Colombia, Costa Rica and Peru. OECD is an unweighted average.
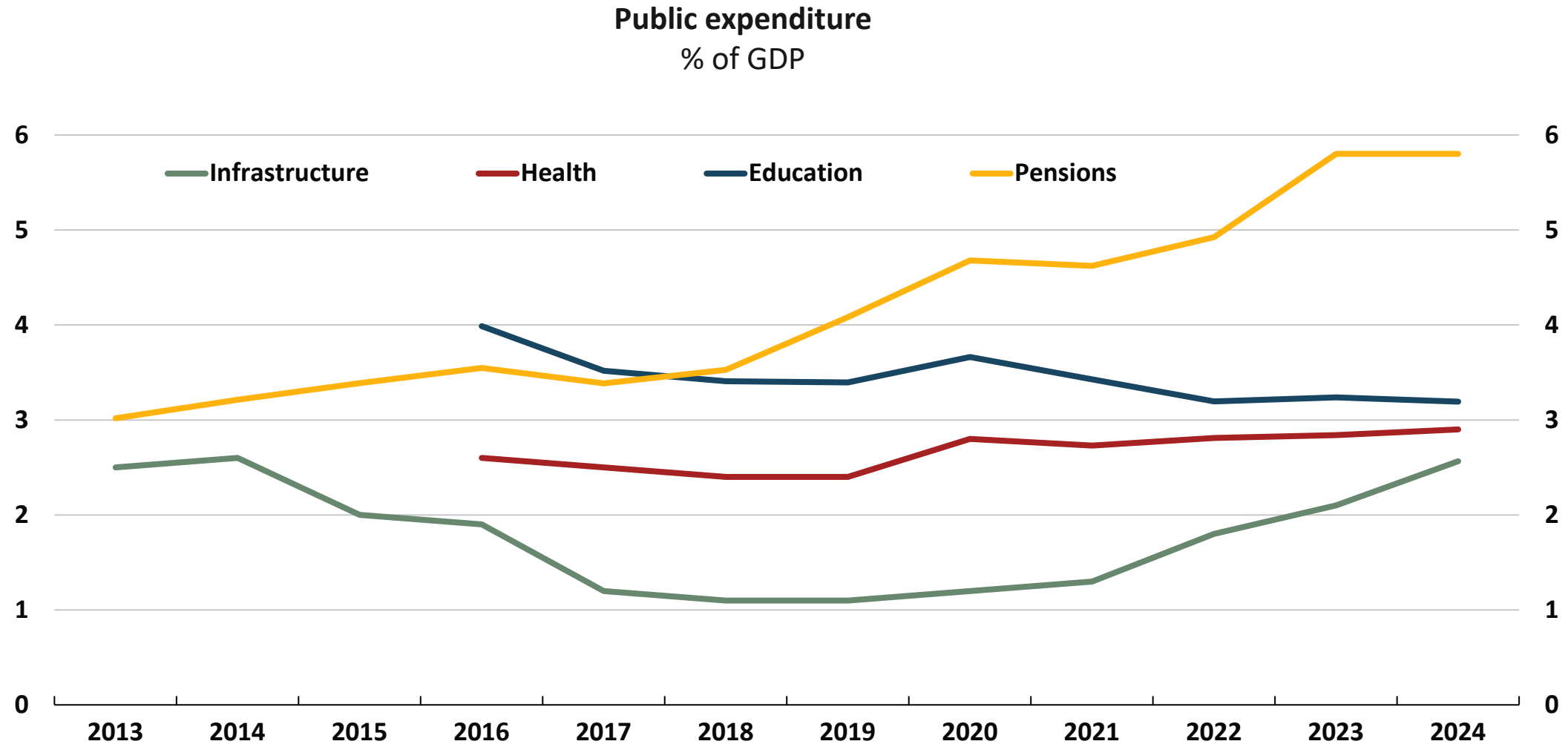Source: IMF World Economic Outlook, October 2023.

The fiscal deficit has recently increased

Fiscal balance
Non-financial public sector, % of GDP

Note: Data for 2024 are estimates.
Source: Secretaría de Hacienda y Crédito Público.

Spending pressures are rising in key areas such as education

Public expenditure
% of GDP

Infrastructure — Health — Education — Pensions

Higher tax revenues would allow increasing productivity-enhancing spending such as education
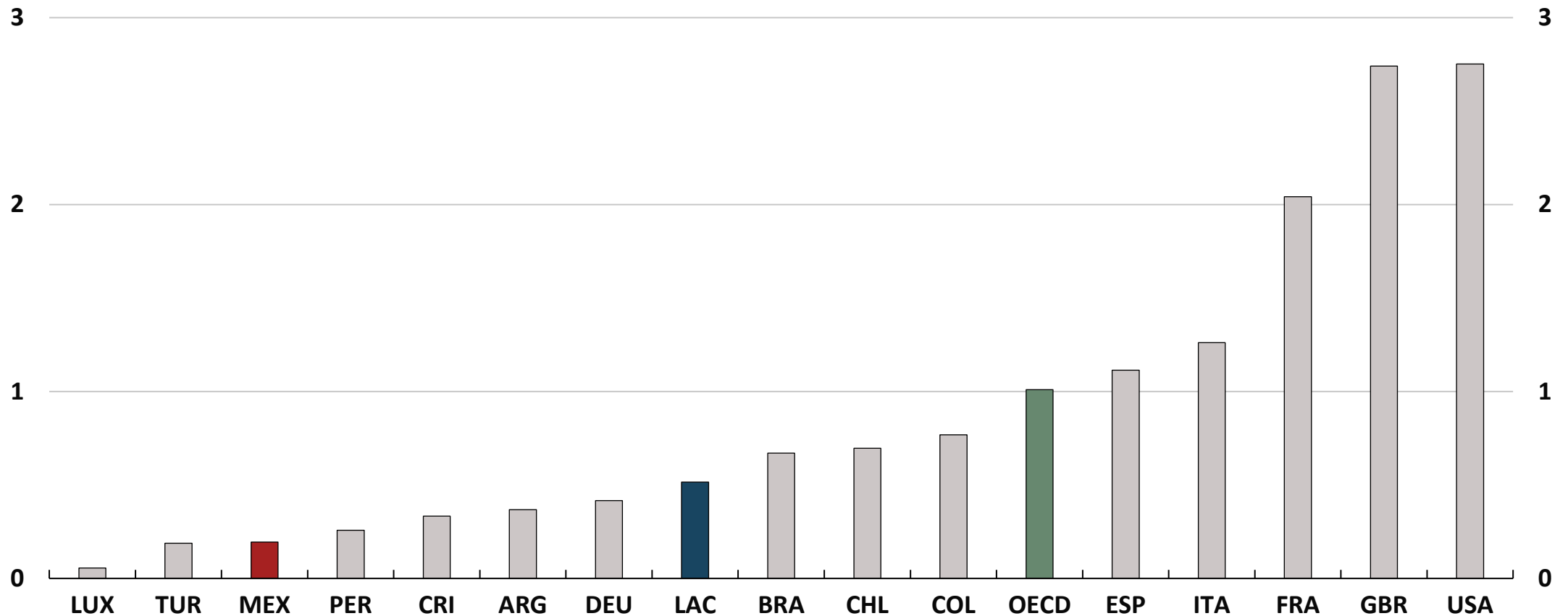
Tax revenues
% of GDP, 2021
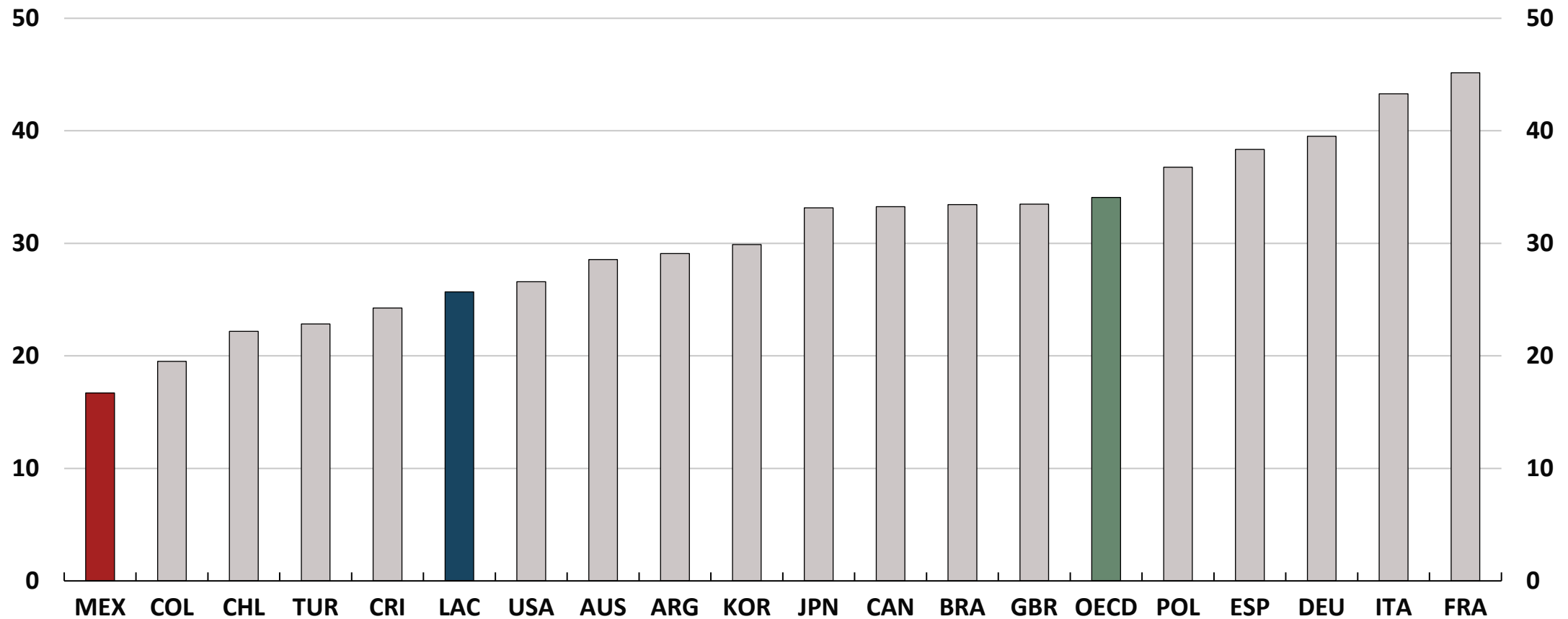
Note: LAC is an unweighted average of Argentina, Brazil, Chile, Colombia and Costa Rica.
Source: OECD Revenue Statistics Database.

There is room to raise more revenue from property taxes

Taxes on immovable property
% of GDP, 2021 or latest year

Note: LAC is an unweighted average of Argentina, Brazil, Chile, Colombia, Costa Rica and Peru. OECD is an unweighted average of all member countries with available data.
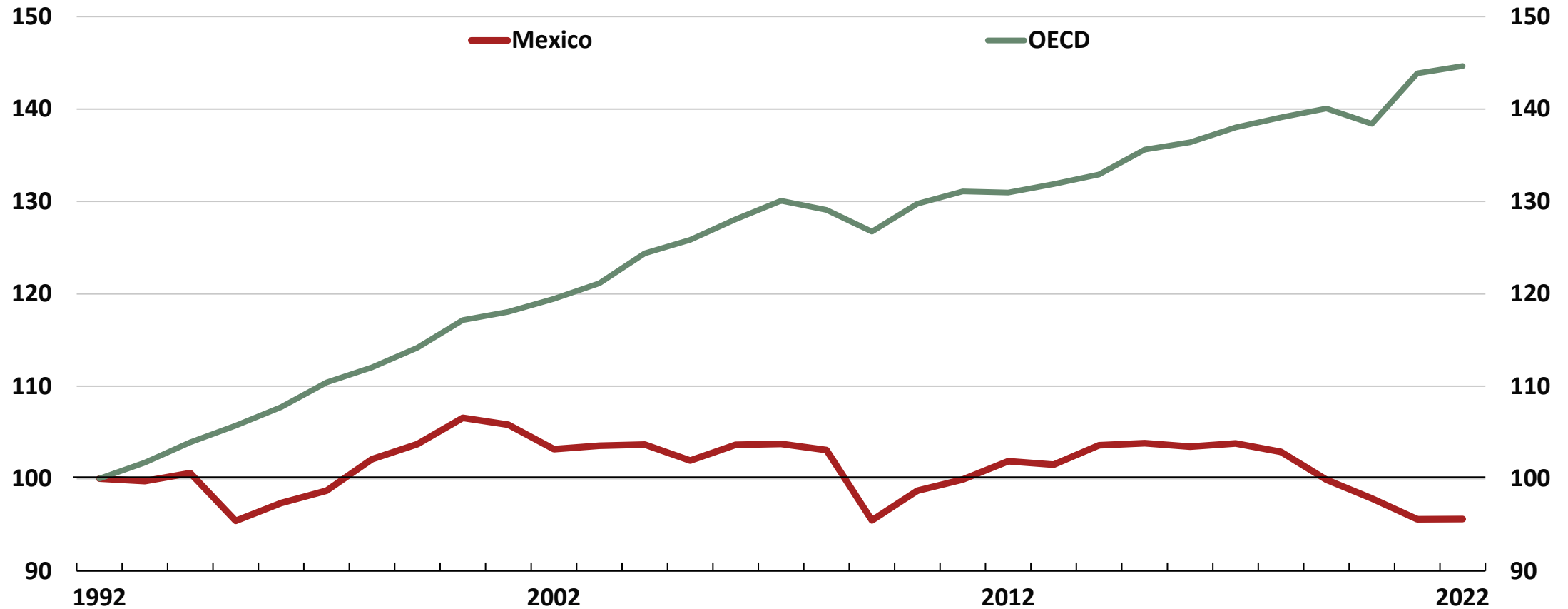Source: OECD Global Revenue Statistics database.

Boosting productivity growth

Low productivity grow has held back the economy and needs to be revived

GDP per person employed
Index 1992 = 100



Source: OECD Productivity database.

Improving business productivity can help seize additional value chains and spread the benefits of trade

US imports from China and Mexico
12-month moving average, % of all imports

Source: UN Comtrade.
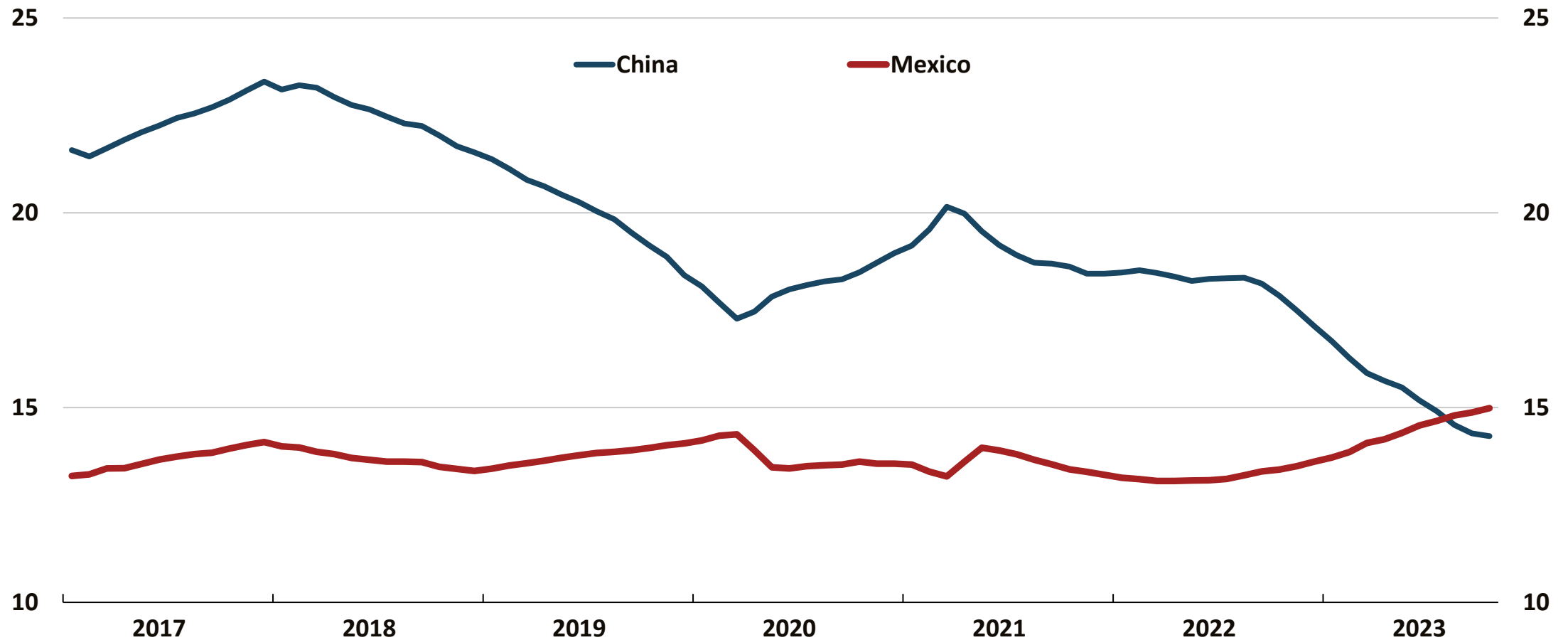
Accelerating digitalisation would particularly help small and medium-sized enterprises

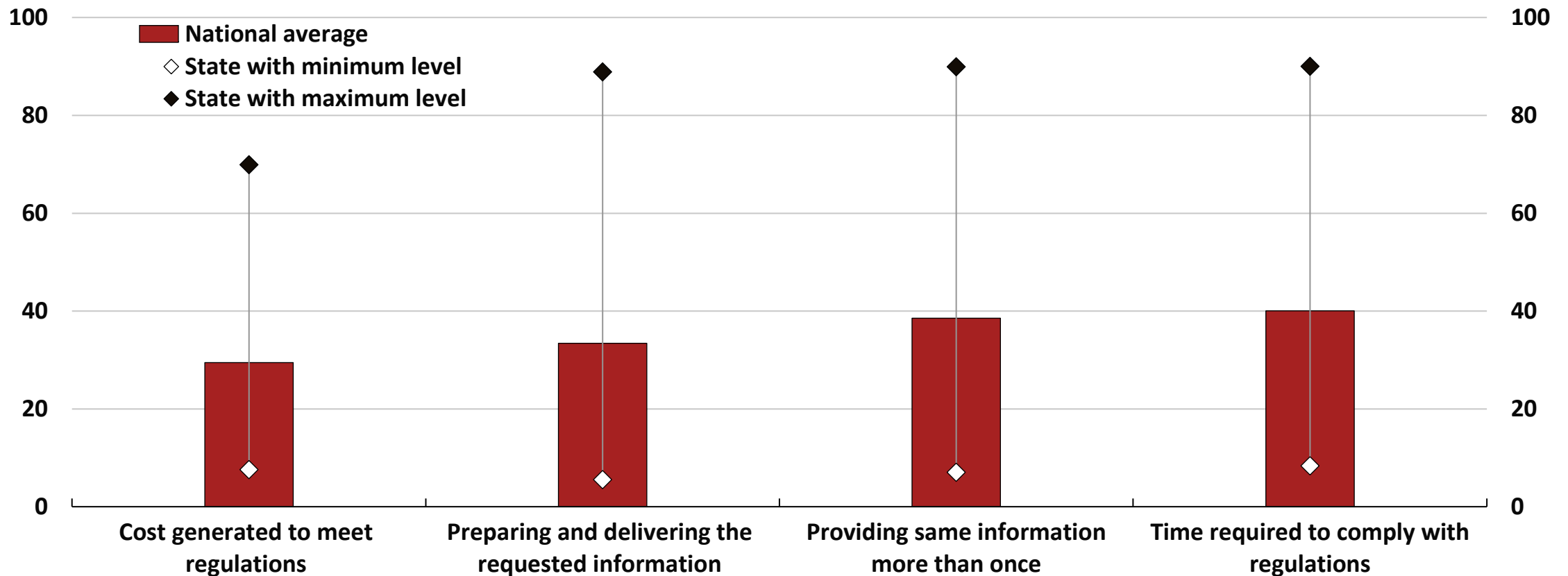**Fixed broadband subscriptions per 100 inhabitants**
December 2022
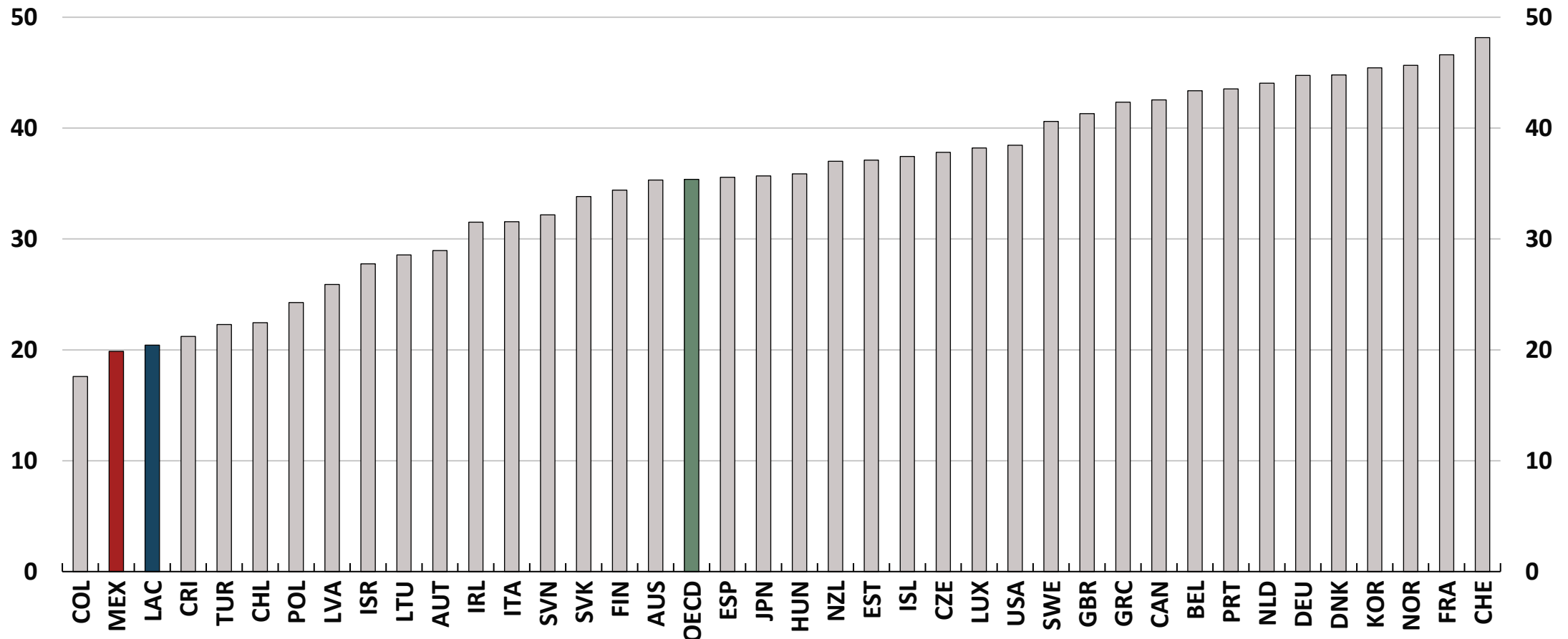
Note: LAC is an unweighted average of Chile, Colombia, and Costa Rica.
Source: OECD Broadband Portal (database).

Streamlining state and municipal regulations would boost competition

Perceptions of barriers to meet regulatory requirements
% of enterprises, 2020

Source: INEGI, Encuesta Nacional de Calidad Regulatoria e Impacto Gubernamental en Empresas 2020 (ENCRIGE).

Generating more electricity from renewables would boost foreign direct investment

% of total electricity generation from renewable sources
2021 or latest year
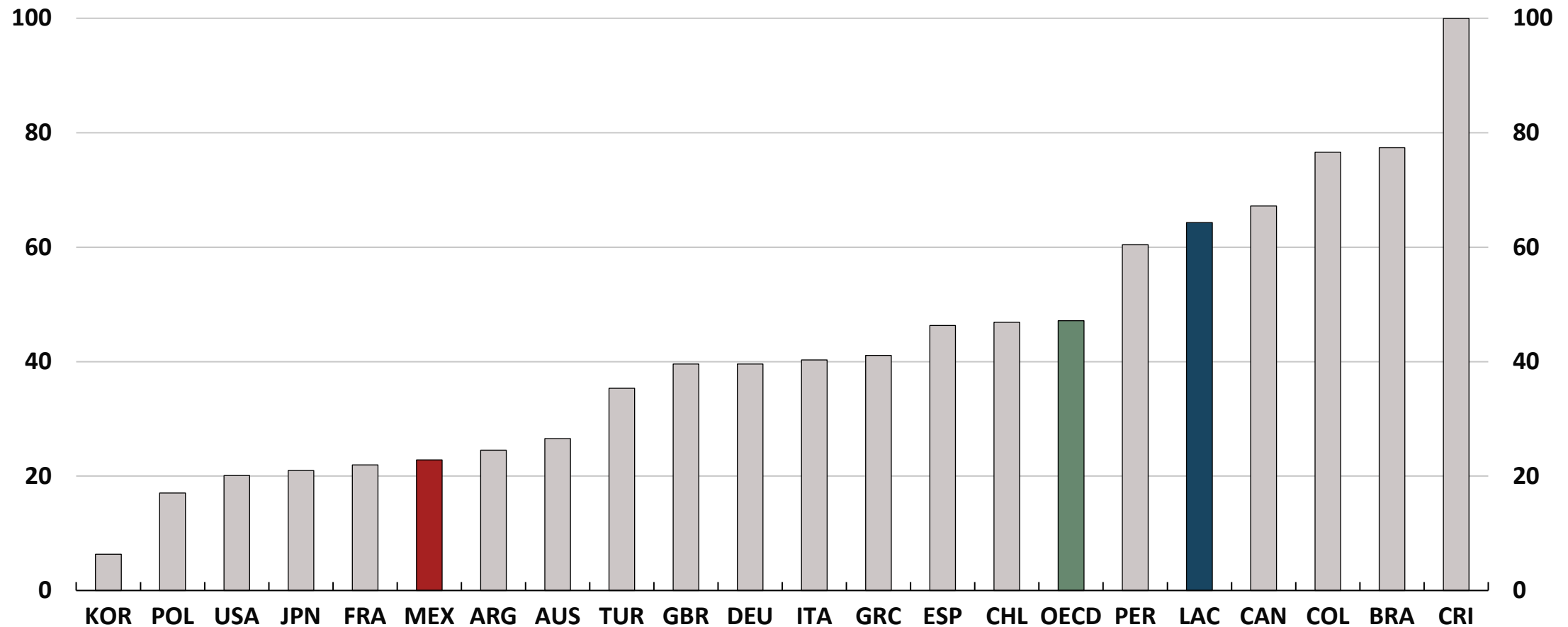
Note: LAC is an unweighted average of Argentina, Brazil, Chile, Colombia, Costa Rica and Peru.
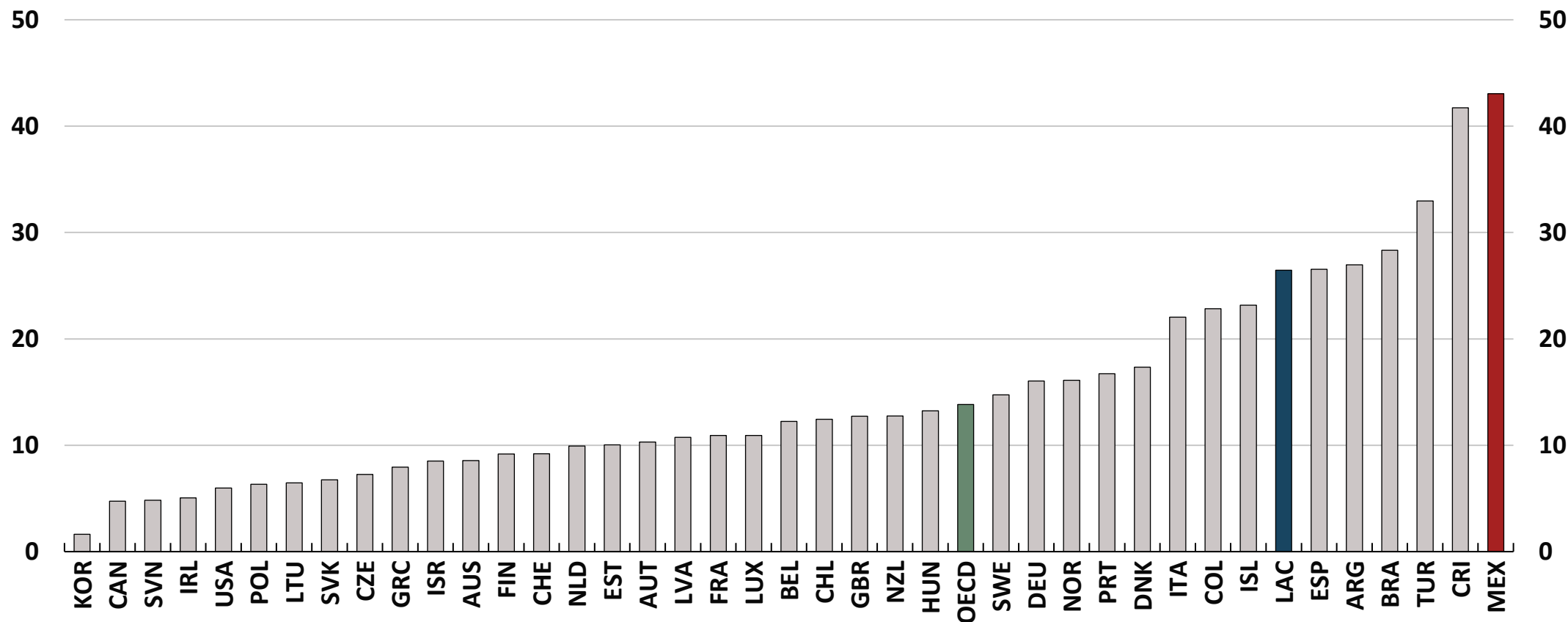Source: OECD Green Growth indicators.

Enhancing equality of opportunities

Targeted tutoring to students and better training of teachers would enhance education outcomes

Share of 25-34 year-olds with below upper-secondary education as the highest level attained
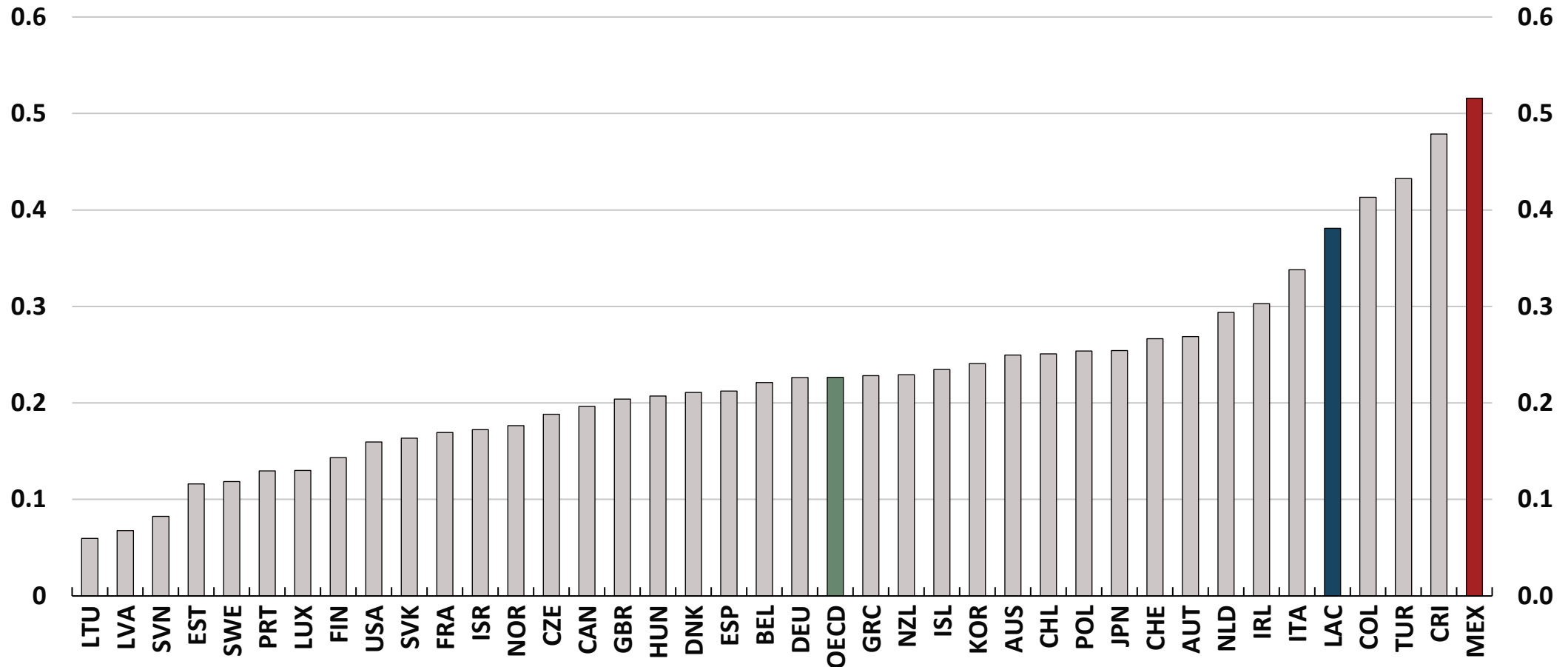%, 2022

Note: LAC refers to Argentina, Brazil, Chile, Colombia and Costa Rica.
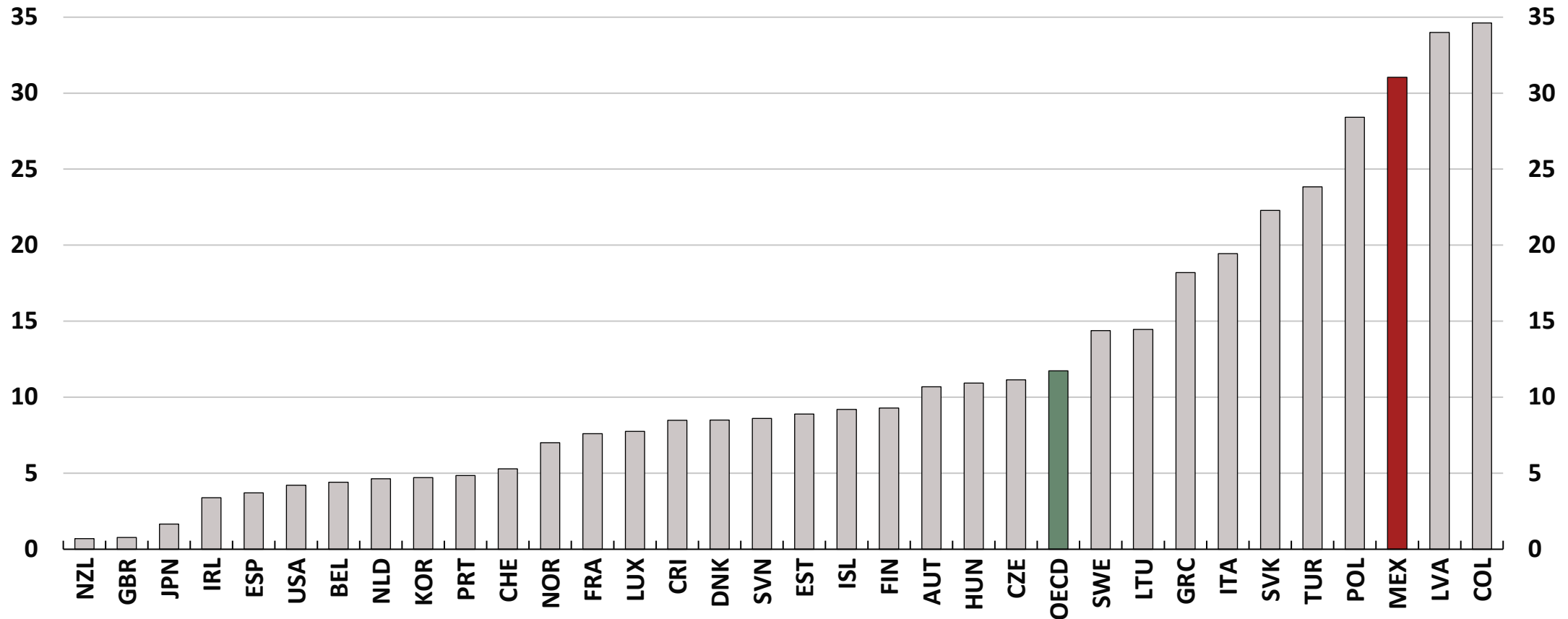Source: OECD Education Database.

Closing gender gaps, including through better childcare, would result in large economic gains

Gain in GDP growth per capita from closing gender gaps on the labour market
percentage points

Housing conditions need to be improved

Share of households living in overcrowded conditions
%, 2020 or last year available

Note: A household is considered as living in overcrowded conditions if the number of rooms is not enough for the household (given its age and sex composition, and if it includes a couple).
Source: OECD (2023), Housing overcrowding (indicator).

Expanding the rental market would improve access to affordable housing

Housing cost burden of low-income households with a mortgage
% of disposable income, 2020 or last year available
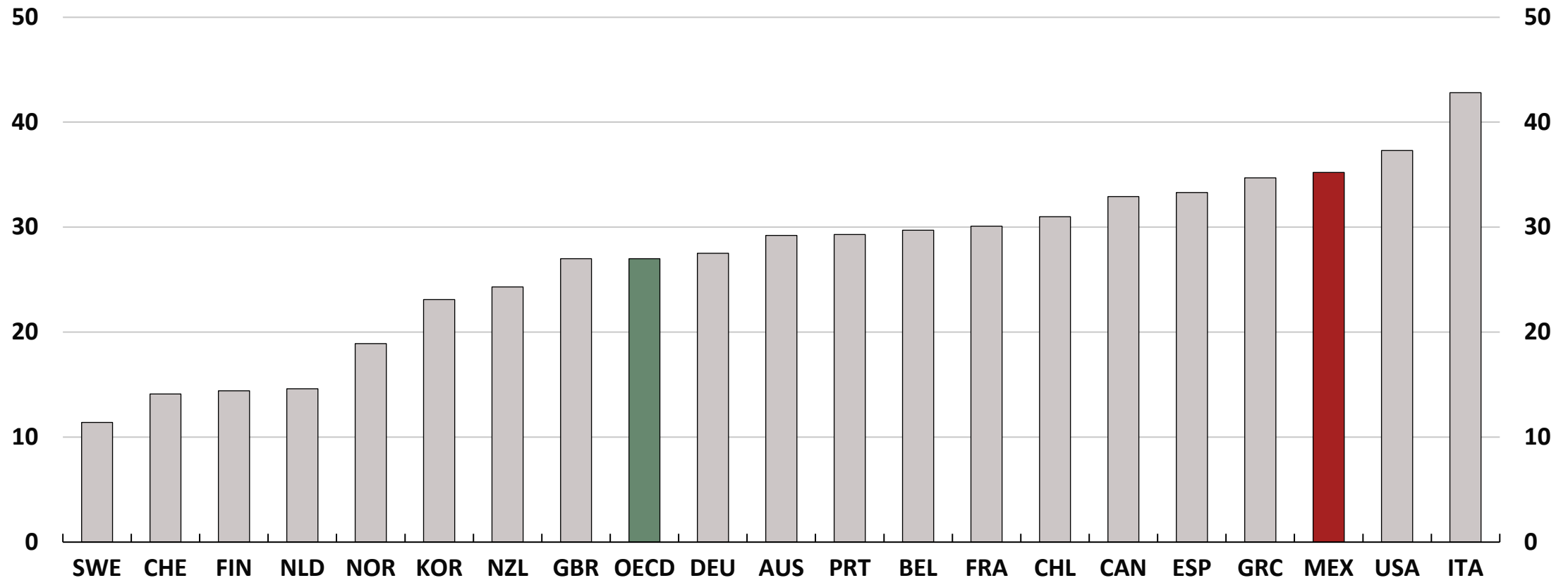
Note: Housing cost burden include principal repayment and interest payments. Households considered are households in the bottom income quintile.
Source: OECD Affordable Housing Database.

Main messages

Fiscal policies
Gradually raise more revenues and improve spending efficiency to increase spending in key areas such as education, physical and digital infrastructure, while maintaining fiscal prudence

Productivity growth
Enhance digital connectivity, streamline regulations and shift to renewables

Equality of opportunities
Support female labour market participation, strengthen skills and facilitate access to adequate and affordable housing

For more information

OECD Economic Surveys
MEXICO

FEBRUARY 2024

OECD

oe.cd/mexico