

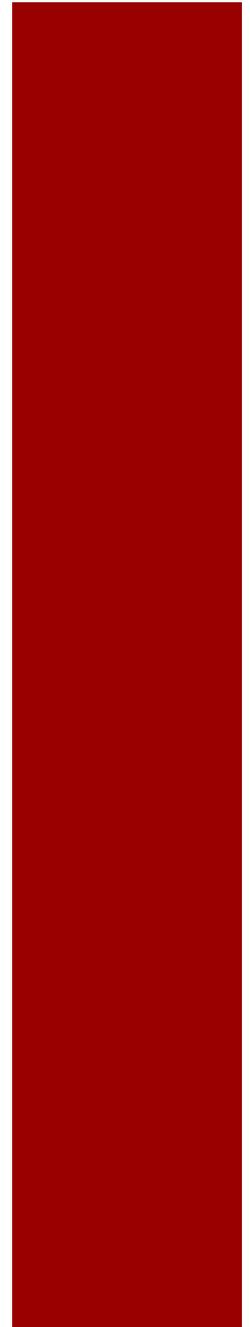
Mexico and it's place in the
Latin American Economy

By

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Agenda

- I. Introduction.
- II. The negative aspects of Mexico's economy in the Latin American region.
 - Mexico and its dependence on the American economy.
 - The rising cost of crime in the Mexican economy.
- III. The positive aspects of Mexico's economy in the Latin American region.
- IV. Conclusion: Mexico, a place with little hope?



I. Introduction

- ◆ Latin America, a mixed scenario:
- ◆ New attractive economic features Vs growing inequality
- ◆ Example: Brazil and Mexico Vs Asian competitors.
- ◆ OCDE 2007 Latin American Outlook:

“In spite of the positive outlook, the challenges to achieve a much higher and sustainable growth rate remain substantial. Growth in Latin America has been too low and overall performance sub-optimal. There are many opportunities to take advantage of the huge potential of this region.”

- ◆ In Mexico, despite the slowdown patches, some gains have been achieved in the political, economic and social sector.

II. The negative aspects of Mexico's economy in the Latin American region

◆ Disparity and inequality are latent problems among the Mexican society:

- Richest man on earth in 2007?

- Between 2002 – 2007, 40% of the Mexican population remained under the poverty line.

◆ Slow economic growth.

◆ Solutions:

a) Reforms: energetic, fiscal, educational;

b) Improved infrastructure;

c) Modernize tax system and renew industrial sector; and

d) Amend labor laws.

Mexico and its dependence on the American economy

◆ Few Latin American countries are as dependent on the United States' economy as Mexico:

- NAFTA

- 80% of Mexican exports are directed to the American market.

◆ Negative effects of a slower American economy reflect in the Mexican economy in different ways:

a) GDP growth rate for 2008 went down from 3.7% to 2.4%;

b) Industrial production fell by 0.2%; and

c) A decline of 8.6% in Mexican exports directed to the US.

◆ Other factors affecting the Mexican economy. For 2009, the public investment program was:

a) 9.8% allocated to the infrastructure sector;

b) 5.7% of that percentage redirected to confront the major wave of crime and violence.

The rising cost of crime in the Mexican economy

- ◆ Mexico's insecurity crisis is not only affecting the economic sector, but it is also changing the aspects of the social, political and cultural life in the country.
- ◆ Mexican society response: "White March" on August 30th 2008 in Mexico city and 54 other cities.
- ◆ Kidnapping: has grown 40% between 2005 and 2007.
- ◆ Ex. Fernando Marti was kidnapped one week before his body was found in the back of a truck on August 1st.
- ◆ The vague of violence and crime extremely related to the "Narcotraffic" and the Drug Cartel's.
- ◆ What has the government done to fight the situation?

III. The positive aspects of Mexico's economy in the Latin American Region

- ◆ According to the World Bank, Mexico is the second largest economy in Latin America in 2008:

“Mexico ranks between the countries having the highest per-capita income level, and highest purchasing power parity”
José Angel Gurria, OCDE

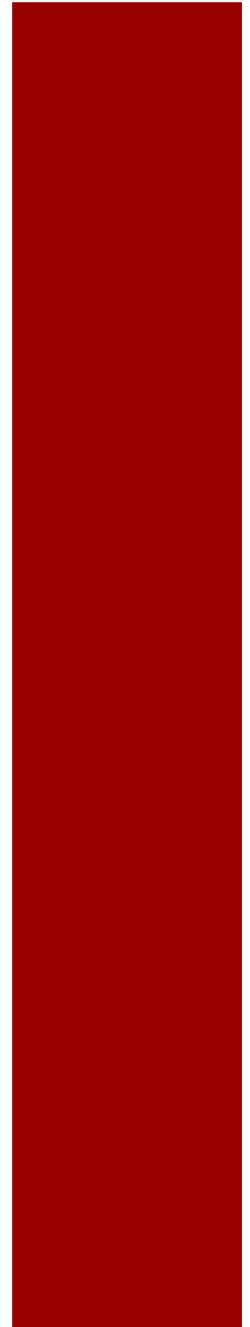
- ◆ Through recent decades Mexico has proven to have the potential to stand as a leader among Latin American countries.
- ◆ NAFTA and Mexico's place in the OCDE.
- ◆ The double digit inflation that hunted Mexico over the years was finally stabilized around the 4% rate in the last two presidential terms.
- ◆ Mexican people were finally able to exercise their right to vote for a democratic transition of political power.

IV. Conclusion

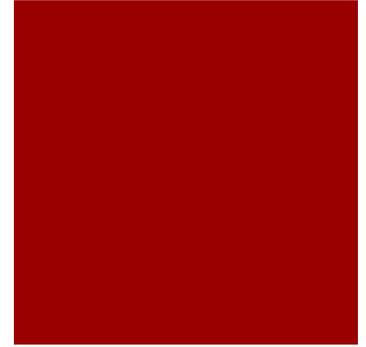
- ◆ Mexico, a place with more than little hope?
- ◆ Immigration issues, rising inequality, violence and insecurity crisis, slow economic growth and drug cartels...are some of the biggest issues Mexico has to deal with nowadays.
- ◆ On the other hand, decline in poverty rates; improvements in health and education, strong democracy:

“...Mexico is stronger than ever because it has managed to overcome many of the political and economic tempests that’s used to threaten the country...” (Leon Crauze).

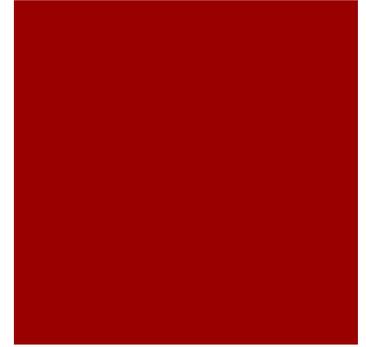
- ◆ **So, Mexico is a country with more than little hope...**



...if, it can manage to overcome its demons...



...it will become a better
and safer place to live.



Thank You
Merci
Gracias!

Questions?

