Economic Structural Transformation for Growth in APEC: Mexico’s Perspective - Presentation

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ECONOMIC STRUCTURAL TRANSFORMATION FOR GROWTH IN APEC: MEXICO’S PERSPECTIVE

APEC 2014 Symposium
Beijing, China

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I. Role of APEC

APEC as a discussion forum has proven useful: Regional Economic Integration, Green Growth, Security, Structural Reform.

But how can APEC be more helpful in gaining benefits from reforms?

ANSSR mid-term report

The goals of 2015 are near to be achieved and thus now it is a good moment to start thinking in what is next.

• The point is to identify the right synergies between regional and domestic transformative reforms and strike the balance on the collective and individual needs.

• The time is right to look forward into reform areas that could contribute in the structural economic transformation, which in turn can bring growth to the region.
Global Economic Growth

According to the IMF, in the next five years (2014-2018), the global growth could be a 0.5% less than the period of the great moderation (2003-2007).

Structural reforms have proven to be useful tools to strengthen economies so as to overcome possible downturns and bring them back to the path of growth.

Mexico has worked domestically in the development and implementation of key reforms that could help us to strengthen our economy, including those areas addressed by APEC.

II. Structural reform in Mexico

Since 2011, Mexico has made multiple efforts to promote a more open, well-functioning, transparent and competitive markets through the following areas:

- Transparency (public consultation) in the Regulatory Improvement Process
- Regulatory Impact Assessment (RIA) Implementation
- Amendments to the Federal Law of Economic Competition
- Implementation of Biennial Regulatory Improvement Programs, based on the Standard Cost Model to assess administrative and opportunity costs
- Implementation of Foreign Trade Single Window
- Implementation of the Guillotine of Administrative Regulations
### Progress in 2011 - 2013

#### Biennial Regulatory Improvement Programs, based on SCM
- About 1.2% of GDP (11 billion dollars) was saved by implementing improvements in 11% of the Registration of Procedures and Services (511 procedures).

#### FTSW
- Total number of operations conducted reached 39.7 million.
- 245,000 procedures of the Ministry of Economy processed.
- The FTSW reached 92% of implementation, as reported by SAT (Tax Administration Service).

#### Guillotine of Administrative Regulations
- 1st and 2nd of 9 handbooks reform conducted
- Standardization of 56 federal administrative processes
- 10,486 administrative rules out of 14,579 (71.9%) eliminated.

### Specific area Progress in 2011-2013

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| Transparency (public consultation) in the RIP    | - COFEMER has developed on-line systems for most of its programs.  
- Improved High Impact Regulation due to public consultation increased 30%.                                                                                                                                                                                                                                                                         |
| RIA Implementation                                | - An alert system was created to distinguish high-impact regulations from moderate impact ones.  
- Draft regulations increased 28.13%  
- Improved draft regulations due to regulatory process increased from 42% to 43%.                                                                                                                                                                                                                                                                      |
| Amendments to the FLEC                            | - Economic welfare improved around $90 million USD in 2012, by enforcing the competition law.  
- 41 opinions on draft regulation, laws and bylaw initiatives from the three levels of government were issued.  
- 151 appeals were solved in the Judiciary, 73.5% of them were confirmed.                                                                                                                                                                                                                                                                            |
The current administration undertook a series of broad transformative domestic reforms aimed at creating a framework conducive to growth and development.

- Labor
- Education
- Telecommunications and Competitiveness
- Energy
- Fiscal

The telecommunication and economic competition reform which has been already approved, will allow the provision of essential services to those enterprises with effective competition conditions.

The financial reform is planned to increase financing in better conditions as a result of enhanced competition and better institutions.

The energy reform will positively impact on an efficient and competitive energy supply.
IV. Opportunity Areas: The case of Latin America

- Investment in infrastructure should be a high priority: APEC has started with its Multiyear Framework on Infrastructure.

- Labor markets: Reducing informality could improve productivity.

- Legal frameworks: Required to enable investment from domestic and foreign investment

2012 APEC Foreign Direct Investment

- APEC’s intraregional FDI
  USD 3,143,186 trillions (36%)

- APEC’s extraregional FDI
  USD 5,461,346 trillions (63.3%)
V. Recommendations

- Structural reform has become an integral part of APEC's efforts to promote higher quality growth in the Asia Pacific region.

- In order to take forward these reforms investment is much required.

- There is a wide range of opportunity to transform the economy for growth and APEC surely has the potential to help us find the best way to achieve it.
THANK YOU.