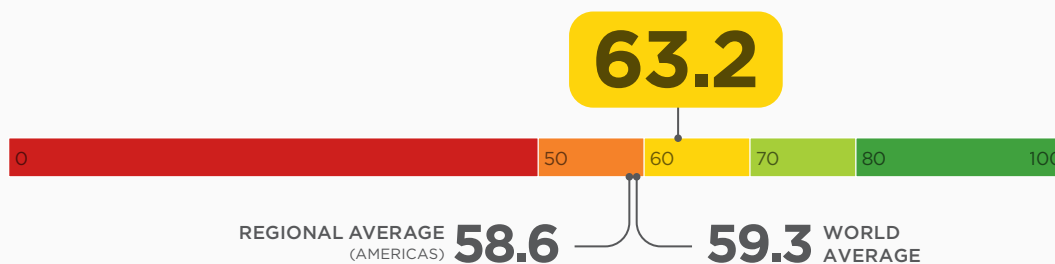


MEXICO

Mexico's economic freedom score is 63.2, making its economy the 61st freest in the 2023 *Index*. Its score is 0.5 point worse than last year. Mexico is ranked 11th out of 32 countries in the Americas region, and its score is above the world and regional averages.

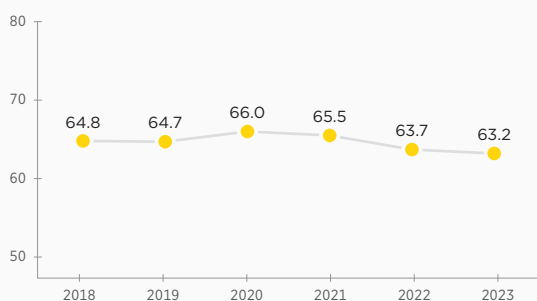
The rule of law in Mexico has been severely undercut by violence and instability related to drug trafficking. Other grave institutional weaknesses include rampant corruption and poor protection of private property rights. The government has an extensive agenda of reforms to address these deficiencies, but progress has been sluggish and marginal.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +0.1

RECENT FREEDOM TREND



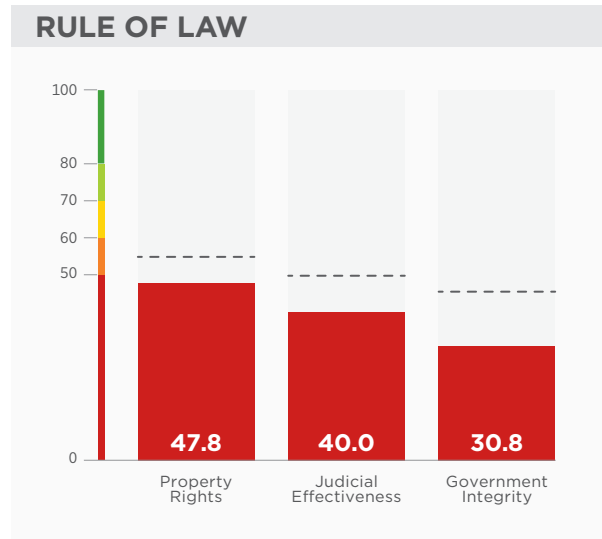
QUICK FACTS

POPULATION: 130.3 million	UNEMPLOYMENT: 4.5%
GDP (PPP): \$2.7 trillion 4.8% growth in 2021 5-year compound annual growth 0.2%	INFLATION (CPI): 5.7%
FDI INFLOW: \$31.6 billion	PUBLIC DEBT: 57.6% of GDP

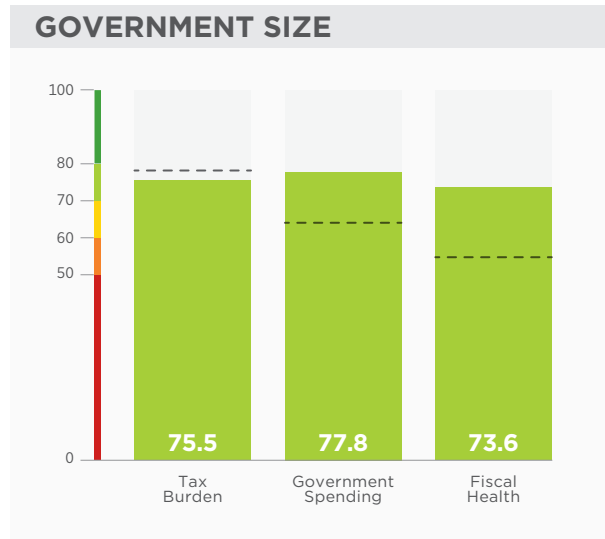
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: The failure of President Andrés Manuel López Obrador of the populist-leftist MORENA party to address crime, corruption, and poverty has narrowed his congressional majority, but In 2022, he called for a recall referendum and won more than 90 percent of the vote. Lopez Obrador's statist energy and natural resource policies undermine foreign investment and violate the U.S.-Mexico-Canada trade agreement. Recent proposals to reform the electoral system inspired mass protests. Lopez Obrador supports Cuba's doctor-trafficking scheme, and masses of migrants are traveling through Mexico toward the U.S. border. The informal sector accounts for nearly 60 percent of economic activity.

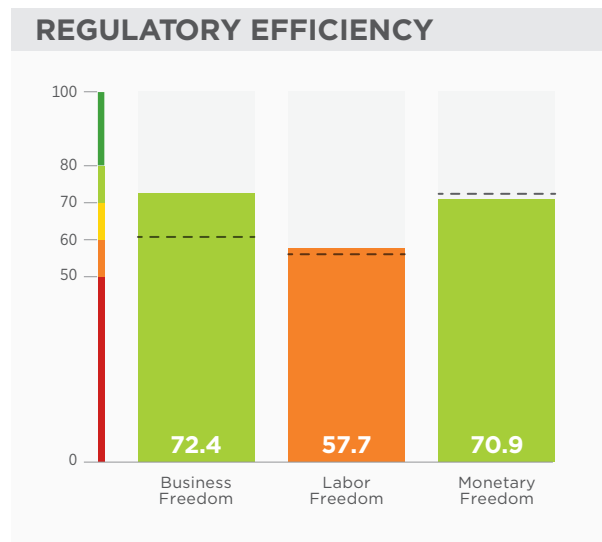
12 ECONOMIC FREEDOMS | MEXICO



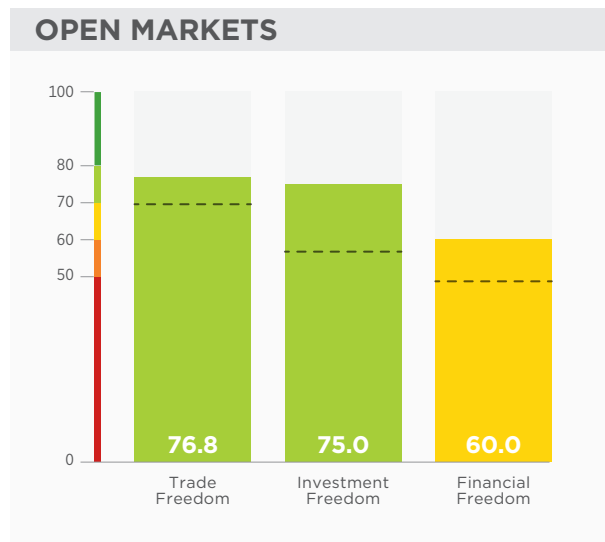
The overall rule of law is weak in Mexico. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual and corporate tax rates are, respectively, 35 percent and 30 percent. The tax burden equals 17.9 percent of GDP. Three-year government spending and budget balance averages are, respectively, 27.2 percent and -3.5 percent of GDP. Public debt equals 57.6 percent of GDP.



Uncertain enforcement of contracts, a precarious security situation, and informality undermine business freedom. The pace of reform has slowed in comparison to other emerging economies. Labor market reforms have largely stalled. The most recent available inflation rate is 5.7 percent.



The trade-weighted average tariff rate is 4.1 percent, and more than 200 nontariff measures are in force. Foreign direct investment in most of the economy is permitted, but certain key sectors are still reserved for the state. Much of the well-capitalized banking sector is foreign-owned.