

To BRIC or not to BRIC?

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- Sheer size and rapid growth do not necessarily equate good business
- Mexico has key advantages over BRICS
 - Richer households
 - Increasingly sophisticated economy
 - Better business environment across the board
- BRICs and Mx share corruption and poor institutions

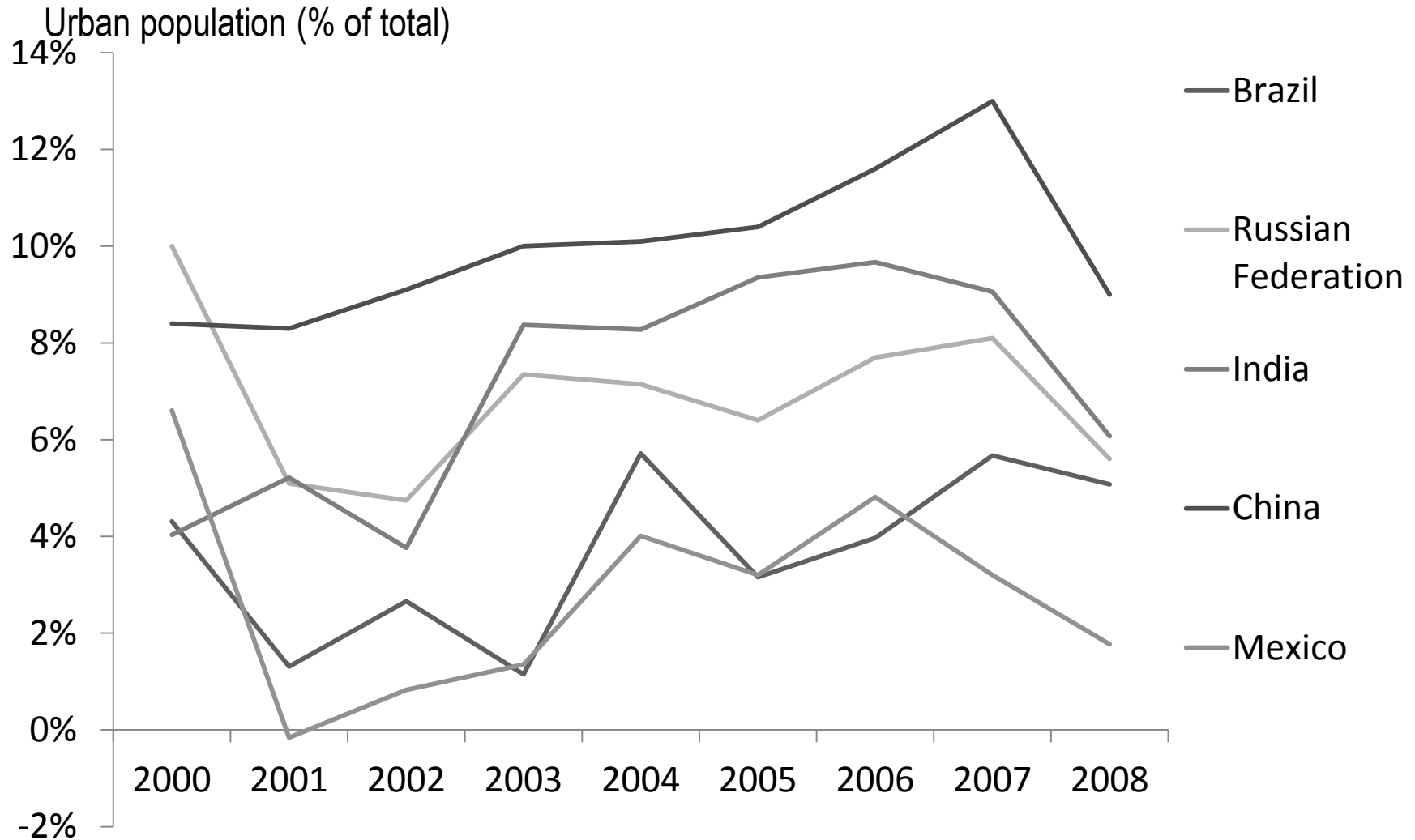
Sheer size & Rapid growth don't
equate good business

BRICs are much larger than Mx

Country	Nominal GDP	% world GDP at PPP
1 United States	24.6	20.5
2 Japan	8.7	6.0
3 China	8.5	12.5
4 Germany	5.8	4.0
5 France	4.6	3.0
6 UK	3.8	3.1
7 Italy	3.7	2.5
8 Brazil	2.7	2.9
9 Spain	2.5	2.0
10 Canada	2.3	1.8
11 India	2.1	5.1
12 Russia	2.1	3.0
13 Australia	1.7	1.2
14 Mexico	1.5	2.1
15 Korea	1.4	1.9

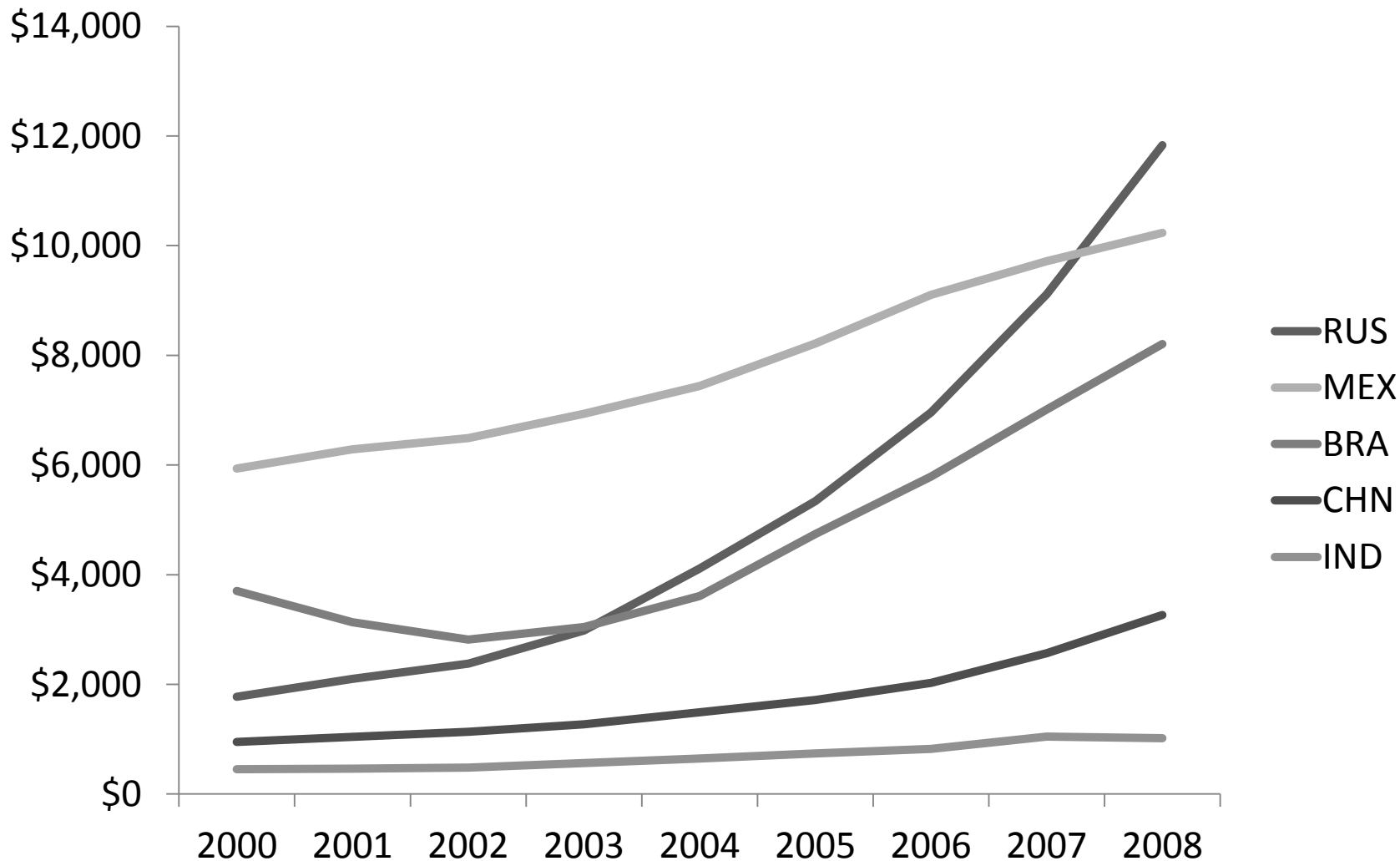
Source: IMF 2009 estimates as of WEO April 2010

BRICS are growing faster than Mx



But Mexicans are still richer

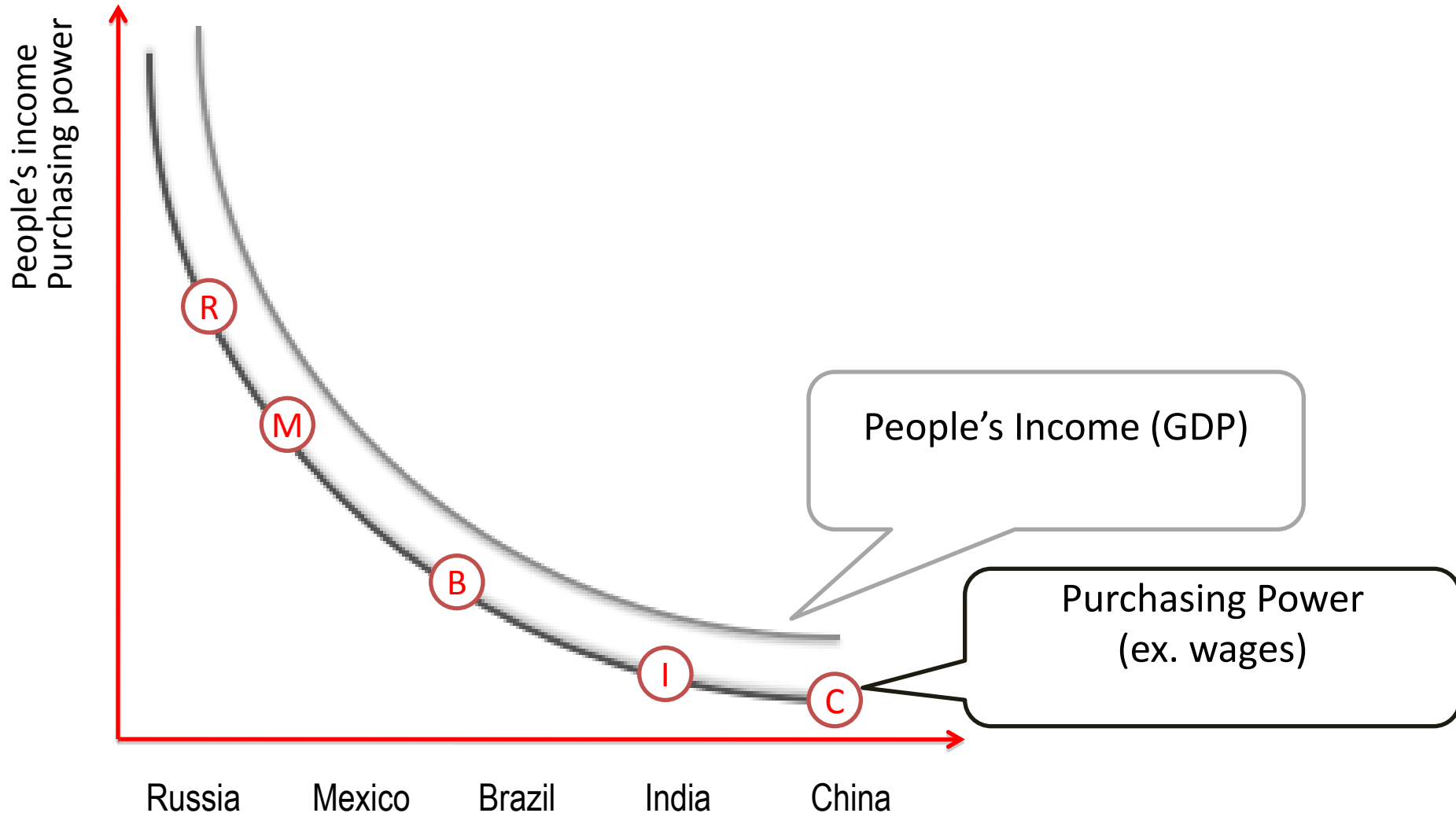
GDP per capita (current US\$)



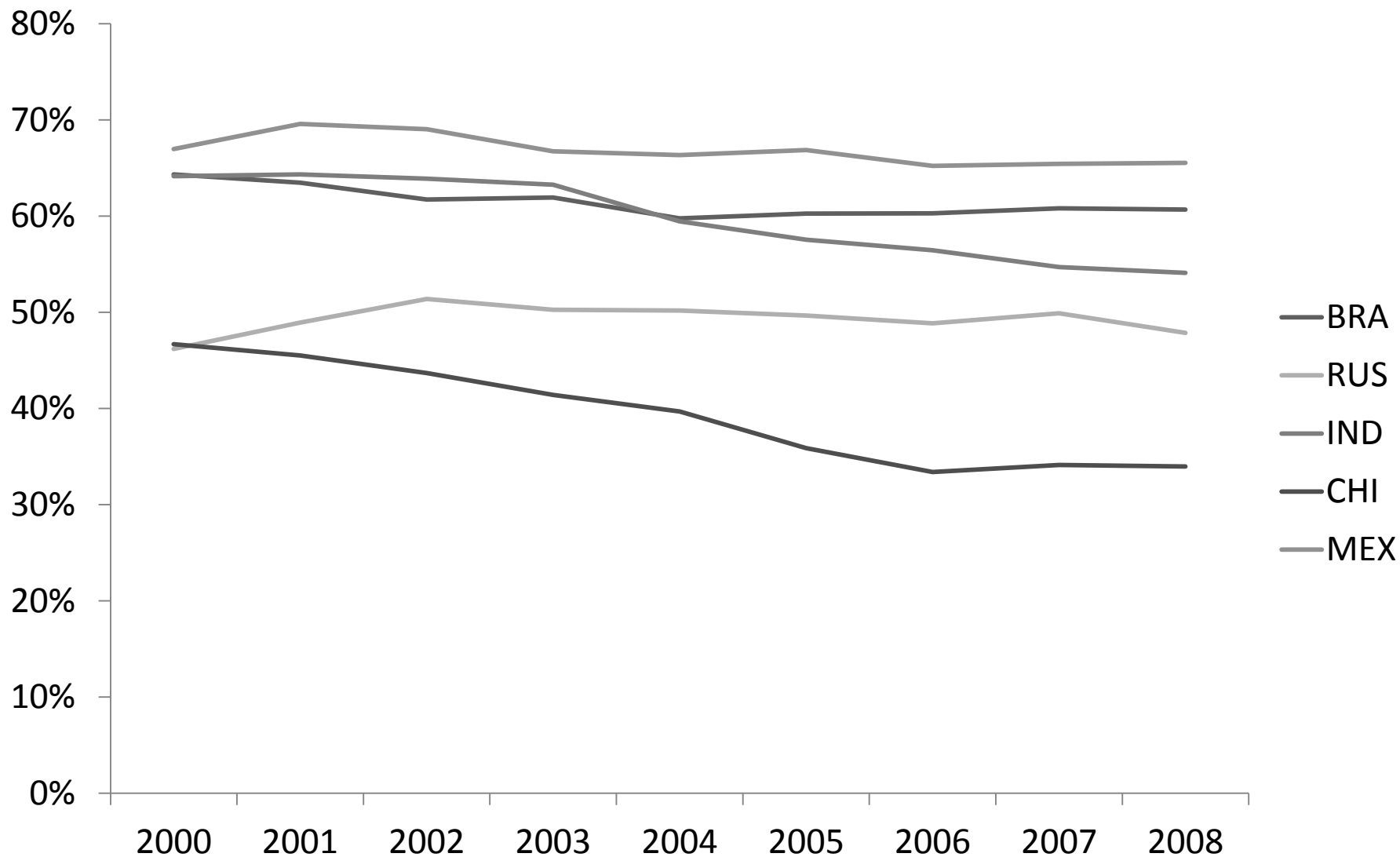
Mexico's **key** advantages

Demographics and
purchasing power of
households are key

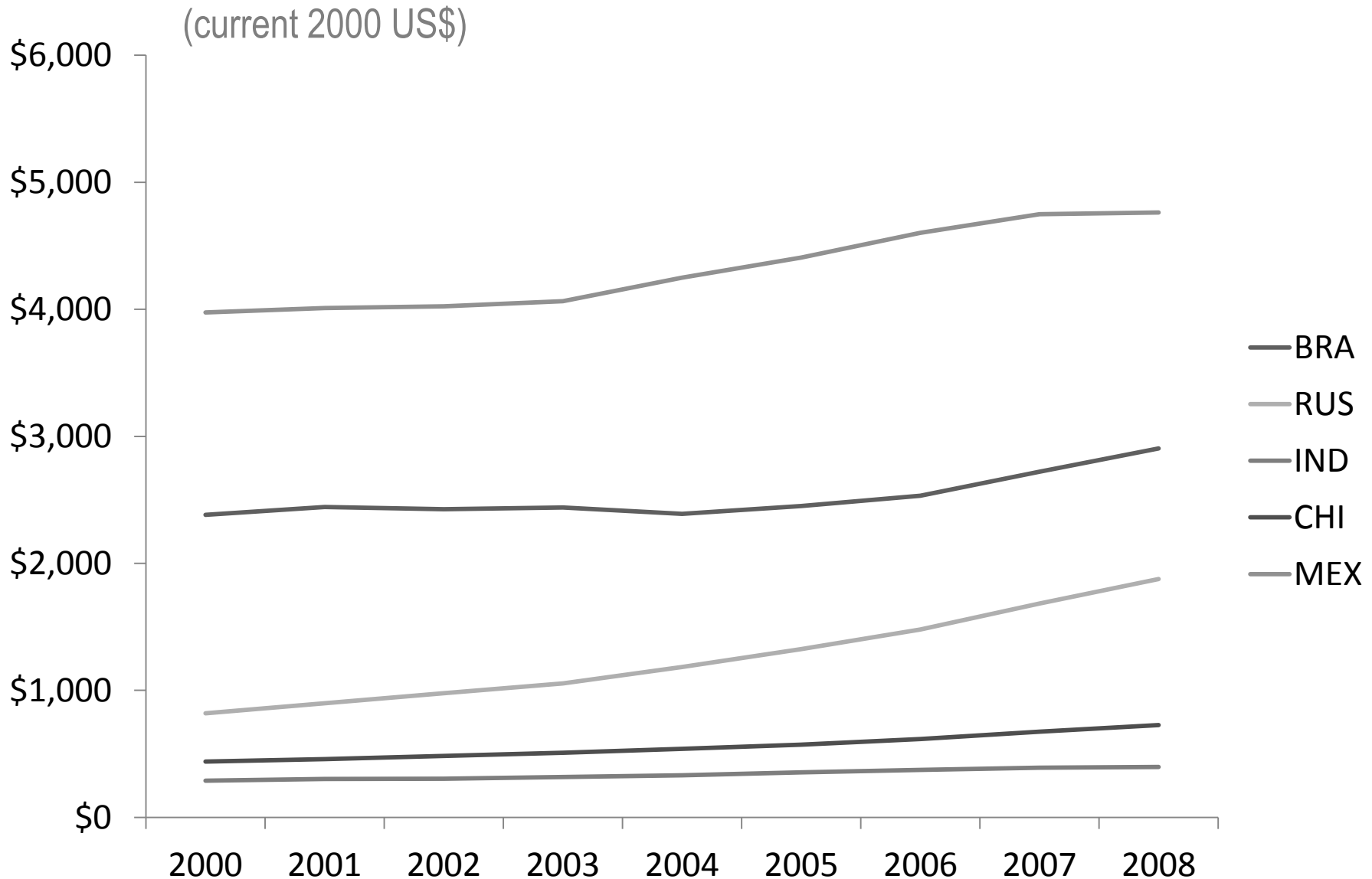
Richer people earn and spend more



Household final consumption expenditure(% GDP)

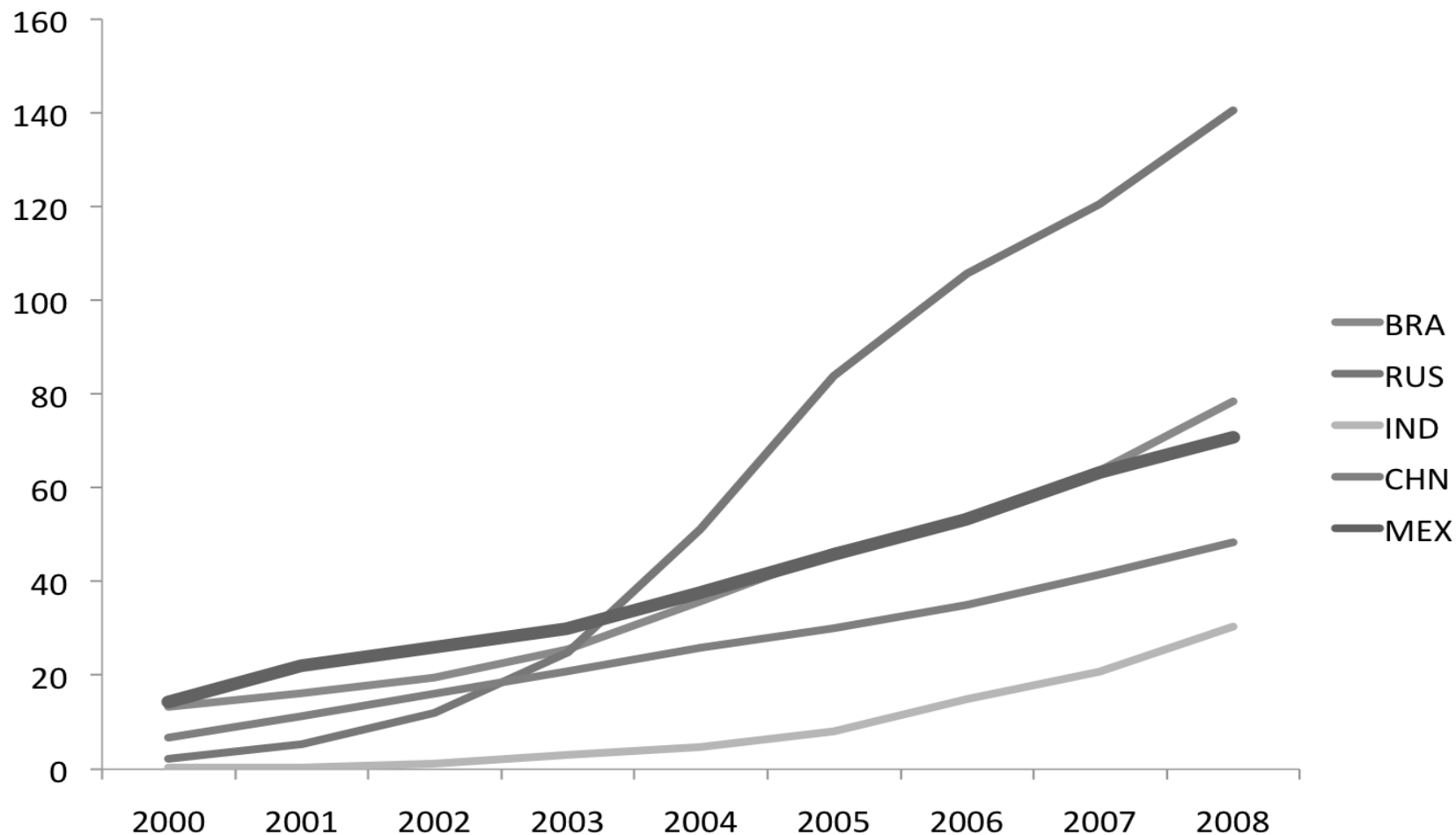


Household final consumption expenditure per capita



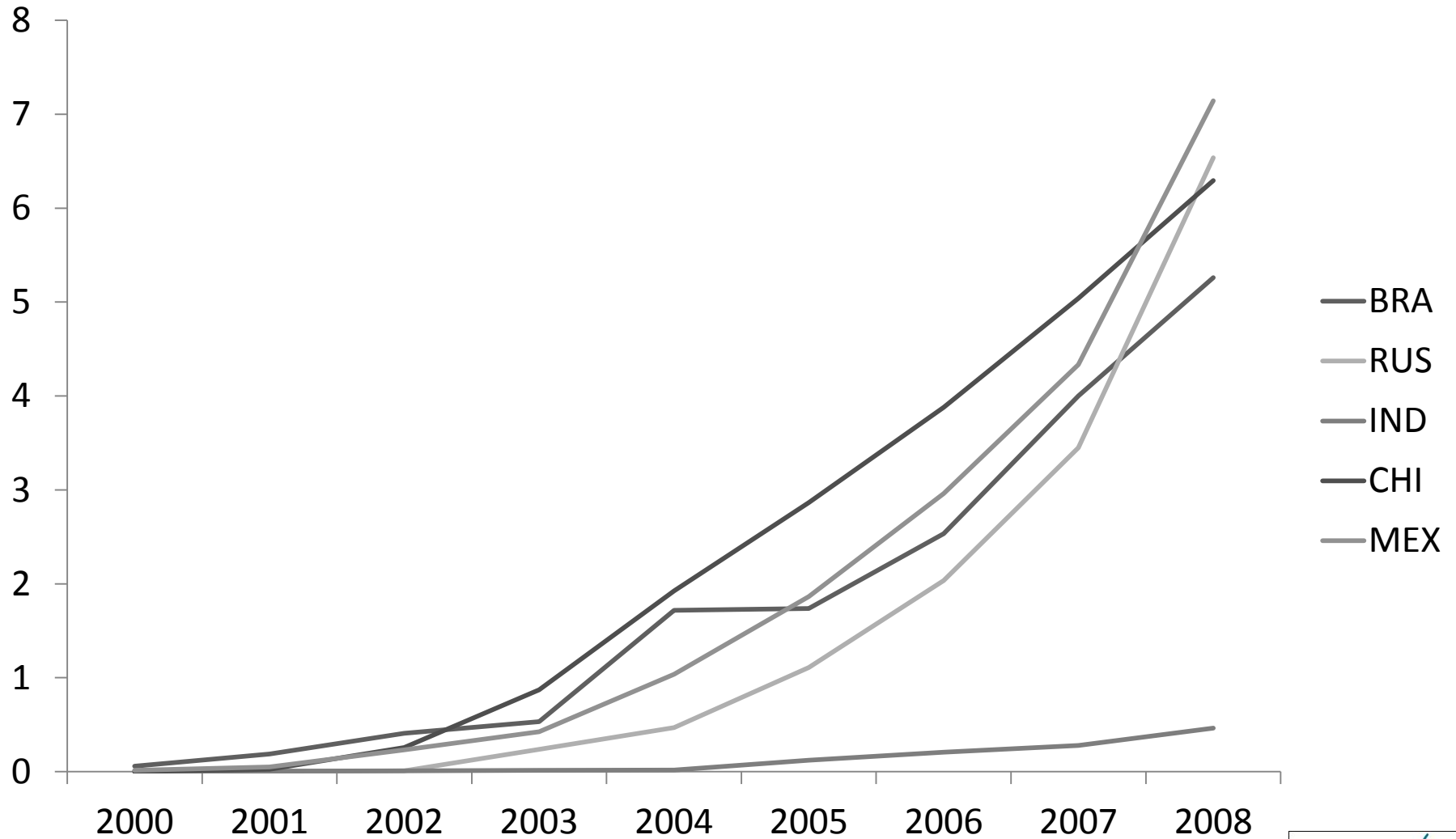
Mxs are Better communicated

Mobile cellular subscriptions (per 100 people)



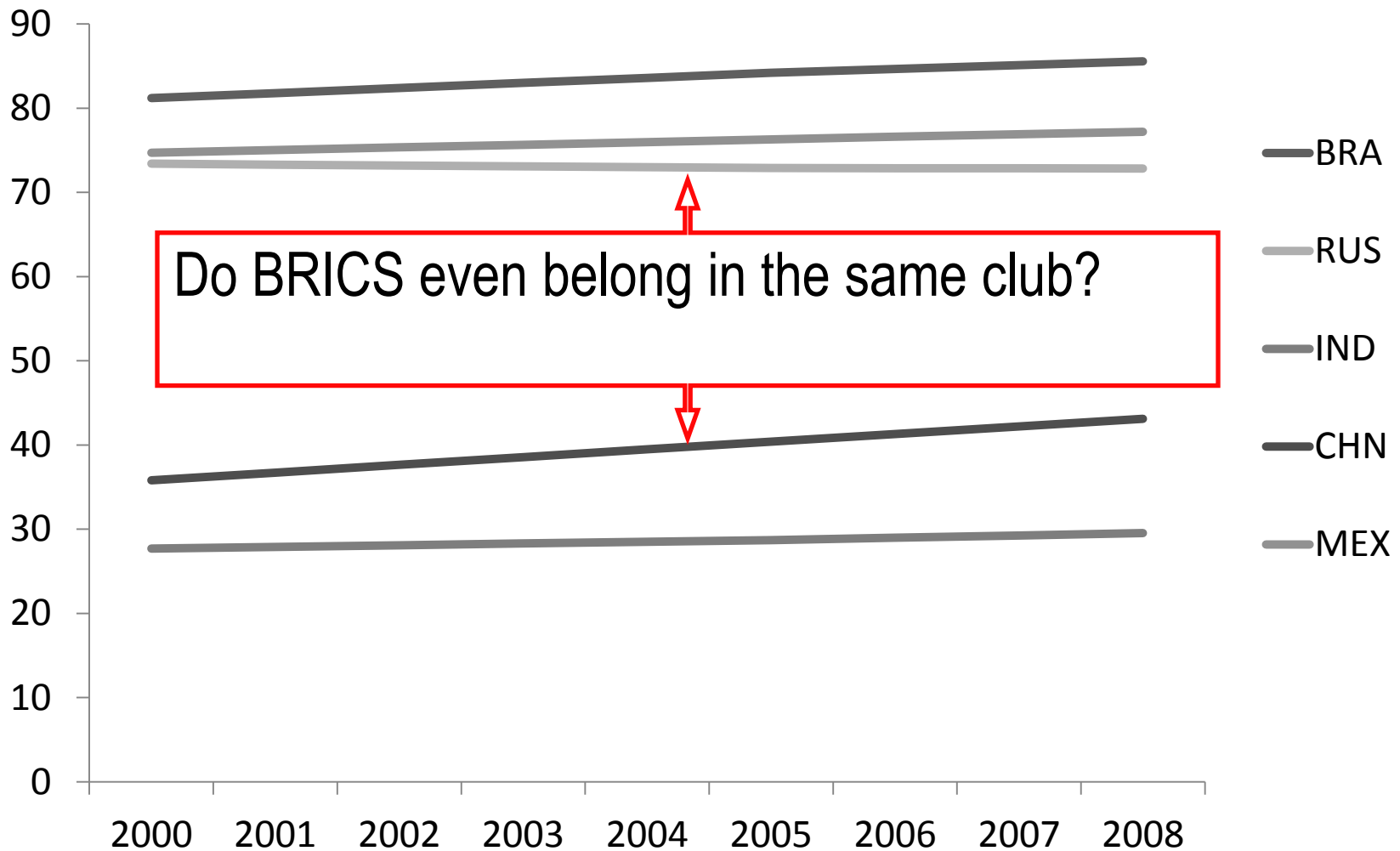
...more connected,

Fixed broadband Internet subscribers (per 100 people)



... and more urban

Urban population (% of total)

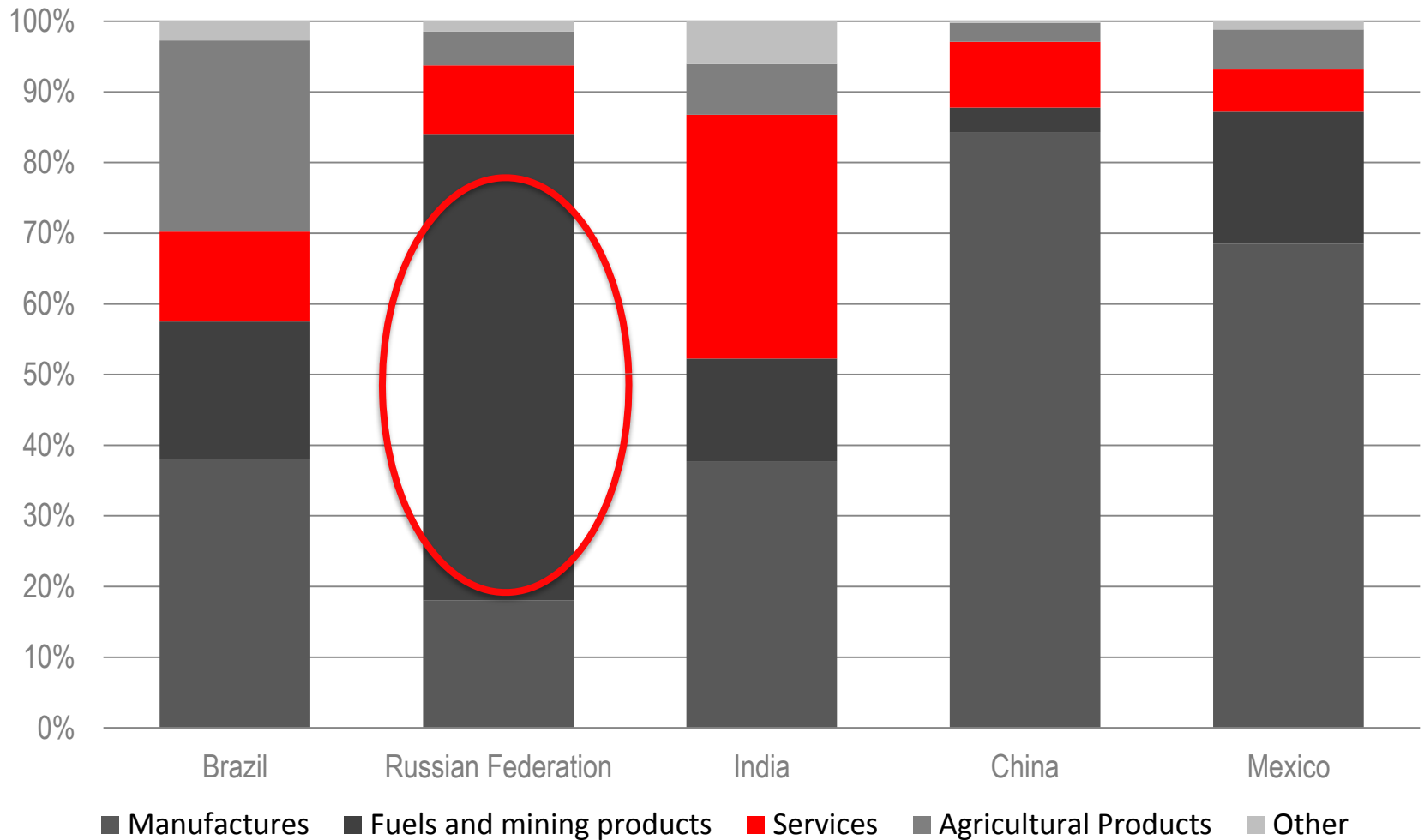


Do BRICS even belong in the same club?

The Mexican economy is
more **manufacture oriented**
than most BRICS

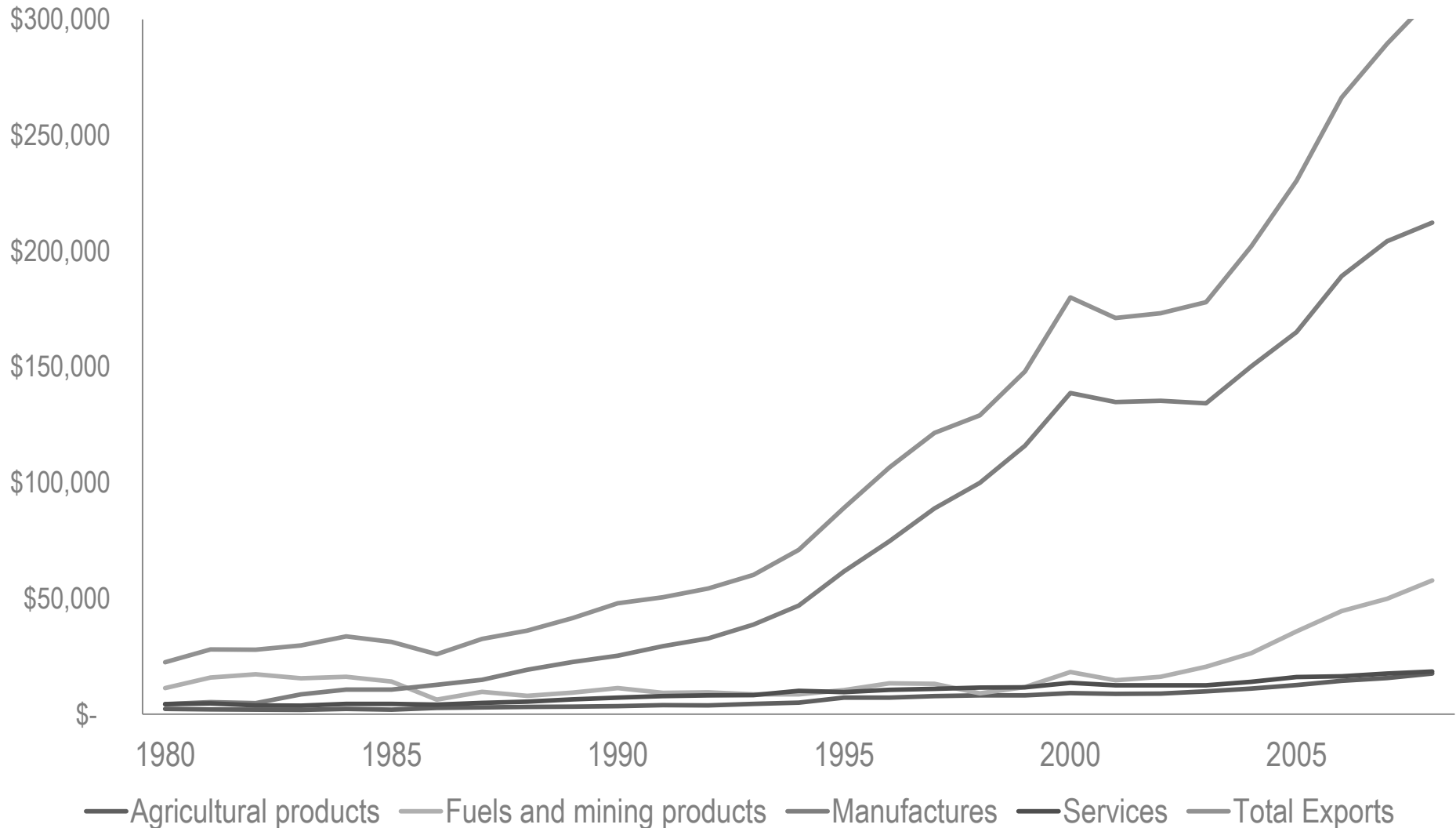
Oil economy? ...been there, done that

Exports by main commodity group & services, % of total exports



Mx's Export Evolution

Millions (current US\$)



BRICs and Mexico share
corruption and institutional
problems...

	México	Brazil	Russia	India	China
Índice General IMCO (48)	32	31	33	43	38
• Sectores económicos en vigorosa competencia	32	29	25	48	35
• Relaciones internacionales benignas	41	39	38	17	32
• Gobiernos eficientes y eficaces	32	28	36	38	35
• Sectores precursores de clase mundial	34	45	32	48	41
• Mercados de factores eficientes	43	34	32	41	33
• Sistema político estable y funcional	38	34	44	31	48
• Macroeconomía estable	30	33	34	29	15
• Sociedad incluyente, preparada y sana	30	40	23	47	31
• Manejo sustentable del medio ambiente	45	27	35	47	36
• Sistema de derecho confiable y objetivo	33	29	46	38	45

Corruption across the board

Corruption Perception Index

Ranking (out of 180)	Country	Score (out of 10)
1	New Zealand	9.4
5	Switzerland	9.0
19	United States	7.5



75	Brazil	3.7
79	China	3.6
84	India	3.4
89	Mexico	3.3
146	Russia	2.2

Comparable countries: Colombia (3.7), Burkina Faso (3.6), Thailand (3.4) Rwanda, Malawi, Moldova, Morocco (3.3), Albania (3.2), Sierra Leone (2.2)

World Economic Forum: Public Institutions

Ranking: 133 countries

	Mexico	Brazil	Russia	India	China
Public Institutions	101	97	110	55	46
1. Property Rights	86	76	119	55	43
1.01 Property Rights	86	70	121	54	39
1.02 Intellectual Property Protection	81	92	102	61	45
2. Ethics and Corruption	100	125	99	73	43
2.01 Diversion of Public Funds	100	121	106	58	55
2.02 Public trust of Politicians	94	127	80	79	26
3. Undue Influence	89	72	111	44	50
3.01 Judicial Independence	91	78	116	37	62
3.02 Favoritism in Decisions of Government Officials	85	74	96	54	35

The Global Competitiveness Report 2009-2010

World Economic Forum: Public Institutions

Ranking: 133 countries

	Mexico	Brazil	Russia	India	China
4. Government Inefficiency	89	120	110	43	37
4.01 Wastefulness of government spending	69	129	81	55	35
4.02 Burden of government regulation	117	132	124	95	21
4.03 Efficiency of legal framework in settling disputes	94	95	109	37	43
4.04 Efficiency of legal framework in challenging regulations	80	81	111	21	57
4.05 Transparency of Government policy making	75	96	114	43	32

World Economic Forum: Public Institutions

133 countries

	Mexico	Brazil	Russia	India	China
5. Security	125	93	94	70	53
5.01 Business cost of terrorism	91	5	80	117	66
5.02 Business cost of crime and violence	124	118	71	50	43
5.03 Organized Crime	129	111	96	63	71
5.04 Reliability of Police Services	124	89	112	52	49

Sistema Político IMCO	México	Brazil	Russia	India	China
• Índice de Estabilidad Política	35	46	29	21	43
• Índice de control de la corrupción	41	22	3	18	10
• Probabilidad de ataque terrorista	73	18	73	62	35
• Interferencia Militar	73	64	73	64	45
• Libertad de prensa	52	58	25	65	16

All in all...

Mx's **Business
environment** is
relatively better

Ease of Doing Business

Ranking (out 183)	Brazil	Russia	India	China	Mexico
Ease of doing business	129	120	133	89	51
Starting a business	126	106	169	151	90
Dealing with construction permits	113	82	175	180	37
Employing workers	138	109	104	140	136
Registering property	120	45	93	32	99
Getting credit	87	87	30	61	61
Protecting investors	73	93	41	93	41
Paying taxes	150	103	169	130	106
Trading across borders	100	162	94	44	74
Enforcing contracts	100	19	182	18	81
Closing a business	131	92	138	65	24

Difficulty of Doing Business

Ranking (183)	Brazil	Russia	India	China	Mexico
Ease of doing business	129	120	133	89	51
Starting a business	126	106	169	151	90
Dealing with construction permits	113	82	175	180	37
Employing workers	138	109	104	140	136
Registering property	120	45	93	32	99
Getting credit	87	87	30	61	61
Protecting investors	73	93	41	93	41
Paying taxes	150	103	169	130	106
Trading across borders	100	162	94	44	74
Enforcing contracts	100	19	182	18	81
Closing a business	131	92	138	65	24

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- A highly populated market with a relatively high income seems more compelling than a relatively low income country, even if growing rapidly