

ANÁLISIS

Mexico in Asia Pacific: Lagging Competitiveness and Lacking Reform

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Summary

Mexico has traditionally shown an ambivalent attitude towards the Asia Pacific region and the Asia Pacific Economic Cooperation (APEC) in particular. This sentiment has been driven mainly by the attitude of its private sector, which perceives the region much more as a threat than as an opportunity. Mexico's vicinity with the US, the growing dependence of imports from Asia, and the need to urgently conduct domestic reforms, force Mexico to become fully engaged in APEC initiatives.

However, Mexico remains at an impasse internally, being unable to take the decisions to embark in the search for markets in Asia and conduct its domestic reforms. In the meantime, the rest of the world keeps moving ahead

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and greater integration in East Asia keeps taking place leaving Mexico out of business opportunities.

The key impediments to advance Mexico's competitiveness and market liberalization agendas are to be found in the domestic political economy, which remains the key obstacle to pursue a more aggressive agenda in Asia Pacific and elsewhere. Although APEC's potential has been generally oversold by its members and thus its credibility has been hampered, through an appropriate perspective of what APEC is capable of doing and what it is not, the Mexican Government could and should make much more active use of its membership, as it does with other international organizations such as the Organization for Economic Cooperation and Development (the OECD), to push for greater reform at home and further market opening both at home and abroad.

I. Introduction

Mexico has traditionally shown an ambivalent attitude towards the Asia Pacific region and APEC in particular. This sentiment has been driven mainly by the attitude of its private sector which perceives the region much more as a threat than as an opportunity. Mexico is a member of APEC much more by political necessity and geographical accident than by conviction. Its position in APEC has tended to be rather defensive. Mexico's vicinity with the US and the growing dependence of imports from Asia for intermediate goods to boost its exports to the US market, are sufficient reasons for Mexico to become an actively engaged member within APEC.

Nowadays the Mexican private sector remains adamantly opposed to any trade negotiation initiative within the region (and generally elsewhere), while the Mexican Government remains unable to begin negotiations without the consent from the private sector. Depending on each particular case, the underlying reason for the opposition of the private sector is the lack of adequate competitive conditions domestically and the corresponding fear of exposing the domestic industries to competition from countries with a similar or more advanced stage of economic development in sectors such as chemicals, textiles, garments, footwear, steel, automobiles, electronics and others. A related argument is that Mexico has not been able to reap the benefits of its extensive array of FTAs.

Mexico thus remains at an impasse internally, being unable to take the relevant domestic decisions to embark in the search for markets in Asia and

to conduct its domestic structural reforms². In the meantime, the rest of the world keeps moving ahead, and greater integration in East Asia keeps taking place. Mexico is clearly being left out of business opportunities around the globe, thereby increasing its relative dependency on the US market.

This article analyzes the nature of the trade relationship between Mexico and APEC members, highlights the present conundrums in Mexico's tariff structure, and uses the competitiveness indexes of the World Economic Forum to compare Mexico with a sample of countries including key associates in APEC³. It also briefly reviews APEC's agenda on Structural Reform and on a possible Free Trade Agreement in the Asia Pacific (FTAAP), emphasizing the coincidences with Mexico's own agenda and suggesting possible courses of action. A corollary is that there is sufficient space for Mexico to become a much more enthusiastic, aggressive and active member of APEC.

The key impediments to advance Mexico's competitiveness and market liberalization agendas are to be found in the domestic political economy, which remains the key obstacle to pursue a more aggressive agenda in APEC and elsewhere. APEC remains very much alive as a key forum as testified by the unfailing attendance every year by practically all regional heads of State and Government (known in the APEC jargon as the Economic Leaders).

Although APEC's potential has been oversold across the region by many of its members and thus its credibility has been somewhat hampered, through an appropriate fine tuning of what APEC is capable of doing and what it is not, the Mexican Government could and should make much broader and more active use of its membership in APEC, as it does with other international organizations, to push for greater reform at home and further market opening both at home and abroad.

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2. Structural reform is referred to as major changes in laws, regulations and institutions governing a specific sector or market such as labor, energy, telecom, competition policy, regulatory burdens, and the like, so as to improve their functioning and thus benefit the competitiveness of the rest of the economy. By competitiveness it is understood simply as the capacity to compete successfully in world markets.
 3. The sample used includes some non APEC developed and emerging countries so as to be able to compare with other important players.

II. The Trade Relationship between Mexico and Asia

On January 1st, 2010, the Free Trade Agreement (FTA) between the Association of South East Asian Nations (ASEAN), Australia and New Zealand entered into force. On that same date, the last phase of the implementation of the tariff liberalization agreed in the China - ASEAN Free Trade Agreement between China and the six more advanced nations of ASEAN took place (Brunei, Philippines, Indonesia, Malaysia, Singapore and Thailand). ASEAN has also concluded the negotiation of FTAs with Japan, South Korea and India.

According with the World Trade Organization, in 2008 the FTA between China and ASEAN represented the third largest trading block in the world (3 percent of world trade). The two other larger trading blocks were the European Union (25 percent) and NAFTA (6 percent).⁴

Another important trade initiative, perhaps more by its significance as a true bridge between the two sides of the Pacific than by its present trade size, is the Trans-Pacific Strategic Economic Partnership, which is a comprehensive agreement signed by New Zealand, Chile, Singapore and Brunei and which entered into force in 2006. This is an agreement open to new members be it from APEC or elsewhere. As of today, Australia, Peru, Japan and Vietnam have expressed their willingness to join the Transpacific Partnership, and the present US administration quite recently expressed its willingness to engage in such an arrangement.⁵

Clearly, as the integration process continues in East Asia and across the Pacific, Mexican exporters, both current and potential, are being left out of export opportunities in the region. In the near future East Asia's trade negotiating agenda will erode Mexican market preferences everywhere.

While this market opening takes place in the Asia Pacific, as a consequence of the proliferation of the Mexican Free Trade Agreements (FTAs) as well as numerous internal customs arrangements and programs (a number of them meant to enhance the competitiveness of domestic industries and promote exports), Mexico's customs administration has become a real puzzle and unmanageable nightmare.

4. See for example Inteligencia Comercial (IQOM), "Continúan países de Asia Proceso de Integración Comercial: México se mantiene al margen", January 2010, in the references to this article.

5. See Barfield, Claude and Phillip I Levy, January 2010, in the references to this article.

This has become an unsustainable situation that has practically forced the Government to impose on its productive sector a unilateral trade liberalization agenda on an MFN basis, which was officially announced without the private sector consent through a presidential decree in December of 2008 by the Mexican Government. The program was immediately repudiated by the private sector and has contributed to the creation of a rather tense relationship between the Private Sector and the Administration of President Felipe Calderón.

The view maintained in this article is that the Government should not abandon its announced unilateral liberalization program. On the contrary, it should pursue such program, but in order to sustain it, the Government must necessarily couple market opening with a strategic plan to accomplish the pending domestic structural reforms, which of course requires at a minimum the involvement of the legislative and the private sector. Otherwise, the domestic industry will increase its political pressure to abort the unilateral liberalization program, something which could happen in a few years time. Unfortunately, such strategic plan involving all relevant actors seems still far away. Domestic politics interfere and political parties as well as domestic actors continue blocking the needed reforms.

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At the same time, and consistently with its own agenda of unilateral market opening, Mexico should pursue a much more aggressive export penetration policy in Asia Pacific, seeking the reduction of barriers to its products in the same manner as other more open economies like Australia, New Zealand and Chile have been doing for the last decade.

To date, Mexico has subscribed only one FTA in Asia, namely with Japan, which entered into force on April 2005. In February 2006, Mexico initiated negotiations for an FTA with South Korea. However, the negotiation was abandoned due to the opposition of the Mexican manufacturing sector.

Another negotiation attempt was aborted in 2001 with Singapore, again due to the opposition of the Mexican private sector. Bilateral studies have been completed recommending the negotiation of FTAs with Australia and New Zealand, but no go ahead has been given to start the negotiating process again due to the resistance of private interest.

On the Latin American negotiating front, during the present administration of President Felipe Calderón, it has not been possible to conclude negotiations either with Peru or Panama. A possible FTA with Brazil is looming in the horizon under strong resistance by the private sector once again. In recent days President Calderón and President Lula announced the negotiation of a Strategic Economic Association Agreement, which is meant to include an FTA but there is widespread opposition in Mexico to the said agreement once again.

It is a curious how domestic economic policy is being conducted nowadays. While the federal Government has imposed a unilateral market opening program to the private sector without a strategic plan to conduct domestic reforms, it is not capable of engaging in the negotiations of FTAs to try to open foreign markets in a reciprocal manner.

ASEAN has not been a significant trading partner for Mexico, representing only around 2 percent of total Mexican trade (see table 1). In 2008, imports from ASEAN represented over 11.5 billion dollars, while Mexican exports amounted only to 870 million. Malaysia sold over 4.6 billion to Mexico while half of Mexican exports had Singapore as a destination.

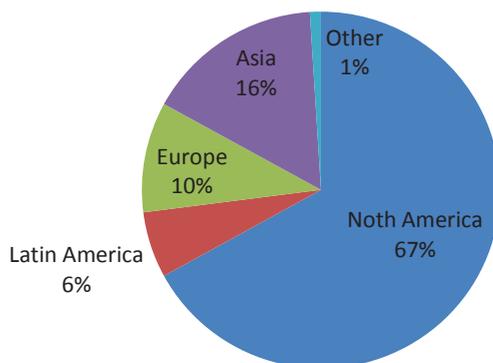
Table 1
Participation in Mexican Trade

<i>Year</i>	<i>2007</i>	<i>2008</i>
ASEAN	2%	2%
China	6%	6%
Australia	0.20%	0.20%
New Zealand	0.10%	0.10%

Source: IQOM.

China is the Asian country with which Mexico has the most intense trade relation (6 percent of its total trade). Australia and New Zealand together account for not more that 0.3% of total Mexican trade. As a region, Asia today is Mexico's second most important trade relationship and above Europe, due to the increasing importance of China in world trade (see figure 1).

Figure 1
Mexican Trade by Region in percentages



Source: IQOM.

If we analyze the changes in the composition (or structure) of trade by region, we notice that in 2007 close to 15 percent of Mexico's total trade took place with Asia and Oceania. Four of the main trading partners of Mexico belong to East Asia and add up to 12 percent of Mexican total trade. Only 1.6 percent of Foreign Direct Investment (FDI) into Mexico came from that region between 1999 and 2007 (2.9 US billion).⁶

Mexico's export structure has remained relatively stable since the implementation of the NAFTA (see table 2)⁷. Since then, there was an important change in the import structure of Mexico in favor of Asia (see table 3), which has also been associated with a mounting trade deficit against that region.

6. This percentage does not take into account the investment by subsidiaries of Asian companies based in the United States.

7. However, it must be noticed that it is likely that Mexican export figures do not accurately reflect the true destiny of our exports, since the final country of destination is somewhat difficult to obtain in the export data. It would be more appropriate to measure our exports by the imports of the final destination where goods are finally consumed or substantially transformed into other goods.

Table 2
Mexican Export Structure by Region. US billion

	1993	Percentage	2007	Percentage	Growth 93/07
Total	51.7	100	272.1	100	426.3
North America	44.4	85.7	229.9	84.5	417.8
Latin America and the Caribbean	2.9	5.6	18.3	6.7	531
Asia and Oceania	1.2	2.3	7.5	2.8	525
Europe	2.9	5.7	14.7	5.4	406.9
Rest of the World	0.3	0.6	1.7	0.6	466.7

Source: Ministry of the Economy.

Table 3
Mexican Import Structure by Region. US billion

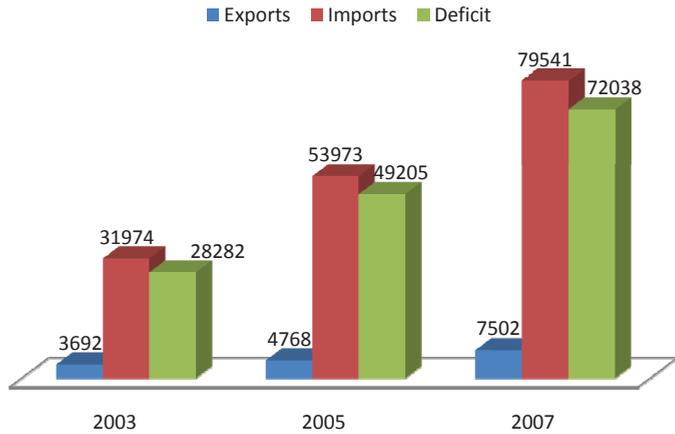
	1993	Percentage	2007	Percentage	Growth 93/07
Total	65.3	100	283.2	100	333.7
North America	46.5	71.2	148.5	52.4	219.4
Latin America and the Caribbean	2.6	3.9	15.9	5.6	511.5
Asia and Oceania	7.6	11.6	79.7	28.1	948.7
Europe	8.5	13.1	36.5	12.9	329.4
Rest of the World	0.1	0.2	2.6	0.9	2500

Source: Ministry of the Economy

While the Mexican trade deficit with Asia has exploded since the implementation of NAFTA, the Mexican surplus with the United States has also impressively increased (see graphs 1 and 2). The Mexican export boom to the United States can be explained by factors such as the market opportunities opened up by NAFTA and the behavior of the real value of the peso against the dollar after the “tequila crisis” in the mid 90s.

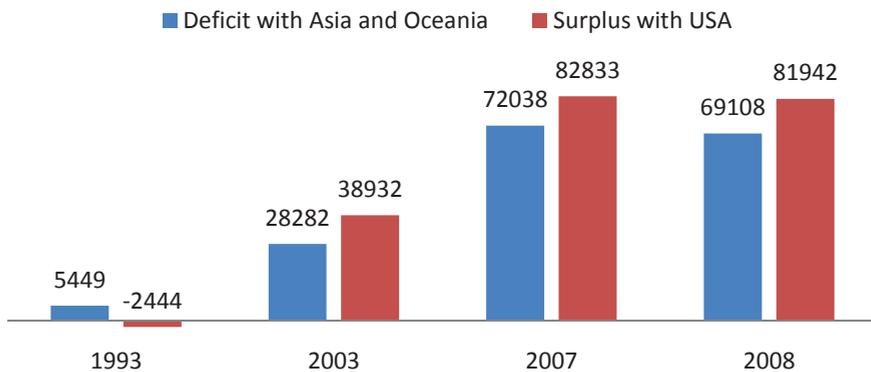
Another related explanation is the reorganization of labor that followed the implementation of the NAFTA, which to an important extent founded the competitiveness of Mexican exports on the strength of traditional “maquiladora” type operations (such as in the electronics industry). More importantly, the lack of a world quality Mexican parts and components supporting industry implied an important increase in imports of intermediate goods from Asia to respond to the expanded market access opportunities which occurred since 1994 (see Graph 3).

Graph 1
Mexican Trade Deficit Against Asia and Oceania
(US Millions)



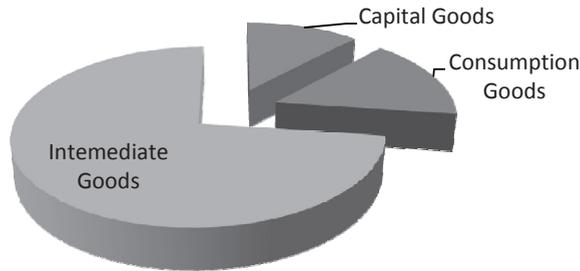
Source: Ministry of the Economy.

Graph 2
Mexican Trade Deficit with Asia and Oceania and Trade Surplus
with the USA (US Millions)



Source: Ministry of the Economy.

Graph 3
Imports Composition 2007. Percentages



Source: Ministry of the Economy.

One important challenge for Mexico is to build a world class supporting industry, something which must happen in an environment of market openness. Domestic reforms in education, physical and human infrastructure, and enhanced links between industry and academic centers will be needed to reduce the import dependency from Asia and increase the competitiveness domestically produced final goods. Local Governments will be particularly interested in ensuring that something along the previous lines can happen.

Mexico's trade opening momentum

Mexico's trade opening momentum truly began since the aftermath of the debt crisis in 1982. Since then it has proceeded on two complementary tracks: unilaterally and through trade negotiations, the latter including the accession of Mexico to the General Agreement on Tariffs and Trade (GATT) in 1986 and the implementation of the NAFTA in 1994. For decades Mexico has been a member of the Latin American Integration Agreement (ALADI) and predecessor (ALALC), which meant partial tariff concessions among Latin American countries which still take place today. A relatively broader trade agreement with Chile took place in 1992.

After Mexico negotiated NAFTA, it began to negotiate a number of agreements which included countries in Central and South America (Guatemala, Honduras, El Salvador, Costa Rica, Nicaragua, Colombia, Venezuela, Bolivia, Uruguay and again Chile), the European Union, Israel, the European Free Trade Association (EFTA) and, more recently, Japan. In the pipeline there

are pending negotiations with South Korea, Peru and Panama. Brazil has just been added to the list. An attempt to negotiate an agreement with Singapore took place towards the end of the 1990's, but efforts were abandoned in the face of fierce opposition by the industrial chambers in Mexico.

In recent days the Mexican Government has been exerting pressure on the private sector to begin the negotiation an FTA with Brazil, but the private sector has been reluctant to provide its consent to the Government once again, arguing about the lack of domestic reforms and the corresponding risk of opening up the economy to foreign competition. Moreover it is argued that Brazil has many non trade barriers and that so far Mexico has not been able to reap the benefits of its extensive array of FTAs.

While generally supportive of the first wave of Free Trade Agreement negotiations up until the early 2000s, the Mexican Private sector has grown increasingly opposed to further negotiations. Mexico's negotiating culture has customarily been to proceed to negotiate only with the consensus support of the Mexican private sector⁸, and this habit has become nowadays an impediment to proceed with negotiations in particular with Asian countries. An alternative approach used in other countries would be to proceed with the negotiations aiming at obtaining a satisfactory package to be submitted to the Mexican Senate for approval and ratification.

The consent of the industrial chambers has been necessary to begin negotiations. Moreover, no negotiation has been concluded without its consent. The private sector argues that many of the FTAs have not brought the benefits that were expected from them in terms of realizing export opportunities and have only opened the domestic market to increasing competition without having achieved domestic reforms thus harming the domestic industrial apparatus, and that any further trade opening either through FTAs or unilaterally should not proceed unless domestic "structural reforms" in sectors such as energy, taxation and labor are conducted, and a significant reduction in the cost of red tape takes place.⁹ The private sector argues that there is no real interest in aiming for non-traditional Asian markets.

8. COECE is the Coordinadora Empresarial de Comercio Exterior and the formal "room next door", in charge of providing advice and supervise the formal official negotiations. Consejo Coordinador Empresarial agglutinates all private sector chambers and is the top decision making body of the private sector.

9. See for example, Consejo Coordinador Empresarial, Agenda de Competitividad 2007.

There is widespread fear that FTAs with Asian countries could expose the domestic industry to unfair economic competition due to the relative backwardness in domestic competitive conditions. FTAs with relatively more advanced economies such as the United States, the European Union or Japan have resulted in greater complementarities due to the greater differences in economic development and competitive advantages, while market opening with similar countries tends to be more difficult to accept by the Mexican industry.

While Mexico remains stuck on an endless and fruitless discussion about its pending domestic reforms, Asian countries have proceeded to negotiate agreements among themselves, which work against those Mexican firms willing to do business with Asian nations. Clearly East Asia is rapidly moving towards much greater free trade and integration. Unlike Chile, which has had a very active and aggressive negotiating agenda with Asia, Mexico's domestic troubles and inability to agree internally on anything are leaving Mexico out of these integrating efforts. The firms that are exporting or have a potential to do so to the Asian markets are feeling the effects of preferential market access being given to its rivals and are finding growing difficulties to export to these markets.

An unwanted result of Mexican trade liberalization

The numerous trade agreements and the corresponding preferential access Mexico must grant in each specific case, have given rise to a very complex customs administration system. This complexity in administration was significantly increased with the implementation of Article 303 of the NAFTA (duty drawback and duty deferral programs) in the early 2000s, which forbids the reduction or exemption of MFN tariffs for non NAFTA originating goods (i.e., imported mainly from Asia or elsewhere that are incorporated into goods exported to the United States or Canada).

Mexico should have proceeded to reduce MFN tariffs at least to the level of the United States to deal with the implementation of Article 303, and therefore avoid any loss in price competitiveness of Mexican manufacturers and exporters making intensive use of imports of parts and components from Asia. However, domestic firms were opposed to see MFN tariffs being reduced, while Japanese *maquiladoras* and other export oriented firms making intensive

use of the older temporary importation regime were keen to maintain the tariff exemptions that had been allowed thus far to them.

The resulting arrangement by the interested parties mediated by the Government gave rise to the adoption of twenty four Sectorial Programs (called PROSECs), which establish for the same item differentiated tariff rates depending on its end use, aimed at reducing the negative impact on manufacturing operations making intensive use of non originating inputs.

After almost eight years of struggling with a heavy administrative burden, in order to eliminate the administrative complications and the resulting lack of transparency and perceived corruption in customs administration, in December of 2008 the Mexican Government, through a Presidential decree, announced the unilateral reduction or elimination of MFN tariffs in an ambitious and far reaching program, thereby substantially freeing trade on an MFN basis and abolishing preferential treatment on a quite substantial proportion of Mexican total trade.

The customs complexity resulting from Mexico's implementation of its tariff liberalization is practically impossible to be administered. The customs administration problems and corresponding unilateral tariff liberalization program are also being used as a lever to impose greater competition on the domestic industry.

Under the announced program, the simple average tariff will be reduced in five steps, from 10.4 percent in year 2008 to 4.3 percent by year 2013. The percentage of tariff lines with a zero tariff rate will be increased from 20 percent in year 2008 to 63 percent by year 2013. As a result, by year 2013 all PROSECs will be eliminated and a simplification of other preferential programs will also take place. No origin certification will be any longer necessary for a very large number of products.¹⁰

As expected, this program generated an angry reaction from the private sector, creating enormous tension with the Government. The Mexican Government has remained firm and has shown no intention to reverse the measure. Nonetheless the liberalization program decreed by the executive includes a commitment by the Government to conduct the needed reforms to strengthen Mexico's competitiveness. The customs administration problems

10. See Lorenza Martínez Trigueros, *Facilitación Comercial, Foro sobre la Reforma Regulatoria*, Secretaría de Economía y OCDE, January 2010.

that market opening brought about by the negotiation of FTAs could be the trigger of the next wave of domestic reforms.

Facing the inevitable, the position of the Mexican private sector has been to demand from the executive the implementation of structural reforms in exchange of the tariff liberalization measures. Opposition parties in Congress, which bear great responsibility in the lack of implementation of the needed reforms, have threatened the executive branch with the removal of tariff reduction or elimination powers.

Mexico's aggressive Free Trade Agreements negotiating agenda up to the middle of the present decade created the conditions for a unilateral trade liberalization on and MFN basis. While aiming to create preferential treatment for its exports, particularly to the US market, the effects of article 303 and the resulting complexity in the administration of various PROSEC programs and trade regimes, together with the complexity to administrate numerous FTAs, forced the Mexican Government to unilaterally reduce tariffs while facing the growing competition of imports from Asia.

One important tool that the Government has to face market opening is the antidumping and safeguards provisions contained in its laws and trade agreements. As greater market opening proceeds, the Government will be under increased pressure to increase the number of antidumping investigations and cases to appease the private sector. During the present administration only a handful of investigations have resulted in the actual implementation of compensatory duties. One way to accommodate the pressure stemming from the private sector could be to allow more cases to end in the actual imposition of compensatory duties.

But more importantly, the inevitable competitive pressure coming from Asia and the announced trade opening of the Mexican economy means that Mexico must now necessarily conclude the pending structural reforms or else its domestic parts and components industry, which will experience the deepest reductions in tariffs, will have difficulties to survive. This could increase our import dependency from Asia. The moment is crucial to design and implement the right policies to strengthen the Mexican supporting industry under conditions of market openness.

In any case, market openness is only one important element of a number of factors that are considered essential to improve the competitiveness of any nation. In the next section a brief review of the huge pending domestic homework on competitiveness is provided. Given that Mexico will significantly

open its economy against the rest of the world and that competition will be enhanced, something which is a desirable goal in itself, nonetheless Mexico needs to proceed fast in all fronts to ensure that the appropriate reforms and policies are implemented domestically in areas such as competition policy, reduction of regulatory burdens, human capacity building and physical infrastructure.

The discussion now includes market opening and domestic reforms as part of the same package. Market opening on an MFN basis now is a must in the Mexican economy and so is domestic reform. The key problem to advance the domestic reform agenda is the vested interest groups (including those from the private sector) which have become entrenched and opposed to any initiative that menaces to reduce the rents obtained from the status quo.

III. Mexico's relative competitiveness

In what follows, a brief comparison is made of various competitiveness factors across a sample of countries, including a number of important members of APEC. The competitiveness factors are called pillars of competitiveness. In the last few years Mexico dropped from position number 52 to position number 60 in the Global Competitiveness index (GCI) of the World Economic Forum (WEF). The main factors or pillars that determine the competitiveness of a nation according to the GCI are shown in chart 1.

Chart 1
Key Factors Considered by the Global Competitiveness
Index of the World Economic Forum

1. Institutions
2. Infrastructure
3. Macroeconomic stability
4. Health and primary education
5. Higher education and training
6. Goods market efficiency
7. Labor market efficiency
8. Financial markets sophistication
9. Technological preparedness
10. Market size
11. Business sophistication
12. Innovation

According to the 2009-2010 figures of the WEF (see the Annex to this Article), Mexico ranks above its own GCI ranking (place number 60) only in the following two pillars: Macroeconomic stability (28) and Market size (11). In all other items, Mexico falls below: Institutions (98), Infrastructure (69), health and primary education (65), higher education (74), goods market efficiency (90), labor market efficiency (115), financial markets sophistication (73), business sophistication (62) and innovation (78). Mexico ranks worst in the following (say above 70): institutions, goods market efficiency, labor market efficiency, and innovation. Regarding APEC members in the sample of countries chosen, only the Philippines, Vietnam, and Russia seem to rank consistently below Mexico.

Another interesting indicator of Mexico's relative performance in competitiveness is the evolution of the relative market share in the US market.¹¹ China clearly has greatly improved its market share in the US market in the recent years. The table below shows how Mexico has consistently diminished its participation in the importation bill of the US, while China has consistently increased hers. This is most dramatically felt in sectors such as computer and telecom equipment, apparel and clothing. In the sample of products in the table, only auto-parts and electrical machinery have increased their market share. Furniture has resisted a major drop in its market share.

Table 4
Mexico faces China's competition

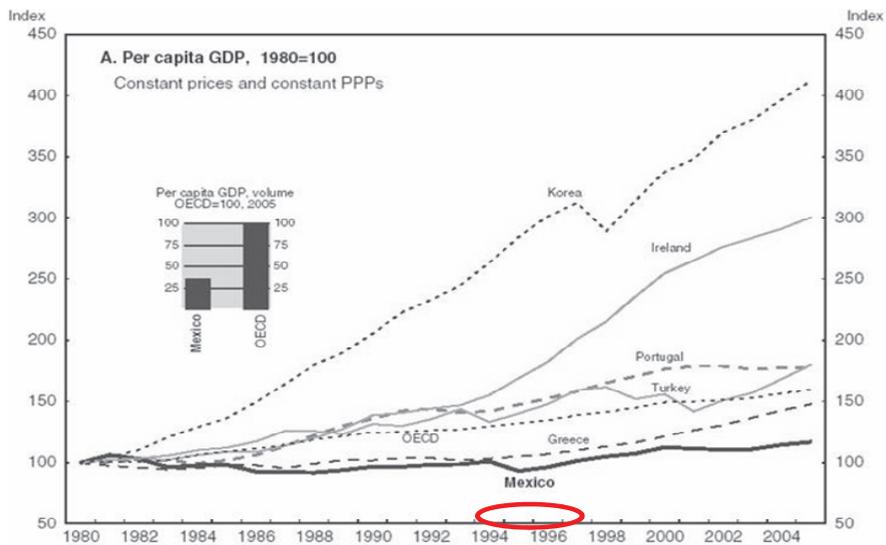
SITC category	Product		2000		2007		Change in Market Share 2000-2007
			Value (billions)	Share of US market	Value (billions)	Share of US market	
752	Automatic Data Processing Machines and Units	Mexico	6.4	11.5	5.6	9.6	-1.9
		China	6.3	11.3	28.6	49.3	38.0
		US Total	55.9		57.9		
764	Telecommunications Equipments and Parts	Mexico	9.1	20.6	10.8	13.6	-7.0
		China	4.6	10.3	29.6	37.3	26.9
		US Total	44.3		79.5		
778	Electrical Machinery and Apparatus	Mexico	3.1	18.3	5.0	21.8	3.5
		China	2.0	11.9	6.1	26.6	14.7
		US Total	17.1		23.1		
784	Auto Parts and Accessories	Mexico	4.6	16.3	10.2	22.2	5.8
		China	0.4	1.5	3.6	7.8	6.2
		US Total	28.4		46.2		
821	Furniture	Mexico	3.2	16.9	4.6	13.6	-3.3
		China	4.5	23.6	16.2	47.7	24.1
		US Total	18.9		33.9		
84	Articles of Apparel and Clothing	Mexico	8.7	13.6	4.7	5.8	-7.8
		China	8.5	13.2	27.1	33.4	20.2
		US Total	64.3		81.2		

Source: US Department of Commerce (<http://dataweb.usitc.gov>), Downloaded Feb 21, 2008

11. This table was obtained from the Economic Strategy Institute in Washington D.C.

Another key indicator is the growth in GDP per capita, which is clearly correlated with increases in labor productivity¹². In graph number 4, when compared with other OECD partners, Mexico clearly has been simply unable to take off. GDP per capita growth has been practically absent in a long term perspective. The lesson learned is that in spite of NAFTA and macroeconomic stability (the two major achievements) Mexico has not been able to improve significantly its standards of living due to lagging competitiveness and lacking reform.

Graph 4
Income per capita growth



Source: OECD.

How can Mexico improve its standard of living? Given the present decision to unilaterally open up the Mexican economy, how can Mexico advance its reform agenda? Mexico's problems to move ahead on a reform agenda are mainly domestic and have to do with the difficulty to agree by the key political actors, including labor unions and the private sector. There might be two alternatives or a combination of both to break the present impasse.

12. This graph was also obtained from the Economic Strategy Institute in Washington DC.

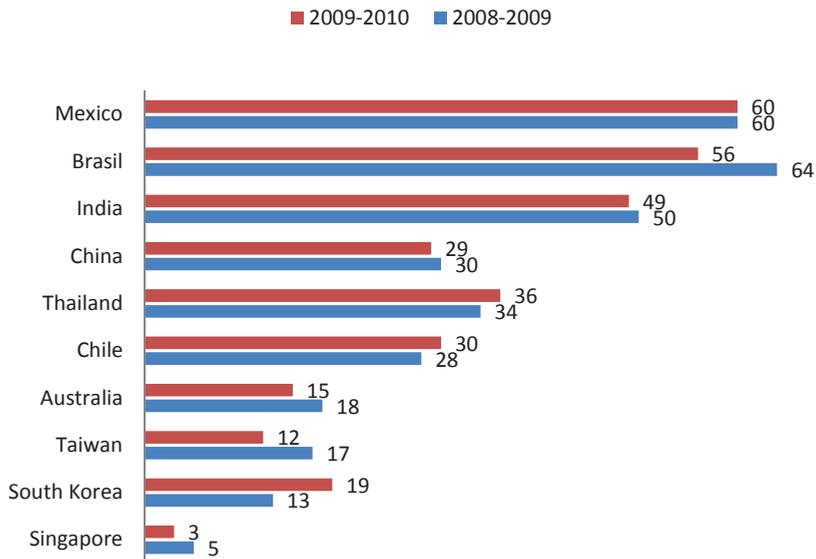
The first one is that, given the decision to open up the economy and expose it to greater international competition, all relevant economic actors get together and agree to implement the pending reforms in areas such as labor market flexibility, economic competition, regulatory reform, energy and others where the WEF indicates that improvement needs to be made. In this first case scenario the federal Government, states and municipalities, the private sector, the judiciary, both chambers of congress, the labor movement, academics and organized civil society would need to get together and decide on the needed reforms. To achieve this is tremendously complex and requires lots of leadership. Transparency in procedures must be a *sine qua non* of any attempt to move ahead with a reform that will indeed benefit society and not just particular groups of citizens.

The second scenario to assist Mexico achieve reform is to tie itself to an international agenda or agreement on structural reforms that will limit the power of the usual suspects or interest groups that have enormous power over political parties and impede the realization of reforms, such as monopolies and labor unions. This international agenda on structural reform could assist the Government to contain important constituencies and obtain greater degrees of freedom to pursue the needed reforms. Indeed, carefully framed international agreements are a means to assist domestic reformers to overcome resistance from those opposed to change.

Mexico renegotiated its external debt and began to implement macroeconomic stability in the late 1980s (with the stumbling episode of the Tequila Crisis in 1994), implemented the NAFTA and created a network of FTAs in the 1990s and up to the mid 2000s, but failed to create the suitable institutions and regulatory frameworks that had to accompany those achievements, including the development of strong and truly independent commissions dealing with competition, telecommunications, energy and regulatory improvement.

Mexico did not do its homework well in the recent past, and now that the preferential market access to the US market is significantly eroded and that it must unilaterally open its economy it must urgently implement its domestic reforms. Moreover, in the presence of growing pressure from a number of competitors, particularly from Asia, Mexico is trapped in a situation where its domestic actors are simply unable to agree on an agenda for the improvement of its competitive position.

Graph 5
Global Competitiveness Index - WEF



Source: World Economic Forum.

Mexico must clearly advance in the ladder of competitiveness to become an economy that is more intensive in knowledge, and that produces goods and services with higher quality and higher value added. Only in this manner will Mexico be able to be more successful in international markets and create better jobs. The negotiation of FTAs, including NAFTA, has been insufficient to initiate a process of convergence to the standards of living of our more advanced trading partners. Other forms of association have produced better results in this regard.

IV. APEC and its relevance for Mexico's present conundrums

APEC is mainly characterized by the promotion of trade and investment liberalization and facilitation as well as economic and technical cooperation among its 21 member economies. APEC operates without requiring that its members contract legally binding obligations. It is an informal organiza-

tion since it lacks a formal constitution. This characteristic is considered a handicap by its critics since there is no manner to guarantee the fulfillment of its political commitments other than by exercising peer pressure by the membership. Nonetheless, without binding commitments the region has impressively continued its movement towards greater market openness and greater integration.

APEC represents the most dynamic region in the world generating over 70 percent of global economic growth in the past decade, and its membership amounts to a total population of 2.6 billion, representing over 55 percent of world output and almost half of world trade. Moreover, for more than 15 years APEC has allowed the heads of state and Government in the region to convene once a year in an informal setting to discuss issues of central importance to the region, including trade and investment liberalization, economic reform and security related issues.

Trade between Mexico and APEC members represents close to 85 percent of its total trade. Six out of its nine main trading partners belong to APEC: United States, China, Japan, Canada, South Korea, and Chinese Taipei. Seventy percent of FDI received by Mexico originates in the APEC region and Mexico has FTAs with four APEC members: Canada, United States, Chile and Japan. Trade negotiations are on the pipeline with Peru and South Korea. Other countries have expressed their willingness to negotiate FTAs with Mexico such as Singapore, Australia and New Zealand. Moreover, Mexico has negotiated Bilateral Investment Treaties with South Korea, Australia and China, and is negotiating such agreements with Singapore, Indonesia, Malaysia, and Russia.

The high dependence on imports from Asia, not only of final consumption goods but mainly on imports of intermediate and capital goods, as well as the closeness of its relationship with the United States, still the largest single market of the world, are sufficient ingredients for Mexico to have a clear Asia Pacific vocation. Mexico is indeed an Asia Pacific country.

Ideally Mexico, like Chile, while aiming to liberalize a large portion of its trade unilaterally, should aim to negotiate agreements with most if not all of APEC members in order to obtain reciprocity. However, due to the reluctance of its private sector to engage in trade negotiations with Asian countries, Mexico is unfortunately lagging behind the rest of the initiatives that are ongoing in the region. The private sector should reconsider its position while pressing for domestic reforms. Instead of aiming to diversify trade and deepen

Table 4
Mexican Imports by Country of Origin
Main Suppliers (Percentages)

<i>Country</i>	<i>1993</i>	<i>2007</i>	<i>Jan-Nov 2009</i>
USA	69.29	49.63	47.44
China	0.59	10.52	13.86
Japan	6.01	5.78	4.88
South Korea	1.42	4.47	4.7
Germany	4.36	3.78	4.18
Canada	1.8	2.82	3.1
Taipei	1.1	2.08	1.95
Brasil	1.84	1.97	1.5
Italy	1.28	1.96	1.35
Spain	1.77	1.35	1.28

Source: Ministry of the Economy.

Table 5
Mexican Export Destinations (percentages)

<i>Country</i>	<i>1993</i>	<i>2007</i>	<i>2008</i>	<i>Jan-Nov 2009</i>
USA	82.67	82.12	80.2	80.59
Canada	3.027	2.39	2.4	3.63
Germany	0.83	1.51	1.7	1.37
Spain	1.771	1.32	1.5	1.05
Colombia	0.461	1.08	1	1.1
Venezuela	0.44	0.86	0.8	0.64
China	0.086	0.7	0.7	1
Japan	1.324	0.7	0.7	0.7
Brasil	0.564	0.74	1.2	1.1
Netherlands	0.373	0.58	0.7	0.7

Source: Ministry of the Economy

its trade and investment relationship with Asia Pacific, Mexico has been overly cautious and incapable of using APEC as a means of approaching strategic partners, fearsome of the competition that could come from Asia.

In recent times, APEC has moved from a main focus on trade and investment liberalization and facilitation and economic and technical cooperation,

to an agenda also focusing on domestic “structural” reforms, such as the Leaders Agenda to Implement Structural Reform (LAISR agenda), aiming to strengthen economic competition and regulatory reform. In this regard, APEC can contribute to reinforce the Mexican domestic reform agenda in a similar manner as the OECD does, by providing political support and technical assistance through best practices of its members. It reinforces the domestic unilateral trade and investment liberalization agenda and also contributes to reinforce the domestic structural reform agenda.

In 2004, the LAISR Structural Reform agenda was established. The objective of LAISR is to increase the standards of living in a sustainable manner and attain the economic potential of the region by means of increasing economic efficiency and competitiveness. LAISR aims to address structural reform, economic legal infrastructure, competition policy, corporate governance and public sector management among other issues. It seeks to promote structural reform, promote the understanding of the benefits of structural reform, provide capacity building, strengthen cooperation with other international organizations such as the OECD and the World Bank, accelerate domestic reform efforts, and enhance transparency with a view to eliminate corruption. More recently, in 2008 Australia organized the first Ministerial Meeting on Structural Reform.

The 2010 APEC Economic Leaders Meeting Declaration speaks about strengthening long term potential output growth and narrowing the development gap. Leaders have agreed to reenergize APECs work on structural reform building on the LAISR agenda. Mexico should become a leader in this area and use APEC to exercise pressure on its domestic constituencies.

Although traditional economic cooperation programs such as the exchange of experts and capacity building seminars have not represented a major element of Mexico’s participation in APEC, there is ample room to take greater advantage of APECs drive to liberalize trade and conduct required domestic reforms to reduce the gap among levels of development.

In particular, in order to be able to capitalize its unilateral trade liberalization efforts, Mexico should endorse the negotiation of a Free Trade Agreement of the Asia Pacific (FTAAP) region and in the meantime become engaged in the Transpacific Strategic Economic Partnership. In 2009 APEC Leaders agreed to continue to explore building blocks towards a possible FTAAP in the future.

At its present crossroad, Mexico can clearly benefit from APEC's agenda by reaffirming its unilateral trade opening initiative and pursuing its domestic structural reforms. However, at the present stage, the most APEC can do to stimulate the needed domestic reforms and market opening is to provide political support and valuable technical advice and experience by its members. Mexico can also use APEC as a window to learn more about what its APEC partners are doing to enhance their competitiveness.

V. Conclusions and next steps

Mexico desperately needs to enhance its competitiveness or else will keep lagging behind, particularly in standards of living. The negotiation of NAFTA Article 303 implied that Mexico had no choice in the long term but to reduce its MFN tariffs at least to the level of those of the United States, its main trading partner. Instead, under the pressure of its private sector, it decided to implement PROSECs, which represent a set of end use provision programs which are very complex to administer. Together with the proliferation of FTAs negotiated by Mexico, it has made of the customs administration a real conundrum where lack of transparency prevails.

Most importantly, the present Government has taken the bold and strategic decision to unilaterally dismantle the programs and move to free trade in about two thirds of its tariff lines. The trade and investment liberalization goals of APEC clearly assist Mexico in promoting and supporting its unilateral liberalization policies. Moreover, given its unilaterally proclaimed and decreed trade liberalization, Mexico must push hard for the negotiation of a possible FTAAP.

On the other hand, Mexico also urgently needs to pursue domestic reforms to catch up in competitiveness or at least to avoid continue dropping in the global rankings, which are associated with investment sentiment. In this regard, APEC has a structural reform agenda which clearly coincides with Mexico's aims. Lack of competition, particularly in the provision of basic inputs such as telecommunication, transportation, energy and financial services, gives rise to an inefficient use of resources and diminishes the competitiveness of the rest of productive activities. Domestic reforms are urgently needed.

In other words, to stimulate the productivity and innovation of firms, Mexico needs to enhance market competition. The regulatory framework and

investment climate must be improved to increase its competitiveness. This is needed to boost productivity and growth. Mexican markets suffer from inadequate competition conditions, with overregulated and closed economic sectors. Only by addressing these challenges can Mexico begin to fully develop important competitive advantages.

Mexico is at a decisive moment. Mexico is lagging behind in competitiveness and needed reforms are still lacking. Other countries continue advancing while Mexico falls behind. The competitive pressure stemming from Asia increases, particularly as Mexico opens its economy, and this will be a factor to increase pressure on the political apparatus which seems incapable of providing the needed reforms. The promotion of greater competition to improve productivity and innovation, the promotion of better regulation to reduce the bureaucratic cost of doing business, the improvement of human and physical infrastructure, and the enhancement of the rule of law and efficiency of our Government are among the pending issues that Mexico requires to improve.

In recent times the Mexican Government together with the OECD embarked on a revision of policies, laws and regulations which are expected to bring important results. One important result already has been the creation of an on-line site for the creation of new enterprises, which reduces significantly time, steps and money needed to establish new enterprises. Although a relatively small step in comparison with the enormous task ahead, it is an excellent beginning that points in the right direction.

In the process of regulatory reform it is necessary to find the spaces for a fruitful dialogue among political parties, the executive, legislative, the private sector, the states, municipalities, labor unions, academics and civil society. Leadership and vision will be needed to conduct this reform process. APEC, together with other international organizations like the OECD, can assist Mexico in creating the right atmosphere to promote the needed change.

International experience shows that those countries that have promoted competition and diminished regulatory burdens have been capable to enhance economic growth, and have created more and better jobs, enhancing productivity, innovation and thus competitiveness. The active commitment and participation of all actors involved in the process are fundamental to achieve the needed substantive agreements and ensure success. 

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ANNEX (for the following charts data is taken from the WEF Competitiveness Report, 2009 - 2010)

MACROECONOMIC STABILITY					
COUNTRY / ECONOMY	RANK	SCORE			
Luxembourg	6	5.95	El Salvador	61	4.68
China	8	5.93	Peru	63	4.66
Korea, Rep.	11	5.80	Namibia	66	4.62
Finland	12	5.78	South Africa	68	4.62
Denmark	14	5.71	Colombia	72	4.59
Sweden	15	5.70	Poland	74	4.56
Switzerland	17	5.63	Philippines	76	4.54
Australia	18	5.56	Portugal	79	4.52
Chile	19	5.48	Honduras	85	4.44
Taiwan, China	25	5.34	Guatemala	88	4.43
Mexico	28	5.29	Venezuela	91	4.38
Germany	30	5.28	United States	93	4.31
New Zealand	33	5.24	India	96	4.23
Singapore	35	5.24	Japan	97	4.22
Russian Federation	36	5.24	Costa Rica	101	4.11
Malaysia	42	5.00	Greece	103	4.02
Indonesia	52	4.82	Ukraine	106	3.96
Bolivia	60	4.70	Brazil	109	3.93
			Vietnam	112	3.86
			Egypt	120	3.46

INFRAESTRUCTURE					
COUNTRY / ECONOMY	RANK	SCORE			
Germany	1	6.59	China	46	4.31
Singapore	4	6.35	Greece	47	4.31
Switzerland	5	6.35	El Salvador	51	4.20
United States	8	5.92	Egypt	55	4.07
Finland	10	5.87	Guatemala	68	3.78
Denmark	12	5.83	Mexico	69	3.69
Japan	13	5.83	Russian Federation	71	3.62
Sweden	14	5.82	Brazil	74	3.50
Taiwan, China	16	5.60	India	76	3.47
Korea, Rep.	17	5.60	Honduras	77	3.39
Luxembourg	19	5.56	Ukraine	78	3.39
Portugal	23	5.23	Costa Rica	82	3.24
Australia	25	5.19	Colombia	83	3.20
Malaysia	26	5.05	Indonesia	84	3.20
Chile	30	4.93	Vietnam	94	3.00
Namibia	32	4.77	Peru	97	2.91
New Zealand	35	4.64	Philippines	98	2.91
South Africa	45	4.33	Poland	103	2.88
			Venezuela	106	2.80
			Bolivia	122	2.47

HEALTH AND PRIMARY EDUCATION		
COUNTRY / ECONOMY	RANK	SCORE
Finland	1	6.46
New Zealand	4	6.43
Denmark	6	6.31
Sweden	12	6.22
Singapore	13	6.22
Taiwan, China	15	6.20
Australia	16	6.18
Japan	19	6.13
Switzerland	21	6.10
Germany	24	6.01
Luxembourg	25	6.01
Korea, Rep.	27	5.99
Costa Rica	29	5.97
Portugal	31	5.95
Malaysia	34	5.90
Poland	35	5.88
United States	36	5.88
Greece	41	5.81

China	45	5.72
Russian Federation	51	5.65
Mexico	65	5.48
Ukraine	68	5.41
Chile	69	5.38
Colombia	72	5.34
Vietnam	76	5.28
Brazil	79	5.24
Venezuela	81	5.22
Indonesia	82	5.20
Egypt	84	5.20
Honduras	85	5.18
El Salvador	86	5.17
Peru	91	5.14
Philippines	93	5.07
Bolivia	94	5.05
Guatemala	95	5.04
India	101	4.82
Namibia	109	4.28
South Africa	125	3.60

HIGHER EDUCATION		
COUNTRY / ECONOMY	RANK	SCORE
Finland	1	5.97
Denmark	2	5.90
Sweden	3	5.76
Singapore	5	5.62
Switzerland	6	5.60
United States	7	5.57
New Zealand	11	5.49
Taiwan, China	13	5.43
Australia	14	5.33
Korea, Rep.	16	5.24
Germany	22	5.07
Japan	23	5.06
Poland	27	4.82
Portugal	38	4.58
Luxembourg	39	4.51
Malaysia	41	4.49
Greece	43	4.43
Costa Rica	44	4.42

Chile	45	4.40
Ukraine	46	4.38
Russian Federation	51	4.30
Brazil	58	4.14
China	61	4.09
South Africa	65	4.00
India	66	3.96
Philippines	68	3.92
Indonesia	69	3.91
Colombia	71	3.89
Mexico	74	3.86
Peru	81	3.75
Venezuela	83	3.71
Egypt	88	3.62
Vietnam	92	3.54
Bolivia	93	3.51
El Salvador	95	3.48
Guatemala	101	3.34
Honduras	106	3.22
Namibia	110	3.18

GOODS MARKET EFFICIENCY					
COUNTRY / ECONOMY	RANK	SCORE			
Singapore	1	5.77			
Luxembourg	3	5.38			
Sweden	4	5.27			
Switzerland	5	5.24			
Denmark	7	5.21			
New Zealand	8	5.20			
Australia	9	5.20			
United States	12	5.13			
Taiwan, China	14	5.10			
Japan	17	5.06			
Germany	18	5.01			
Finland	19	4.98			
Chile	26	4.83			
Malaysia	30	4.77			
South Africa	35	4.65			
Korea, Rep.	36	4.64			
Indonesia	41	4.49			
China	42	4.47			
Costa Rica	47	4.42			
India	48	4.42			
El Salvador	50	4.40			
Portugal	51	4.39			
Guatemala	52	4.34			
Poland	53	4.34			
Peru	66	4.21			
Vietnam	67	4.20			
Greece	75	4.09			
Namibia	77	4.07			
Honduras	80	4.03			
Egypt	87	3.99			
Colombia	88	3.98			
Mexico	90	3.97			
Philippines	95	3.92			
Brazil	99	3.87			
Russian Federation	108	3.75			
Ukraine	109	3.74			
Bolivia	131	3.03			
Venezuela	132	2.88			

LABOR MARKET EFFICIENCY					
COUNTRY / ECONOMY	RANK	SCORE			
Singapore	1	5.91			
Switzerland	2	5.78			
United States	3	5.76			
Denmark	5	5.53			
Australia	9	5.20			
New Zealand	11	5.12			
Japan	12	5.10			
Sweden	19	4.91			
Finland	23	4.85			
Taiwan, China	24	4.85			
Malaysia	31	4.74			
China	32	4.74			
Costa Rica	36	4.71			
Vietnam	38	4.70			
Chile	41	4.69			
Luxembourg	42	4.67			
Russian Federation	43	4.67			
Ukraine	49	4.57			
Poland	50	4.54			
Namibia	57	4.48			
El Salvador	68	4.36			
Germany	70	4.33			
Indonesia	75	4.30			
Peru	77	4.30			
Colombia	78	4.29			
Brazil	80	4.27			
India	83	4.23			
Korea, Rep.	84	4.22			
Guatemala	88	4.17			
South Africa	90	4.15			
Portugal	103	4.04			
Philippines	113	3.89			
Mexico	115	3.82			
Greece	116	3.80			
Honduras	121	3.65			
Egypt	126	3.46			
Bolivia	131	3.15			
Venezuela	133	2.91			

TECHONOLOGICAL READINESS					
COUNTRY / ECONOMY	RANK	SCORE			
Sweden	1	6.15	Greece	53	3.86
Switzerland	3	6.01	Costa Rica	62	3.72
Denmark	4	5.92	South Africa	65	3.69
Luxembourg	5	5.91	Colombia	66	3.57
Singapore	6	5.90	Guatemala	70	3.53
Finland	10	5.64	Mexico	71	3.53
Germany	12	5.63	Vietnam	73	3.45
United States	13	5.61	Russian Federation	74	3.45
Korea, Rep.	15	5.50	Peru	77	3.39
Taiwan, China	18	5.43	China	79	3.38
Australia	20	5.39	Ukraine	80	3.37
New Zealand	23	5.24	El Salvador	81	3.36
Japan	25	5.23	Egypt	82	3.35
Portugal	31	4.73	India	83	3.33
Malaysia	37	4.51	Philippines	84	3.32
Chile	42	4.28	Namibia	86	3.26
Brazil	46	4.06	Indonesia	88	3.20
Poland	48	3.97	Venezuela	91	3.16
			Honduras	93	3.13
			Bolivia	128	2.34

FINANCIAL MARKET SOPHISTICATION					
COUNTRY / ECONOMY	RANK	SCORE			
Singapore	2	5.91	Brazil	51	4.47
New Zealand	3	5.69	Taiwan, China	54	4.40
Australia	4	5.51	Korea, Rep.	58	4.36
South Africa	5	5.43	Indonesia	61	4.30
Malaysia	6	5.38	Portugal	62	4.26
Finland	7	5.33	Guatemala	67	4.23
Denmark	8	5.31	El Salvador	70	4.18
Luxembourg	9	5.31	Mexico	73	4.12
Sweden	12	5.17	Colombia	78	4.09
Switzerland	14	5.15	Costa Rica	79	4.08
India	16	5.10	China	81	4.05
United States	20	4.96	Vietnam	82	4.05
Namibia	31	4.74	Greece	83	4.02
Chile	32	4.72	Egypt	84	4.01
Germany	36	4.68	Honduras	89	3.94
Peru	39	4.66	Philippines	93	3.85
Japan	40	4.65	Ukraine	106	3.56
Poland	44	4.61	Russian Federation	119	3.27
			Bolivia	121	3.20
			Venezuela	126	3.06

MARKET SIZE		
COUNTRY / ECONOMY	RANK	SCORE
United States	1	6.93
China	2	6.63
Japan	3	6.17
India	4	6.07
Germany	5	6.02
Russian Federation	7	5.78
Brazil	10	5.63
Mexico	11	5.57
Korea, Rep.	12	5.56
Indonesia	16	5.21
Taiwan, China	17	5.16
Australia	19	5.10
Poland	20	5.07
South Africa	24	4.86
Egypt	26	4.81
Malaysia	28	4.70
Ukraine	29	4.67
Colombia	31	4.63

Sweden	32	4.63
Greece	34	4.59
Philippines	35	4.57
Switzerland	36	4.56
Venezuela	37	4.55
Vietnam	38	4.55
Singapore	39	4.53
Portugal	43	4.40
Chile	44	4.39
Peru	46	4.35
Denmark	49	4.32
Finland	53	4.23
New Zealand	59	3.89
Guatemala	71	3.57
Costa Rica	77	3.41
El Salvador	80	3.32
Honduras	84	3.26
Luxembourg	85	3.25
Bolivia	87	3.24
Namibia	113	2.57

BUSINESS SOPHISTICATION		
COUNTRY / ECONOMY	RANK	SCORE
Japan	1	5.89
Germany	2	5.82
Switzerland	3	5.81
Sweden	4	5.66
United States	5	5.65
Denmark	8	5.51
Finland	9	5.40
Taiwan, China	13	5.22
Singapore	14	5.20
Korea, Rep.	21	4.91
Luxembourg	22	4.85
Malaysia	24	4.80
Australia	26	4.79
India	27	4.76
Brazil	32	4.64
New Zealand	34	4.64
South Africa	36	4.57
China	38	4.54

Chile	39	4.52
Indonesia	40	4.49
Costa Rica	41	4.48
Poland	44	4.35
Guatemala	47	4.32
Portugal	53	4.28
Colombia	60	4.17
Mexico	62	4.15
El Salvador	63	4.07
Philippines	65	4.06
Greece	66	4.04
Peru	68	4.02
Vietnam	70	4.00
Egypt	72	3.98
Namibia	86	3.75
Honduras	87	3.72
Ukraine	91	3.63
Russian Federation	95	3.59
Bolivia	131	3.04
Venezuela	132	3.01

INNOVATION				
COUNTRY / ECONOMY	RANK	SCORE		
United States	1	5.77	Indonesia	39 3.57
Switzerland	2	5.56	South Africa	41 3.54
Finland	3	5.53	Brazil	43 3.52
Japan	4	5.51	Vietnam	44 3.45
Sweden	5	5.39	Chile	49 3.41
Taiwan, China	6	5.28	Russian Federation	51 3.35
Germany	7	5.11	Poland	52 3.33
Singapore	8	5.09	Ukraine	62 3.21
Denmark	10	5.04	Colombia	63 3.17
Korea, Rep.	11	4.84	Greece	65 3.14
Australia	20	4.43	Egypt	74 3.03
Luxembourg	21	4.31	Guatemala	77 2.99
New Zealand	23	4.10	Mexico	78 2.99
Malaysia	24	4.06	Philippines	99 2.84
China	26	3.93	Namibia	103 2.78
India	30	3.73	Peru	109 2.71
Portugal	33	3.69	Honduras	111 2.70
Costa Rica	34	3.68	El Salvador	113 2.64
			Venezuela	123 2.51
			Bolivia	132 2.23