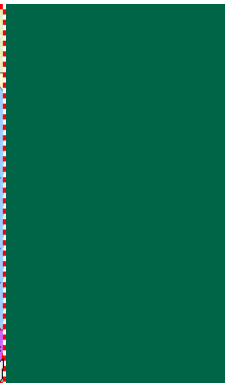blue France: Louanne
black Germany: David
red Netherlands: Boy

MEXICO : Economic Analysis

Structure :

-Introduction
-Economic Systems
-the System of Government
-Economic Analyze
-sources

Introduction:

We are going to present you our analysis about the country Mexico. It is a country situated in the Southern part of North America. There are approximately 129.9 million people living. Mexico has a surface of 1,973,000 square km.The capital of this country is Mexico-City with about 8.851 million people. It is a presidential system which is set up with as president Enrique Peña Nieto elected in 2012.The main cities of this country are Mexico-City(8.851 million people.), Guadalajara (4.3 million people.), Monterrey (3.5 million people.), Puebla (2.1 million people.).The official language is Spanish however other languages are spoken such as Nahuatl ; Maya ; Mixtèque ; Zapotèque. The currency used is the Mexican peso. 1 pesos equal 0.0436 euro. The Gross domestic product is 1.15 billion USD (2017) because of this Mexico is among the world's top 20 economic powers. The growth rate of the GDP(GROSS DOMESTIC PRODUCT) is of 2.0 % of annual variation (2017).Then Mexico is the world's ninth largest oil producer and the world's largest money producer.Top customers are the U.S., Canada, China and these major suppliers are the United States, China, Japan. Share of Major Business Lines in GDP (date) are : Agriculture: 3.5%, Industry: 32.8%,Services: 63.6%.

To present the economy of the country we are going to present you in a first part the Economic Systems then the System of Government and finally the Economic and Financial Indicators.

Economics System of Mexico
Mexico has a mixed economy. There is a mix of privately owned and state owned corporations in the country. Though most businesses are privately owned, the role of the state owned businesses is big. The purpose of the government influencing the economy is to make the country more attractive for foreign investors and improve the country's competitive role in the world. For example they own the central bank to help their currency maintain stability in purchasing power. Despite some government owned companies the economy in Mexico is really free and the government mostly stays away from it. The corporate and income taxes are relatively low in Mexico being both 30 percent and 35 percent respectively they also have a low average import tariff being only one percent. This points at a free market that is still getting freer as they have also stopped regulating gas prices and reduced the electricity subsidies. They also are very open to foreign businesses. Mexico's government also tries to fight corruption.

The System of Government :

The president of the Mexican United States : Andrés Manuel López Obrador

MEXICO'S POLICY(Government and Administration)

Mexico is a federal republic officially known as the United Mexican States and consists of a federal district and 32 federated states.

The President of the Republic is elected for a term of six years, not renewable, by direct universal suffrage. Like the United States, there is no prime minister. On 1 July 2012, Enrique Peña Nieto

(PRI), won the presidential elections with 39.2% of the vote, ahead of López Obrador (PRD) and Vazquez vote (PAN). The PRI, which had dominated Mexican political life in the 20th century, returned to power after the successive mandates of Vicente Fox and Felipe Calderón (PAN). Now the current President is Andrés Manuel López Obrador as of December 1, 2018.

The legislative body consists of two chambers: the Senate (128 members elected for 6 years) and the Chamber of Deputies (500 members elected for 3 years).

Each state has its parliament, its executive (exercised by a governor) and is made up of "municipalities" . The Federal Government, however, has important powers to remove the governors of states elected by universal suffrage for gross negligence, corruption, and, on the other hand, it redistributes to states only a small portion of the tax revenues that are largely reserved for it.

Divisions politiques

1 Aguascalientes
2 Baja California
3 Baja California Sur   18 Nayarit
4 Campeche   19 Nuevo León
5 Chiapas   20 Oaxaca
6 Chihuahua   21 Puebla
7 Coahuila   22 Querétaro
8 Colima   23 Quintana Roo
9 Distrito Federal   24 Sinaloa
10 Durango   25 Sonora
11 Estado de México   26 San Luis Potosí
12 Guanajuato   27 Tamaulipas
13 Guerrero   28 Tabasco
14 Hidalgo   29 Tlaxcala
15 Jalisco   30 Veracruz
16 Michoacán   31 Yucatán
17 Morelos   32 Zacatecas

The political parties

There are today three big political parties in Mexico:

- Institutional PRI revolutionary party, which we can classify in the center, is the former(old) party of State . The PRI governed Mexico since 1929 until December 1st, 2000. It means that the Mexicans spent only twelve years without the power of the PRI. The current PRI is mainly supported by the rural vote.

- The PIECE Left National Action is the party of the former presidents of the Republic. Right-wing party, the PIECE was historically characterized by its affinity with the Roman Catholic Church and, more recently, by the fact of incorporating entrepreneurs deprived as candidates.

-the Democratic Revolution Party is the largest left-wing party(PAN). Especially in southern Mexico, it was born of a group of small parties (communists and socialists), a division of the PRI, and several social movements . He has been governing the capital city of Mexico since 1997.
Former president Peña Nieto's PRI has no majority in Parliament, with only 212 seats out of 500 in the Chamber of Deputies and 52 seats out of 128 in the Senate. The PAN has 114 seats in the Chamber of Deputies and 38 seats in the Senate.

The Mexican flag consists of three vertical bands: green, white and red.

In the centre, the eagle on a cactus, a snake in the beak, evokes the signal that the Aztecs were waiting for to put an end to their pilgrimage.

National Day: September 16 (Independence of 1810).

Motto: "Above and beyond".

Corruption

Corruption is a big threat to Mexico on both a political and economical front.
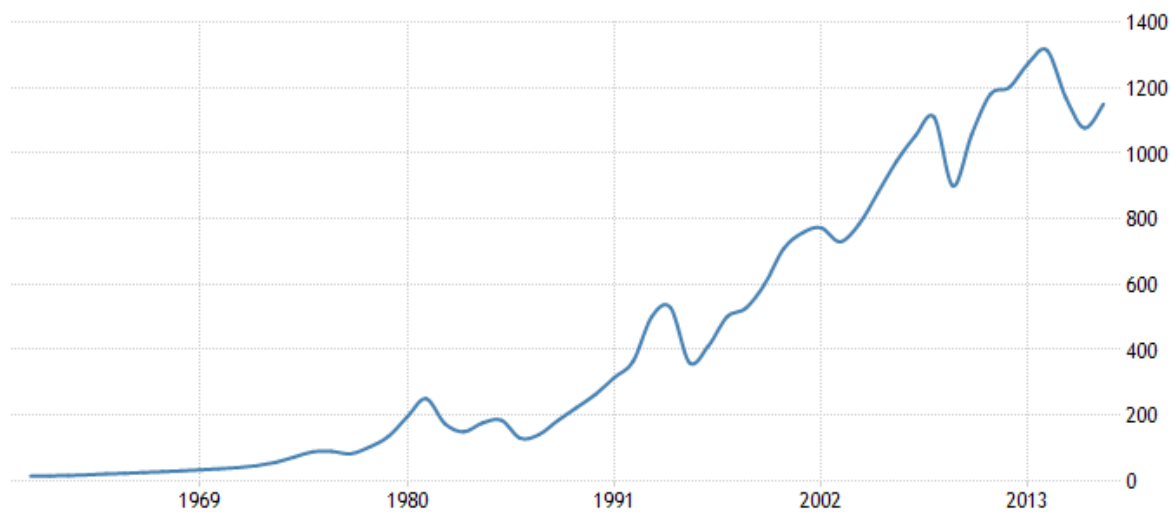
Economic Analysis:

In the last thirty years, Mexico has had a solid economy although the growth never went above 3%. A lot of the industry in the north is connected to exports into the U.S.A. For example, exporting cars or car pieces. Generally, most of the Mexican export goes into the United States. This export is possible due to NAFTA (North American Free Trade Agreement). It's an agreement between the USA, Canada and Mexico. Especially Mexico profits from NAFTA, because they have lower wages than the USA or Canada, so companies shift the production to Mexico. The mexican government was able to switch its income from oil to industry, although even today, 1/3 of the economy is depending on oil export.

Gross Domestic Product

The GDP in Mexico 2017 was 1.15 trillion USD, therefore the GDP per capita was 9,946 USD. In 1950 the GDP was 13 billion which means it increased about 766%. Such a huge GDP increase is very impressive and only a few countries were able to do so. The GDP in Mexico consists 38% of exports. Another big source of income is tourism though it's slightly decreasing because of the crime rate that has been rising. On the topic of crime, 90 % of the drugs in the U.S.A are from

Mexico. All the cartels put together make a profit of 100 billion USD, this equals to about 8.6% of the GDP, of course it's not calculated into the GDP.
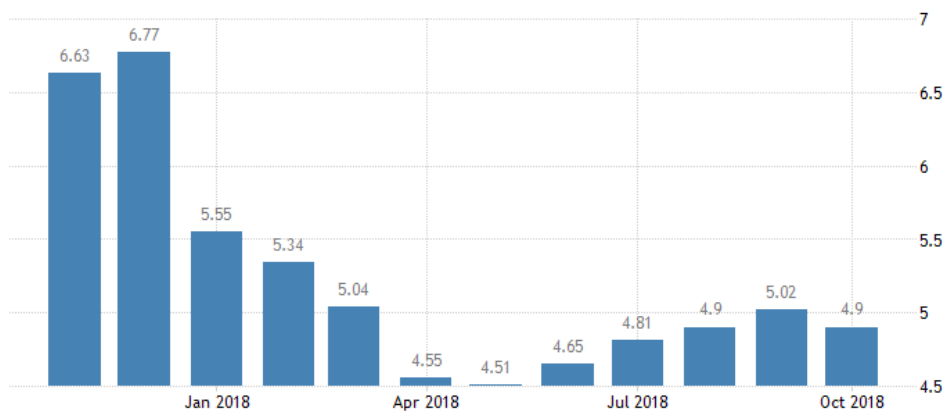
GDP development 1950-2018

https://tradingeconomics.com/mexico/gdp

Inflation and price stability

Today the inflation rate in Mexico is 4.9% compared to the inflation rate in December 2017 it decreased by 2%. An inflation of 4.9% is relatively high compared to Europe with an average inflation of 2%. A high inflation is usually bad, because the people which live in the country are going to lose money and they can't afford as much as before. But for a country like Mexico it can have advantages, thus they can export more. This is possible because other countries can exchange more pesos for their own currency and therefore buy more.

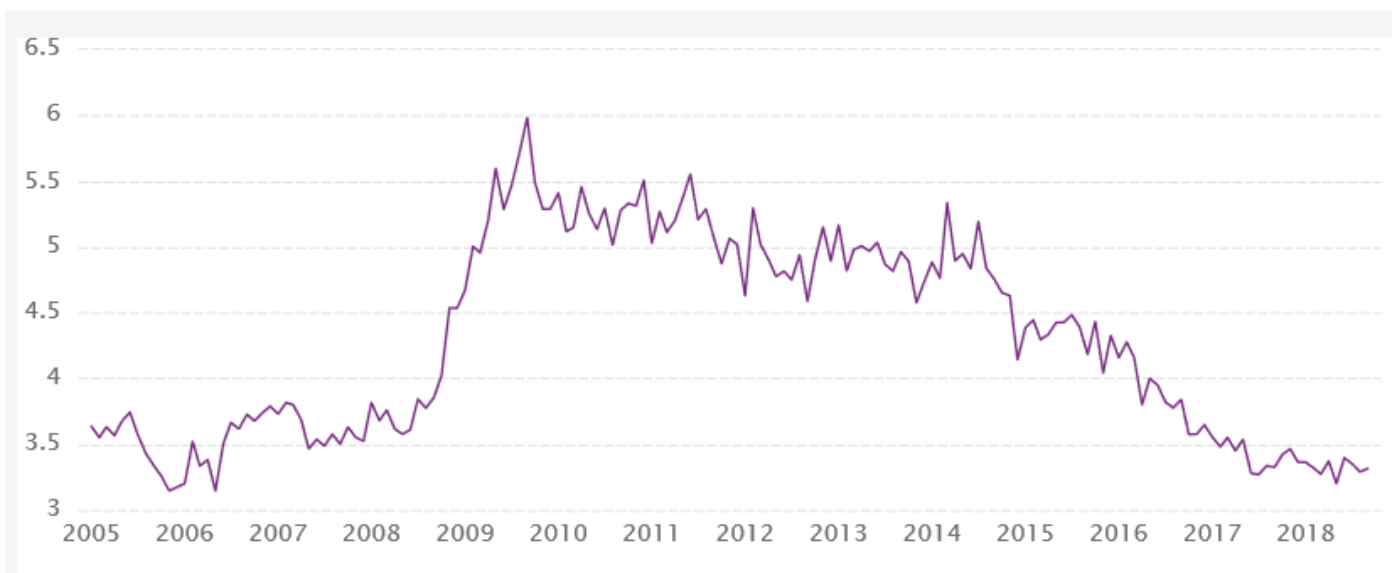Mexico Inflation Rate from December 2017- October 2018

Wealth Distribution

 Although Mexico is in terms of GDP the 14th richest country, half of the population lives in poverty. 1 percent of the population owns 50% of the wealth. The poverty rate fell from 2012-2014 just by 0.3%. The oxfam Mexico Executive Director says that 48% of the schools have no sewage, 31% have no drinking water, 12.8% have no bathrooms with toilets and 11.2% have no electricity. Generally said the wealth distribution in Mexico is very unfair. Some inequality researchers say that there is a downwards trend in this inequality.

Unemployment rate

Mexico had an unemployment rate of 3.32% in September 2018 which is very low for a developing country. 3.32% is even lower than the unemployment rate of some industrial countries. As well it is around the same level as Germany. It's lower than France with 9.3% and even lower than the unemployment rate of the neighbor USA with 4%. Having an full employment is really good because the companies can produce a lot. Interesting is also that the unemployment rate in the economic and finance crisis 2009 didn't rise as high as in the USA for example and as well they recovered really good from it.

In this chart you can see the development of the unemployment rate development from 2005-2018(August).

Mexico's external debt was 445.8 billion American dollars on December 31 2017. Mexico's public debt was 54,3% of its GDP in 2017. This is a really low percentage, especially when you take in to consideration that Mexico has a very large informal economy, meaning that its GDP is far bigger than the official numbers. A debt to GDP ratio of under 60% means it forms no threat to the economy. Mexico's debt to GDP ratio is far underneath that.

Exchange rate

The exchange rate of Mexican pesos to euros of today is approximately 22,90 to 1. This is a graph of the history of the exchange rate (peso to dollar) and it shows that the value of the pesos has been increasing.

Conclusion: Mexico has a semi strong economy. Although the GDP per capita is low it's enough for people to live because, the cost of living is very cheap in Mexico. The wealth distribution in Mexico is very bad and a lot of people are poor. But even like this Mexico is one of the best countries to live in the South and Middle American Continent. With Lopez Obrador there is new hope for all the poor people in Mexico. He wants to change the country with reforms to make it a better place to live. Pensions, scholarships and the fight against corruption are his aim.

Sources:

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https://www.ceicdata.com/en/indicator/mexico/unemployment-rate

Louane's work review :

VERY GOOD WORK, A very good share of work , your analysis is well-organised, well-written and complete ! Plus, you quoted your sources.

Economic facts and explanations : A+
Economic analysis : A+
English : A+
Efforts to cooperate : A+

Mrs MESTRE : Louane's grade 20/20