Growth strategy in Mexico

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The document presents the results of TFP indicators and growth contributions under the KLEMS model, obtained by INEGI for the period 1990-2011.

It describes the plans for the Mexican economy growth under the objectives and goals of the Program to Democratize Productivity (PDP), within the National Development Plan 2013 – 2018 of the Mexican Federal Government.

It is worth to mention that regarding the results obtained, INEGI does not make judgments, analysis or issues opinions on the subject.

The results of the PTF are articulated directly to the evaluation and monitoring of the objectives of the PDP.
Introduction

System of National Accounts 2008

Introduction to National Development Plan 2013-2018

Federal Government Program to Democratize Productivity Growth Strategy in Mexico

Medición del Capital Manual OCDE

Measuring Productivity OECD Manual

Growth Strategy in Mexico

Program to Democratize Productivity
TFP by economic activity

(average rates 1991-2011)

- Mass media information: 2.71%
- Financial and insurance services: 1.54%
- Real estate services and tangible and intangible goods rental and leasing: 0.24%
- Manufacturing: -0.01%
- Electric power generation, transmission and distribution, water and gas: -0.02%
- Transportation, postal services and warehousing: -0.25%
- Secondary Sector: -0.35%
- Total Economy: -0.39%
- Primary Sector: -0.39%
- Tertiary Sector: -0.61%
- Commerce: -0.63%
- Temporary accommodation services and food and beverage preparation: -0.80%
- Construction: -0.90%
- Legislative, governmental and justice administration activities, and...: -1.10%
- Other services, except government activities: -1.25%
- Mining: -1.71%
- Educational services: -1.75%
- Business support services, waste management and remediation services: -1.80%
- Cultural and sporting recreation services and other recreational services: -2.11%
- Health care and social assistance services: -4.58%
- Professional, scientific and technical services: -2.62%

Highest TFP observed in mass media with 2.71%
Total Economy TFP is -0.39%
Lowest TFP is observed in Professional Services with -4.58%
Contribution of Capital Services

(average rates 1991-2011)

Highest contribution is Financial Services with 3.84%

Total Economy contribution is 1.58%

Lowest Contribution is Legislative Activities with 0.09%
Contribution of Labor Services

(Average rates 1991-2011)

Highest contribution is Support Services to Business with 3.84%

Contribution to Total Economy is 0.43%

Lowest contribution is Manufacturing with 0.09%
For period 1990-2011 TFP of the Mexican economy is negative (-0.39%).

The activity with the highest TFP "Information in Mass Media" (2.71%), to which the contribution of capital is 2.22% and of labor 0.75%.

The activity with the lowest TFP "Professional Services" (-4.58%), to which the contribution of capital is 3.38% and of labor 2.03%.

Thus the importance of these results in the monitoring of the objectives and goals of the programs to increase productivity of the Government of Mexico.
National Development Plan 2013 – 2018

General Objective

Moving Mexico towards its full potential

National Goals

1. Mexico in Peace
2. Inclusive Mexico
3. Mexico with Quality Education
4. Prosperous Mexico
5. Mexico with Global Responsibility

Transversal strategies

1. Democratize Productivity
2. Closer and Modern Government
3. Gender perspective.
Program to Democratize Productivity (PDP)

It defines objectives, strategies and courses of action to democratize productivity

- It was published on August 30th 2013.
- 5 Objectives, 19 strategies and 115 courses of action.
- It involves 20 agencies and entities of the Public Federal Administration (PFA).
- It should be reflected in the making of sector and special Programs of the PFA.
Objective 1. Promoting efficient use and allocation of production factors

- Strengthening labor markets by promoting formal employment.
- Promoting capital flows towards productive endeavors.
- Promoting efficient use of the National territory.
- Efficient handling of natural capital and environment protection.
- Augmenting investments in human capital.
Objective 2. Rising productivity of workers, enterprises and producers.

- Strengthening labor training activities
- Promoting entrepreneurship and productive diversification (micro, small and medium enterprises).
- Rising productivity of small rural producers.
- Rising public Investment and promote private investment in Science, Technology and Innovation (STI)

- Promoting a business environment to create formal enterprises.
- Legal Certainty for economic agents and reducing levels of insecurity in the productive sector.
- *Rising efficiency of producers of key inputs to reduce costs.*
- Promoting investments in infrastructure.
- Taking advantage of Mexico’s integration into the world economy.
4. Establishing public policies that raise productivity across economic sectors.

- Promoting an organized structural change.
- *Strengthening the institutional set up to promote public policies aimed to raise and democratize productivity.*
- Orientate programs and public outlays towards the objective of rising and democratize productivity.
5. Strengthening design and evaluation of public policies to democratize productivity

- Implementing an agenda to articulate several programs.
- Active Involvement of society: workers, producers
- Business community, local governments and academic Institutions.
- Consolidating the institutional framework to promote productivity policies at federal, state and municipal.

Installation of:
- National Productivity Committee
- Business Council for Growth
- Active Involvement of society in productivity policies.
Growth Diagnostic according to the PDP

Which factors influence productivity?

- Inefficient use and allocation of factors of production
- Weaknesses in the business and investment environment
- Inhibiting productivity of enterprises and individuals
- Sector Gaps
Conclusions

The TPF represents an statistical tool used by decision makers in designing of economic and industrial policy of the country.

It is included in the Program to Democratize Productivity of the NDP, as part of its cross-sectoral axis.

Mexico is the first country in Latin America to have a TPF indicator under the KLEMS model, which was released through INEGI.

Mexico joins the group of 30 nations which have a KLEMS database, as it was released on August 12th, 2013.
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