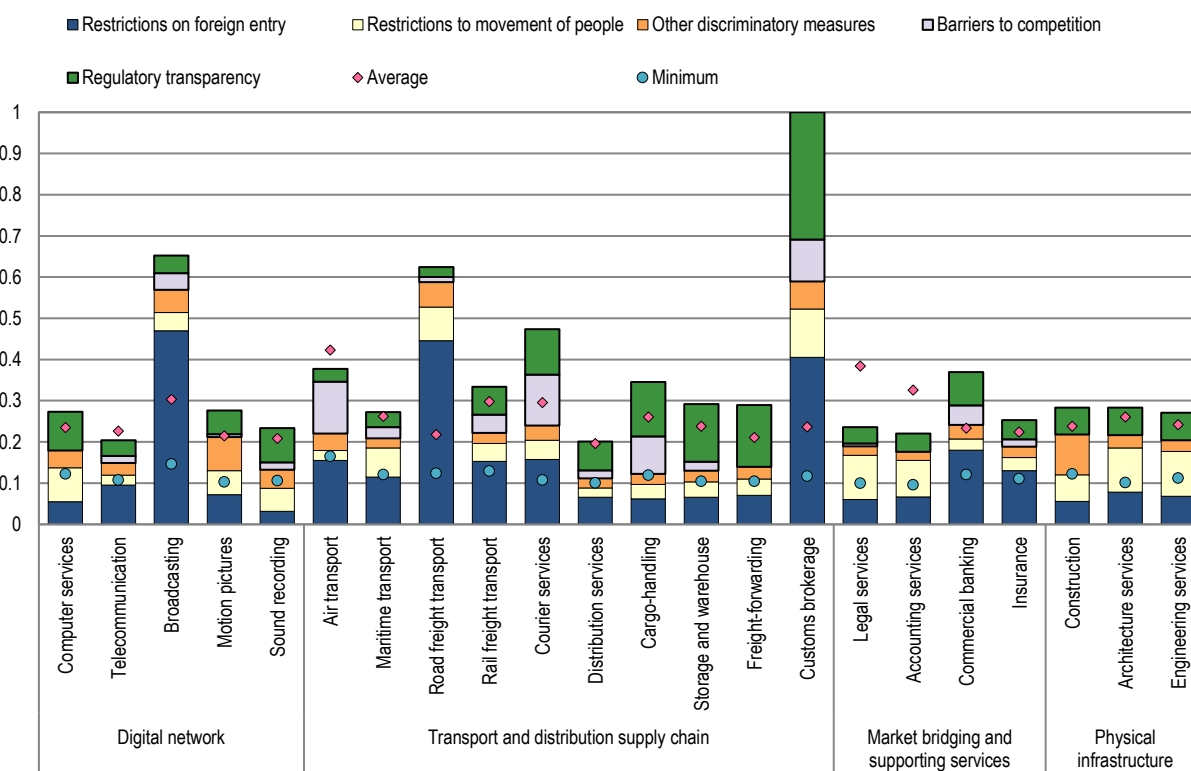


## OECD Services Trade Restrictiveness Index (STRI): Mexico

Mexico exported services worth USD 27 billion and its services import amounted to USD 37 billion in 2017. The largest exporting and importing sectors were travel and personal services. Mexico's score on the STRI index in the 22 sectors is shown below along with the average and the lowest score among the 45 countries included in the STRI database for each sector.

STRI by sector and policy area



Note: The STRI indices take values between zero and one, one being the most restrictive. They are calculated on the basis of the STRI regulatory database which contains information on regulation for the 36 OECD Members, Brazil, China, Colombia, Costa Rica, India, Indonesia, Malaysia, Russia and South Africa. The STRI database records measures on a Most Favoured Nations basis. Preferential trade agreements are not taken into account. Air transport and road freight cover only commercial establishment (with accompanying movement of people).

### Horizontal policy measures

Mexico has a lower score on the STRI than the average in four out of 22 sectors. This reflects in large part general regulation that apply across all sectors of the economy and sector-specific rules. Mexico has a relatively restrictive regime governing foreign entry, particularly in infrastructural sectors, such as logistic and transport services, and in broadcasting. In addition, foreign investment is subject to screening, and, in most sectors, investments above given monetary thresholds are reviewed by the government and approved only if bringing net economic benefits to the country. Furthermore, Mexico maintains labour market tests for natural persons seeking to provide services in the country on a temporary basis and limits to six months the duration of stay of contractual and independent services suppliers. In public procurement, there is an explicit preference for bids with a domestic content, and certain procurement contracts are only open to international tender based on reciprocity. In addition, the Labour Law requires that the employee base of any company shall be comprised of at least 90% Mexican nationals, except for directors, administrators, and other managerial positions. Finally, there is a lack of a general obligation to publish laws and regulations before they enter into force or to open draft regulations for public comment.

### The sectors with the relatively lowest STRI scores

Legal services, accounting (covering also auditing) and air transport services are the three sectors with the lowest score relative to the average in Mexico. Mexico's scores in the first two sectors reflect in part a more liberal regulation of professional services. The few sector-specific restrictions are domicile requirements in order to obtain a license to practice, lack of temporary licensing systems, and some limitations on advertising. In air transport services, Mexico caps foreign ownership in air companies operating domestic traffic to 49% of the equity shares and airport slots are not allocated according to competitive best practices.

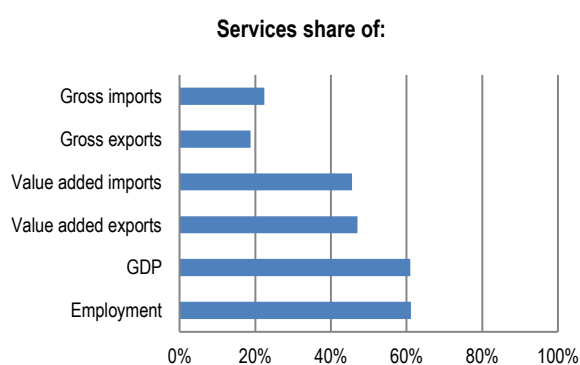
### The sectors with the relatively highest STRI scores

Logistics customs brokerage, broadcasting and road freight transport services are the three sectors with the highest scores relative to the average across all countries. Foreign equity participation in customs brokerage is prohibited in Mexico and there is a nationality requirement to get a licence to operate as customs broker; these two restrictions alone close the market to foreign services providers. In broadcasting services, the recent Federal Telecommunications and Broadcasting Law increased foreign participation in broadcasting companies up to 49% of equity shares, but such foreign investment easing is subject to reciprocity. Furthermore, the reform raised the share of time allocated to productions with a domestic content, and introduced special financing programmes to promote the national industry. The STRI score in road freight transport is largely driven by the fact that Mexico reserves the provision of domestic road freight transport services to Mexicans nationals or Mexican companies.

### Recent policy changes

In recent years, Mexico passed a package of reforms, including, *inter alia*, a new telecommunications and broadcasting law, and a new financial law. The new telecommunications reform eased foreign participation in the mobile and fixed-line services segments of the sector. The reform also introduced a new independent regulator, with exclusive authority over the sector and new sanctioning powers, as well as a series of pro-competitive measures to challenge the dominant position of incumbent firms. The financial reform aimed at strengthening prudential regulation, increasing credit penetration and promoting competition. As a result, foreign financial institutions can now open up branches in Mexico to provide insurance services. Although this possibility is still subject to the authorisation by the government, and granted on the basis of reciprocity, it nevertheless increases certainty and clarity on the regulatory environment in the sector. Furthermore, in 2015, Mexico established an independent rail regulatory agency. In 2017, Mexico rolled back the foreign equity restrictions on domestic air transport services, whereby foreign ownership of air companies is now permitted up to 49%.

### Efficient services sectors matter



Services are responsible for about 61% of GDP and employment in Mexico. Services account for less than 20% of gross exports, and 47% in value added terms. Nevertheless, services contribution to export, in gross and value added terms, is well below the average. Mexico has already achieved very good results with the recently introduced telecommunications and finance reforms, although it could further improve the efficiency of its economy by introducing more pro-competitive regulation in sectors such as logistic services and postal services.

### More information

- » Access all of the country notes, sector notes and interactive STRI tools on the OECD website at <http://oe.cd/stri>
- » Read more about services trade policies and their impacts in this publication: [Services Trade Policies and the Global Economy](#)
- » Contact the OECD Trade and Agriculture Directorate with your questions at [stri.contact@oecd.org](mailto:stri.contact@oecd.org)