

OECD Services Trade Restrictiveness Index (STRI)

MEXICO – 2020

Key findings

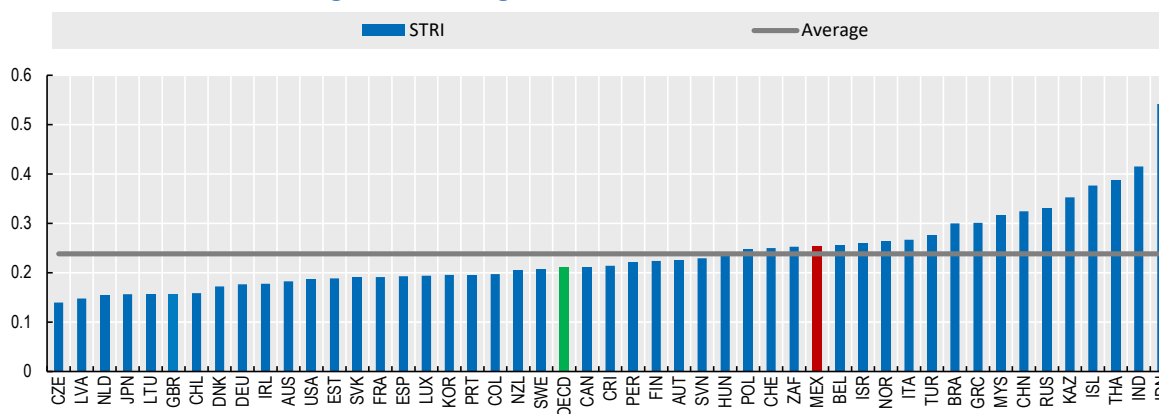
- The 2020 STRI of Mexico is slightly above the average of the other countries in the STRI sample, having slightly decreased compared to 2019.
- Key reforms in 2020 include the introduction of the *Ley de Infraestructura de la Calidad* (Quality Infrastructure Law) that adopts international standards for the construction sector.

Recommendation

- Innovation and adoption of technology relies on access to knowledge and to the networks, people, goods and services that carry the knowledge around the world. In this context, Mexico could benefit from more open markets for services trade.

The 2020 STRI of Mexico is relatively high compared to other countries in the STRI sample (Figure 1).

Figure 1. Average STRI across countries, 2020

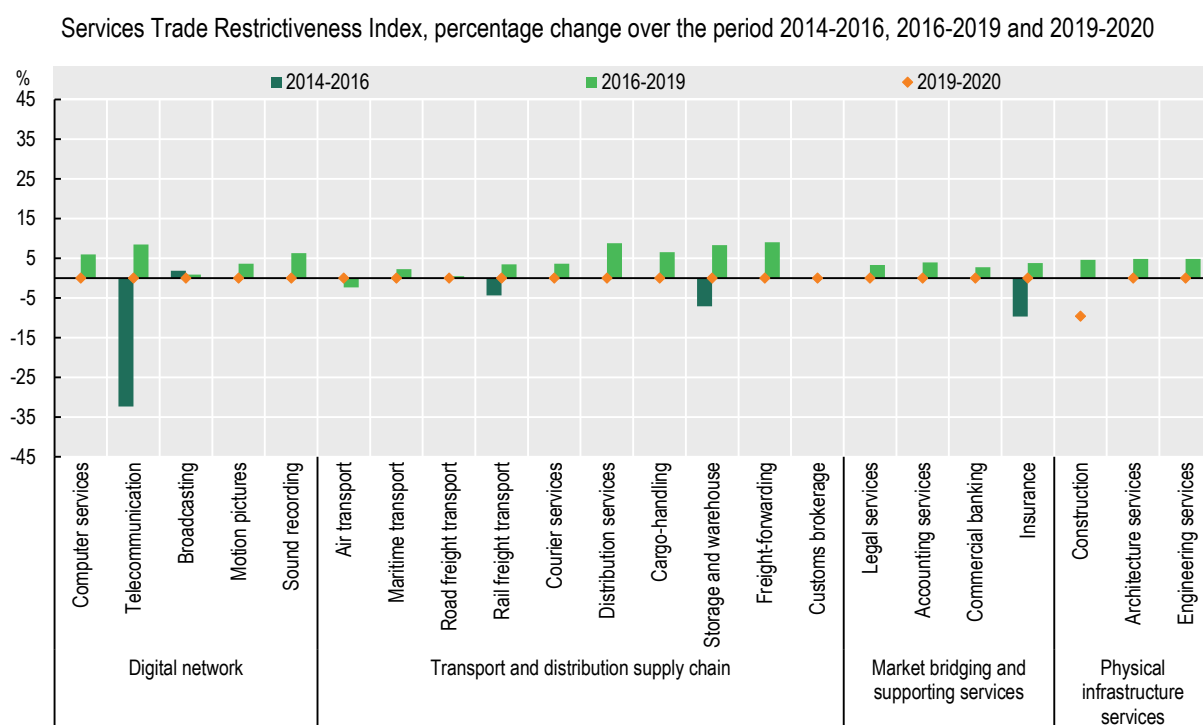


Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nations basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations in force on 31 October 2020. The STRI regulatory database covers the 37 OECD countries, Brazil, China, Costa Rica, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, South Africa, and Thailand.
Source: OECD STRI and TiVA databases (2020).

The 2020 index is due to restrictions that apply on key strategic services sectors such as logistics customs brokerage, broadcasting and road freight transport services. Moreover, stringent economy-wide regulations include screening of foreign investments, performance requirements and labour market tests as well as explicit preference in public tenders for bids with a domestic content. In addition, 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.

Mexico has introduced some reforms over the past years (Figure 2). Between 2014-2016 Mexico introduced reforms that affected some services sectors such as telecommunications, insurance, logistics storage and warehousing, and rail freight transport. In 2020, Mexico also adopted reforms in construction services. However, between 2016-2019, the trend has been reversed towards a moderate tightening of the regulatory framework across most sectors.

Figure 2. Evolution of STRI scores by sector in Mexico

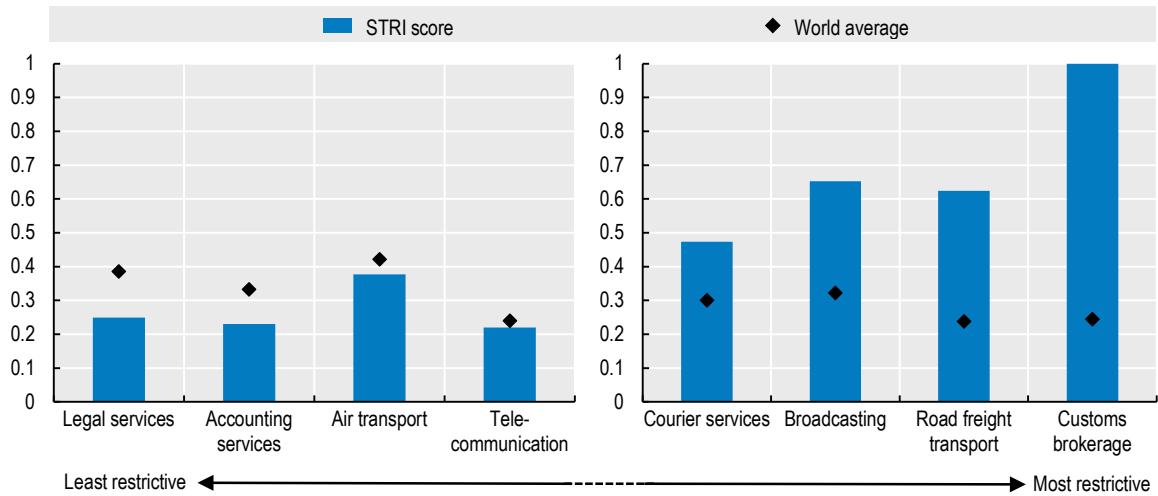


Source: OECD STRI database (2020).

Legal services, accounting services, air transport and telecommunications are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Courier services, broadcasting, road freight transport and logistics customs brokerage are the sectors with the highest score relative to the average STRI 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 2017 reform of the Foreign Investment Law increased foreign participation in broadcasting companies up to 49% of equity shares, but such foreign investment easing is subject to reciprocity. Furthermore, the Federal Telecommunications and Broadcasting Law raised the time allocated to productions with a domestic content, and introduced special financing programmes to promote the national industry. The STRI 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.

Figure 3. Sectoral breakdown – The least and most restricted sectors in Mexico



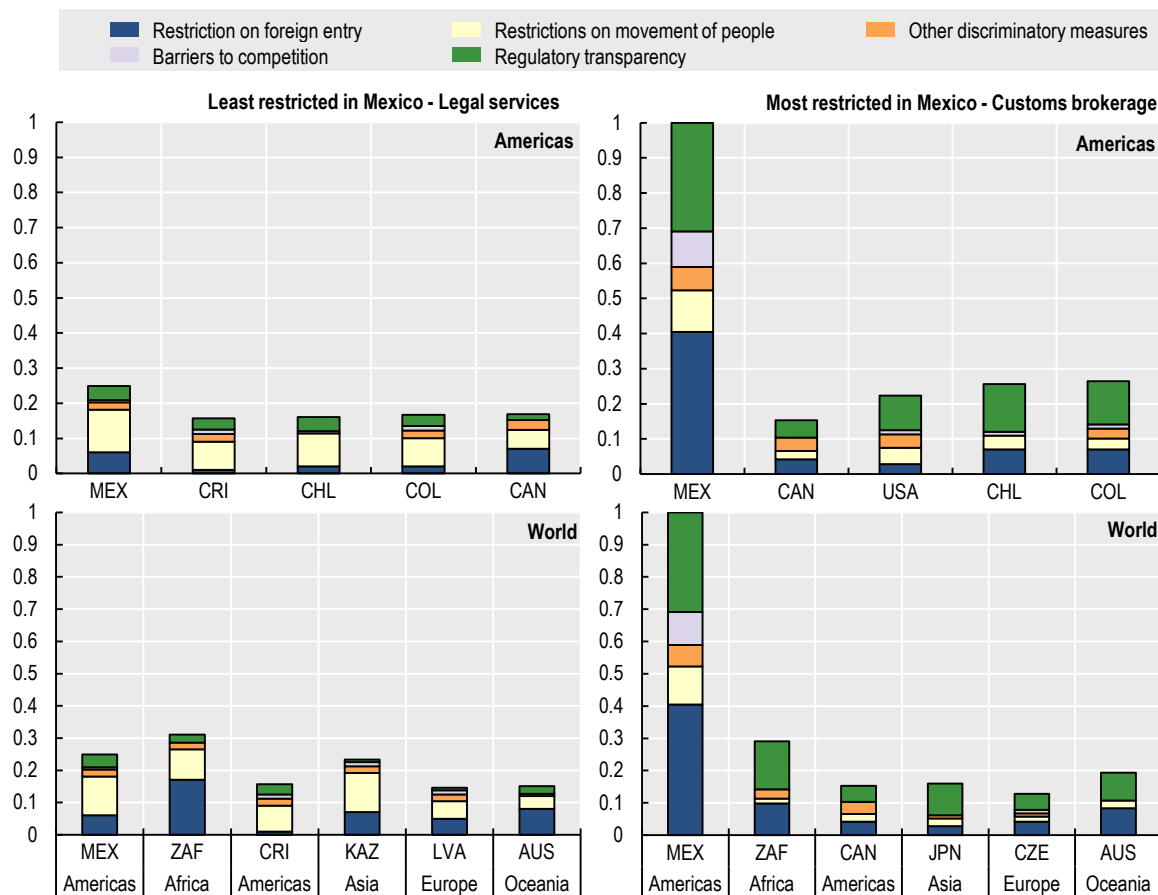
Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference

i.e. $(STR_{country, sector} - STR_{world average, sector}) / STR_{world average, sector}$

Source: OECD STRI database (2020).

Legal services are the least restricted services sectors in Mexico compared to other countries in the Americas and the other best performers elsewhere while logistics customs brokerage are the most restricted (Figure 4).

Figure 4. Mexico compared to Americas and World's best performers

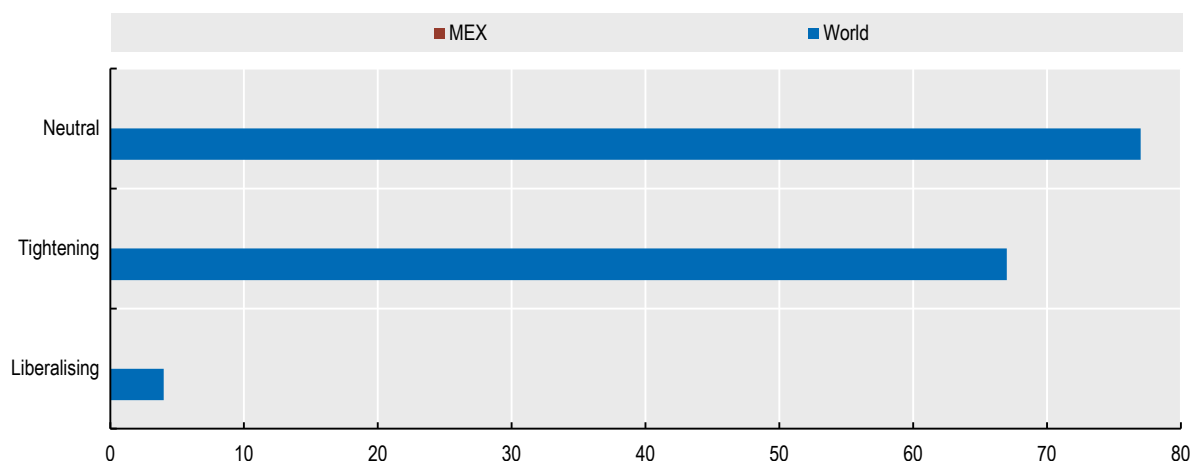


Source: OECD STRI database (2020).

Special focus: Impact of COVID-19-related measures on the stringency of services regulations

While Mexico has adopted several measures in response to the COVID-19 crisis, these were either temporary in nature or not directly relevant for the measures considered in the STRI database. Many countries have tightened their regulatory framework following the COVID-19 shock, by tightening their investment screening process or their visas requirements (Figure 5).

Figure 5. COVID-19 related measures in Mexico and in the world



Source: OECD STRI database (2020).

Key reforms

In 2020, the adoption of the *Ley de Infraestructura de la Calidad* (Quality Infrastructure Law) has promoted the adoption of international standards for construction services.

In 2014-15, 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, while also introducing a new independent regulator with exclusive authority and new sanctioning powers.

In 2015, Mexico lifted the prohibitions on foreign branches in the insurance sector.

More information

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