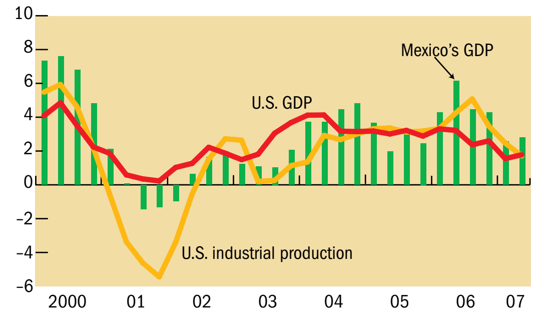
MEXICO

Mexico enjoys sustained growth and stability thanks to sound economic policies. Its challenge now is to undertake further reforms to accelerate growth and reduce poverty while compensating for a likely decline in oil revenue.

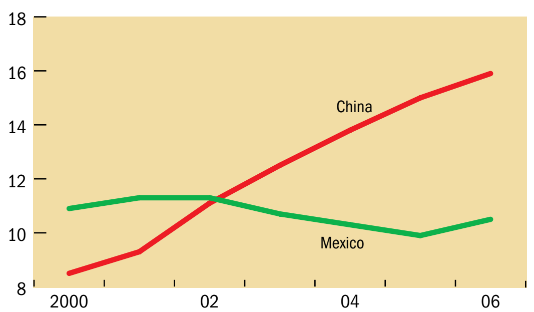
Since 2000, growth has averaged about 3 percent, and Mexico's business cycle has become increasingly linked to that of the United States.

(year-on-year percent change)



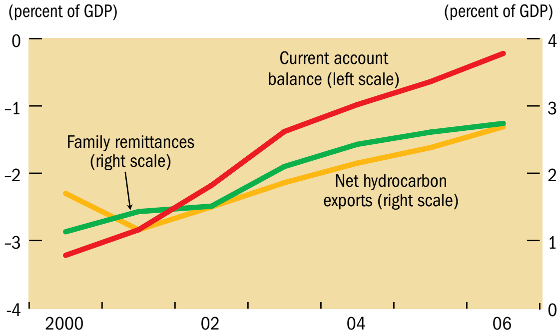
After falling for several years as Chinese exports soared, Mexico's share of imports has stabilized in its most important market—the United States.

(percent of U.S. imports)



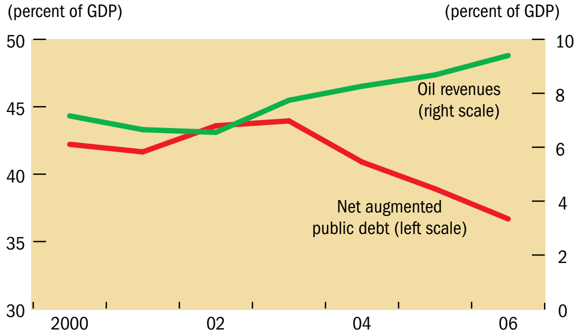
The current account deficit has almost disappeared, thanks to rising oil prices and growing remittances.

(percent of GDP) (percent of GDP)



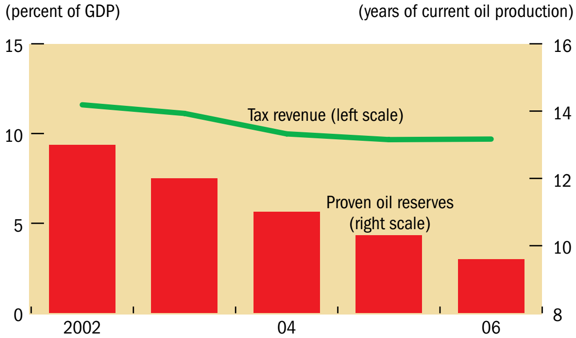
Public debt ratios have been reduced because of fiscal discipline and increasing oil revenues.

(percent of GDP) (percent of GDP)



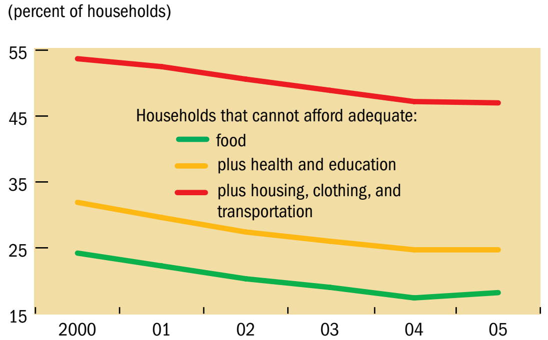
But tax revenue has been very low and must rise to offset a likely decline in oil income . . .

(percent of GDP) (years of current oil production)



. . . and to pay for investment and social outlays needed to boost growth and reduce poverty.

(percent of households)



Sources: Haver Analytics, Mexican authorities, and IMF staff estimates.