

The macro environment of mexican economy politics essay



**ASSIGN
BUSTER**

Mexico is the second-largest economy in Latin America, base heavily on oil exports, trade with the United States and on money sent by the millions of migrant workers of US to their home. Mexico is the largest auto producing nation in North America. Mexico is the first and only Latin American country included in the World Government Bond Index. (WGBI, 2010)

In order to against the economic crisis, the Mexico government increase 1% of the additional sales tax (IVA) from 2010 and the highest business income tax rate (ISR) increase by 2%. (Tai Wan trade official website, 2010)

Mexico's largest source of foreign income is oil. (Mexico - Economy, Mining, 2007)

From the Goldman Sachs, BRIMC review of emerging economies, the largest economies in the world by 2050 will be as follows: China, India, United States, Brazil and Mexico. (Goldman Sachs, 2010)

Politics

The government type of Mexico is federal republic. According to the 1917 Constitution, the United Mexican States are a federation with representative government, democratic and republican based on a presidential system.

Three levels of government: the federal Union, the state governments and the municipal governments are established by the constitution. At the three levels, all officials are elected by voters through first-past-the-post plurality, appointed by other elected officials or proportional representation.

The federal government is constituted by the Powers of the Union, the three separate branches of government, i. e. Legislative, Executive and Judiciary.

Legal system

This is the mixture of US constitutional theory and civil law system. It accepts compulsory ICJ jurisdiction with reservations.

Ideology

Many Mexican and Latin American anti-imperialists fascinated by the ideology of a totalitarian “ socialism”, and forgotten their democratic origins. Therefore, what unites yesterday’s conservatives with today’s radicals is not a just anti-imperialism, but also the authoritarian and antidemocratic temple.

Demographic

In 2009, with a population of 111, 211, 789, Mexico is the most popular Spanish-speaking country in the world, the second-most popular country in Latin America after the Portuguese-speaking Brazil. Most of the twentieth century Mexico’s population was growing rapidly. About 50% of the population lives in one of the 55 large metropolitan areas in Mexico. Even if this trend has been returned and the average annual population growth over the last five years was less than 1%, the demographic is still changing. Mexico still has a large group of youths.

Technology

To re-open a New Mexican Space Agency (AEXA), a project was presented in 2007. At the end of 2008, it was approved. The headquarters was located in the state of Hidalgo. In Mexico, the Large Millimeter Telescope (Gran Telescopio Milimétrico, GMT), the world’s largest and most sensitive single-aperture telescope, was designed to observe regions of space obscured by stellar dust.

Government institutions of Mexico such as SEMAR and SEDENA have also developed advanced microprocessors, imaging systems, software, long range ballistic missiles, electronic devices, military A. I. systems, rockets and electronic military subsystems, etc. Most of them have been sold to other Latin American nations. (Mexican Naval missile, 2010)

According to the World Bank, in 2000, the production of high-technology good constituted 22% of Mexico's GDP; the high tech sector is growing by about 63% yearly. (The World Bank group, 2010)

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Environmental

The hazardous waste disposal facilities are lacking. In north, natural fresh water resources are insufficient and polluted; poor quality and inaccessible in center and extreme southeast. Pollution of raw sewage and industrial effluents affect rivers in urban areas; widespread erosion; desertification; deforestation; agricultural lands are worsen; serious air and water pollution. Also, the land subsidence in Valley of Mexico is caused by depleting groundwater.

Geography

The total area of Mexico is 1, 972, 550 km² (761, 606 sq mi), making it the world's 15th largest country by total area. Mexico is located at about 23° N and 102° W (Francaviglia, Richard V., 2006) in the southern portion of

North America. In the North American Plate, almost all of Mexico lies there.

The climate of Mexico is varies from tropical to desert.

There are some natural hazards, for example tsunamis along the Pacific coast, destructive earthquakes and volcanoes in the center and southern part, and hurricanes on the Pacific, Caribbean coasts and Gulf of Mexico.

Trade, investment and migration patterns of Mexico

Trade

Mexico trades with about 200 countries and regions; signed free trade agreement (FTAs) with 44 countries. Mexico exports crude oil, manufactured goods, petroleum products, automobiles, automobiles parts, steel and chemicals, machinery, clothing, coffee beans, vegetables and agricultural products. It imports passenger cars, electrical appliances, pulp, textiles, petrochemicals, food, beverage, pharmaceuticals and radio. (China News, 2008)

Investment

Investors and developers are looking to Mexico increasingly for opportunity. Mexico's economy is closely tied to the United States, but the financial crisis in the U. S. has not yet had any notable effects on Mexico's economies or international trades. In the past 15 years, Mexico has increasingly drawn foreign investment, the appeal of real estate as an asset class has been continuously growing.

Migration patterns

Mexico is home to the largest number of U. S. citizens abroad, which represents 1% of the Mexican population and 25% of all U. S. citizens abroad. Other foreigners are those from Central and South America, most

notably from Argentina, Brazil, Cuba, Venezuela, Chile, Colombia, Peru and Belize. Mexico also received a large number from Lebanese.

In the 20th century, Mexico followed the granting asylum policy to fellow Latin Americans and Europeans (mostly Spaniards in the 1940s) escaping from political persecution in their home countries. Mexico tightened its immigration rules and agreed to banish Cubans using the country to be entry point to the US in 2008. Mexico is the largest source of immigration to the United States. Around 9% of the population born in Mexico is now living in the United States. 28.3 million Americans listed their ancestry as Mexican as of 2006.

Characteristics and challenges of emerging markets in relation to Mexico

For economics, Mexico has a free market mixed economy. It is a newly industrialised country and an emerging power. (PaweÅ, B., 2006) It has liberal market. Mexico is firmly established as an upper middle-income country. (The World Bank, 2010)

For trade, Mexico has become a main example of trade and foreign investment as accelerators for economic modernization and growth. To move away from past inward-looking policies by using international engagements, policymakers have convinced a virtuous circle of deregulation, structural change, productivity growth, and higher per capita income that has made Mexico increasingly attractive as a trading partner and foreign investment destination. Mexico has close relationship with U. S. Mexico signed free trade

agreement (FTAs) with many countries. It has large amounts and many types of export and import goods.

For investment, with Mexico's growing GDP, higher level of foreign direct investment than other Latin countries, a current stable political climate and open to investment than any other Latin countries of the last seven decades, investing in Mexico offers high rewards with limited risk. The strong peso, all-time high direct foreign investment, and the radical revaluation of the currency are the factors of Mexico's growth. For growth, Mexico is well positioned. For Mexico, the health of its economy, its openness to foreign investment, its relative political stability, and the transparency of its laws makes it a good place to invest.

Justification of selection of Mexico

Mexico is an attractive trading partner and foreign destination. It has liberal market. Mexico is firmly established as an upper middle-income country. (The World Bank, 2010) Mexico has a free market mixed economy. It is a newly industrialised country and an emerging power. (PaweÅ, B., 2006)

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Conclusion

Mexico is a country with high emerging power. It will be one of the largest economies in the World. It is a good country for investment, trade and migrate.