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## **World Bank Group releases *Doing Business in Mexico 2007***

**Adopting simple reforms, and implementing them efficiently, can improve competitiveness and create more jobs, says the new report, covering 31 states and Mexico City**

**Mexico City, November 15, 2006** – Doing business became easier in many Mexican states in 2005-2006, according to the new [\*Doing Business in Mexico 2007\*](#) report, released today in Mexico City. The report finds that some states compare well with the best of the world, while others need much reform to become globally competitive.

*Doing Business in Mexico 2007* is the second sub-national report in the *Doing Business* series in Mexico. In 2005, quantitative indicators of business regulations and their enforcement were created for 12 cities and states in four areas - starting a business, registering property, obtaining credit, and enforcing a contract. This year, *Doing Business in Mexico 2007* covers all 31 states of the Mexican Republic and measures the progress of the 12 states analyzed last year. The report is the result of a request from the Mexican Association of Economic Development Secretaries (AMSDE), the Ministry of the Economy (SE) through the Federal Regulatory Improvement Commission (COFEMER), and the Ministry of Foreign Affairs (SRE) through the Puebla-Panama Plan General Coordination (CGPPP).

Different state and municipal level regulatory requirements, as well as differences in the implementation of national-level regulations, either enhance or constrain local business activity. This explains why an entrepreneur in Colima spends only one day to comply with all municipal requirements to start a business, while in Cancún an entrepreneur needs 18 days to complete all requirements. Municipal and state regulations also dominate property registration, which takes between four and 10 different steps depending on the location. Despite the shared laws and identical procedural steps, the time to enforce a simple commercial debt default varies from eight months in Zacatecas to 18 months in Baja California Sur. Differences in court efficiency and in the application of federal procedures account for the variation.

Publishing comparative data on the ease of doing business inspires local governments to reform. Regulatory reform has been brisk during the past year, despite presidential elections, as well as state and municipal elections in a number of locations. Nine out of the 12 states benchmarked in 2005 and Mexico City reformed in at least one indicator during 2005-2006. The most popular reform was easing the regulations on starting a business. But reforms also took place in property registration and enforcing contracts – proof that governors and mayors have significant influence over the ease of doing business in their cities and states. By adopting simple reforms and by implementing them efficiently, they can improve competitiveness and create more jobs.

Reforms expand the reach of regulation by creating jobs, thus increasing employment. “Creating jobs is a priority for any government. More business-friendly regulations create opportunities and a more equitable growth. Mexican states would greatly benefit from new enterprises and jobs, which can come with more business-friendly



regulations,” said Michael Klein, World Bank-IFC vice president for financial and private sector development, and IFC chief economist.

Aguascalientes was the easiest state to do business in last year. State and city officials have successfully used the benchmark as a promotional tool to compete for business at home and abroad. Simultaneously, they have continued to press ahead with reforms. As a result, Aguascalientes earned the top rank again this year. Querétaro, the lowest ranked overall performer last year, created a public-private task force dedicated to improving its benchmarks. The task force systematically studied bottlenecks, proposed reforms, and measured progress throughout the year. The reforms helped Querétaro climb nine ranks on the ease of doing business to number seven out of 31 states and Mexico City. The lesson: what gets measured gets done.

Since the last report, various reform initiatives were widely discussed throughout the year. States and cities not included in the previous Doing Business survey took note and requested the study’s expansion to all 31 states. In this year’s report, three of the top six performers are “new” states: Sonora, which ranks fourth, Campeche in fifth place, and Zacatecas in sixth. Sonora and Campeche are especially efficient when it comes to property registration, ranking first and second in that indicator. Zacatecas stands out both in the ease of registering collateral to access credit, as well as in the ease of enforcing contracts, where it is the top performer. Such state and city level reforms are becoming increasingly important in a globalized world, where specific locations as much as countries compete for investment – e.g. Monterrey versus Shanghai rather than Mexico versus China.

Doing business in Mexico Where is it easiest?	
	Easiest
1	Aguascalientes, Aguascalientes
2	Guanajuato, Celaya
3	Nuevo León, Monterrey
4	Sonora, Hermosillo
5	Campeche, Campeche
6	Zacatecas, Zacatecas
7	Querétaro, Querétaro
8	Morelia, Morelia
9	Sinaloa, Culiacán
10	Mexico City
11	Colima, Colima
12	Durango, Durango
13	Coahuila, Torreón
14	Chihuahua, Ciudad Juárez
15	Hidalgo, Pachuca de Soto
16	Tamaulipas, Reynosa
17	Jalisco, Guadalajara
18	Baja California, Tijuana
19	San Luis Potosí, San Luis Potosí



20	Yucatán, Mérida
21	Baja California Sur, La Paz
22	Tlaxcala, Tlaxcala
23	Veracruz, Coatzacoalcos
24	Chiapas, Tuxtla Gutiérrez
25	Oaxaca, Salina Cruz
26	Tabasco, Centro/Villahermosa
27	Nayarit, Tepic
28	Puebla, Puebla
29	Estado de México, Tlalnepantla de Baz
30	Guerrero, Acapulco
31	Morelos, Cuernavaca
32	Quintana Roo, Benito Juárez/Cancún
	<b>Most difficult</b>

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The *Doing Business in Mexico 2007* project is based on the efforts of 230 local experts – business consultants, lawyers, notaries, government officials, and academics, who provided support and review. The data, methodology, and names of contributors are publicly available online at <http://www.doingbusiness.org/mexico>.

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