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OECD - Mexico Making Progress but Needs to Widen the Scope of Regulatory Reform

Mexico has made good progress in reforming its regulatory policies and institutions over the last few years but needs to push forward with reforming key infrastructure sectors, such as electricity, telecommunications, water and financial services to make its economy more competitive, according to a new OECD report.

Mexico – Progress in Implementing Regulatory Reform reviews changes that have taken place since 1999 when the OECD published its first review of regulatory reform in Mexico, which included a series of policy recommendations. Strong political leadership as well as cooperation among policy-makers and private stakeholders have helped drive through these reforms, the report notes.

Among its achievements, Mexico has:

- Set up a national regulatory authority, COFEMER.
- Made it easier for new businesses to start up by cutting the waiting period from registering a business to opening from 57 days in 2003 to only 1 today. This has been achieved through partnerships between the federal level and the states and municipalities.
- Improved practice in the regulatory process through use of Regulatory Impact Analysis (RIA), wider consultation and increased transparency.
- Developed the Federal Registry of Formalities and Services, an inventory of all formalities and services of the federal administration, which actualizes and maintains publicly available the aforementioned formalities and services.
- Reduced restrictions on trade and put in place a consistent trade policy, along with a clear legal framework for domestic and foreign investors.
- Better integrated market openness and competition into regulatory reform.

Challenges remain, however. Among specific actions, the OECD recommends that Mexico should also:

- Further simplify the legal framework, with a clear hierarchy of rules, and improve regulatory quality at the sub-federal levels.
- Enhance compliance and enforcement mechanisms for regulations.
- Simplify the tax system to help small businesses and citizens.
- Strengthen regulatory authorities and increase collaboration with the Federal Competition Commission and Consumers' Protection Agency.
- Increase competition in the electricity sector by, for example, allowing major end users to choose their suppliers. This should be accompanied by a deep restructuring of the whole sector and a consolidation of the governance of the publicly-owned companies.
- Clarify the functions and focus of the National Water Commission as a federal watchdog for national waters.

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- Consider constitutional and legal changes to reform the appeal process (*amparo*).
- Promote public understanding of the benefits of regulatory reforms especially in the water, telecommunications, energy and financial sectors.

Mexico – Progress in Implementing Regulatory Reform is available to journalists on the password protected web site or from the Media Relations Division (tel 33 1 45 24 97 00). For further information, journalists are invited to contact Spencer Wilson, OECD's Media Relations Division (tel. [33] 1 45 24 81 18), Joseph Konvitz, OECD Regulatory Reform Programme (tel. [33] 1 45 24 97 47), Stéphane Jacobzone , OECD's Regulatory Management and Reform Division (tel. [33] 1 45 24 85 56) and Delia Rodrigo, OECD's Regulatory Management and Reform Division (tel. [33] 1 45 24 16 53).