Press Release

|  |  |
| --- | --- |
| Date | **November 7, 2012** |
| Contacts  Pages | **Margarita Castillo, PwC Mexico**  Tel: +55 5263 8539  **Carolina Carrasco Pérez, PwC Mexico**  Tel: +55 5263 6000  7 |

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**80% of Mexico’s states and metropolitan areas are at a developing and growing stage, as reported by PwC Mexico’s publication “Mexico’s States of Opportunity 2012”**

* **In this stage, the states are implementing the basic elements for change related to economic, infrastructure, social, technological and urban development aspects, among others**

**November 7, 2012.** According to the publication “Mexico’s States of Opportunity 2012” prepared by PwC Mexico, in collaboration with the National Autonomous University, 80% of Mexico’s states and metropolitan areas are in the middle stage of development and growth. In this stage, the states are implementing the basic elements for change related to economic, infrastructure, social, technological and urban development aspects, among others.

The study presents conclusive information of a country rich in opportunities, capabilities and talent, as well as citizens committed to changing its institutions and environment, with their view set on the future, but aware of the fact that it must be built in the present. The publication shows the level of progress achieved by the states based on ten key indicators that have a direct impact on the quality of life of the people, such as Transparency, Economic Development, Infrastructure, Technology, Health and Education, among others.

Following are the **main findings** of our research:

* Without a doubt, the policies implemented have strengthened the macroeconomic stability and continue to open the Mexican economy. With respect to the GDP, it is important to mention that Mexico’s is higher than that of China or Russia, and much higher than Brazil’s.
* During the past two decades, the country’s economic policy has strengthened exports, promoted the development of its internal market and the replacement of imports, and has encouraged the development of regional and sectorial groups.
* At present, our exports are not only destined to the USA, our usual customer, but also to Central and South America, and Asia.
* Opportunities for investment and innovation are abundant throughout the country, from North to South and from East to West.
* Private companies are committed to implementing policies that promote competitiveness, integration of productive chains and innovation.
* In Mexico, we can identify two sectors that have reached a state of maturity: The automotive and information technology sectors, as well as the software and hardware sectors. Undoubtedly, these sectors have not only invested in processes, but have read the market taking advantage of strategic opportunities, such as the location of its plants.
* Metropolitan areas in Mexico not only allow for economic development, but also for housing, healthcare, transportation, and technology access. The results of the variables analyzed show, which at least in the case of Mexico, building a city is a process that takes many years; in fact, it has been an effort of centuries.
* In order for a location to be able to develop, there are a number of factors that allow the establishment of private companies, such as facilities that provide energy supply at a reasonable cost or transportation means. The latter is, without a doubt, an area of opportunity. Some examples are sustainable transportation, such as the “Metrobus”, currently operating in a number of cities, which is an example of energy and mobility efficiency.

**How easy is it to do business?**

Of the 31 states, six are in an advanced stage of development and 25 are in a middle stage; therefore, a review of procedures, would undoubtedly allow the attraction of further investments.

**What is the status in terms of infrastructure and roads construction?**

Due to the fact that Mexico actively seeks to improve competitiveness, some of the most important changes are infrastructure financing, and a series of plans have emerged.

Three states are in the advanced stage of development, four in a middle stage, which means that 77% of the country is in the middle stage.

Therefore, we consider that *an immediate solution is to design specific plans and projects such as those proposed in the projects of 100 roads, to secure the financial resources available for implementing those plans and projects.*

**How to reconcile urban development and sustainability?**

Mexico ranks fourth in biodiversity, and it is no coincidence that it is among the first ten countries in cultural density and the world’s eleventh strongest economy.

Undoubtedly, one sensitive matter is sustainability and the use of resources, whose intelligent use will increase competitiveness levels for Mexico and its industries.

There are municipalities that face a challenge in terms of handling solid wastes, which includes collecting, transportation, transfer, use and official disposal of wastes.

Naturally, this planning is part of Urban Development. What do the states have to provide? Three are in the developing stage, 26 are in a middle stage and two are in a medium high stage. If we consider that the term Urban Development refers to the growth and quality of new real estate developments, as well as to a level of wellbeing arising from urban growth and planning thereof, and access to housing loans, then there are great opportunities to work on.

**Implementation of reforms, the judicial system and security**

Some States implemented significant changes in the pursuit of justice, as they have a very good alternative justice system that managed to gather all institutions required to keep abreast of criminal matters. What did we find? One State is in an advanced stage, 12 in a middle stage and 19 in a middle to advanced stage.

There are two ultimate reasons for reform in terms of security and justice: The first has to do with the urgency of the problem and the second with the need to offer a proper answer to the question: How do we want Mexican society to function in the next few years?

Implementation of a justice system or, in general, a system of security, requires a multifactor and multidimensional approach. Only then will the government and the private sector get to work on solving these issues.

**What are the main developments in healthcare?**

The greatest challenges are in the expansion of coverage and the improvement of the quality of healthcare services. The creation and operation of efficiently operated hospitals is an immediate demand that must be materialized in the short term.

New areas of opportunity open up daily in the healthcare system, which shows that this is a highly dynamic sector, whose operation depends on its connection to the state’s central administration.

The Mexican population’s health cannot wait, thus the following chart shows that one state is in the advanced stage, 16 in a middle to advanced stage and 13 in a middle stage. This is a great opportunity for those still in this process to close ranks.

**Healthcare Access and Coverage - States**

**Education**

A proper level education would close the circle in terms of the country’s development. There is no question that we are obligated to educate, that is, to sow in order to reap.

Presently, Mexico’s challenge is to enter the tertiary and postgraduate education to produce the scientists, qualified technicians or multidisciplinary artists, and professionals the country needs.

Mexico needs to learn to build and rebuild its education system to meet its specific needs, and at the same time, ensure greater quality performance.

At present, the search for better quality in junior and high-school education, as well as the increase in postgraduate students, are matters that deserve the attention of our public policies. Here we found that 14 states are in a middle stage, eight in a middle to advanced stage, five are in the developing stage and four are in an advanced stage.

**Culture and tourism**

Culture and tourism are key areas for the country’s development. In Mexico, there are several cities that are renowned tourist destinations that would greatly benefit from the consolidation of their cultural, sports, recreation and leisure activities.

In this regard, we found that 12 states are in the developing stage, 12 in the middle stage, six in the middle to high stage, and one in an advanced stage.

These are some figures we found; however, the point is not to show figures that can be read on a simple basis. The point is to understand that this country is the result of all those who, on a daily basis, have a reason to believe in the possibility of doing things differently.

**Notes:**

**Why do this study?**

The study in Mexico emerged from the worldwide relevance of the “Cities of Opportunity” study conducted by the Global Network, which, for the fourth year in a row, includes Mexico City as one of the 27 cities that offer great opportunities. This is how the idea of creating this first version of Mexico and its States of Opportunity emerged, the purpose of which is to identify opportunities, but above all, to amalgamate efforts.

During our research, we considered that obtaining the point of view of notable Mexicans, would undoubtedly breathe life into the cold data, and along with a series of parameters, would contribute to the construction of an urban Mexico, based on innovation, logic, determination and work.

**What does the study comprise?**

This publication analyzes the life pattern of the population that resides in urban areas, as well as the progress and development in the 31 states and the country 32 most urbanized metropolitan areas.

For this study, we adopted the definition of metropolitan areas proposed by the National Population Council (CONAPO), as shown below: A group of two or more municipalities where a city of 50 thousand or more is located, maintaining a high socioeconomic level, also including municipalities that, given their particular characteristics, are relevant in terms of urban planning and policies.

The indicators’ findings are combined with interviews of intellectual, academic, social and technical leaders who have inspired or lead important actions for the country.

The measuring system used in this publication allows each city to position itself, according to their performance, in one of the following four stages of development: low, middle, middle to advanced, and advanced. However, this system goes beyond a simple classification of states and metropolitan areas in stages. Due to its nature, it allows for identifying the areas of opportunity and strengths corresponding to each state and metropolitan area based on ten key indicators of Mexico’s development and growth.

**Indicators used**

**Performance in terms of education and the entrepreneurial spirit of our youth**

Level of quality of our education system, as well as students’ progress in basic, middle and higher education, including activities that encourage an entrepreneurial spirit among our youth.

**Access to technology:**

The level of access to and use of technology of the population in metropolitan areas and/or the states for education purposes and daily life.

**Coverage and access to health services**

Level of progress in terms of universal coverage and access to health services, as well as the data on official healthcare centers in the States and metropolitan areas, including both the public and private sectors.

**State infrastructure**

Federal, state and municipal investment (metropolitan areas) in the states in terms of physical, economic and social infrastructure over the past ten years. Development in infrastructure via public works and/or public and private association.

**Economic development**

The population’s level of wellbeing stemming from public and private plans to increase productivity and economic performance.

**Doing business**

Legal requirements, costs and length of time required to open a company from its incorporation.

**Urban development**

Growth and quality of new real-estate developments in cities, as well as the level of wellbeing arising from urban growth and planning thereof, access to housing loans.

**Recreational and cultural activities**

Leisure and entertainment activities available in the states and metropolitan areas, including cultural and sports activities.

**Implementation of reforms to the justice and security systems**

Level of implementation of Reforms to the justice and security systems in the states and throughout the country, as well as the actions of justice institutions that impact the population’s perception in terms of security.

**Transparency**

The level of access to public information on the origin and application of public resources, as well as implementation of laws that are in line with the financial information and transparency systems in the states and metropolitan areas.

**About PwC**

*PwC firms helps organisations and individuals create the value they’re looking for. We’re a network of firms in 158 countries with more than 180,000 people who are committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us at www.pwc.com.*

*PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.*

*© 2012 PricewaterhouseCoopers. All rights reserved.*