

Doing Business 2008

Mexico

COMPARING REGULATION IN 178 ECONOMIES

Doing Business 2008 **Mexico**

A Project Benchmarking the Regulatory Cost of
Doing Business in 178 Economies

Doing Business Project
World Bank Group



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Copies of *Doing Business 2008*, *Doing Business 2007: How to Reform*, *Doing Business in 2006: Creating Jobs*, *Doing Business in 2005: Removing Obstacles to Growth* and *Doing Business in 2004: Understanding Regulation* may be purchased at www.doingbusiness.org.

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Introduction

Doing Business 2008 is the fifth in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 178 economies—from Afghanistan to Zimbabwe—and over time.

Regulations affecting 10 stages of a business's life are measured: starting a business, dealing with licenses, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2008* are current as of June 1, 2007. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

The *Doing Business* methodology has limitations. Other areas important to business—such as a country's proximity to large markets, the quality of its infrastructure services (other than those related to trading across borders), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions or the underlying strength of institutions—are not studied directly by *Doing Business*. To make the data comparable across countries, the indicators refer to a specific type of business—generally a limited liability company operating in the largest business city.

Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. The data not only highlight the extent of obstacles to doing business; they also help identify the source of those obstacles, supporting policymakers in designing reform.

The data set covers 178 economies: 46 in Sub-Saharan Africa, 31 in Latin America and the Caribbean, 28 in Eastern Europe and Pacific Islands, 24 in East Asia and Pacific, 17 in the Middle East and North Africa and 8 in South Asia—as well as 24 OECD high-income economies as benchmarks. Some of the regions have been divided into subregions to generate a total of 13 regional profiles.

The following pages present the summary *Doing Business* indicators for Mexico along with the comparator economies selected. The data used for this country profile come from the *Doing Business* database and are summarized in graphs and tables. This report allows a comparison of the economies not only with one another but also with the “best practice” economy for each indicator.

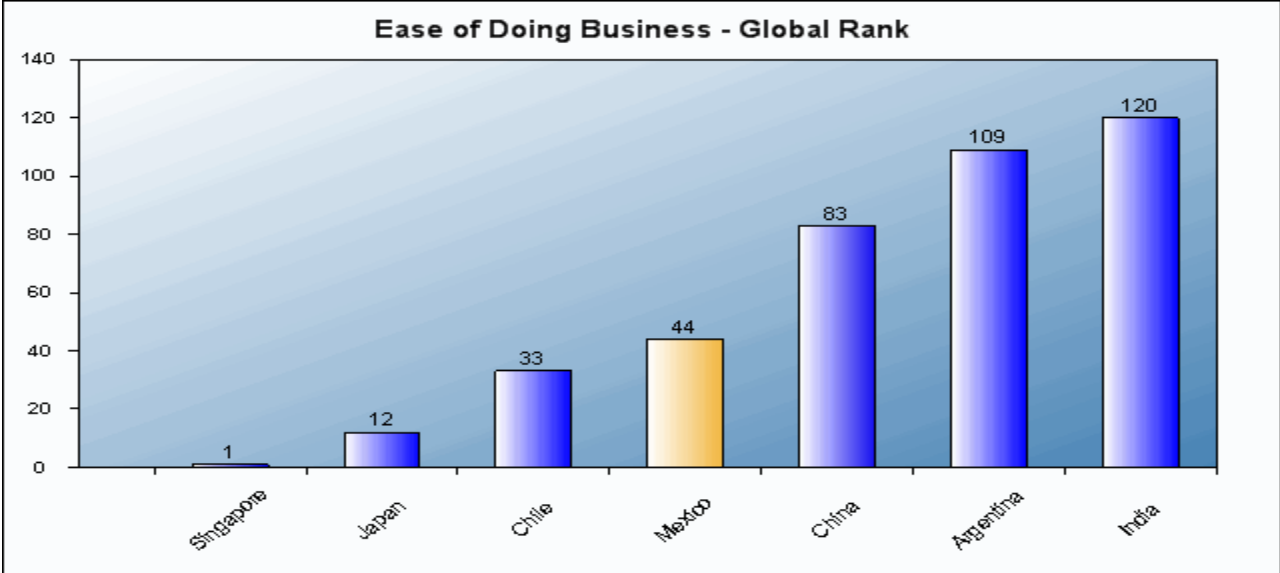
The best-practice economy are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other economies. These best-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 5.

More information is available in the full report. *Doing Business 2008* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the *Doing Business* website <http://www.doingbusiness.org>

Economy Rankings - Ease of Doing Business

Mexico is ranked 44 out of 178 economies. Singapore is the top ranked economy in the Ease of Doing Business.

Mexico - Compared to Global Best / Selected Economies:



Mexico's ranking in Doing Business 2008

Rank	Doing Business 2008
Ease of Doing Business	44
Starting a Business	75
Dealing with Licenses	21
Employing Workers	134
Registering Property	71
Getting Credit	48
Protecting Investors	33
Paying Taxes	135
Trading Across Borders	76
Enforcing Contracts	83
Closing a Business	23

Reforms - Who is reforming?

This year Egypt tops the list of reformers that are making it easier to do business. Egypt's reforms went deep with reforms in 5 of the 10 areas studied by Doing Business, and it greatly improved its position in the global rankings as a result. Besides Egypt, the other top 10 reformers are, in order, Croatia, Ghana, FYR Macedonia, Georgia, Colombia, Saudi Arabia, Kenya, China, and Bulgaria.

1. **Egypt**, the top reformer in the region and worldwide, greatly improved its position in the global rankings on the ease of doing business. Its reforms went deep. Egypt cut the minimum capital required to start a business, from 50,000 Egyptian pounds to just 1,000 and halved the time and cost of start-up. It reduced fees for registering property from 3 percent of the property value to a low, fixed amount. It eased the bureaucracy that builders face in getting construction permits. It launched new one-stop shops for traders at Egyptian ports, cutting the time to import by seven days and the time to export by five. And it established a new private credit bureau that will soon be making it easier for borrowers to get credit.

2. **Croatia** reformed in four of the 10 areas studied by Doing Business. Two years ago, registering property in Croatia took 956 days. Now it takes 174. Company start-up also became faster, with procedures consolidated at a "one-stop shop" and pension and health services registration now online. Credit became easier to access: a new credit bureau was launched, and a unified registry now records charges against movable property in one place. In its first two months, €1.4 billion in credit was registered. In addition, amendments to the country's insolvency law introduced professional requirements for bankruptcy trustees and shorter timelines.

3. **Ghana**, a top 10 reformer for the second year running, continues to increase the efficiency of its public services. It cut bottlenecks in property registration, reducing delays from six months to one. Greater efficiency at the company registry and the environment agency cut the time for business start-up to 42 days. Changes in the port authority's operations sped up imports. New civil procedure rules and mandatory arbitration and mediation reduced the time it takes to enforce contracts.

4. **FYR Macedonia** eliminated the minimum capital requirement for business start-up, sped up the process for getting construction permits, lowered the corporate income tax rate to 12 percent (with another cut to 10 percent planned for 2008), and simplified tax payment procedures. Its ranking on the ease of doing business rose from 96 to 75.

5. **Georgia** reformed in six areas. It strengthened investor protections, including through amendments to its securities law that eliminate loopholes that had allowed corporate insiders to expropriate minority investors. It adopted a new insolvency law that shortens timelines for reorganization of a distressed company or disposition of a debtor's assets. Georgia sped up approvals for construction permits and simplified procedures for registering property. It made starting a business easier by eliminating the paid-in capital requirement. In addition, the country's private credit bureau added payment information from retailers, utilities, and trade creditors to the data it collects and distributes.

6. **Colombia**, the region's top reformer, has made great strides in easing trade. By extending port operating hours and adopting more selective customs inspections, it reduced the time for port and terminal handling activities by three days. The country strengthened investor protections by increasing disclosure requirements for related-party transactions. It introduced an electronic tax filing system, cutting the average time businesses must spend on tax compliance each year by 188 hours, or 41 percent. And it is progressively reducing the corporate income tax rate, from 35 to 34 percent in 2007 and 33 percent in 2008.

7. **Saudi Arabia**, the runner-up reformer in the region, eliminated the minimum capital requirement of 1,057 percent of income per capita and reduced the days needed for company start-up from 39 to 15. It launched a commercial credit bureau whose reports include the credit exposure of companies. It also sped up trade, reducing the number of documents required for importing and cutting the time needed for handling at ports and terminals by two days for both imports and exports.

8. **Kenya**, the region's other top 10 reformer, launched an ambitious licensing reform program. So far the program has eliminated 110 business licenses and simplified eight others. The changes have streamlined business start-up and cut both the time and cost of getting building permits. The program will eventually eliminate or simplify at least 900 more of the country's 1,300 licenses. Property registration is also faster now, thanks to the introduction of competition among land valuers. And the country's private credit bureau now collects a wider range of data.

9. In **China**, a new property law put private property rights on equal footing with state property rights. The law also expanded the range of assets that can be used as collateral to include inventory and accounts receivable. The new bankruptcy law gives secured creditors priority to the proceeds from their collateral. Construction also became easier, with electronic processing of building permits reducing delays by two weeks.

10. **Bulgaria** eased the tax burden on businesses and made it easier to pay taxes online. Bulgaria also introduced private bailiffs to improve efficiency in enforcing judgments. And it made building inspections less burdensome.

Number of reforms in Doing Business 2008

Rank	Economy	Starting a Business	Dealing with Licenses	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Total number of reforms
1	Egypt	✓	✓		✓	✓			✓			5
2	Croatia	✓			✓	✓					✓	4
3	Ghana	✓			✓	✓			✓	✓		5
4	Macedonia, FYR	✓	✓					✓				3
5	Colombia						✓	✓	✓			3
6	Georgia	✓	✓		✓	✓	✓				✓	6
7	Saudi Arabia	✓				✓			✓			3
8	Kenya	✓	✓		✓	✓						4
9	China		✓			✓					✓	3
10	Bulgaria		✓					✓		✓		3
	Mexico				✓			✓				2
	Argentina										✗	-1
	Chile											0
	India					✓			✓			2
	Japan											0

Note: Economies are ranked on the number and impact of reforms, Doing Business selects the economies that reformed in 3 or more of the Doing Business topics. Second, it ranks these economies on the increase in rank in Ease of Doing Business from the previous year. The larger the improvement, the higher the ranking as a reformer.

Summary of Indicators - Mexico

Starting a Business	Procedures (number)	8
	Duration (days)	27
	Cost (% GNI per capita)	13.3
	Paid in Min. Capital (% of GNI per capita)	11.6
Dealing with Licenses	Procedures (number)	11
	Duration (days)	131
	Cost (% of income per capita)	103.5
Employing Workers	Difficulty of Hiring Index	33
	Rigidity of Hours Index	40
	Difficulty of Firing Index	70
	Rigidity of Employment Index	48
	Nonwage labor cost (% of salary)	21
	Firing costs (weeks of wages)	52
Registering Property	Procedures (number)	5
	Duration (days)	74
	Cost (% of property value)	4.7
Getting Credit	Legal Rights Index	3
	Credit Information Index	6
	Public registry coverage (% adults)	0.0
	Private bureau coverage (% adults)	61.2
Protecting Investors	Disclosure Index	8
	Director Liability Index	5
	Shareholder Suits Index	5
	Investor Protection Index	6.0
Paying Taxes	Payments (number)	27
	Time (hours)	552
	Profit tax (%)	22.4
	Labor tax and contributions (%)	26.9
	Other taxes (%)	1.9
	Total tax rate (% profit)	51.2

Trading Across Borders	Documents for export (number)	5
	Time for export (days)	17
	Cost to export (US\$ per container)	1302
	Documents for import (number)	5
	Time for import (days)	23
	Cost to import (US\$ per container)	2411
Enforcing Contracts	Procedures (number)	38
	Duration (days)	415
	Cost (% of claim)	32.0
Closing a Business	Cost (% of income per capita)	18
	Time (years)	1.8
	Recovery rate (cents on the dollar)	63.9

Starting a Business in Mexico: Entry Regulation

When entrepreneurs draw up a business plan and try to get under way, the first hurdles they face are the procedures required to incorporate and register the new firm before they can legally operate. Economies differ greatly in how they regulate the entry of new businesses. In some the process is straightforward and affordable. In others the procedures are so burdensome that entrepreneurs may have to bribe officials to speed the process—or may decide to run their business informally.

The data on starting a business are based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. These include obtaining all necessary permits and licenses and completing all required inscriptions, verifications and notifications with authorities to enable the company to formally operate. The time and cost required to complete each procedure under normal circumstances are calculated, as well as the minimum capital that must be paid in. It is assumed that all information is readily available to the entrepreneur, that there has been no prior contact with officials and that all government and nongovernment entities involved in the process function without corruption.

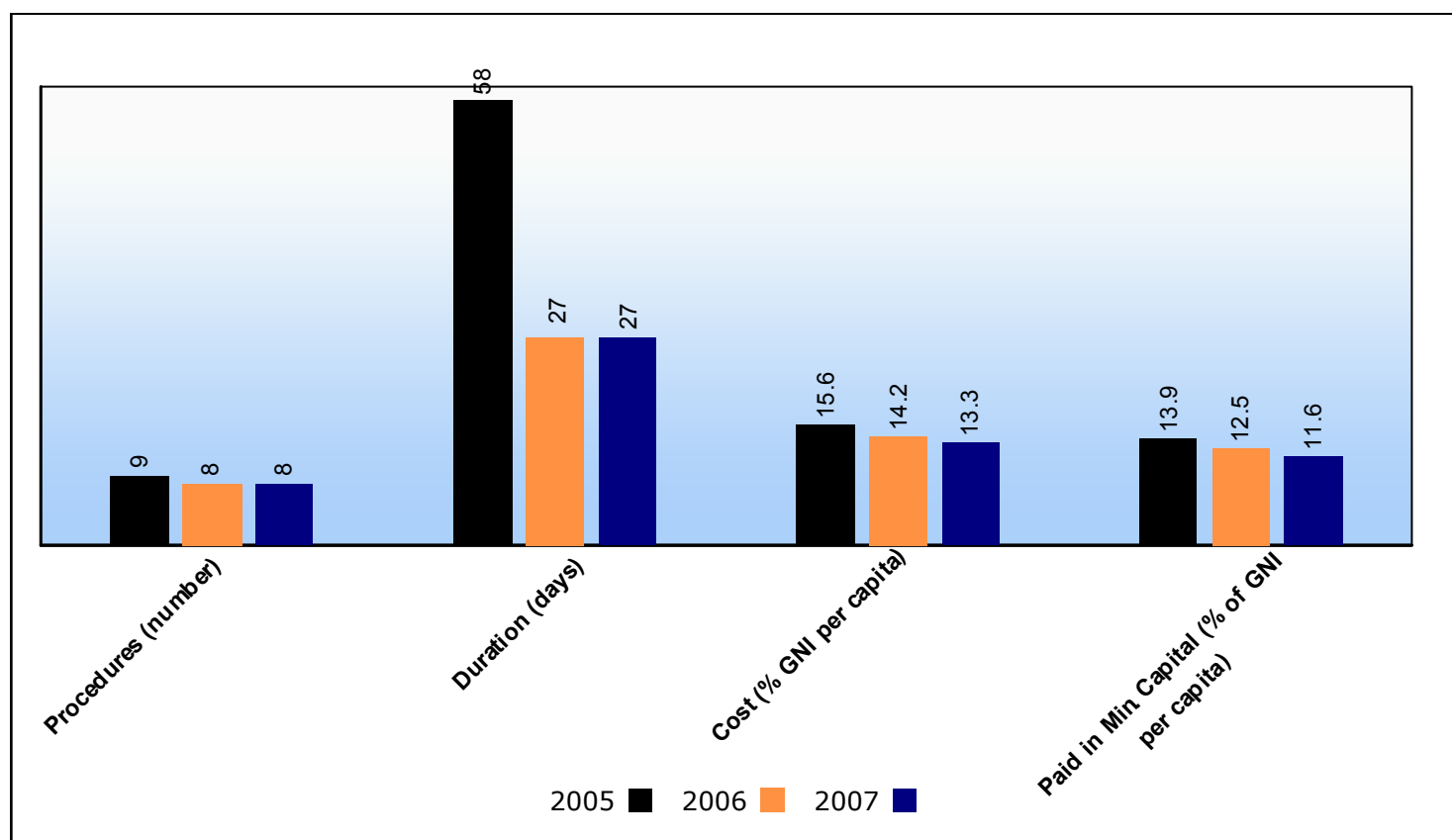
To make the data comparable across economies, detailed assumptions about the type of business are used. Among these assumptions are the following: the business is a limited liability company conducting general commercial activities in the largest business city; it is 100% domestically owned, with start-up capital of 10 times income per capita, turnover of at least 100 times income per capita and between 10 and 50 employees; and it does not qualify for any special benefits, nor does it own real estate. Procedures are recorded only where interaction is required with an external party. It is assumed that the founders complete all procedures themselves unless professional services (such as by a notary or lawyer) are required by law. Voluntary procedures are not counted, nor are industry-specific requirements and utility hook-ups. Lawful shortcuts are counted.

Cumbersome entry procedures are associated with more corruption, particularly in developing countries. Each procedure is a point of contact—an opportunity to extract a bribe. Analysis shows that burdensome entry regulations do not increase the quality of products, make work safer or reduce pollution. Instead, they constrain private investment; push more people into the informal economy; increase consumer prices; and fuel corruption.

1. Historical data: Starting a Business in Mexico

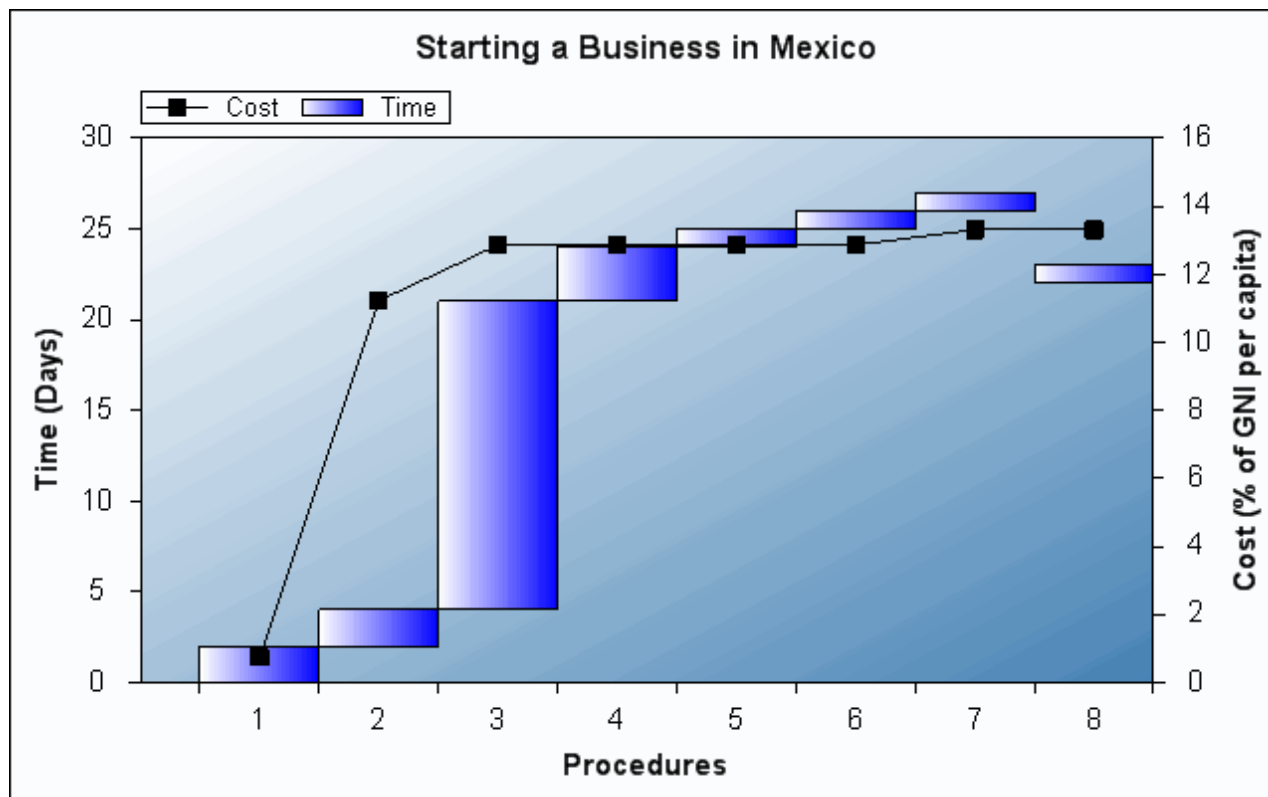
Starting a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		62	75
Procedures (number)	9	8	8
Duration (days)	58	27	27
Cost (% GNI per capita)	15.6	14.2	13.3
Paid in Min. Capital (% of GNI per ca	13.9	12.5	11.6

2. The following graph illustrates the Starting a Business indicators in Mexico over the past 3 years:



3. Steps to Starting a Business in Mexico

It requires 8 procedures, takes 27 days, and costs 13.31% GNI per capita to start a business in Mexico.



List of Procedures:

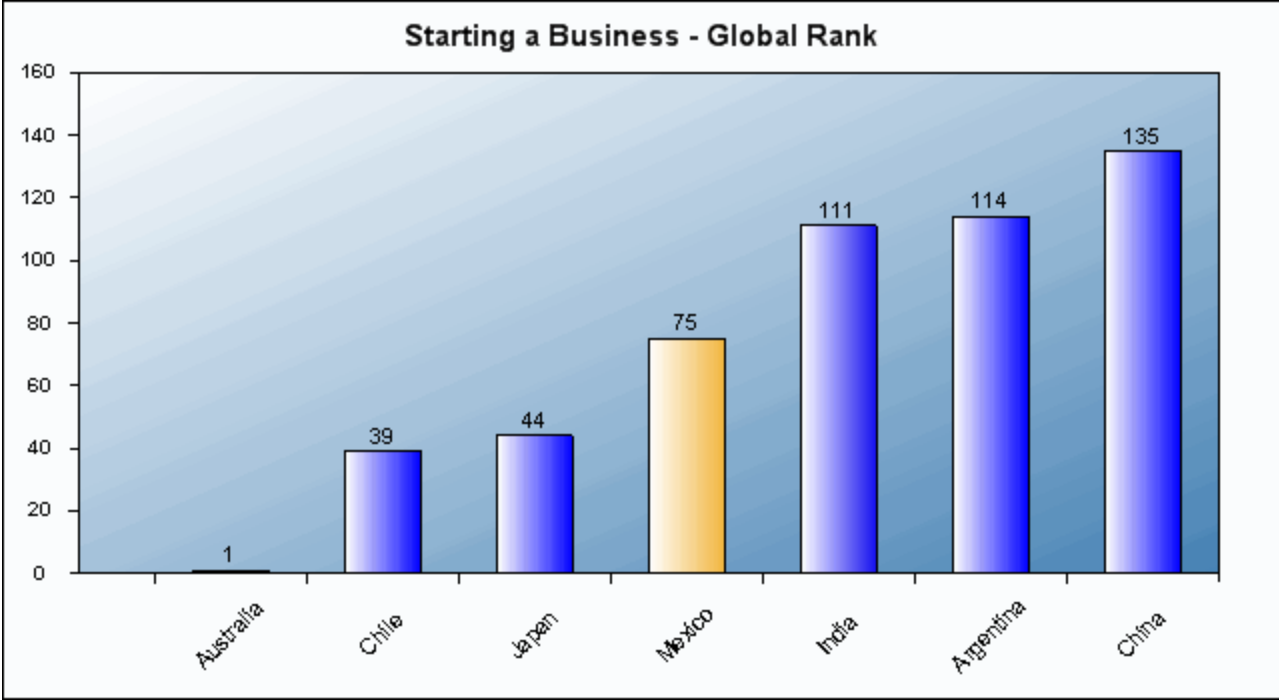
1. Obtain authorization for company name (Ministry of Foreign Affairs)
2. Notarize company deeds and obtain tax registration number (RFC)
3. Register at Public Commercial Register
4. Register with IMSS
5. Register with federal tax authorities for payroll tax
6. Notice of opening of mercantile establishment
7. Register at the SIEM
8. File a notice with INEGI

More details are available in the appendix.

4. Benchmarking Starting a Business Regulations:

Mexico is ranked 75 overall for Starting a Business. Australia is the top ranked economy followed by Canada, New Zealand and United States.

Ranking of Mexico in Starting a Business - Compared to best practice and selected economies:



The following table shows Starting a Business data for Mexico compared to best practice and comparator economies:

<i>Best Practice Economies</i>	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Min. Capital (% of GNI per
Australia*	2	2		0.0
Denmark			0.0	

<i>Selected Economy</i>				
Mexico	8	27	13.3	11.6

<i>Comparator Economies</i>				
Argentina	14	31	9.7	4.8
Chile	9	27	8.6	0.0
China	13	35	8.4	190.2
India	13	33	74.6	0.0
Japan	8	23	7.5	0.0

* The following economies are also best practice economies for :

Procedures (number): **Canada, New Zealand**

Paid in Min. Capital (% of GNI per capita): **Canada, Ireland, Israel, Mauritius, New Zealand, Puerto Rico, Thailand, Trinidad and Tobago, United Kingdom, United States**

Dealing with Licenses in Mexico: Building a Warehouse

Once entrepreneurs have registered a business, what regulations do they face in operating it? To measure such regulation, Doing Business focuses on the construction sector. Construction companies are under constant pressure—from government to comply with inspections and with licensing and safety regulations and from customers to be quick and cost-effective. These conflicting pressures point to the tradeoff in building regulation—the tradeoff between protecting people (construction workers, tenants, passersby) and keeping the cost of building affordable.

In many countries, especially poor ones, complying with building regulations is so costly in time and money that many builders opt out. Builders may pay bribes to pass inspections or simply build illegally—leading to hazardous construction. In other countries compliance is simple, straightforward and inexpensive—yielding better results.

The indicators on dealing with licenses record all procedures officially required for an entrepreneur in the construction industry to build a warehouse. These include submitting project documents (building plans, site maps) to the authorities, obtaining all necessary licenses and permits, completing all required notifications and receiving all necessary inspections. They also include procedures for obtaining utility connections, such as electricity, telephone, water and sewerage. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with legally completing the procedures are included. Time is recorded in calendar days. The survey assumes that the entrepreneur is aware of all existing regulations and does not use an intermediary to complete the procedures unless required to do so by law.

To make the data comparable across economies, several assumptions about the business and its operations are used. The business is a small to medium-size limited liability company, located in the most populous city, domestically owned and operated, in the construction business, with 20 qualified employees. The warehouse to be built:

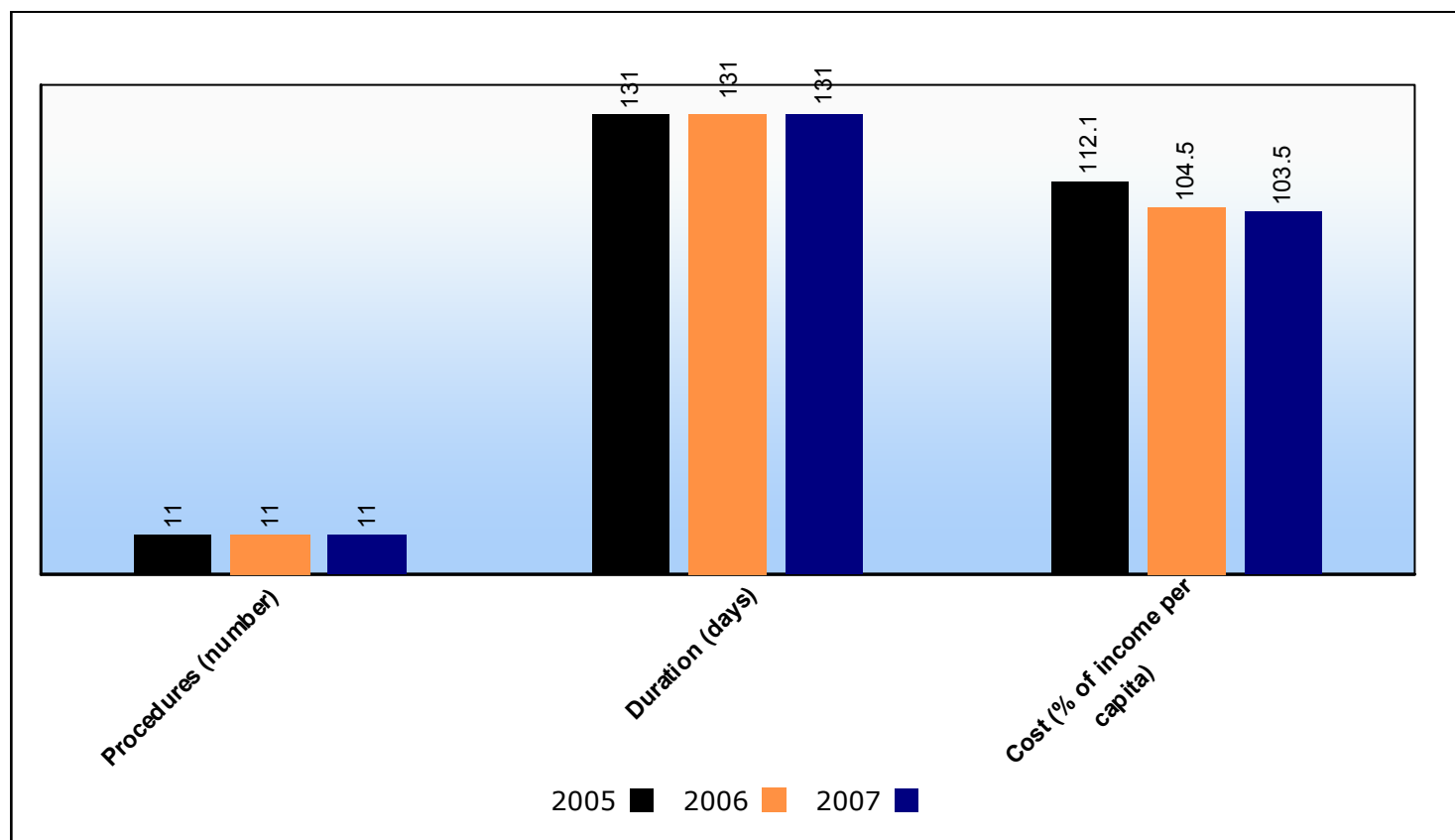
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.
- Will be used for general storage, such as of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

Where the regulatory burden is large, entrepreneurs move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off.

1. Historical data: Dealing with Licenses in Mexico

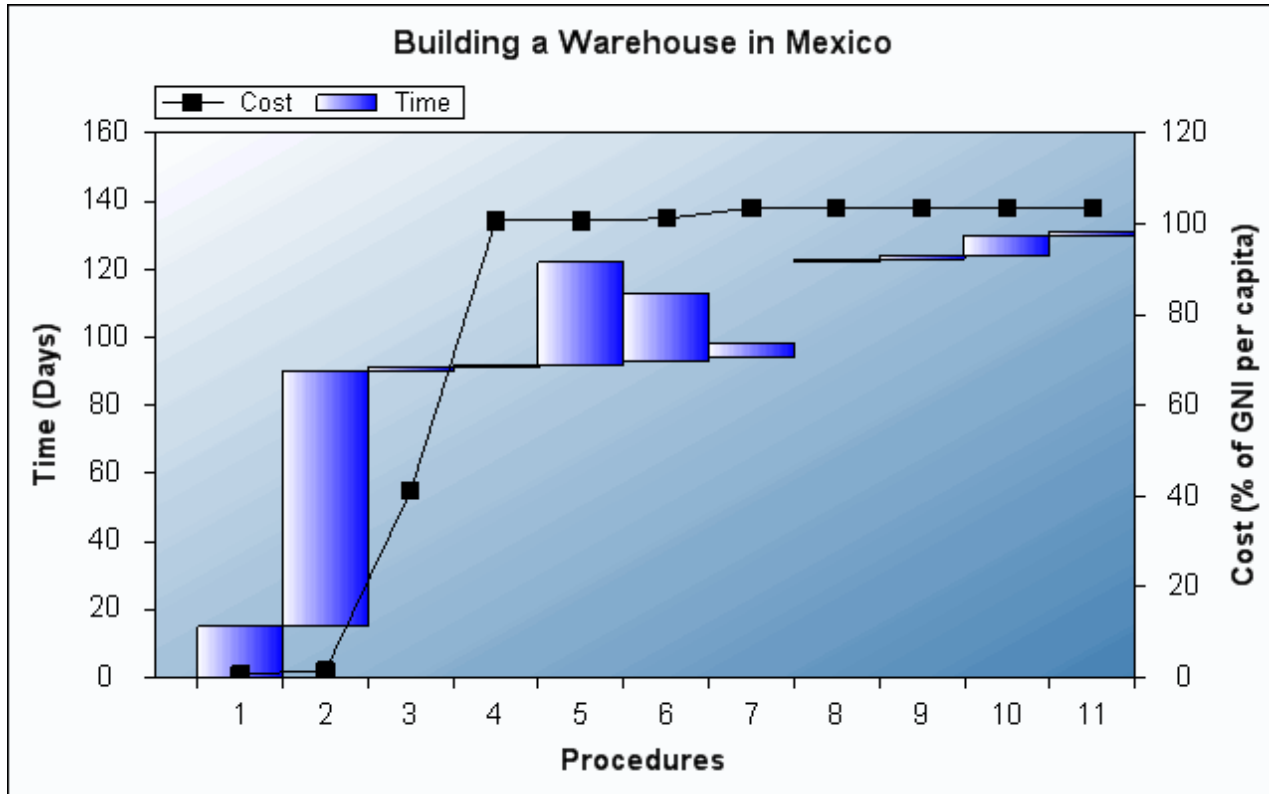
Dealing with Licenses data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		20	21
Procedures (number)	11	11	11
Duration (days)	131	131	131
Cost (% of income per capita)	112.1	104.5	103.5

2. The following graph illustrates the Dealing with Licenses indicators in Mexico over the past 3 years:



3. Steps to Building a Warehouse in Mexico

It requires 11 procedures, takes 131 days, and costs 103.51% GNI per capita to build a warehouse in Mexico.



List of Procedures:

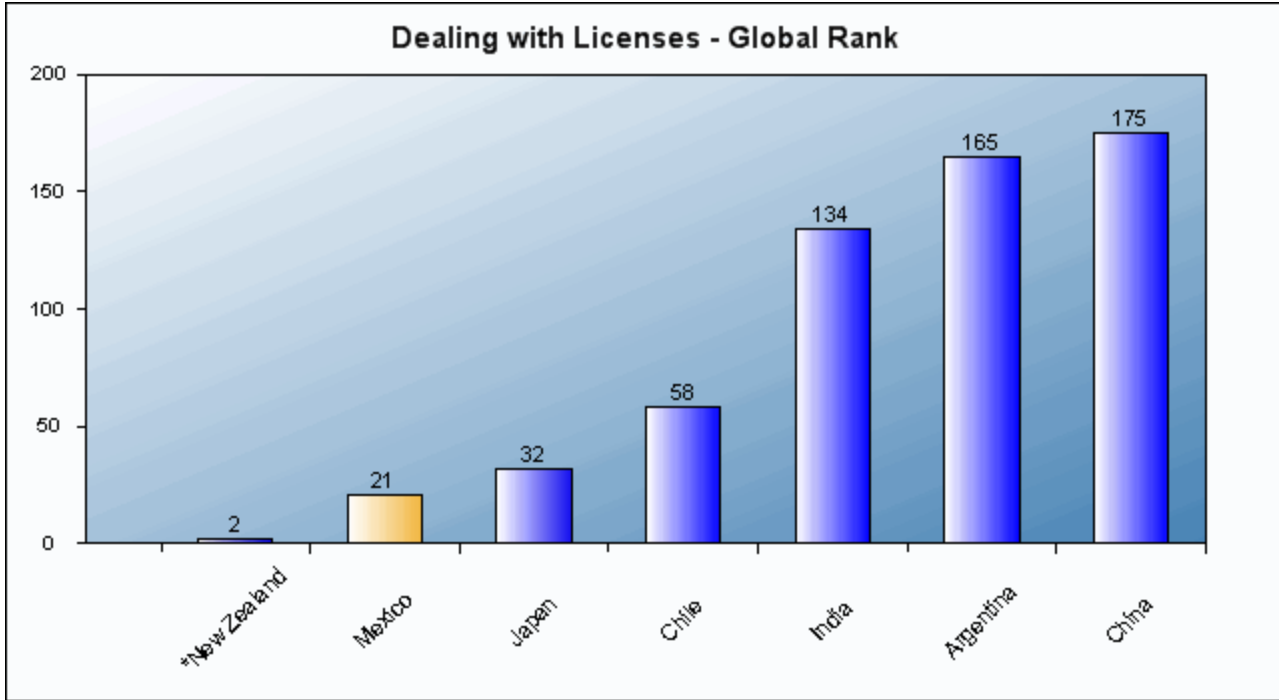
1. Request and obtain the alignment certificate (alineamiento) and official number (número oficial)
2. Request and obtain single zoning certificate stating specific land use and feasibility
3. Request water and sewage services and pay the corresponding fees for service contracting
4. Register Construction Statement Type B
5. Request and connect to water and sewage services
6. Request and connect to electrical power service
7. Request and connect to a regular telephone line
8. Notify the Municipal Authority on construction work completion
9. Receive inspection on construction work completion from Directorate of General Works
10. Request and obtain use an occupancy clearance
11. Update the building record at the tax ministry

More details are available in the appendix.

4. Benchmarking Dealing with Licenses Regulations:

Mexico is ranked 21 overall for Dealing with Licenses. St. Vincent and the Grenadines is the top ranked economy followed by New Zealand, Belize and Marshall Islands.

Ranking of Mexico in Dealing with Licenses - Compared to best practice and selected economies:



* The following economies are also best practice economies for Building a Warehouse: St. Vincent and the Grenadines

The following table shows Dealing with Licenses data for Mexico compared to best practice and comparator economies:

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% of income per capita)
Denmark	6		
Korea		34	
United Arab Emirates			1.5

Selected Economy			
Mexico	11	131	103.5

Comparator Economies			
Argentina	28	338	234.1
Chile	18	155	128.1
China	37	336	840.2
India	20	224	519.4
Japan	15	177	17.8

Employing Workers in Mexico: Labor Regulations

Every economy has established a complex system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety laws. Doing Business examines government regulation in the area of employment and social security laws.

Three measures are presented: a rigidity of employment index, a nonwage labor cost measure and a firing cost measure. The rigidity of employment index is the average of three subindices: difficulty of hiring, rigidity of hours and difficulty of firing. Each index takes values between 0 and 100, with higher values indicating more rigid regulation. The difficulty of hiring index measures the flexibility of contracts and the ratio of the minimum wage to the value added per worker. The rigidity of hours index covers restrictions on weekend and night work, requirements relating to working time and the workweek, and mandated days of annual leave with pay. The difficulty of firing index covers workers' legal protections against dismissal, including the grounds permitted for dismissal and procedures for dismissal (individual and collective).

The nonwage labor cost covers all social security payments and payroll taxes associated with hiring an employee, expressed as a percentage of the worker's salary. The firing cost indicator measures the cost of advance notice requirements, severance payments and penalties due when terminating a redundant worker, expressed in weeks of salary.

The indicators on employment regulations are based on a detailed study of employment laws. Data are also gathered on the specific constitutional provisions governing the two areas studied. To ensure accuracy, both the actual laws and the applicable collective bargaining agreements are used. Finally, all data are verified and completed by local law firms through a detailed survey of employment regulations.

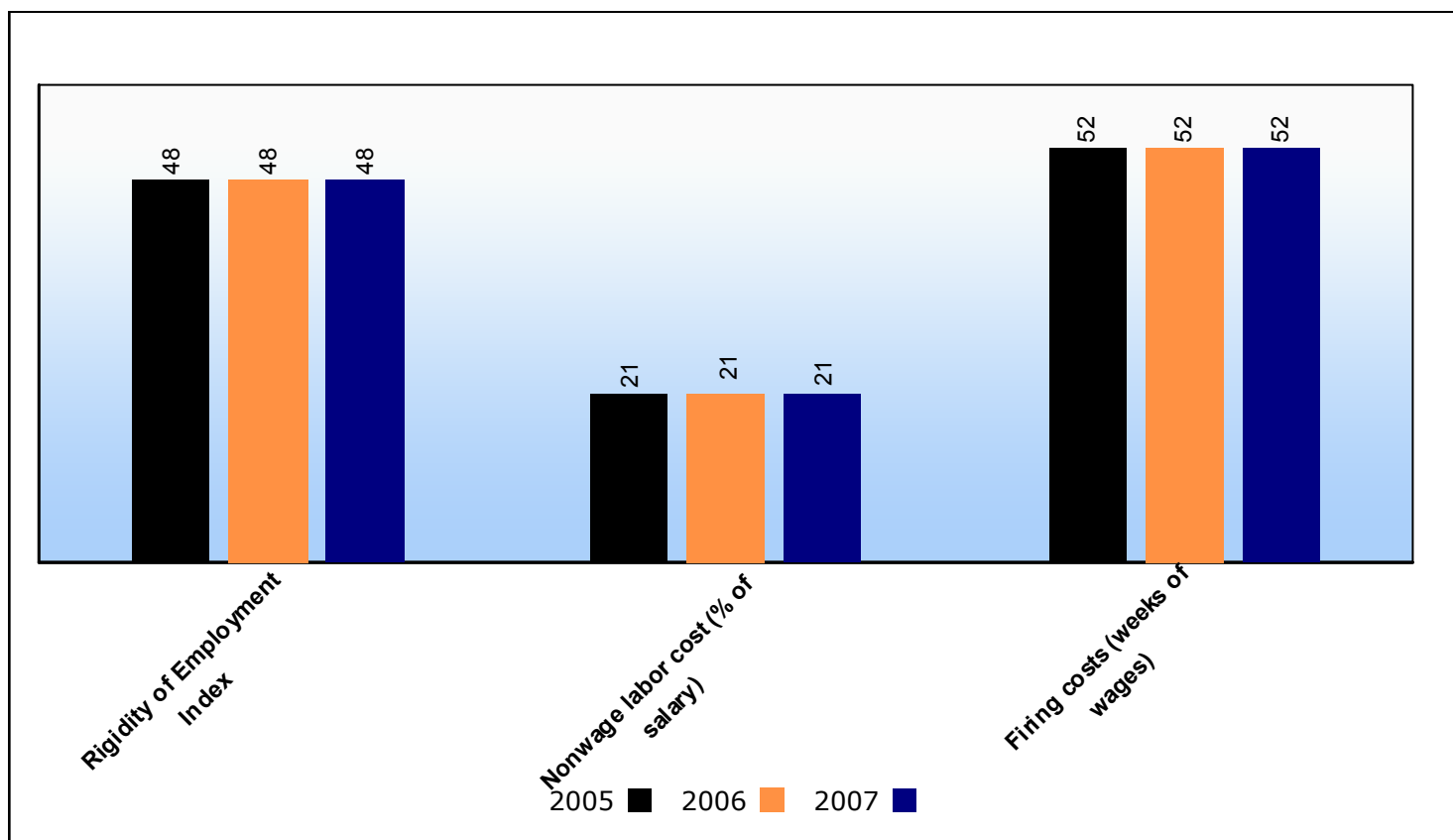
To make the data comparable across economies, a range of assumptions about the worker and the company are used. Assumptions about the worker include that he is a nonexecutive, full-time male employee who has worked in the same company for 20 years and is not a member of the labor union (unless membership is mandatory). The company is assumed to be a limited liability manufacturing corporation that operates in the country's most populous city, is 100% domestically owned and has 201 employees. The company is also assumed to be subject to collective bargaining agreements in countries where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

Most employment regulations are enacted in response to market failures. But that does not mean that today's regulations are optimal. Analysis across countries shows that while employment regulation generally increases the tenure and wages of incumbent workers, rigid regulations have many undesirable side effects. These include less job creation, smaller company size, less investment in research and development, and longer spells of unemployment and thus the obsolescence of skills—all of which may reduce productivity growth. Many countries err on the side of excessive rigidity, to the detriment of businesses and workers alike.

1. Historical data: Employing Workers in Mexico

Employing Workers data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		134	134
Rigidity of Employment Index	48	48	48
Nonwage labor cost (% of salary)	21	21	21
Firing costs (weeks of wages)	52	52	52

2. The following graph illustrates the Employing Workers indicators in Mexico over the past 3 years:



3. Benchmarking Employing Workers Regulations:

Mexico is ranked 134 overall for Employing Workers. Marshall Islands is the top ranked economy followed by Brunei, Georgia and Tonga.

Ranking of Mexico in Employing Workers - Compared to best practice and selected economies:



* The following economies are also best practice economies for Employing Workers: Marshall Islands, Singapore

The following table shows Employing Workers data for Mexico compared to best practice and comparator economies:

Best Practice Economies	Rigidity of Employment Index	Nonwage labor cost (% of salary)	Firing costs (weeks of wages)
Bangladesh*		0	
Denmark*			0
Hong Kong, China*	0		

Selected Economy			
Mexico	48	21	52

Comparator Economies			
Argentina	41	26	139
Chile	24	3	52
China	24	44	91
India	30	17	56
Japan	17	13	4

* The following economies are also best practice economies for :

Rigidity of Employment Index: Singapore, United States

Nonwage labor cost (% of salary): Botswana, Ethiopia, Maldives

Firing costs (weeks of wages): New Zealand, United States

Registering Property in Mexico: Regulation of Property Transfer

Property registries were first developed to help raise tax revenue. Defining and publicizing property rights through registries has also proved to be good for entrepreneurs. Land and buildings account for between half and three-quarters of the wealth in most economies. Securing rights to this property strengthens incentives to invest and facilitates commerce. And with formal property titles, entrepreneurs can obtain mortgages on their home or land and start businesses.

Doing Business measures the ease of registering property based on a standard case of an entrepreneur who wants to purchase land and a building in the largest business city. It is assumed that the property is already registered and free of title dispute. The data cover the full sequence of procedures necessary to transfer the property title from the seller to the buyer. Every required procedure is included, whether it is the responsibility of the seller or the buyer or must be completed by a third party on their behalf.

Local property lawyers and officials in property registries provide information on required procedures as well as the time and cost to complete each one. For most countries the data are based on responses from both. Based on the responses, three indicators are constructed:

- Number of procedures to register property.
- Time to register property (in calendar days).
- Official costs to register property (as a percentage of the property value).

A large share of the property in developing countries is not formally registered, limiting financing opportunities for businesses. Recognizing this constraint, some developing country governments have embarked on extensive property titling programs. Yet bringing assets into the formal sector is of little value unless they stay there.

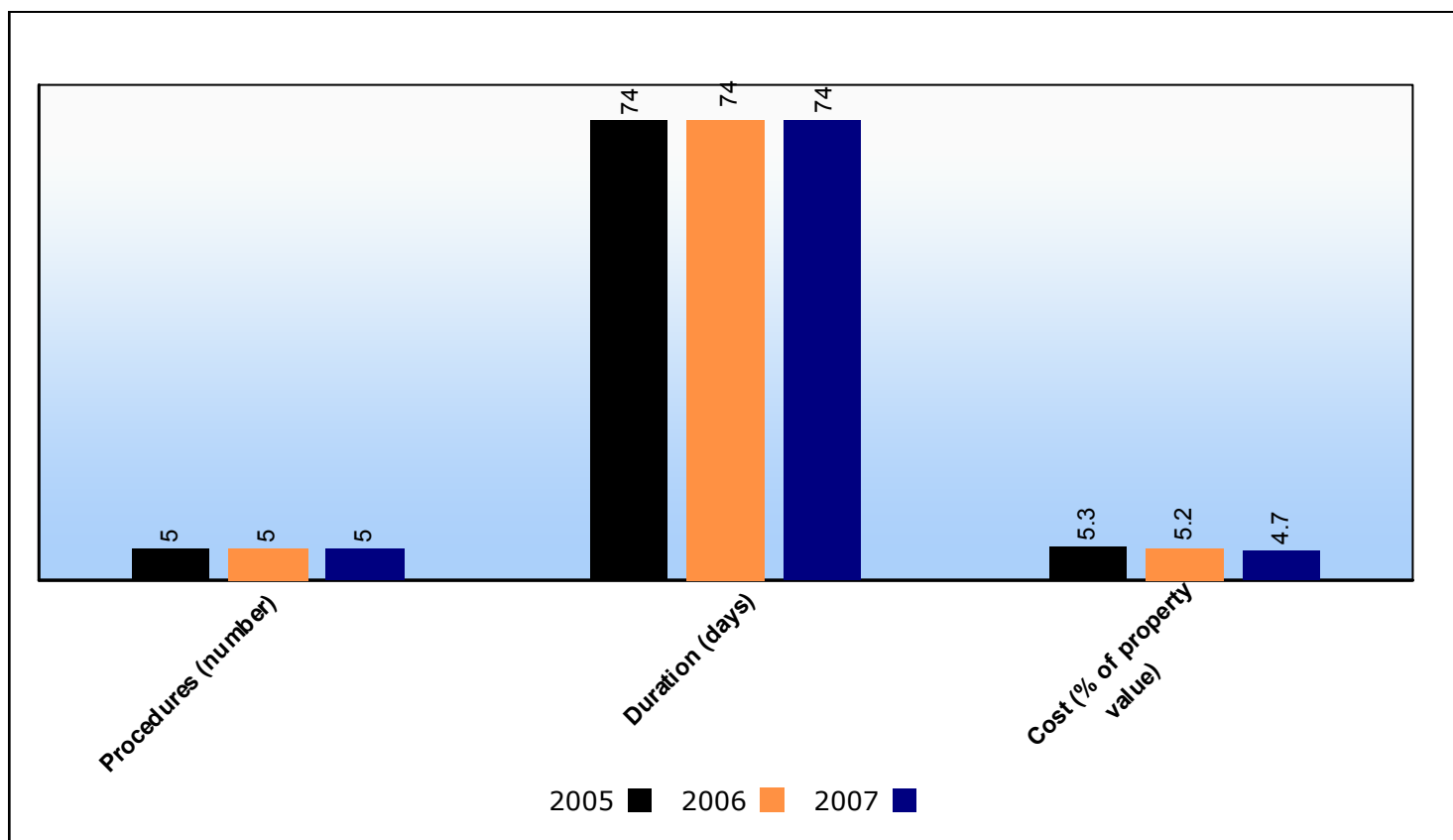
Many titling programs in Africa were futile because people bought and sold property informally—neglecting to update the title records in the property registry. Why? Doing Business shows that completing a simple formal property transfer in the largest business city of an African country costs 12% of the value of the property and takes more than 100 days on average. Worse, the property registries are so poorly organized that they provide little security of ownership. For both reasons, formalized titles quickly go informal again.

Efficient property registration reduces transaction costs and helps keep formal titles from slipping into informal status. Simple procedures to register property are also associated with greater perceived security of property rights and less corruption. That benefits all entrepreneurs, especially women, the young and the poor. The rich have few problems protecting their property rights. They can afford to invest in security systems and other measures to defend their property. But small entrepreneurs cannot. Reform can change this.

1. Historical data: Registering Property in Mexico

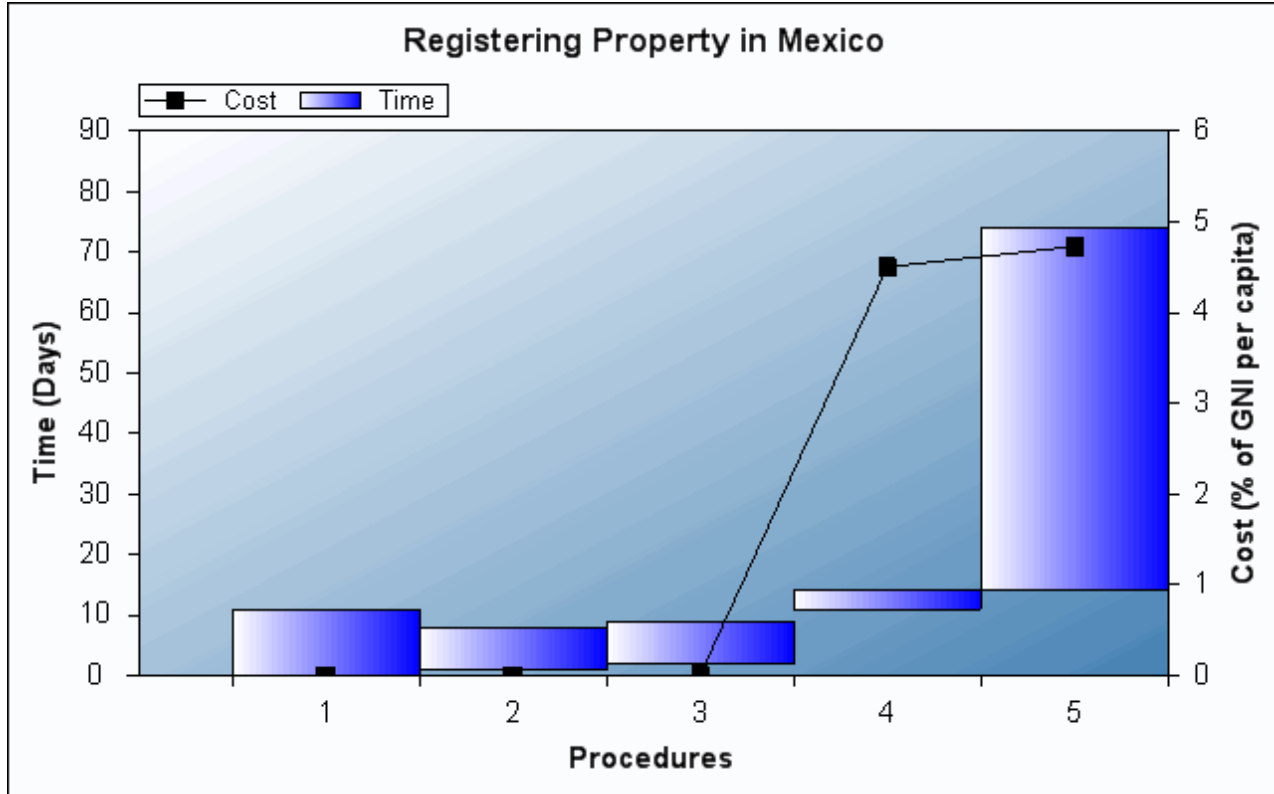
Registering Property data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		79	71
Procedures (number)	5	5	5
Duration (days)	74	74	74
Cost (% of property value)	5.3	5.2	4.7

2. The following graph illustrates the Registering Property indicators in Mexico over the past 3 years:



3. Steps to Registering Property in Mexico

It requires 5 procedures, takes 74 days, and costs 4.73% GNI per capita to register the property in Mexico.



List of Procedures:

1. Obtain the alignment and official number of the property at the corresponding Federal District Department
2. Obtain the cadastral plan from the Cadastre Department at the Public Registry of Property
3. The notary public obtains a non-encumbrance certificate
4. The notary public formalizes the sale purchase agreement
5. Registration of the transfer of title at the Public Registry of Property of the Federal District

More details are available in the appendix.

4. Benchmarking Registering Property Regulations:

Mexico is ranked 71 overall for Registering Property. New Zealand is the top ranked economy followed by Armenia, Saudi Arabia and Lithuania.

Ranking of Mexico in Registering Property - Compared to best practice and selected economies:



The following table shows Registering Property data for Mexico compared to best practice and comparator economies:

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% of property value)
New Zealand*		2	
Norway*	1		
Saudi Arabia*			0.0

Selected Economy			
Mexico	5	74	4.7

Comparator Economies			
Argentina	5	65	7.6
Chile	6	31	1.3
China	4	29	3.6
India	6	62	7.7
Japan	6	14	5.0

* The following economies are also best practice economies for :

Procedures (number): Sweden

Duration (days): Sweden, Thailand

Cost (% of property value): Bhutan

Getting Credit in Mexico: Legal Rights and Credit Information

Firms consistently rate access to credit as among the greatest barriers to their operation and growth. Doing Business constructs two sets of indicators of how well credit markets function—one on credit registries and the other on legal rights of borrowers and lenders.

Credit registries—institutions that collect and distribute credit information on borrowers—can greatly expand access to credit. By sharing credit information, they help lenders assess risk and allocate credit more efficiently. And they free entrepreneurs from having to rely on personal connections alone when trying to obtain credit. Three indicators are constructed to measure the sharing of credit information:

- Public registry coverage, which reports the number of individuals and firms covered by a public credit registry as a percentage of the adult population.
- Private bureau coverage, which reports the number of individuals and firms covered by a private credit bureau as a percentage of the adult population.
- Depth of credit information index, which measures the extent to which the rules of a credit information system facilitate lending based on the scope of information distributed, the ease of access to information and the quality of information.

The data are from surveys of public registries and the largest private credit bureau in the country.

Effective regulation of secured lending—through collateral and bankruptcy laws—can also ease credit constraints. By giving a lender the right to seize and sell a borrower's secured assets upon default, collateral limits the lender's potential losses and acts as a screening device for borrowers. The strength of legal rights index measures 10 aspects of the rights of borrowers and creditors in collateral and bankruptcy laws, including whether:

- General rather than specific description of assets and debt is permitted in collateral agreements (expanding the scope of assets and debt covered).
- Any legal or natural person may grant or take security in assets.
- A unified registry operates that includes charges over movable property.
- Secured creditors have priority both within bankruptcy and outside it.
- Parties may agree on out-of-court enforcement of collateral by contract.
- Creditors may both seize and sell collateral out of court, no automatic stay or “asset freeze” applies upon bankruptcy, and the bankrupt debtor does not retain control of the firm.

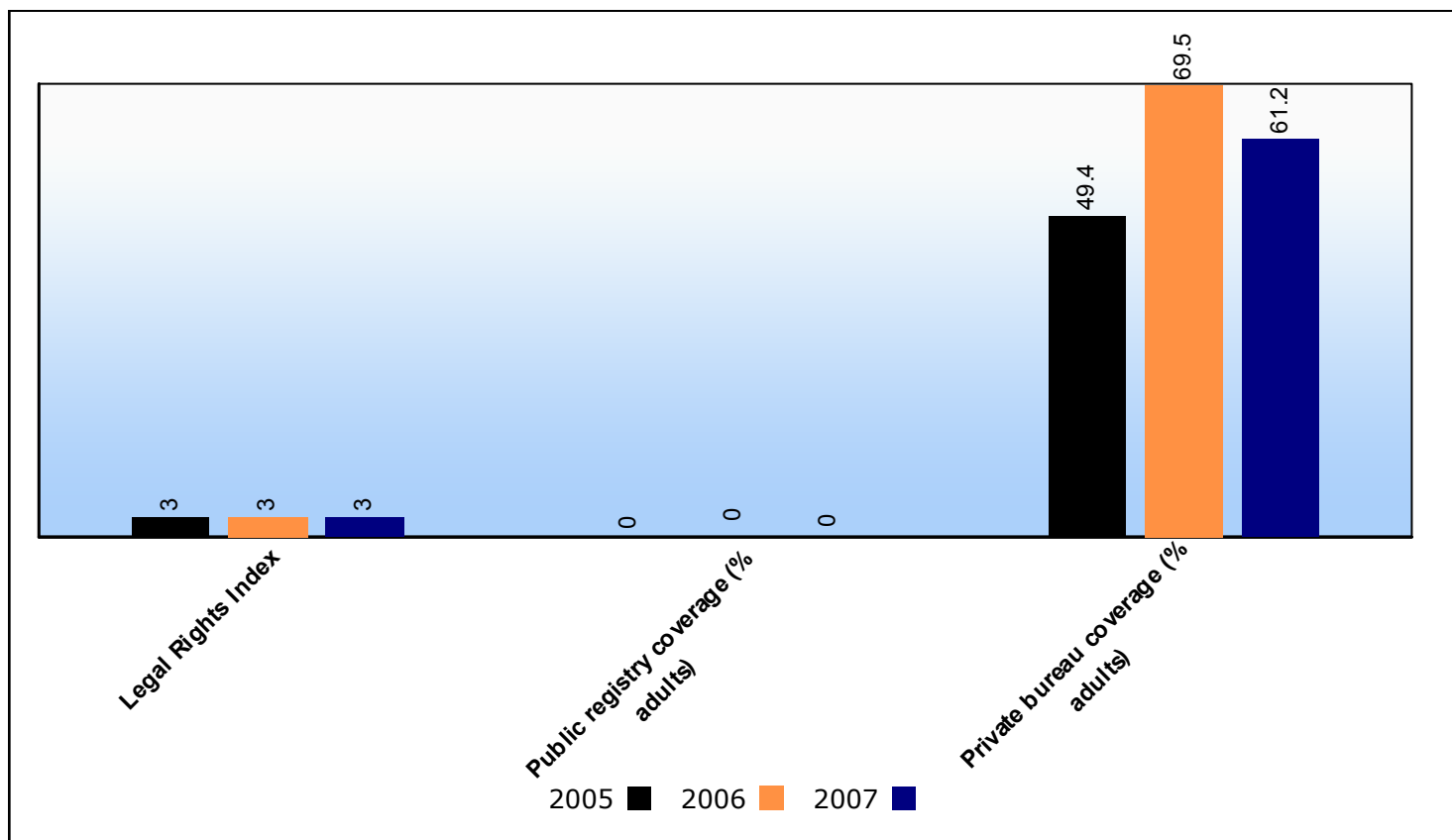
The index ranges from 0 (weak legal rights) to 10 (strong legal rights). The data were obtained by examining collateral and bankruptcy laws and legal summaries and verified through a survey of financial lawyers.

Where good-quality credit information is available and legal rights are stronger, more credit is extended. Benefits flow beyond those gaining access to credit. With better-functioning credit markets, unemployment is lower, and women and low-income people benefit the most.

1. Historical data: Getting Credit in Mexico

Getting Credit data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		45	48
Legal Rights Index	3	3	3
Public registry coverage (% adults)	0.0	0.0	0.0
Private bureau coverage (% adults)	49.4	69.5	61.2

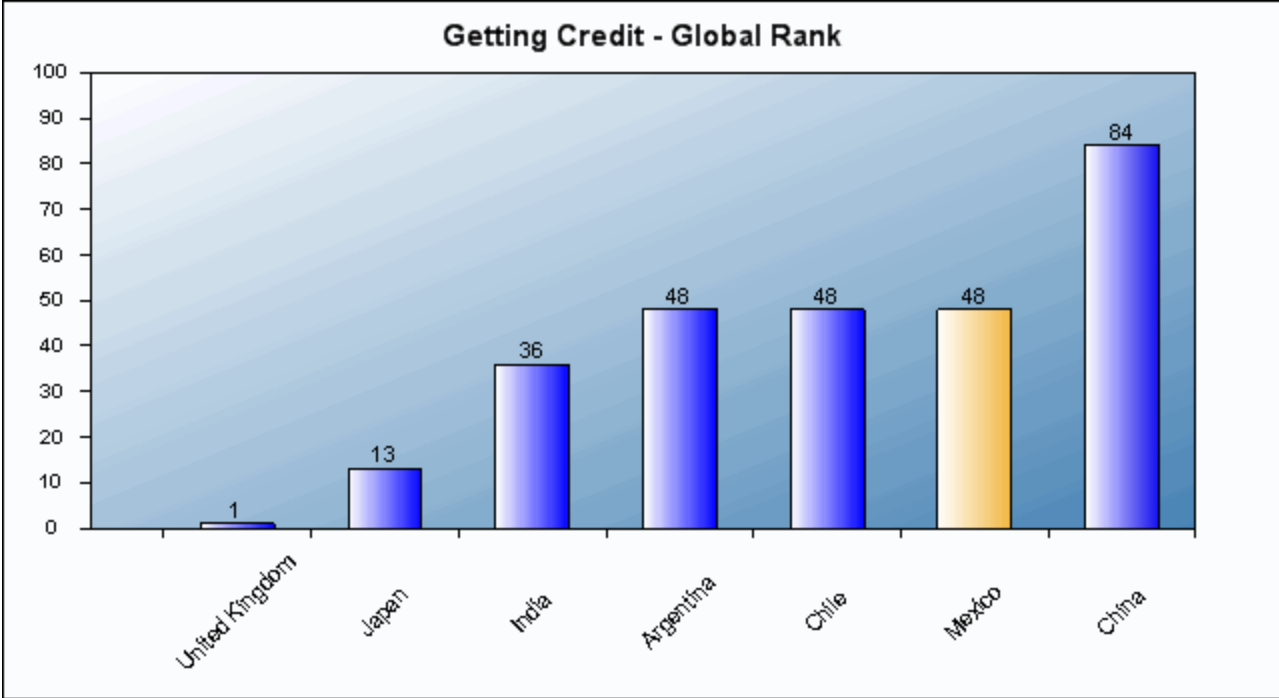
2. The following graph illustrates the Getting Credit indicators in Mexico over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Mexico is ranked 48 overall for Getting Credit. United Kingdom is the top ranked economy followed by Hong Kong, China, Germany and Australia.

Ranking of Mexico in Getting Credit - Compared to best practice and selected economies:



The following table shows Getting Credit data for Mexico compared to best practice and comparator economies:

Best Practice Economies	Legal Rights Index	Public registry coverage (%)	Private bureau coverage (%)
Argentina*			100.0
Hong Kong, China*	10		
Portugal		67.1	

Selected Economy			
Mexico	3	0.0	61.2

Comparator Economies			
Argentina	3	25.5	100.0
Chile	4	26.2	33.5
China	3	49.2	0.0
India	6	0.0	10.8
Japan	6	0.0	68.3

* The following economies are also best practice economies for :

Legal Rights Index: United Kingdom

Private bureau coverage (% adults): Australia, Canada, Iceland, Ireland, New Zealand, Nicaragua, Norway, Sweden, United States

Protecting Investors in Mexico: Corporate Governance

Officials at Elf Aquitaine, France's largest oil company, awarded business deals in return for large side payments. Along with the extra cash, they got seven years in jail and a €2 million fine for abuse of power. Russian oil firm Gazprom purchased materials for new pipelines through intermediaries owned by company officers. The high cost raised eyebrows, but not court battles.

Big cases make headlines. But looting by corporate insiders occurs every day on a smaller scale, and often goes unnoticed. To document the protections investors have, Doing Business measures how countries regulate a standard case of self-dealing—use of corporate assets for personal gain.

The case facts are simple. Mr. James, a director and the majority shareholder of a public company, proposes that the company purchase used trucks from another company he owns. The price is higher than the going price for used trucks. The transaction goes forward. All required approvals are obtained, and all required disclosures made, though the transaction is unfair to the purchasing company. Shareholders sue the interested parties and the members of the board of directors.

Several questions arise. Who approves the transaction? What information must be disclosed? What company documents can investors access? What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James? Three indices of investor protection are constructed based on the answers to these and other questions. All indices range from 0 to 10, with higher values indicating more protections or greater disclosure.

The extent of disclosure index covers approval procedures, requirements for immediate disclosure to the public and shareholders of proposed transactions, requirements for disclosure in periodic filings and reports and the availability of external review of transactions before they take place.

The extent of director liability index covers the ability of investors to hold Mr. James and the board of directors liable for damages, the ability to rescind the transaction, the availability of fines and jail time associated with self-dealing, the availability of direct or derivative suits and the ability to require Mr. James to pay back his personal profits from the transaction.

The ease of shareholder suits index covers the availability of documents that can be used during trial, the ability of the investor to examine the defendant and other witnesses, shareholders' access to internal documents of the company, the appointment of an inspector to investigate the transaction and the standard of proof applicable to a civil suit against the directors.

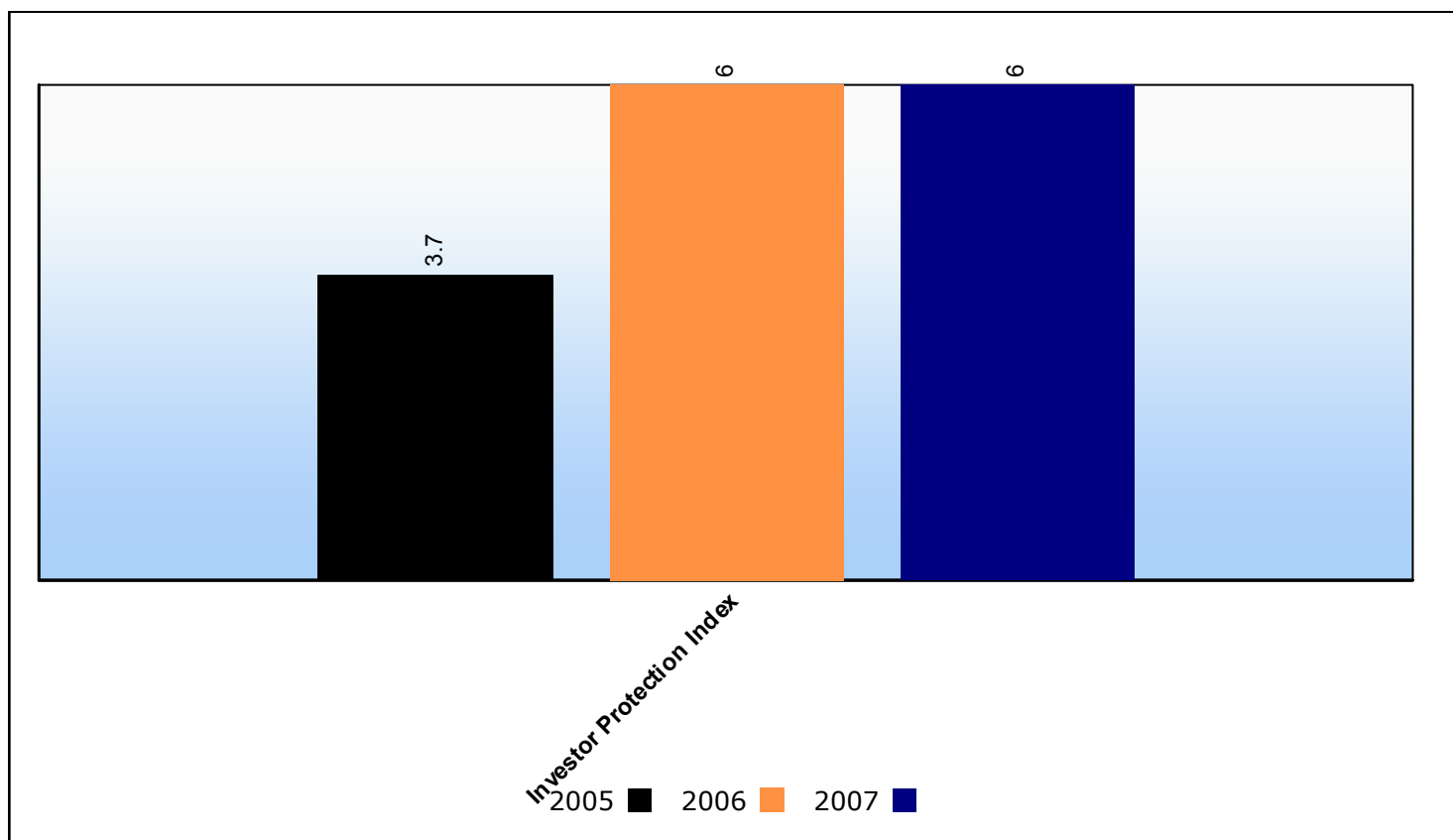
These three indices are averaged to create the strength of investor protection index. This index ranges from 0 to 10, with higher values indicating better investor protection.

If the rights of investors are not protected, majority ownership in a business is the only way to eliminate expropriation. But then investors must devote more oversight attention to fewer investments. The result: entrepreneurship is suppressed, and fewer profitable investment projects are undertaken. Where self-dealing is curbed, equity investment is higher, ownership concentration lower and trust in the business sector deeper. Investors gain portfolio diversification, and entrepreneurs gain access to cash.

1. Historical data: Protecting Investors in Mexico

Protecting Investors data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		32	33
Investor Protection Index	3.7	6.0	6.0

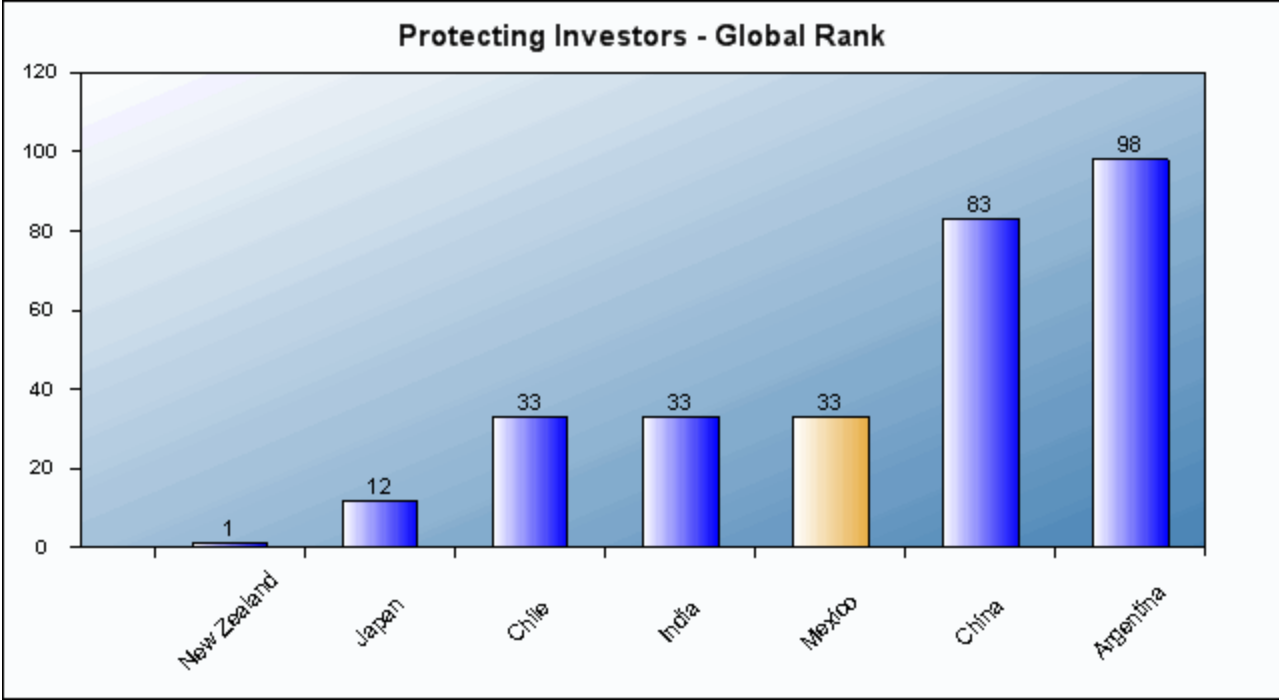
2. The following graph illustrates the Protecting Investors indicators in Mexico over the past 3 years:



3. Benchmarking Protecting Investors Regulations:

Mexico is ranked 33 overall for Protecting Investors. New Zealand is the top ranked economy followed by Singapore, Hong Kong, China and Malaysia.

Ranking of Mexico in Protecting Investors - Compared to best practice and selected economies:



The following table shows Protecting Investors data for Mexico compared to best practice and comparator economies:

<i>Best Practice Economies</i>	Investor Protection Index
New Zealand	9.7

<i>Selected Economy</i>	
Mexico	6.0

<i>Comparator Economies</i>	
Argentina	4.7
Chile	6.0
China	5.0
India	6.0
Japan	7.0

Paying Taxes: Tax Payable and Compliance in Mexico

Taxes are essential. Without them there would be no money to fund schools, hospitals, courts, roads, water, waste collection and other public services that help businesses to be more productive. Still, there are good ways and bad ways to collect taxes.

The Doing Business tax survey records the effective tax that a company must pay and the administrative costs of doing so. Imagine a medium-size business, TaxpayerCo, that started operations last year. Doing Business asked accountants in 178 economies to review TaxpayerCo's financial statements and a standard list of transactions the company completed during the year. Respondents were asked how much tax the business must pay and what the process is for doing so.

The business starts from the same financial position in each country. All the taxes and contributions paid during the second year of operation are recorded. Taxes and contributions are measured at all levels of government and include corporate income tax, turnover tax, all labor contributions paid by the company (including mandatory contributions paid to private pension or insurance funds), property tax, property transfer tax, dividend tax, capital gains tax, financial transactions tax, vehicle tax and other small taxes (such as fuel tax, stamp duty and local taxes). A range of standard deductions and exemptions are also recorded.

Three indicators are constructed:

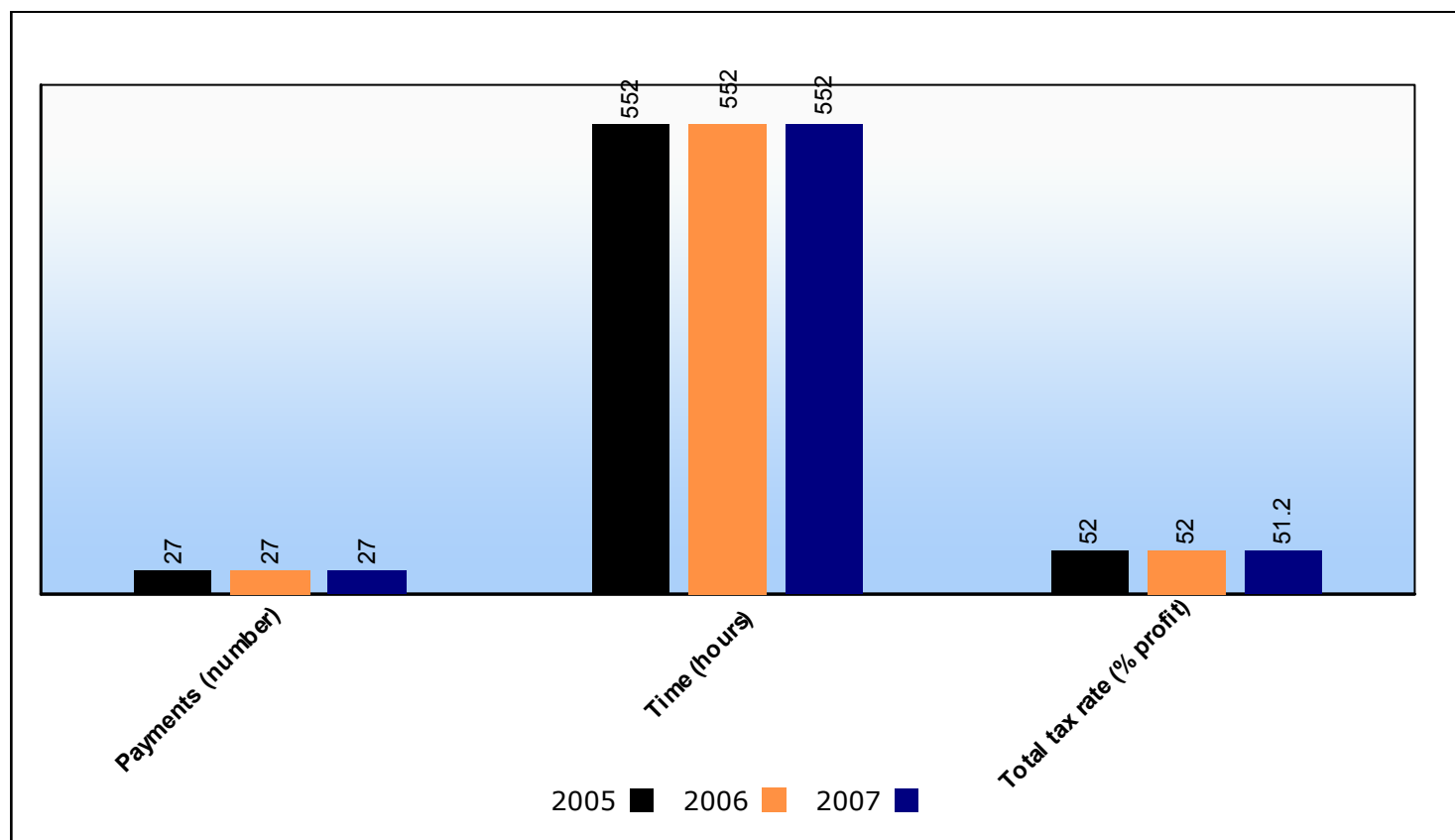
- Number of tax payments, which takes into account the method of payment or withholding, the frequency of payment or withholding and the number of agencies involved for the standard case.
- Time, which measures the hours per year necessary to prepare, file and pay the corporate income tax, value added or sales tax and labor taxes.
- Total tax rate, which measures the amount of taxes payable by the company during the second year of operation. This amount, expressed as a percentage of commercial profit, is the sum of all the different taxes payable after accounting for various deductions and exemptions.

Businesses care about what they get for their taxes and contributions, such as the quality of infrastructure and social services. Poor countries tend to use businesses as a collection point for taxes. Rich countries tend to have lower tax rates and less complex tax systems. And rich countries get more from their taxes. Simple, moderate taxes and fast, cheap administration mean less hassle for businesses—and also more revenue collected and better public services. More burdensome tax regimes create an incentive to evade taxes.

1. Historical data: Paying Taxes in Mexico

Paying Taxes data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		140	135
Time (hours)	552	552	552
Total tax rate (% profit)	52.0	52.0	51.2
Payments (number)	27	27	27

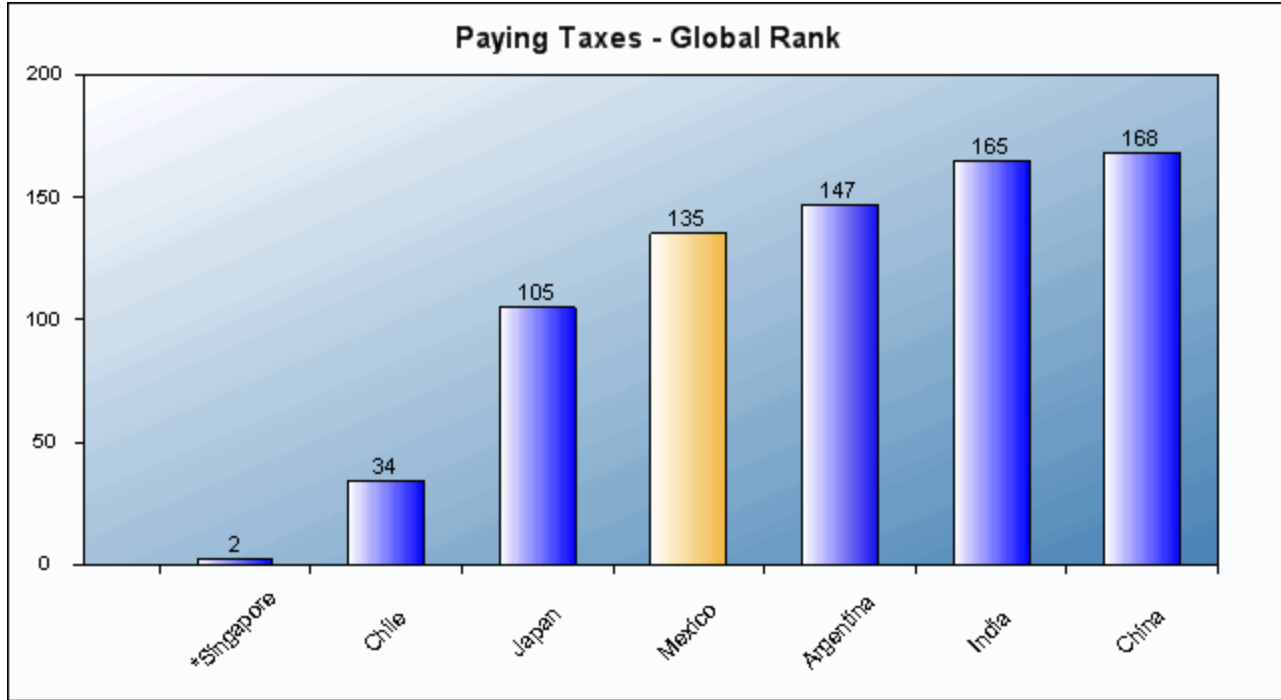
2. The following graph illustrates the Paying Taxes indicators in Mexico over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Mexico is ranked 135 overall for Paying Taxes. Maldives is the top ranked economy followed by Singapore, Hong Kong, China and United Arab Emirates.

Ranking of Mexico in Paying Taxes - Compared to best practice and selected economies:



* The following economies are also best practice economies for Paying Taxes: Maldives

The following table shows Paying Taxes data for Mexico compared to best practice and comparator economies:

Best Practice Economies	Payments (number)	Time (hours)	Total tax rate (% profit)
Sweden*	2		
United Arab Emirates*		12	
Vanuatu			8.4

Selected Economy			
Mexico	27	552	51.2

Comparator Economies			
Argentina	19	615	112.9
Chile	10	316	25.9
China	35	872	73.9
India	60	271	70.6
Japan	13	350	52.0

* The following economies are also best practice economies for :

Payments (number): Maldives

Time (hours): Maldives

Trading Across Borders: Importing and Exporting from Mexico

The benefits of trade are well documented—as are the obstacles to trade. Tariffs, quotas and distance from large markets greatly increase the cost of goods or prevent trading altogether. But with faster ships and bigger planes, the world is shrinking. Global and regional agreements have brought down trade barriers. Yet Africa's share of global trade is smaller today than it was 25 years ago. So is the Middle East's, excluding oil exports. The reason is simple: many entrepreneurs face numerous hurdles to exporting or importing goods. They often give up. Others never try.

Doing Business compiles procedural requirements for trading a standard shipment of goods by ocean transport. Every official procedure—and the associated documents, time and cost—for importing and exporting the goods is recorded, starting with the contractual agreement between the two parties and ending with delivery of the goods. For importing the goods, the procedures measured range from the vessel's arrival at the port of entry to the shipment's delivery at the factory warehouse. For exporting the goods, the procedures measured range from the packing of the goods at the factory to their departure from the port of exit.

To make the data comparable across countries, several assumptions about the business and the traded goods are used. The business is of medium size, with 100 or more employees, and is located in the periurban area of the country's most populous city. It is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the country. The traded goods are ordinary, legally manufactured products, and they travel in a dry-cargo, 20-foot FCL (full container load) container.

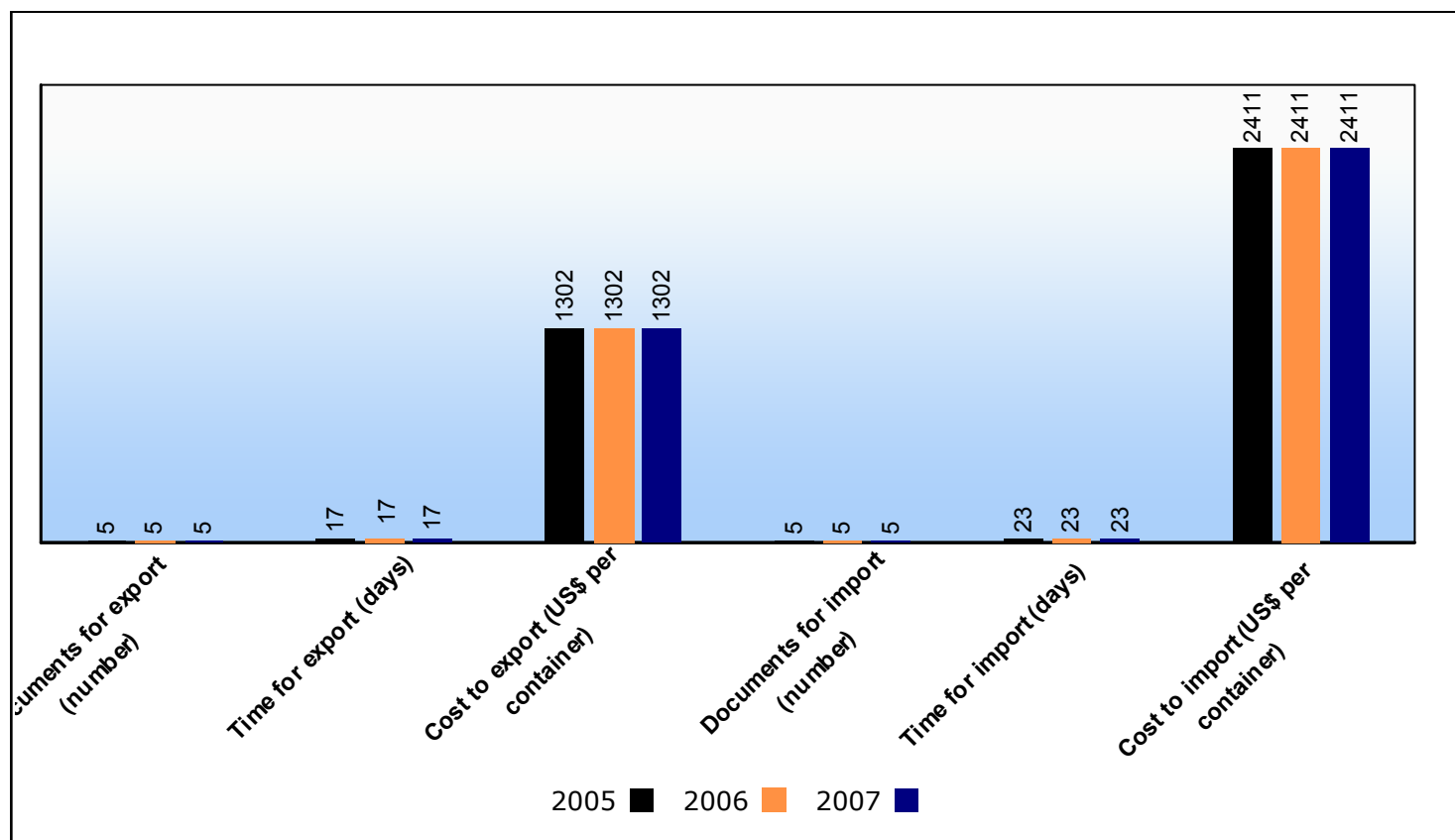
Documents recorded include port filing documents, customs declaration and clearance documents, and official documents exchanged between the concerned parties. Time is recorded in calendar days, from start to finish of each procedure. Cost measures the fees levied on a 20-foot container in U.S. dollars. All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or trade taxes.

Countries that have efficient customs, good transport networks and fewer document requirements—making compliance with export and import procedures faster and cheaper—are more competitive globally. That leads to more exports—and exports are associated with faster growth and more jobs. Conversely, a need to file many documents is associated with more corruption in customs. Faced with long delays and frequent demands for bribes, many traders avoid customs altogether. Instead, they smuggle goods across the border. That defeats the very purpose in having border control of trade—to levy taxes and ensure high quality of goods.

1. Historical data: Trading Across Borders in Mexico

Trading Across Borders data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		69	76
Documents for export (number)	5	5	5
Time for export (days)	17	17	17
Cost to export (US\$ per container)	1302	1302	1302
Documents for import (number)	5	5	5
Time for import (days)	23	23	23
Cost to import (US\$ per container)	2411	2411	2411

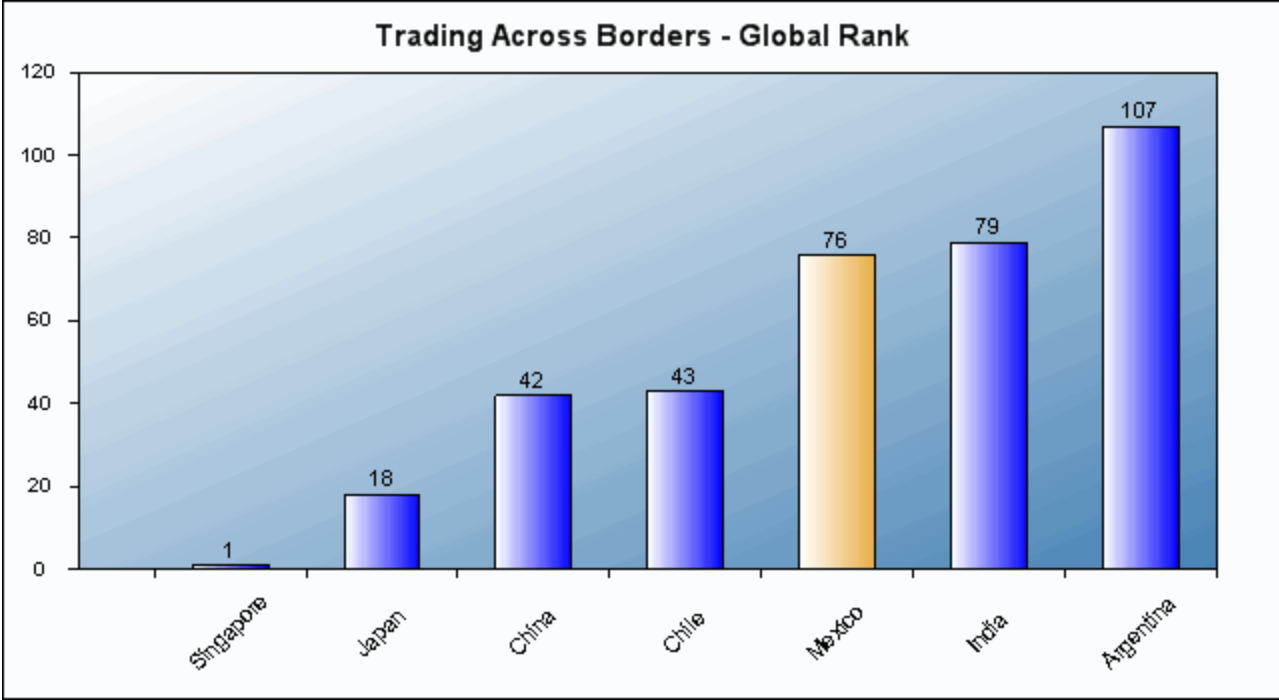
2. The following graph illustrates the Trading Across Borders indicators in Mexico over the past 3 years:



3. Benchmarking Trading Across Borders Regulations:

Mexico is ranked 76 overall for Trading Across Borders. Singapore is the top ranked economy followed by Denmark, Hong Kong, China and Norway.

Ranking of Mexico in Trading Across Borders - Compared to best practice and selected economies:



The following table shows Trading Across Borders data for Mexico compared to best practice and comparator economies:

Best Practice Economies	Documents for export (number)	Time for export (days)	Cost to export (US\$ per)	Documents for import (number)	Time for import (days)	Cost to import (US\$ per)
Canada*	3					
China			390			
Denmark*		5		3		
Singapore					3	367

Selected Economy						
Mexico	5	17	1302	5	23	2411

Comparator Economies						
Argentina	9	16	1325	7	20	1825
Chile	6	21	645	7	21	685
China	7	21	390	6	24	430
India	8	18	820	9	21	910
Japan	4	10	989	5	11	1047

* The following economies are also best practice economies for :

Documents for export (number): **Estonia, Micronesia, Panama**

Time for export (days): **Estonia, Singapore**

Documents for import (number): **Sweden**

Enforcing Contracts: Court Efficiency in Mexico

Where contract enforcement is efficient, businesses are more likely to engage with new borrowers or customers. Doing Business tracks the efficiency of the judicial system in resolving a commercial dispute, following the step-by-step evolution of a commercial sale dispute before local courts. The data are collected through study of the codes of civil procedure and other court regulations as well as surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

The dispute, between two businesses (the Seller and the Buyer) located in the country's most populous city, concerns a contract for the sale of goods. The Seller agrees to deliver the goods, worth 200% of the country's income per capita, to the Buyer.

After receiving and inspecting the goods, the Buyer concludes that their quality is inadequate. The Buyer sends the goods back without paying for them. The Seller disagrees and argues that their quality is adequate. The Seller seeks full payment from the Buyer, arguing that the goods cannot be sold to a third party because they were custom-made for the Buyer. The Seller sues the Buyer before the court in the most populous city to recover the amount due under the sales agreement (200% of the country's income per capita).

Three indicators of the efficiency of commercial contract enforcement are developed:

- Number of procedures, which includes all those that demand interaction between the parties or between them and the judge or court officer.
- Time, which counts the number of days from the moment the plaintiff files the lawsuit in court until the moment of payment. This measure includes both the days on which actions take place and the waiting periods between actions.
- Cost, which measures the official cost of going through court procedures, expressed as a percentage of the claim (assumed to be equivalent to 200% of income per capita). The cost includes court costs, enforcement costs and attorney fees where the use of attorneys is mandatory or common.

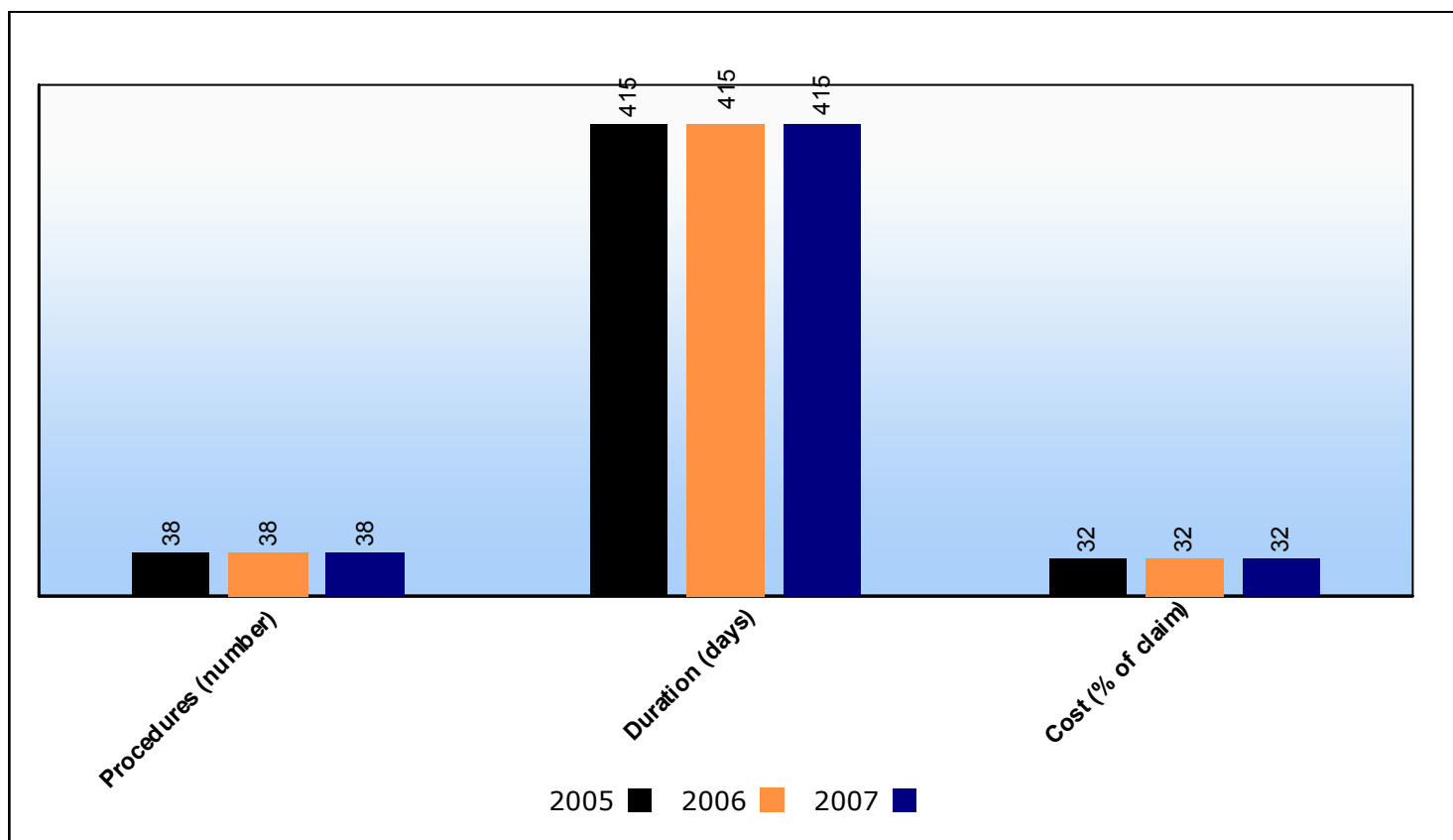
Businesses that have little or no access to efficient courts must rely on other mechanisms, both formal and informal—such as trade associations, social networks, credit bureaus or private information channels—to decide whom to do business with and under what conditions. Or they might adopt a conservative approach to business, dealing only with a small group of people linked through kinship, ethnic origin or previous dealings and structuring transactions to forestall disputes. In either case economic and social value may be lost.

The main reason to regulate procedures in commercial dispute resolution is that informal justice is vulnerable to subversion by the rich and powerful. But heavy regulation of dispute resolution backfires. Across countries, the more procedures it takes to enforce a contract, the longer the delays and the higher the cost. The result: less wealth is created.

1. Historical data: Enforcing Contracts in Mexico

Enforcing Contracts data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		79	83
Procedures (number)	38	38	38
Duration (days)	415	415	415
Cost (% of claim)	32.0	32.0	32.0

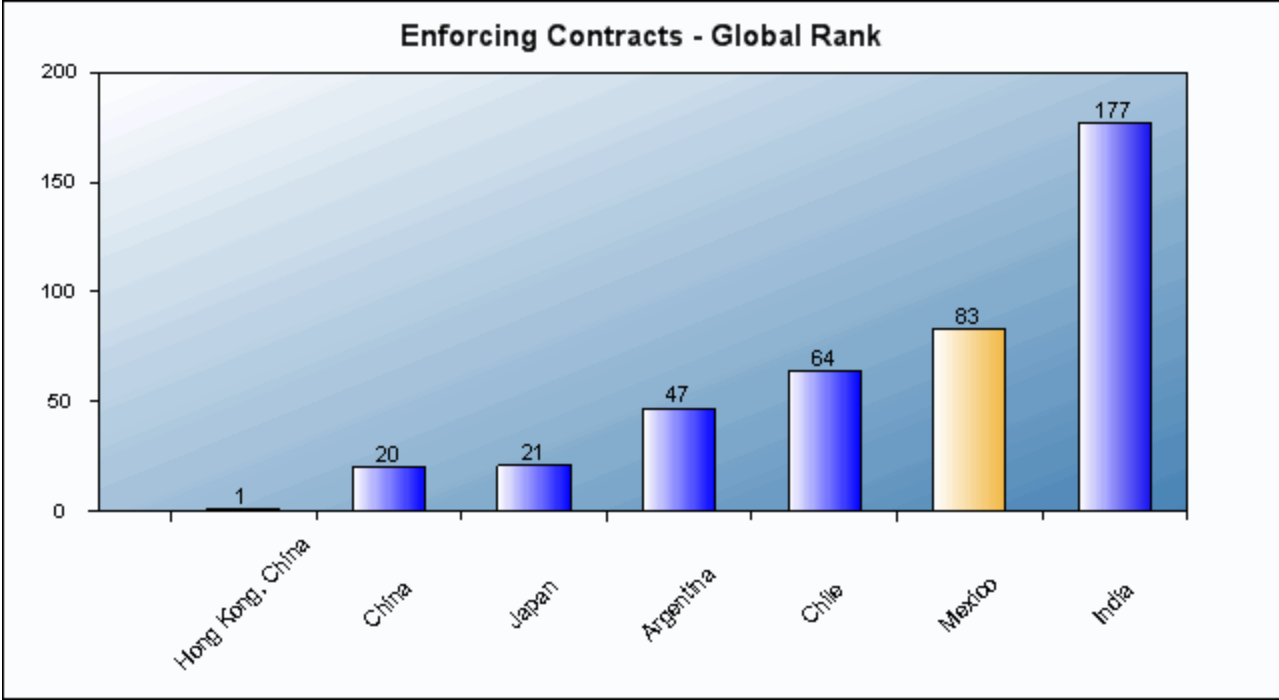
2. The following graph illustrates the Enforcing Contracts indicators in Mexico over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Mexico is ranked 83 overall for Enforcing Contracts. Hong Kong, China is the top ranked economy followed by Luxembourg, Latvia and Singapore.

Ranking of Mexico in Enforcing Contracts - Compared to best practice and selected economies:



The following table shows Enforcing Contracts data for Mexico compared to best practice and comparator economies:

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% of claim)
Bhutan			0.1
Ireland	20		
Singapore		120	

Selected Economy			
Mexico	38	415	32.0

Comparator Economies			
Argentina	36	590	16.5
Chile	36	480	28.6
China	35	406	8.8
India	46	1420	39.6
Japan	30	316	22.7

Closing Business in Mexico: Bankruptcy

The economic crises of the 1990s in emerging markets—from East Asia to Latin America, from Russia to Mexico—raised concerns about the design of bankruptcy systems and the ability of such systems to help reorganize viable companies and close down unviable ones. In countries where bankruptcy is inefficient, unviable businesses linger for years, keeping assets and human capital from being reallocated to more productive uses.

The Doing Business indicators identify weaknesses in the bankruptcy law as well as the main procedural and administrative bottlenecks in the bankruptcy process. In many developing countries bankruptcy is so inefficient that creditors hardly ever use it. In countries such as these, reform would best focus on improving contract enforcement outside bankruptcy.

The data on closing a business are developed using a standard set of case assumptions to track a company going through the step-by-step procedures of the bankruptcy process. It is assumed that the company is a domestically owned, limited liability corporation operating a hotel in the country's most populous city. The company has 201 employees, 1 main secured creditor and 50 unsecured creditors. Assumptions are also made about the debt structure and future cash flows. The case is designed so that the company has a higher value as a going concern—that is, the efficient outcome is either reorganization or sale as a going concern, not piecemeal liquidation. The data are derived from questionnaires answered by attorneys at private law firms.

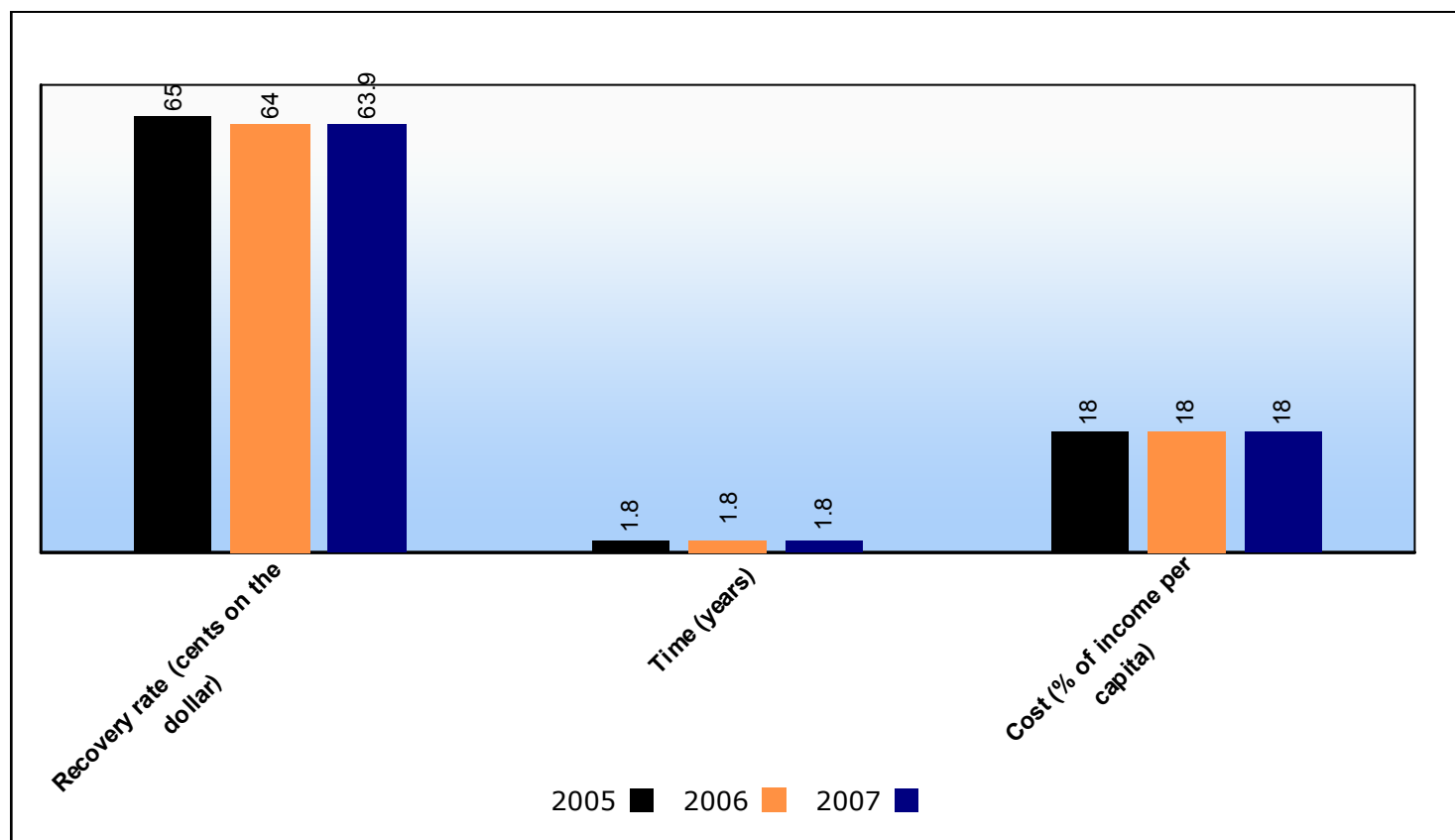
Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate—how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome of the insolvency proceeding.

Bottlenecks in bankruptcy cut into the amount claimants can recover. In countries where bankruptcy is used, this is a strong deterrent to investment. Access to credit shrinks, and nonperforming loans and financial risk grow because creditors cannot recover overdue loans. Conversely, efficient bankruptcy laws can encourage entrepreneurs. The freedom to fail, and to do so through an efficient process, puts people and capital to their most effective use. The result is more productive businesses and more jobs.

1. Historical data: Closing Business in Mexico

Closing a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		23	23
Cost (% of income per capita)	18	18	18
Time (years)	1.8	1.8	1.8
Recovery rate (cents on the dollar)	65	64	63.9

2. The following graph illustrates the Closing Business indicators in Mexico over the past 3 years:



3. Benchmarking Closing Business Regulations:

Mexico is ranked 23 overall for Closing a Business. Japan is the top ranked economy followed by Singapore, Norway and Canada.

Ranking of Mexico in Closing Business - Compared to best practice and selected economies:



The following table shows Closing Business data for Mexico compared to best practice and comparator economies:

Best Practice Economies	Recovery rate (cents on the	Time (years)	Cost (% of income per capita)
Colombia			1
Ireland*		0.4	
Japan	92.6		

Selected Economy			
Mexico	63.9	1.8	18

Comparator Economies			
Argentina	34.4	2.8	12
Chile	23.8	4.5	15
China	35.9	1.7	22
India	11.6	10.0	9
Japan	92.6	0.6	4

* The following economies are also best practice economies for :

Time (years): Cape Verde

Starting a Business in Mexico

This table summarizes the procedures and costs associated with setting up a business in Mexico.

STANDARDIZED COMPANY

Legal Form: Sociedad Anónima (S.A.) - Corporation

Minimum Capital Requirement: MXN 10,000

City: Mexico City

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain the authorization of using the company name from the Ministry of Foreign Affairs ("Secretaría de Relaciones Exteriores")	2 days	MXN 640
2	Sign the deed of incorporation before a notary public and obtain tax registration number	2 days	MXN 9,000
3	Register the deed in the Public Register of Commerce	17 days	MXN 1,402
4	Register with the Mexican Social Security Institute (IMSS)	2-5 days	no charge
5	Register with the local tax administration ("Secretaría de Finanzas del Gobierno del Distrito Federal) for payroll tax	1 day	no charge
6	Notice of opening a mercantile establishment before local government ("Delegación")	1 day	no charge
7	Register with the National Business Information Registry (Sistema de Información Empresarial - SIEM)	1 day	MXN 385 (average of Ps 100 and Ps 670)
8	File a notice with the National Institute of Statistics, Geography and Information ("Instituto Nacional de Estadística, Geografía e Informática"- INEGI)	1 day	no charge

Procedure 1 Obtain the authorization of using the company name from the Ministry of Foreign Affairs (“Secretaría de Relaciones Exteriores”)

Time to complete: 2 days

Cost to complete: MXN 640

Comment:

Procedure 2 Sign the deed of incorporation before a notary public and obtain tax registration number

Time to complete: 2 days

Cost to complete: MXN 9,000

Comment: Notary fees are generally high, from MXN 5,000 to MXN 11,000, if the Notary provides counseling or drafting of by-laws. A document containing the Charter and corporate by-laws needs to be drafted before appearing before a Notary Public. The signing of the deed takes only one day; however, the Notary Public may take one or two days to deliver the deed of incorporation and the tax number. Certain notaries in Mexico City have signed an agreement with the Ministry of Finance – Hacienda – (through the “Sistema de Administración Tributaria”, SAT) to grant the tax registration number (RFC). The Notary Public who issues the RFC must be the same one who issued the deed of incorporation. The program requires specific software, equipment and stationary. Since 2005, notaries are able to grant the definite RFC and companies increasingly use this service. The RFC can also be obtained directly at the Hacienda which takes 2-3 weeks.

Procedure 3 Register the deed in the Public Register of Commerce

Time to complete: 17 days

Cost to complete: MXN 1,402

Comment:

Procedure 4 Register with the Mexican Social Security Institute (IMSS)

Time to complete: 2-5 days

Cost to complete: no charge

Comment: The company must also register with the National Workers’ Housing Fund Institute (INFONAVIT) and open individual retirement savings accounts for employees. The registration before the IMSS is conducted at the corresponding “delegación” (which depends on the exact location of the business). Some delegaciones take less than a week but some others take a week or so; on average, it takes from 2 to 5 days.

Procedure 5 Register with the local tax administration (“Secretaría de Finanzas del Gobierno del Distrito Federal) for payroll tax

Time to complete: 1 day

Cost to complete: no charge

Comment: Registration has to be done after registering with IMSS. The corresponding local office in which the business is to register can be found via the Internet (www.finanzas.df.gob.mx). The RFC and the company’s zip code are necessary in order to register.

Procedure 6 Notice of opening a mercantile establishment before local government (“Delegación”)

Time to complete: 1 day

Cost to complete: no charge

Comment: The notice has to be given after receiving the RFC. Since February 2004, notice can be given via the Internet (through ADAEM).

Procedure 7 Register with the National Business Information Registry (Sistema de Información Empresarial - SIEM)

Time to complete: 1 day

Cost to complete: MXN 385 (average of Ps 100 and Ps 670)

Comment: Mandatory registration in effect since January 1997. The company will be recorded in the specific chamber corresponding to its corporate purpose or activities. The cost varies depending on the number of employees and the activity of the company:

- Commercial and Services company
 - with up to 2 employees: MXN 100 (only some activities)
 - with 3 or less employees: MXN 300
 - with 4 or more employees: MXN 640
- Industrial company
 - with up to 2 employees: MXN 150
 - with 3 to 5 employees: MXN 350
 - with 6 or more employees: MXN 670

Procedure 8 File a notice with the National Institute of Statistics, Geography and Information (“Instituto Nacional de Estadística, Geografía e Informática”- INEGI)

Time to complete: 1 day

Cost to complete: no charge

Comment:

Dealing with Licenses in Mexico

The table below summarizes the procedures, time, and costs to build a warehouse in Mexico.

BUILDING A WAREHOUSE

Date as of: January 2, 2007

Estimated Warehouse Value:

City: Mexico City

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain the alignment certificate (alineamiento) and official number (número oficial)	15 days	MXN 602
2	Request and obtain single zoning certificate stating specific land use and feasibility	75 days	MXN 681
3	Request water and sewage services and pay the corresponding fees for service contracting	1 day	MXN 34,010
4 *	Register Construction Statement Type B	1 day	MXN 51,192
5	Request and connect to water and sewage services	30 days	no charge
6 *	Request and connect to electrical power service	20 days	MXN 406
7 *	Request and connect to a regular telephone line	4 days	MXN 1,987
8	Notify the Municipal Authority on construction work completion	1 day	no charge
9	Receive inspection on construction work completion from Directorate of General Works	1 day	no charge
10	Request and obtain use an occupancy clearance	6 days	no charge
11	Update the building record at the tax ministry	1 day	no charge

* Takes place simultaneously with another procedure.

Procedure 1 Request and obtain the alignment certificate (alineamiento) and official number (número oficial)

Time to complete: 15 days

Cost to complete: MXN 602

Comment: The relevant agencies are: the Delegational One-Stop Shop (Ventanilla Única Delegacional), the Urban Development and Housing Ministry (Secretaría de Desarrollo Urbano y Vivienda), and the Federal District Department (Gobierno del Distrito Federal). Either a simple original copy or a certified one would do.

Regarding the Official Number: The Federal District Department will assign, at the request of the interested party, a single official number for each property that has a front facing the public pathway.

Regarding the Official Alignment: It is the plot across the land that limits the respective property in relation to the public pathway, indicating the restrictions or expropriation lines to be respected. It is a requirement to obtain the single zoning certificate stating specific land use and feasibility.

Requirements:

- Proof of payment of applicable real estate taxes (copy);
- Public deed certifying property or title ownership (original and copy);
- Payment of all fees;
- Application form (original); and
- Identification of the person completing the procedure and document certifying the respective identity (original and copy).

Payment is effected the same day on which the certificate is requested. At the same time, a date is set for the taxpayer to retrieve the certificate, generally within 3 or 4 working days. The certificate is valid for 2 years.

Cost is provided by the Financial Code of the Federal District, Articles 255 and 256: the official cost, amended in December 2006, of the alignment certificate is MXN 21.02 per linear meter of the front of the building, while the fee for the official number is MXN 128.60. If we assume the front of building is 22.5 m, then the cost of this procedure would be MXN 601.55.

The official time limit is 8 days, but in practice, the process can take 1-2 weeks.

Procedure 2 Request and obtain single zoning certificate stating specific land use and feasibility

Time to complete: 75 days

Cost to complete: MXN 681

Comment: At this stage, the interested party obtains the document that certifies whether a specific use of a given building is authorized or not. This certificate reflects the technical opinion of the Competent Administrative Units and indicates whether water supply, and sewage and rainwater drainage services are feasible. This procedure precedes the application for drinking water supply. Cost is provided by the Financial Code of the Federal District, Article 257, fraction V, amended in December 2006. The statutory time limit is 30 days. However, this timelimit is not respected in practice.

Procedure 3 Request water and sewage services and pay the corresponding fees for service contracting

Time to complete: 1 day

Cost to complete: MXN 34,010

Comment: The cost includes the installation of the main pipeline (51 mm), board, and meter. The procedure may be completed simultaneously with the following one (procedure 4), but has to be precede procedure 8 (Construction Statement Type B). Cost is provided by the Financial Code of the Federal District, Article 202.

Procedure 4 Register Construction Statement Type B

Time to complete: 1 day

Cost to complete: MXN 51,192

Comment: Construction Statement Type B: For non-residential or mixed uses of up to 5,000 m² or up to 10,000 m² for residential use or for one-family dwelling units within a risk zone.

Requirements:

1. Valid alignment certificate and official number (simple original copy or certified one);
2. Single zoning certificate for specific land use and feasibility (simple original copy or certified copy for collation);
3. Four copies of the architectural project for the construction work on duly outlined scale maps and containing all specifications regarding materials, finishes, and equipment to be used, signed by the owner, the director responsible for the construction work, and the people co-responsible for urban and architectural design and installations, as the case may be;
4. Project descriptive report;
5. Calculation report;
6. Registration and identification card of the director responsible for the construction work and the people co-responsible for structural safety, urban and architectural design, and installations as appropriate (simple original copy or certified copy for collation);
7. Two copies of the structural project signed by the director responsible for the construction work and the people co-responsible for structural safety; and
8. Proof of payment of improvement taxes for potable water and sewage works provided by the Federal District Department and license issuance fees if the application is pertinent (simple original copy or certified copy for collation). As the building requires installation or modification of the water main pipe and hook-up to the sewage system network, the application and proof of payment of the corresponding fees are attached.

After registration of the construction statement, the authority will review the submitted data and documents and will verify the progress of the construction work under the terms stated in the Administrative Verification Rules (Reglamento de Verificación Administrativa) for the Federal District.

The director responsible for the construction work undertakes to place at the construction work site, in a visible place and legible way from the public pathway, a poster showing the registration number contained in the construction work statement and the general construction work data, including the location and statement validity.

Statement validity (for construction work completion):

Up to 300 m²: 1 year

300 m² – 1,000 m²: 2 years

More than 1,000 m²: 3 years

Cost is MXN 39.36 per m² according to the Financial Code of the Federal District, Article 206, fraction II. Prior to commencement of construction works, the company must notify the authority in writing. Since mid-2004, electronic notifications have become acceptable.

Procedure 5 Request and connect to water and sewage services

Time to complete: 30 days

Cost to complete: no charge

Comment: If the service is feasible, i.e., if there is no need to perform additional work, hydraulic network hook-up will be obtained within approximately two weeks. The authority performs the work for the constructor to be able to hook up the building to the hydraulic network.

Procedure 6 Request and connect to electrical power service

Time to complete: 20 days

Cost to complete: MXN 406

Comment: The assumed needed power is 140 KW.

Based on Article 23 of the Rules contained in the Public Electrical Power Service Law: "If no specific works need to be completed, the supplier shall provide the service within the following five working days as of the date of application filing."

The above time frame is valid provided that the user has made the necessary arrangements to receive the supply in accordance with the provisions contained in the corresponding official Mexican regulations.

If the supplier had to complete specific works, whether for a new supply or in order to change supply tensions at the request of the user, the supply should be provided within the term stated by the supplier at the time of the application filing.

Requirements:

- User name, denomination, or trade name; and if applicable, copy of Federal Taxpayer Registry;
- Domicile address;
- Telephone number;
- Load and demand to be contracted;
- Officially validated legal agent's personal identification or power of attorney in original and photocopy;
- Photocopy of articles of incorporation;
- Photocopy of private purchase, sale document, public deed of the purchase, and sale agreement, if the interested party is the owner of the real estate. If not, a photocopy of the lease contract is needed;
- In the case of electrical installations for high tension services or supply at densely populated locations, certification issued by a Verification Unit (Unidad de Verificación) approved by the Ministry of Energy (Secretaría de Energía);
- Check or cash in the amount of the guarantee deposit; and
- Guarantee deposit.

The applicant needs to only pay a guarantee deposit according to the effective applicable tariffs that amount to USD 377.16 as of January 2006.

Procedure 7 Request and connect to a regular telephone line

Time to complete: 4 days

Cost to complete: MXN 1,987

Comment: The relevant agency here is Telmex. For commercial telephone line installations, Telmex has established the following costs:
Total installation cost: USD 1,987.00.
Interior wiring costs, increased by Telmex in 2006: USD 598.00 + 15% VAT
The telephone line is requested and paid for at Telmex offices or through the

Internet.

Procedure 8 Notify the Municipal Authority on construction work completion

Time to complete: 1 day

Cost to complete: no charge

Comment: This notification is done in writing after the electricity connection is complete. Once notified, the inspectors may visit the location within a week, but this does not bring construction works to a halt.

Procedure 9 Receive inspection on construction work completion from Directorate of General Works

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 10 Request and obtain use an occupancy clearance

Time to complete: 6 days

Cost to complete: no charge

Comment: Building use clearance is granted by the Delegation.

Procedure 11 Update the building record at the tax ministry

Time to complete: 1 day

Cost to complete: no charge

Comment: Time and cost are provided by the Financial Code of the Federal District, Article 217. The building is not actually registered with the Property Registry. Once built, a "manifestacion de actualizacion del valor catastral" is filed, for tax purposes, with the tax ministry. Only when the property, with the building included, is sold, is the information in the new deed updated. In Mexico, the owner of the land is automatically the owner of the building unless otherwise specified. Only in the cases where the owner of the building and the owner of the property are two different people, would the building be registered. The property registry claim to have implemented some organizational changes that led to a reduction of 30 to 40 calendar days for registration. In fact, the registry has reorganized the personnel and created specializations by transaction (transfer of deed, company registration, etc).

Employing Workers in Mexico

Employing workers indices are based on responses to survey questions. The table below shows these responses in Mexico.

Employing Workers Indicators (2007)	Answer	Score
Rigidity of Employment Index		47.8
Difficulty of Hiring Index		33.3
Are fixed-term contracts prohibited for permanent tasks?	Yes	1
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	No limit	0.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.12	0.00
Rigidity of Hours Index		40.0
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0
What is the maximum number of working days per week?	6	0
Are there restrictions on night work?	Yes	1
Are there restrictions on "weekly holiday" work?	Yes	1
What is the paid annual vacation (in working days) for an employee with 20 years of service?	20	0
Difficulty of Firing Index		70.0
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	Yes	1
Does the employer need the approval of a third party to terminate one redundant worker?	Yes	2
Must the employer notify a third party before terminating a group of 25 redundant workers?	Yes	1
Does the employer need the approval of a third party to terminate a group of 25 redundant workers?	Yes	1
Can an employer make redundant a worker only if the worker could not have been reassigned or retrained?	No	0
Are there priority rules applying to redundancies?	Yes	1
Are there priority rules applying to re-employment?	Yes	1
Firing costs (weeks of wages)		51.5
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		0.0

What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)	51.5
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What is the legally mandated penalty for redundancy dismissal? (weeks of salary)	0.0
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Nonwage labor cost (% of salary)	21.0
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Note: The first three indices measure how difficult it is to hire a new worker, how rigid the regulations are on working hours, and how difficult it is to dismiss a redundant worker. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The overall Rigidity of Employment Index is an average of the three indices.

Registering Property in Mexico

This topic examines the steps, time, and cost involved in registering property in Mexico.

STANDARDIZED PROPERTY

Property Value: 393,500.00

City: Mexico City

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain the alignment and official number of the property at the corresponding Federal District Department	11 days (simultaneous with procedures 2 and 3)	MXN 113.10 (official number) + MXN 18.50 for each meter of the front of the real estate (alignment) It is assumed that the front of the property has 23.6 meters (the square root of the total surface of the land plot, 557.4 square meters) in order to calculate the cost of the Alignment.
2 *	Obtain the cadastral plan from the Cadastre Department at the Public Registry of Property	7 days (simultaneous with procedures 1 and 3)	MXN 271.35
3 *	The notary public obtains a non-encumbrance certificate	7 days (simultaneous with procedures 1 and 2)	MXN 271.35

4 The notary public formalizes the purchase agreement of the real estate

3 days

Acquisition tax according to the following scale:

Value of Property (in MXN)

Acquisition tax (in MXN)

0 64,273.84

121.17

From 64,273.85 to 102,838.09

121.18 + 3.163% over inferior limit

From 102,838.10 to 154,256.99

1,340.98 + 3.261% over inferior limit

From 154,257.00 to 308,514.08

3,017.76 + 3.261% over inferior limit

From 308,514.09 to 771,285.21

8,048.09 + 3.696% over inferior limit

From 771,285.22 to 1,542,570.41

25,152.12 + 4.565% over inferior limit

1,542,570.42

60,361.30 + 4.565% over inferior limit

The new table for the calculation of Notarial fees, which are calculated considering the amount of the transfer operation, is as follows.

A. From a (Inferior Limit) 107,048.01 to a (superior limit of) 214,096 a Fixed cost of \$3893.00 plus a % to be applied to the amount exceeding the inferior limit of 1.125%

B. From a (Inferior Limit) 214,096.01 to a (superior limit of) 428,192.00 a Fixed cost of \$3893.00 plus a % to be applied to the amount exceeding the inferior limit of 0.975%

C. From a (Inferior Limit) 428,192.01 to a (superior limit of) 856,384.00 a Fixed cost of \$3893.00 plus a % to be applied to the amount exceeding the inferior limit of 0.825%

D. From a (Inferior Limit) 856,384.01 to a (superior

limit of) 1,712,768.00 a
 Fixed cost of \$3893.00
 plus a % to be applied to
 the amount exceeding the
 inferior limit of 0.675%
 E. From a (Inferior Limit)
 1,712,768.01 to a
 (superior limit of)
 3,425,536.00 a Fixed cost
 of \$3893.00 plus a % to
 be applied to the amount
 exceeding the inferior limit
 of 0.525%
 F. From a (Inferior Limit)
 3,425,536.01 to a
 (superior limit of)
 6,851,072.00 a Fixed cost
 of \$3893.00 plus a % to
 be applied to the amount
 exceeding the inferior limit
 of 0.375%
 G. From a (Inferior Limit)
 6,851,072.01 to a
 (superior limit of)
 13,702,144.00 a Fixed
 cost of \$3893.00 plus a %
 to be applied to the
 amount exceeding the
 inferior limit of 0.225%
 H. From a (Inferior Limit)
 13,702,144.01 to a
 (superior limit of)
 13,702,144.00 a Fixed
 cost of \$3893.00 plus a %
 to be applied to the
 amount exceeding the
 inferior limit of 0.075%

The Income tax to be
 payed by the seller
 decrease from 29% to
 28%

5	Registration of the transfer of title at the Public Registry of Property of the Federal District	30 - 90 days	MXN 9634
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* Takes place simultaneously with another procedure.

Procedure 1 Obtain the alignment and official number of the property at the corresponding Federal District Department

Time to complete: 11 days (simultaneous with procedures 2 and 3)

Cost to complete: MXN 113.10 (official number) + MXN 18.50 for each meter of the front of the real estate (alignment)

It is assumed that the front of the property has 23.6 meters (the square root of the total surface of the land plot, 557.4 square meters) in order to calculate the cost of the Alignment.

Comment: The seller has to obtain at the corresponding Federal District Department the alignment and official number (“Alineamiento y número oficial”) of the real estate that is being purchased.

The documentation shall include:

- a) Application in the format provided by the Federal District Department (original and 3 copies);
- b) The power of attorney granted to the seller’s representative; and
- c) Copies of the public deed containing the title ownership of the real estate

Procedure 2 Obtain the cadastral plan from the Cadastre Department at the Public Registry of Property

Time to complete: 7 days (simultaneous with procedures 1 and 3)

Cost to complete: MXN 271.35

Comment: The seller must go to the corresponding Cadastre Department at the Public Registry of Property in order to obtain the corresponding cadastre of its property (the “cadastral”).

Procedure 3 The notary public obtains a non-encumbrance certificate

Time to complete: 7 days (simultaneous with procedures 1 and 2)

Cost to complete: MXN 271.35

Comment: Prior to the transaction and pursuant to Article 3016 of the Civil Code of the Federal District, a non-encumbrance certificate must be obtained by the notary public with respect to the real estate that will be purchased. Likewise, said request will be considered by the Public Registry of Property as a preventive notice of the purchase operation.

Procedure 4 The notary public formalizes the purchase agreement of the real estate

Time to complete: 3 days

Cost to complete:

Acquisition tax according to the following scale:	
Value of Property (in MXN)	Acquisition tax (in MXN)
Up to 64,273.84	121.17
From 64,273.85 to 102,838.09 limit	121.18 + 3.163% over inferior limit
From 102,838.10 to 154,256.99	1,340.98 + 3.261% over inferior limit
From 154,257.00 to 308,514.08 limit	3,017.76 + 3.261% over inferior limit
From 308,514.09 to 771,285.21 limit	8,048.09 + 3.696% over inferior limit
From 771,285.22 to 1,542,570.41 limit	25,152.12 + 4.565% over inferior limit
Above 1,542,570.42 limit	60,361.30 + 4.565% over inferior limit

The new table for the calculation of Notarial fees, which are calculated considering the amount of the transfer operation, is as follows.

- A. From a (Inferior Limit) 107,048.01 to a (superior limit of) 214, 096 a Fixed cost of \$3893.00 plus a % to be applied to the amount exceeding the inferior limit of 1.125%
- B. From a (Inferior Limit) 214,096.01 to a (superior limit of) 428,192.00 a Fixed cost of \$3893.00 plus a % to be applied to the amount exceeding the inferior limit of 0.975%
- C. From a (Inferior Limit) 428,192.01 to a (superior limit of) 856,384.00 a Fixed cost of \$3893.00 plus a % to be applied to the amount exceeding the inferior limit of 0.825%
- D. From a (Inferior Limit) 856,384.01 to a (superior limit of) 1,712,768.00 a Fixed cost of \$3893.00 plus a % to be applied to the amount exceeding the inferior limit of 0.675%
- E. From a (Inferior Limit) 1,712,768.01 to a (superior limit of) 3,425,536.00 a Fixed cost of \$3893.00 plus a % to be applied to the amount exceeding the inferior limit of 0.525%
- F. From a (Inferior Limit) 3,425,536.01 to a (superior limit of) 6,851,072.00 a Fixed cost of \$3893.00 plus a % to be applied to the amount exceeding the inferior limit of 0.375%
- G. From a (Inferior Limit) 6,851,072.01 to a (superior limit of) 13,702,144.00 a Fixed cost of \$3893.00 plus a % to be applied to the amount exceeding the inferior limit of 0.225%
- H. From a (Inferior Limit) 13,702,144.01 to a (superior limit of) 13,702,144.00 a Fixed cost of \$3893.00 plus a % to be applied to the amount exceeding the inferior limit of 0.075%

The Income tax to be payed by the seller decrease from 29% to 28%

Comment:

Once the notary public has been provided with all the required documents, he will proceed with the formalization of the sale purchase agreement. The buyer is subject to pay the acquisition tax ("Impuesto sobre Adquisiciones o Transmisión de Dominio"). In this respect, on the date of execution of the real estate purchase agreement before the notary public, said notary public will retain the above mentioned taxes and pay them before Treasury Department.

The scale of notary tariffs is with respect to the Notary Publics of the Federal District only. Other Mexican states have varying scales.

The seller will also have to pay the income tax and the value added tax as follows: The applicable Income Tax for transferors resident in Mexico is 29% on the gain (the excess of the sale price over the adjusted tax basis). The tax basis of real estates is in general terms the original cost of acquisition as updated for inflation. The value added tax (15%) is applicable only with respect to the constructions that conform to the property and therefore an allocation of the price to the land and constructions should be made in the sales agreement based on an appraisal. The value added tax will be shifted to the buyer.

The seller is responsible to gather the following documentation that must be

delivered to the notary public:

- a) Property Title
- b) Public deed(s) containing the incorporation and by-laws of the seller company, together with copy of any public deed(s) containing amendments to the by-laws of the seller company
- c) Public deed(s) containing the powers of attorney granted in favor of the seller's representatives (for acts of domain and acts of administration in terms of the second and third paragraph of article 2554 of the Civil Code of the Federal District)
- d) Receipts evidencing the payment for real estate taxes for a period of five years
- e) Receipts evidencing the payment of water fees for a period of five years
- f) The Construction License
- g) The Notice of Termination of Construction
- h) The alignment and official number (obtained in Procedure 1)
- i) The cadastral (obtained in Procedure 2)
- j) General data of the seller's representatives and copy of their official identification
- k) Copy of the official identification of the seller's representatives

The buyer must deliver to the notary public the following documents:

- a) Public deed containing the incorporation of the company and by-laws together with copy of any public deeds containing amendment to the by-laws of the buyer.
- b) Public deed(s) containing the granting of powers of attorney in favor of the representative(s) of the buyer (for acts of administration in terms of the second paragraph of the Civil Code of the Federal District and power to grant and subscribe negotiable instruments in terms of article 9 of the General Law of Negotiable Instruments in case that the representative pays with check or with any other negotiable instrument)
- c) General data of the buyer's representative(s)
- d) Official identification of the buyer's representative(s)

Procedure	5	Registration of the transfer of title at the Public Registry of Property of the Federal District
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Time to complete: 30 - 90 days

Cost to complete: MXN 9634

Comment: The notary public will proceed with the registration of the first testimony of the public deed containing the formalization of the purchase agreement of a real estate and the transfer of title, before the Public Registry of Property of the Federal District. After registration, the buyer will have to give notice to the corresponding water department, and any other company that provides any service to the property (i.e. electric company, water, etc.)

Getting Credit in Mexico

The following table summarize legal rights of borrowers and lenders, and the availability and legal framework of credit registries in Mexico.

Getting Credit Indicators (2007)			Indicator
Private bureau coverage (% adults)	Private credit bureau	Public credit registry	6
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative data distributed?	Yes	No	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	Yes	No	1
Are more than 2 years of historical credit information distributed?	Yes	No	1
Is data on all loans below 1% of income per capita distributed?	Yes	No	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	Yes	No	1
Coverage	61.2	0.0	
Number of individuals	42,500,000	0	
Number of firms	1,500,000	0	
Legal Rights Index			3
Does the law allow all natural and legal persons to be party to collateral agreements?			Yes
Does the law allow for general descriptions of assets, so that all types of assets can be used as collateral?			Yes
Does the law allow for general descriptions of debt, so that all types of obligations can be secured?			No
Does a unified registry exist for all security rights in movable property?			No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?			No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?			No
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?			No
During reorganization, is management's control of the company's assets suspended?			No
Does the law authorize parties to agree on out of court enforcement?			Yes
May parties have recourse to out of court enforcement without restrictions?			No

Protecting Investors in Mexico

The table below provides a full breakdown of how the disclosure, director liability, and shareholder suits indexes are calculated in Mexico.

Protecting Investors Data (2007)	Indicator
Disclosure Index	2
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	2
Immediate disclosure to the public and/or shareholders (0-2; see notes)	2
Disclosures in published periodic filings (0-2; see notes)	2
Disclosures by Mr. James to board of directors (0-2; see notes)	1
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	1
Director Liability Index	2
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	2
Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company. (0-2; see notes)	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	0
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	1
Shareholder Suits Index	2
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	2
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	2
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	1
Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes)	0
Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes)	0

Notes:**Extent of Disclosure Index**

What corporate body provides legally sufficient approval for the transaction?

0=CEO or managing director alone; 1=shareholders or board of directors vote and Mr. James can vote; 2=board of directors votes and Mr. James cannot vote; 3 = shareholders vote and Mr. James cannot vote

Immediate disclosure to the public and/or shareholders

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

Disclosures in published periodic filings

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

Disclosures by Mr. James to board of directors

0=none; 1=existence of a conflict without any specifics; 2= full disclosure of all material facts

Director Liability Index

Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company

0= Mr. James is not liable or liable only if he acted fraudulently or in bad faith; 1= Mr. James is liable if he influenced the approval or was negligent; 2= Mr. James is liable if the transaction was unfair, oppressive or prejudicial to minority shareholders

Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company

0=members of the approving body are either not liable or liable only if they acted fraudulently or in bad faith; 1=liable for negligence in the approval of the transaction; 2=liable if the transaction is unfair, oppressive, or prejudicial to minority shareholders

Whether a court can void the transaction upon a successful claim by a shareholder plaintiff

0=rescission is unavailable or available only in case of Seller's fraud or bad faith; 1=available when the transaction is oppressive or prejudicial to minority shareholders; 2=available when the transaction is unfair or entails a conflict of interest

Shareholder plaintiffs' ability to sue directly or derivatively for damage the transaction causes to the company

0=not available; 1=direct or derivative suit available for shareholders holding 10% of share capital or less

Shareholder Suits Index

Documents available to the plaintiff from the defendant and witnesses during trial

Score 1 each for (1) information that the defendant has indicated he intends to rely on for his defense; (2) information that directly proves specific facts in the plaintiff's claim; (3) any information that is relevant to the subject matter of the claim; and (4) any information that may lead to the discovery of relevant information.

Ability of plaintiffs to directly question the defendant and witnesses during trial

0=no; 1=yes, with prior approval by the court of the questions posed; 2=yes, without prior approval

Paying Taxes in Mexico

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Bhutan, as well as measures of administrative burden in paying taxes.

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	1	online filing	192	15.0%	value added		not included
Vehicle tax	1			2.7%	vehicle value	0.60	
Property tax	6			various rates	property value	1.32	
Payroll tax	12		96	2.0%	gross salaries	2.26	
Corporate income tax	1	online filing	264	29.0%	taxable profits	22.35	
Social security contributions	6			varies	gross salaries	24.69	
Totals	27		552			51.2	

Notes:

- a) data not collected
- b) VAT is not included in the total tax rate because it is a tax levied on consumers
- c) very small amount
- d) included in other taxes
- e) Withheld tax
- f) electronic filling available
- g) paid jointly with another tax

Name of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

When there is more than one statutory tax rate, the one applicable to TaxpayerCo is reported.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

Trading Across Borders in Mexico

These tables list the procedures necessary to import and exports a standardized cargo of goods in Belize. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	10	105
Inland transportation and handling	3	948
Customs clearance and technical control	2	77
Ports and terminal handling	2	172
Totals	17	1302

Nature of Import Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	14	215
Customs clearance and technical control	3	233
Ports and terminal handling	3	172
Inland transportation and handling	3	1791
Totals	23	2411

Export

Bill of lading
 Certificate of origin
 Commercial invoice
 Customs export declaration
 Packing list

Import

Bill of lading
 Certificate of origin
 Commercial invoice
 Customs import declaration
 Packing list

Enforcing Contracts in Mexico

This topic looks at the efficiency of contract enforcement in Mexico.

Nature of Procedure (2007)	Indicator
Procedures (number)	38.00
Duration (days)	415.00
Filing and service	42.0
Trial and judgment	190.0
Enforcement of judgment	183.0
Cost (% of claim)*	32.01
Attorney cost (% of claim)	20.0
Court cost (% of claim)	5.0
Enforcement Cost (% of claim)	7.0

Court information: Mexico City First Instance ("Juzago Civil del Tribunal Superior de Justicia del Distrito
Civil Court Federal")
www.tsjdf.gob.mx

* Claim assumed to be equivalent to 200% of income per capita.