

INNOVATION



LEADER

Mexico

Latin America's entrepreneurial powerhouse

An Innovation Leader, Mexico is among the most welcoming countries when it comes to technologies on which tourists depend: Ridesharing and short-term rentals.

As of 2017, the country had no apparent federal restrictions on ridesharing, allowing many different companies to serve riders and making it one of Uber's largest markets. Mexico's Ley de Vivienda (Housing Law) also allows short-term rentals to operate freely.

The country also earns a high grade in Tax Friendliness for policies that attract businesses looking to produce goods for consumers in the United States, and also for its lack of a tax on streaming audio and video services.

Mexico strives to build a highly-skilled workforce and large tech industry. 31 percent of its college graduates earn STEM degrees, a respectable figure that places it on par with the United Kingdom and only 1.5 percentage points behind the United States.

Mexican officials also hope their Ciudad Creativa Digital initiative and Ingenium Campus will bring growth to Guadalajara, the country's second-largest metropolitan area (see more detail in feature on facing page). Mexican authorities project Ciudad Creativa Digital, a collaboration between Accenture and other international consultancies, will draw hundreds of new startups, over \$10 billion in new investment and billions more in new exports.

Sources: (BlaBlaCar) (UCol) (El Contribuyente) (Ciudad Creativa Digital) (Ciudad Creativa Digital)

WHAT DID WE DO RIGHT?

Mexico awards 31 percent of all degrees to STEM graduates and high-skilled workers constitute nearly 20 percent of its workforce, giving it the greatest share of high-skilled labor in Latin America.

WHAT CAN WE DO BETTER NEXT YEAR?

Mexico can produce more new businesses. The current new business entry rate is less than one per 1,000 people.

Diversity	C+
Freedom	C
Broadband	C
Human Capital	C+
Tax Friendliness	B+
R&D Investment	D+
Entrepreneurial Activity	D+
Drones	B
Ridesharing	A-
Short-Term Rentals	A
Self-Driving Vehicles	C
Environment	C+



Tax Friendliness

Mexico does not tax streaming services, and its corporate tax rate of 30 percent is on par with most other countries.



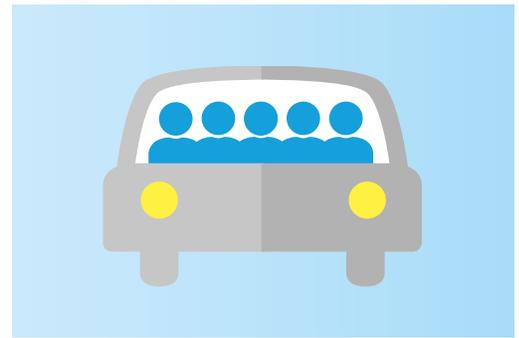
Short-Term Rentals

Mexican housing rules allow for short-term rentals, which are increasingly popular. Between June 2016 and May 2017, more than 1.5 million people used Airbnb in Mexico.



Drones

Drones over two kilograms face some restrictions, including permit requirements, but otherwise the devices are allowed to operate with only basic safety rules.



Ridesharing

Federal rules do not limit rideshare services, but local rules — such as those in Mexico City — tax the industry and require yearly permit fees.

GUADALAJARA

In an effort to attract more investment to Guadalajara, the nation’s second-largest metropolitan area, the Mexican government is investing millions in a tech district for the city, which is already a manufacturing hub. In 2015, the country budgeted roughly \$20 million for a multi-year plan to revamp downtown Guadalajara into a center for innovation.

The Ciudad Creativa Digital, as the project was named, will help restore downtown Guadalajara. Infrastructure and transportation options were improved, all part of a master plan to position the city for growth in sectors like interactive media and mobile apps.

One of the pillars of the project is the Ingenium Campus, an education and training facility made up of five centers that will host elementary, middle and high schools. Among other goals, the campus is designed to offer continuous training for students from an early level through upper-level, specialized programs.

Set to be completed in 2023, the project will net an estimated \$15 billion in investment and create more than 500 new businesses, adding \$2 billion in exports.

Sources: (Financial Times) (TechCrunch) (Ciudad Creativa Digital) (Ciudad Creativa Digital)



The Mexican government has budgeted roughly \$20 million to revamp Guadalajara into a center for innovation through the Ciudad Creativa Digital. A main pillar of the plan will be the Ingenium Campus, an education and training facility for students from elementary through upper-level programs.