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The three priority programs of the Ministry of Economy

On January 10, the Ministry of Economy (“Ministry”) published on its official website the three priority programs in which it will concentrate efforts over the next few years. These programs, according to the Ministry itself, are aimed at generating a greater inclusion of sectors that have remained behind in terms of economic growth, as well as promoting market diversification and the implementation of strategies based on new technologies.

Programs are the following:

I. Northern border

Provides for the reduction of the value-added tax (VAT) from 16% to 8%, and of the income tax from 30% to 20%, as well as the decrease in the prices of petrol and diesel throughout the region. According to the Ministry, these measures address the need to attract new investments and generate better-paid jobs. A daily minimum wage of 176 pesos in 43 municipalities along the northern border has also been approved.

The reason behind this policy is that the area has a well-established export platform and serves as an important link with the rest of the Mexican economy. It also possesses a qualified workforce and a growing number of national immigrants seeking to improve their quality of life.

II. Welfare microcredits

With a budget of 2,426 million pesos, the program intends to grant between 500 and 600 thousand loans to micro-entrepreneurs, mainly from areas with the largest economic and social marginalization throughout the country. The goal is to enable them to consolidate their businesses, as well as build and strengthen a credit record that facilitates their access to financial markets.

III. Mining industry fund

Aimed primarily at mitigating and, where appropriate, remediating the effects of mining activities, the program attempts to raise the standard of living of communities surrounding the mines, increase their productivity, diversify their economy and ensure their well-being through the duration of mining activities and later on, once the deposits end their useful cycle and such activities have ceased.

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The program foresees that 80% of the total mining tax collection shall be directed to the Fund for the Development of Mining Production Zones, 10% to the Ministry and the remaining 10% to the Federal Government.

Such Fund, formerly managed by the Ministry of Agrarian, Territorial and Urban Development, will be administered by the Ministry of Economy from now on. On the other hand, as part of the decentralization policy subscribed by the new administration, the Ministry will be transferred to Monterrey, Nuevo León, while the Undersecretary of Mining has already been relocated to the city of Chihuahua.

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