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Statement by the Hon. **DIANA ALARCÓN GONZÁLEZ,**
Alternate Governor of the IBRD for **MEXICO**

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The global economy has remained resilient, but growth is increasingly fragmented, uncertainty is elevated, and outcomes remain uneven. Geopolitical tensions, rising tariffs and trade restrictions, supply-chain disruptions, commodity-price volatility, persistent inequalities, and more severe climate shocks are weighing on growth, trade, and investment. At the same time, higher financing needs and interest rates are tightening global financial conditions, particularly for emerging market and developing economies, where elevated debt burdens and limited fiscal space are increasing sovereign vulnerabilities and constraining investment in development priorities. Renewed inflationary pressures could further narrow the scope for policy support.

These global pressures underscore the importance of strengthening domestic resilience while sustaining the reforms and investments needed to support long-term development. Mexico's recent experience provides a relevant illustration of this approach. The country has continued to advance a policy agenda aimed at safeguarding macroeconomic stability, enhancing competitiveness, and promoting higher productivity, investment, and more inclusive and sustainable growth. The Mexican economy expanded by 1.4% in the second quarter of 2026, placing it among the comparatively stronger-performing G20 economies. This performance reinforces the importance of preserving macroeconomic stability while advancing structural reforms and public investment to strengthen the country's productive capacity, building on the economic, social, and institutional initiatives pursued in recent years.

On public finances, the authorities have pursued a strategy to strengthen domestic revenue mobilization by improving tax administration and enhancing measures to address tax evasion. As a result, tax revenue rose from 12.7% of GDP in 2018 to 15.5% of GDP in 2026. This progress has supported the fiscal consolidation envisaged for the coming years, while safeguarding resources for key development priorities, including health, education, infrastructure, security, and social programs. Fiscal policy therefore seeks to preserve debt sustainability and sound public finances while protecting strategic investment and priority social expenditures that strengthen Mexico's long-term growth potential.

Labor market developments constitute another important dimension of Mexico's recent economic performance. In February 2026, formal employment registered with the social security system reached 22.5 million jobs—the highest level recorded for that month. The social security contribution base wage also increased by 7.4% year on year, while more than nine million women are now in formal employment. Together, these indicators point

to a gradual expansion of labor formalization and broader coverage under social protection mechanisms.

Efforts to expand employment have been complemented by policies designed to strengthen labor incomes and widen economic opportunities across population groups. Since 2018, the purchasing power of the minimum wage has recovered significantly, and more than 3.6 million young people have participated in programs intended to facilitate their transition into the labor market. Collectively, these measures seek to promote productive inclusion and broaden access to formal employment opportunities.

The development strategy has likewise placed particular emphasis on territorial competitiveness and stronger integration among regional economies. Within this framework, tourism remains an important source of economic activity and employment across the country. In parallel, measures have been taken to promote community-based tourism and support the economic recovery of destinations affected by natural disasters, thereby helping to preserve their contribution to local development.

Infrastructure investment also remains central to the country's growth agenda. Passenger and freight rail projects currently under implementation are intended to enhance connectivity, strengthen logistics integration, reduce connectivity costs and crowd in private investment, and foster closer economic linkages across regions. Their implementation has required sustained coordination with communities, subnational authorities, and a broad range of territorial stakeholders, underscoring the complexity inherent in delivering large-scale infrastructure.

At the institutional level, Mexico has continued to advance measures to improve working conditions, including occupational safety and health programs and mechanisms to monitor compliance with labor standards. These actions form part of a broader agenda to enhance job quality and promote safer and more dignified workplaces.

Digital transformation constitutes a further pillar of the public policy agenda. In recent years, the authorities have advanced initiatives to streamline administrative procedures, expand the provision of digital services, and improve public-sector efficiency. The simplification or elimination of approximately 6,000 procedures, along with the processing of around two million digital government transactions each day, illustrates the progress achieved. Nearly 30 million people currently have access to public digital platforms.

Beyond administrative modernization, the digital agenda also supports broader objectives related to productivity, inclusion, and territorial development. Expanded connectivity is intended to improve access to essential public services in previously underserved communities, while initiatives in artificial intelligence, data centers, and the digital economy seek to reinforce technological capabilities and unlock new opportunities for productive development.

These efforts are complemented by measures to strengthen institutions and improve public administration. Reforms in procurement, contract oversight, transparency, and accountability are intended to enhance the efficiency and integrity of public resource management, strengthen institutional capacity, and improve the effectiveness of public expenditure in designing and implementing effective development policies.

Finally, the authorities have emphasized the importance of public security as a fundamental enabling condition for economic and social development. The current strategy combines prevention, institutional strengthening, intelligence capabilities, and coordination across government levels. Within this framework, official indicators point to a decline in intentional homicides between September 2024 and August 2026.

Taken together, these efforts reflect Mexico's continued commitment to reinforcing macroeconomic and fiscal stability; strengthening productivity, investment, connectivity, formal employment, and institutional capacity; and expanding economic opportunities across regions and social groups. The progress achieved contributes to the country's objective of advancing a more sustainable and productive growth model capable of delivering development outcomes that are more balanced and inclusive. Mexico's experience also illustrates a broader reality shared by many middle-income countries: significant reform efforts and a sustained commitment to national development objectives often coexist with persistent structural constraints, substantial financing needs, and an increasingly complex global environment.

Addressing these shared challenges calls for sustained, country-led action, supported by international institutions that are responsive to the priorities and circumstances of middle-income countries. In this context, and guided by its mandate and the development objectives it shares with these countries, the World Bank Group has a distinctive role to play. Through partnerships grounded in sustained dialogue, a clear understanding of diverse national circumstances, and alignment with nationally defined priorities, the WBG can support and reinforce countries' own development efforts. A strategic framework for engagement with middle-income countries, developed in close consultation with them and responsive to their evolving needs and aspirations, could further enhance the effectiveness of the WBG's financing, knowledge, and convening capacity in support of more inclusive, resilient, and sustainable development.