Social Progress Index 2024

Data-driven stories 2015-2023

Trade openness, nearshoring, and social progress

What Is the Social Progress Index?

The **Social Progress Index (SPI)** measures social performance across the country's regions, independent of metrics such as income or expenditure. The index is calculated using 49 social and environmental indicators that capture three dimensions of social progress: **Basic Human Needs**, **Foundations of Wellbeing**, and **Opportunity**. Each dimension includes four components of social progress.

Although this measure operates independently of monetizable indicators —such as income, public expenditure, or economic activity— the SPI is not intended to replace them but to complement them. Its primary purpose is to address fundamental questions that truly matter in people's lives: *Do I have a home that offers protection? Do I have enough to eat? Do I have access to education?*

México, ¿cómo vamos?, in collaboration with the **Social Progress Imperative**, presents the **SPI series for 2015-2023 in Mexico** to provide a precise measurement tool and influence public policies aimed at addressing the specific social needs of each region.

In 2023, the national SPI score was estimated at 65.8 points out of 100 possible[1], **marking the highest score recorded since measurements began**, with a cumulative improvement of 4.9 points since 2015.
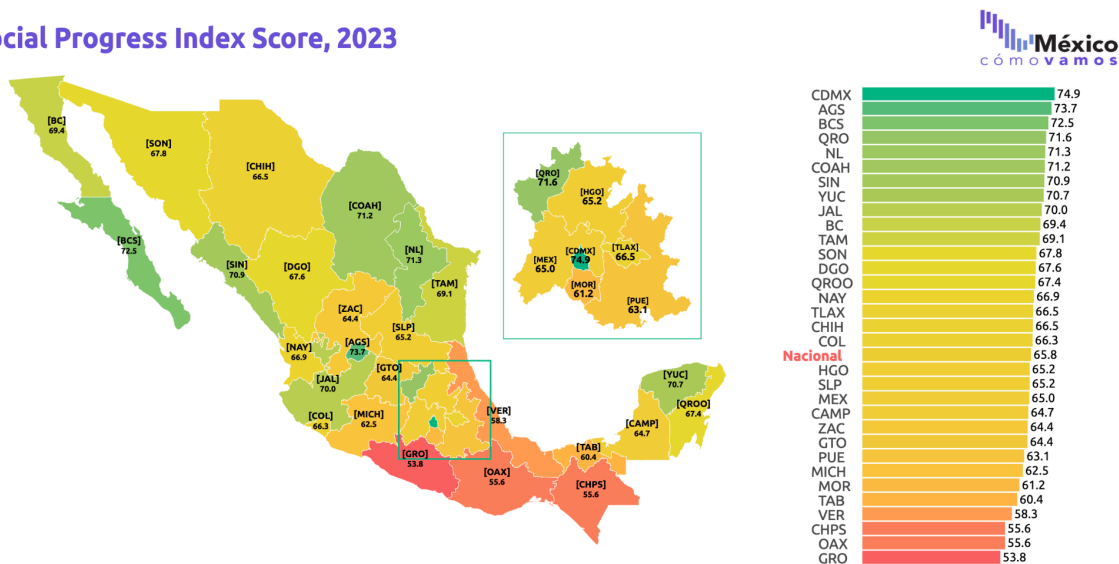
Social Progress Index
2015 - 2023

Years	National	AGS	BC	BCS	CAMP	COAH	COL	CHPS	CHIH	CDMX	DGO	GTO	GRO	HGO	JAL	MEX	MICH	MOR	NAY	NL	OAX	PUE	QRO	QROO	SLP	SIN	SON	TAB	TAM	TLAX	VER	YUC	ZAC
2015	60.9	68.2	65.4	64.7	61.1	63.0	66.2	49.4	61.7	68.7	61.7	60.2	47.0	59.3	65.5	61.1	57.2	58.3	61.5	68.8	49.9	57.6	68.6	64.1	61.2	62.4	65.5	54.0	62.2	61.3	54.5	63.0	60.7
2016	61.9	69.3	67.1	66.7	61.2	66.1	64.2	51.8	64.7	70.2	64.2	61.5	48.3	60.7	66.4	61.1	58.7	60.0	63.3	68.3	50.2	58.8	68.2	65.0	62.1	63.4	66.5	56.0	62.2	61.6	55.4	65.4	61.9
2017	62.0	68.7	66.0	65.0	62.3	66.6	64.5	51.5	63.0	69.7	63.4	61.3	48.9	59.9	66.4	63.3	59.4	60.4	61.5	68.2	51.3	59.2	68.3	65.4	61.2	64.4	66.8	55.6	62.0	61.4	54.9	66.8	61.1
2018	62.7	69.9	65.7	66.7	61.1	66.9	65.1	52.3	63.7	70.8	63.5	62.1	50.8	61.2	66.9	63.5	60.9	61.4	62.2	69.6	52.9	60.2	68.3	65.1	62.1	65.0	67.8	55.2	64.1	63.7	55.7	66.4	61.6
2019	63.0	70.8	66.2	67.4	62.1	67.4	63.9	52.6	64.3	70.1	64.0	62.4	49.1	62.0	66.7	62.5	60.7	61.3	63.5	69.9	53.8	60.4	69.0	64.0	62.4	66.1	67.6	56.4	65.4	63.6	56.1	68.0	61.5
2020	61.3	68.4	64.9	66.9	60.7	65.2	64.8	51.9	61.1	67.1	63.8	60.3	49.6	61.2	65.6	60.1	59.1	59.7	62.8	69.4	51.8	57.8	69.4	62.1	58.5	64.1	64.4	54.0	63.6	60.1	55.3	66.4	58.6
2021	61.2	69.7	65.4	66.1	60.9	67.7	62.5	52.6	64.3	68.6	63.3	60.1	50.2	60.1	65.5	60.3	58.1	58.3	62.8	68.4	50.3	56.1	67.6	63.3	60.0	64.9	64.7	57.0	64.4	60.9	54.0	65.6	59.5
2022	64.9	72.9	68.6	69.8	63.8	70.5	65.6	55.3	66.9	73.8	65.1	63.3	52.8	63.6	69.6	65.7	61.9	62.6	65.6	71.1	54.6	62.1	71.1	67.1	63.7	69.8	67.0	59.6	68.0	64.3	57.9	70.1	62.6
2023	65.8	73.7	69.4	72.5	64.7	71.2	66.3	55.6	66.5	74.9	67.6	64.4	53.8	65.2	70.0	65.0	62.5	61.2	66.9	71.3	55.6	63.1	71.6	67.4	65.2	70.9	67.8	60.4	69.1	66.5	58.3	70.7	64.4

[1] 100 points is the maximum observable social progress, while 0 is the least social progress.

The five regions with the highest performance in 2023 were **Mexico City, Aguascalientes, Baja California Sur, Querétaro, and Nuevo León**. In contrast, the five lowest-performing states were **Guerrero, Oaxaca, Chiapas, Veracruz, and Tabasco**—with the first three consistently ranking lowest since records began.

Social Progress Index Score, 2023

State	Score
CDMX	74.9
AGS	73.7
BCS	72.5
QRO	71.6
NL	71.3
COAH	71.2
SIN	70.9
YUC	70.7
JAL	70.0
BC	69.4
TAM	69.1
SON	67.8
DGO	67.6
QROO	67.4
NAY	66.9
TLAX	66.5
CHIH	66.5
COL	66.3
Nacional	65.8
HGO	65.2
SLP	65.2
MEX	65.0
CAMP	64.7
ZAC	64.4
GTO	64.4
PUE	63.1
MICH	62.5
MOR	61.2
TAB	60.4
VER	58.3
CHPS	55.6
OAX	55.6
GRO	53.8

Trade Openness, Nearshoring, and Social Progress

Despite Mexico's slow economic recovery —taking eight quarters to return to pre-pandemic levels— **trade tensions** between the United States and China, along with the **integration of North American supply chains**, have created favorable conditions for **relocating industries closer to end consumers**. Mexico holds significant potential to benefit from this trend, known as nearshoring, which could result in increased foreign and domestic investment, the creation of quality jobs, and economic growth.

Various studies (from the IDB[2], ECLAC[3], and OECD[4]) analyze the nearshoring phenomenon using indicators such as new foreign direct investment (FDI), industrial production in sectors like construction and manufacturing, the availability of industrial parks, and export activity. In this context, the SPI 2024 incorporates nearshoring considerations from Durán Fernández and Stein of the Tecnológico de Monterrey School of Government and Public

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[2] "Nearshoring agregaría US$78.000 millones en exportaciones de América Latina y el Caribe," BID, June 7, 2022. https://www.iadb.org/es/noticias/nearshoring-agregaria-us78000-millones-en-exportaciones-de-america-latina-y-caribe.

[3] "Oportunidades para América Latina en el nearshoring de bienes y servicios," CEPAL, July 27, 2022. https://www.cepal.org/es/eventos/oportunidades-america-latina-nearshoring-bienes-servicios.

[4] "Global Value Chains in a Changing World," OECD, 2022, https://www.oecd.org/en/topics/global-value-and-supply-chains.html.

Transformation[5]. These authors emphasize the **importance of analyzing greenfield investments**, which expand the country's productive capacity beyond traditional FDI categories. For example, according to Mexico's Ministry of Economy, **new investments represented only 3% of FDI in Mexico** during the second quarter of 2024. However, reinvestment of earnings by established companies can expand productive capacity in response to growing demand from trade partners.
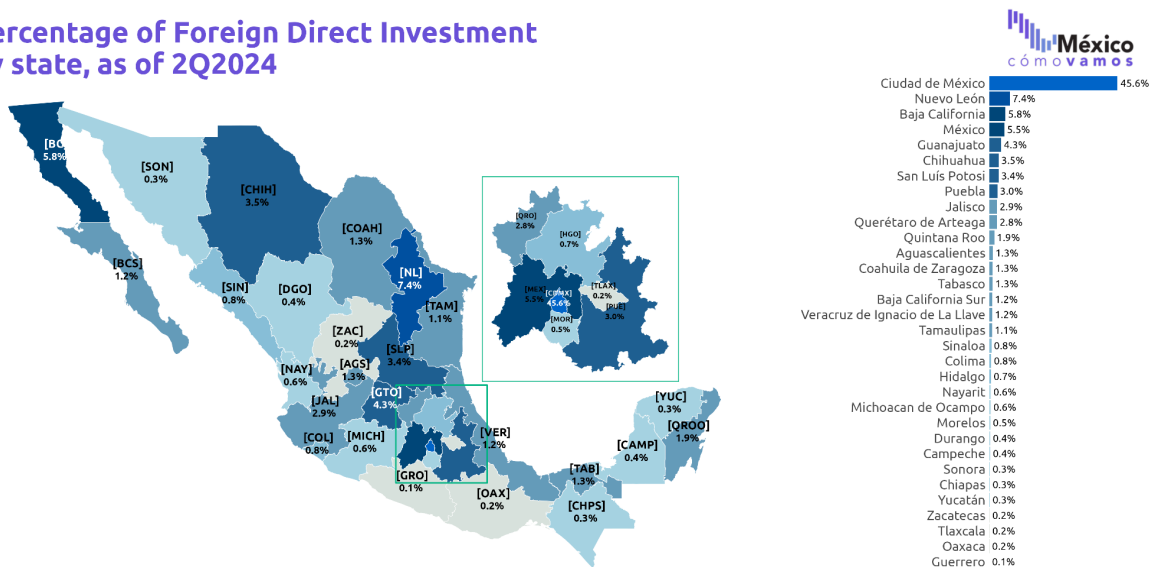
It is essential to compare global value chain integration indicators at the state level with the SPI to demonstrate that **nearshoring investments** will likely **favor states with high social progress scores**. These regions not only possess the **infrastructure** necessary **for international trade** but also boast **robust human capital** to meet labor market demands.

Conversely, states lacking the conditions to benefit from nearshoring, such as those in southern Mexico, highlight a recurring challenge: while **economic growth is a necessary condition for social progress, it is not sufficient on its own**. Public services and infrastructure are indispensable. This analysis reinforces the need for collaboration across federal, state, and municipal governments to create the conditions required for inclusive social progress, enabling more regions to benefit from investment flows.

Foreign Direct Investment (FDI) by Federal Entity

We use this variable as an indicator of trade openness, as state-level FDI flows reflect the capacity of a region to participate in international commerce. This capacity depends on the presence of necessary infrastructure (roads, ports, airports), integration into the financial system, and the availability of human capital (technicians, specialists, engineers, among others) to meet labor market demands. The data used comes from the Ministry of Economy as of the second quarter of 2024.

Percentage of Foreign Direct Investment by state, as of 2Q2024

State	Percentage
Ciudad de México	45.6%
Nuevo León	7.4%
Baja California	5.8%
México	5.5%
Guanajuato	4.3%
Chihuahua	3.5%
San Luís Potosí	3.4%
Puebla	3.0%
Jalisco	2.9%
Querétaro de Arteaga	2.8%
Quintana Roo	1.9%
Aguascalientes	1.3%
Coahuila de Zaragoza	1.3%
Tabasco	1.3%
Baja California Sur	1.2%
Veracruz de Ignacio de La Llave	1.2%
Tamaulipas	1.1%
Sinaloa	0.8%
Colima	0.8%
Hidalgo	0.7%
Nayarit	0.6%
Michoacan de Ocampo	0.6%
Morelos	0.5%
Durango	0.4%
Campeche	0.4%
Sonora	0.3%
Chiapas	0.3%
Yucatán	0.3%
Zacatecas	0.2%
Tlaxcala	0.2%
Oaxaca	0.2%
Guerrero	0.1%

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[5] "Nearshoring: tendencias y perspectivas de la reconfiguración de las cadenas globales de valor," Escuela de Gobierno y Transformación Pública del Tecnológico de Monterrey, October 31, 2024. https://egobiernoytp.tec.mx/es/blog/nearshoring-tendencias-y-perspectivas-de-la-reconfiguracion

A map of FDI distribution in Mexico for the second quarter of 2024 shows Mexico City accounting for 45.6% of total FDI, followed by Nuevo León (7.4%). These two states concentrate financial services and most corporate headquarters in the country, meaning that FDI records do not always reflect increased productive capacity in these areas.
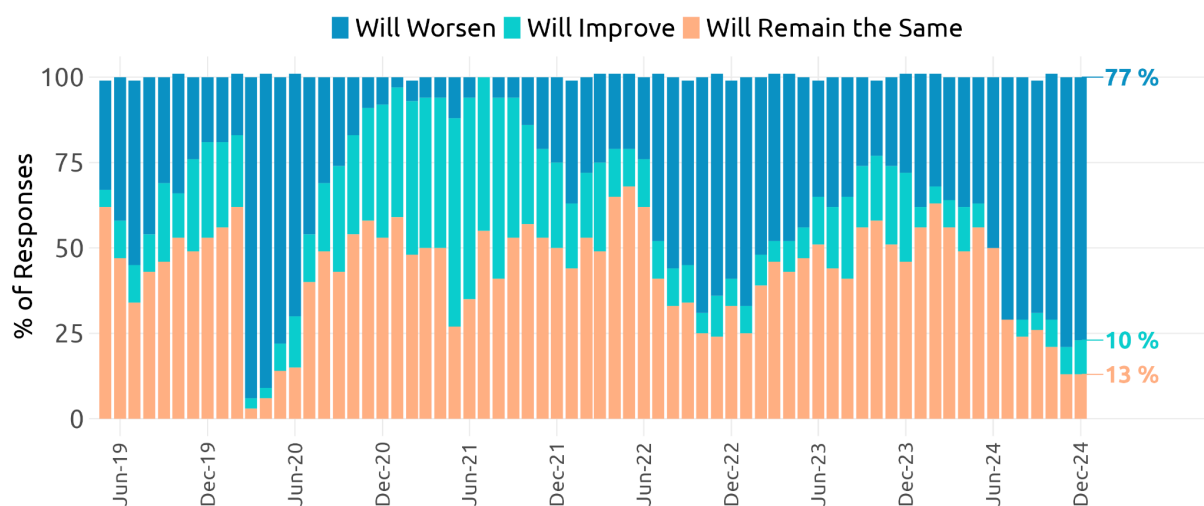
To complement this analysis, we present a visualization that correlates SPI scores with the number of investment announcements recorded by the Ministry of Economy in 2023. This enables the identification of strengths and opportunities to propose public policies that leverage nearshoring opportunities to drive social progress. Private investment announcements extend the analysis beyond the financial and corporate center of Mexico City, where 39% of financial services and 87%[6] of corporate activities are concentrated.

Investment Announcements by Federal Entity

Investment announcements act as an indicator of favorable conditions—such as infrastructure, human capital, and natural resources availability—that are necessary to attract industries or expand a state's productive capacity. For this analysis, we used investment announcements tracked by Integralia Consultores between January 2023 and September 2024. Monitoring media reports through this consultancy provides a snapshot of the evolution of nearshoring in Mexico. However, it is important to consider that an investment announcement does not necessarily translate into productive investment, as countless factors can arise between the announcement and the start of construction. One such factor is the weakening of legal certainty in our country, as demonstrated by the Bank of Mexico's December 2024 survey, where 77% of respondents believe that the business climate in Mexico will worsen over the next six months.

Business Climate in the Next 6 Months

How do you think the business climate for private sector productive activities will evolve in the next six months compared to the past six months?

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Legend: ■ Will Worsen ■ Will Improve ■ Will Remain the Same

77 %
10 %
13 %

X-axis: Jun-19, Dec-19, Jun-20, Dec-20, Jun-21, Dec-21, Jun-22, Dec-22, Jun-23, Dec-23, Jun-24, Dec-24
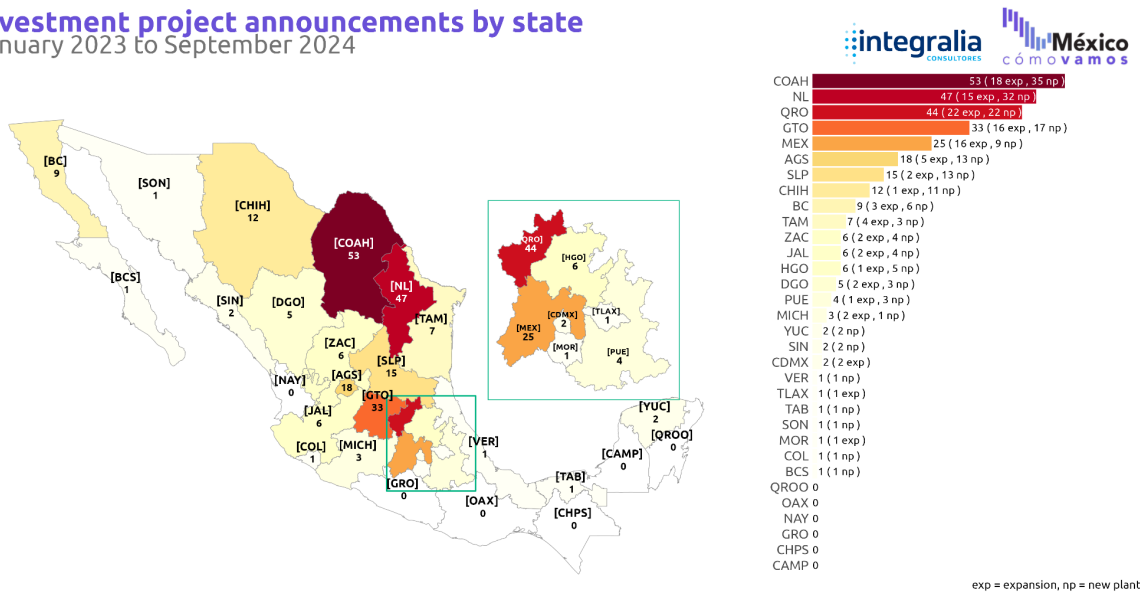
Y-axis: % of Responses

Elaborated by México, ¿Cómo vamos? with data from Banxico experts' survey.

The investment announcement information from Integralia Consultores –a Mexico-City-based intelligence firm-- allows us to differentiate by type of announcement: expansion and new plant. Both types highlight the opportunity to expand the state's

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[6] PIBE 2022, INEGI

operational capacities and do not limit the analysis solely to new investments classified under FDI investment types.

**Investment project announcements by state**
January 2023 to September 2024

COAH	53 (18 exp , 35 np)
NL	47 (15 exp , 32 np)
QRO	44 (22 exp , 22 np)
GTO	33 (16 exp , 17 np)
MEX	25 (16 exp , 9 np)
AGS	18 (5 exp , 13 np)
SLP	15 (2 exp , 13 np)
CHIH	12 (1 exp , 11 np)
BC	9 (3 exp , 6 np)
TAM	7 (4 exp , 3 np)
ZAC	6 (2 exp , 4 np)
JAL	6 (2 exp , 4 np)
HGO	6 (1 exp , 5 np)
DGO	5 (2 exp , 3 np)
PUE	4 (1 exp , 3 np)
MICH	3 (2 exp , 1 np)
YUC	2 (2 np)
SIN	2 (2 np)
CDMX	2 (2 exp)
VER	1 (1 np)
TLAX	1 (1 exp)
TAB	1 (1 np)
SON	1 (1 np)
MOR	1 (1 exp)
COL	1 (1 np)
BCS	1 (1 np)
QROO	0
OAX	0
NAY	0
GRO	0
CHPS	0
CAMP	0

exp = expansion, np = new plant

On the map, we observe the usual key players: **manufacturing states integrated into North America's value chains**. **Coahuila leads with 53 investment announcements,** consisting of 18 expansions and 35 new plants, **followed by Nuevo León and Querétaro** with 47 and 44 total announcements, respectively. **The economic integration of the state of Texas in the United States with its neighboring Mexican states** —Coahuila, Nuevo León, Tamaulipas, and Chihuahua— **stands out, along with the Bajío region, in the relocation of industries**.

To understand the relationship between the Social Progress Index (SPI) and the nearshoring phenomenon, we used investment announcements from the Ministry of Economy in 2023. With this data, we present a visualization that links the SPI with the number of investment announcements in 2023, allowing us to identify strengths and opportunities to propose public policies that drive social progress through the nearshoring momentum.

SPI Ranking and Investment Announcements Ranking

Low Social Progress/Many Investment Announcements · High Social Progress/Many Investment Announcements · High Social Progress/Few Investment Announcements · Low Social Progress/Few Investment Announcements

More Investment Announcements · **More Social Progress**

SPI Ranking and Investment Announcements Ranking
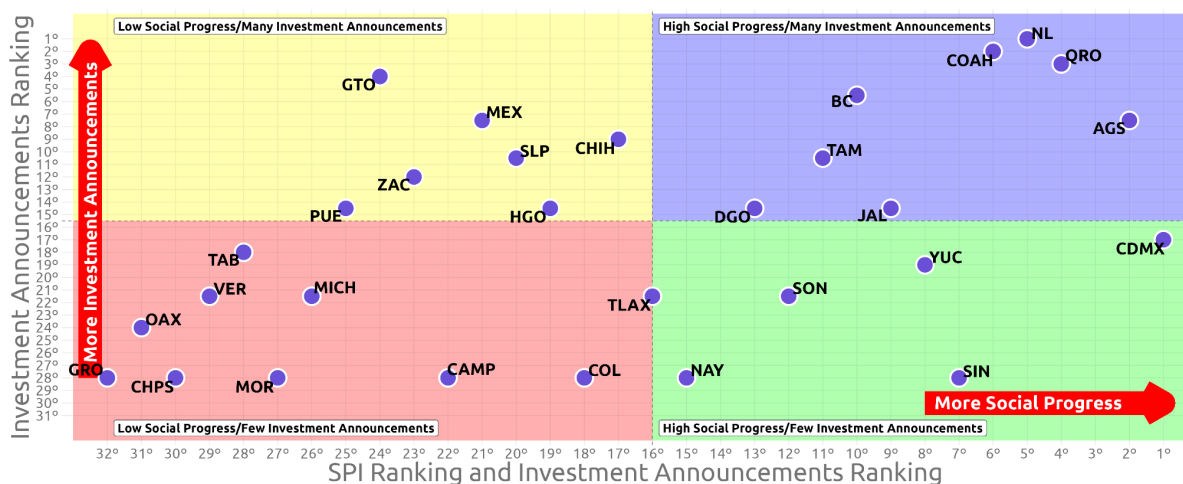
No investment announcements were recorded for Quintana Roo or Baja California Sur

Elaborated by Mexico ¿Cómo vamos? with public data

In the **upper-right quadrant** of the previous figure, we find entities with **high social progress and many investment announcements**. This highlights the importance of high value-added manufacturing in these states' economic structure, particularly in subsectors 333-336 (Machinery and equipment manufacturing; Computer, communication, measurement, and other electronic equipment, components, and accessories manufacturing; Electrical equipment, appliances, and power generation manufacturing; and Transportation equipment manufacturing). For this quadrant, the federal public policy recommendation is to **strengthen investment legal certainty and ensure access to clean and sufficient energy** to contribute to the creation of formal jobs and economic growth.

The lower-right quadrant shows states with **high social progress but few investment announcements**, suggesting the need to promote public policies focused on public safety and investment promotion.

The left quadrants depict states with low social progress. At the top, the states of Guanajuato and San Luis Potosí stand out due to their strong reliance on the manufacturing industry in their economies. Therefore, the number of investment announcements is not surprising; however, these states should focus on social progress drivers such as education and access to healthcare services. Notably, Puebla's case stands out as one of Mexico's major automotive industry hubs that has not yet succeeded in fostering shared prosperity for its residents.

Finally, the lower-left quadrant shows states with **low social progress and few investment announcements**. Tabasco's case is particularly interesting, as it hosts the Dos Bocas Refinery, a flagship project of former President López Obrador's administration and a cornerstone of the energy sovereignty policy. Despite this, Tabasco exhibits low social progress and limited private investment announcements, which are essential for refining activities to avoid relying entirely on public finances.

The **absence of Quintana Roo and Baja California Sur in the image is noteworthy, likely due to their tourism-driven economies**, as the analysis focuses on industry-related investment announcements. However, it is important to note that Quintana Roo is a key site

for the Maya Train project, which, based on its cost-benefit analysis, could generate investment interest through its maintenance and potential for freight movement.

Nearshoring, USMCA, and China

The opportunity presented by nearshoring for economic growth —and consequently for social progress— must be accompanied by a discussion on the **need for a comprehensive industrial policy in North America**. This trend reflects the strengthening of supply chains in the USMCA region and the move away from dependence on China in our production chains. It is essential for Mexico, the United States, and Canada to work together on a joint industrial policy that identifies and secures the origin of critical inputs for their trade partnerships.
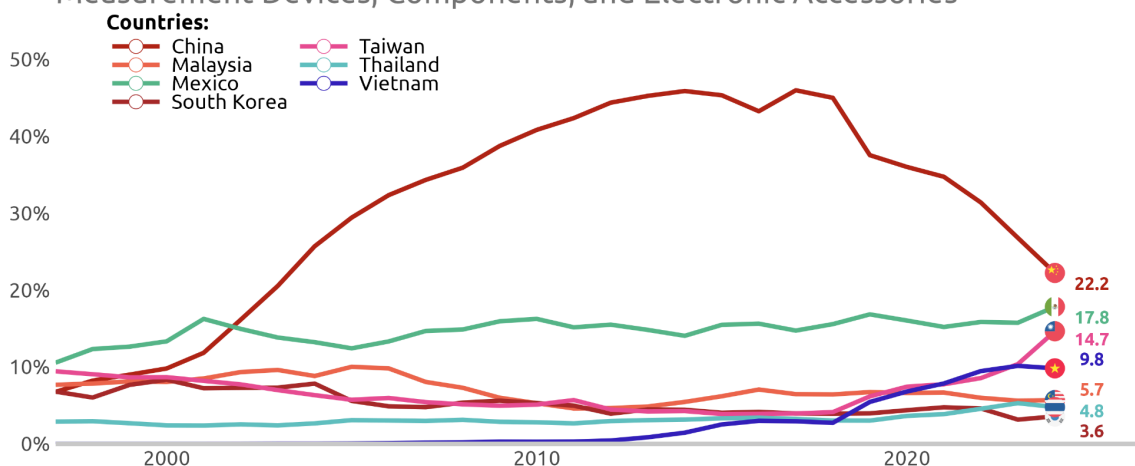
To illustrate North America's needs outside the region, we use data on U.S. imports as of September 2024, based on information from the U.S. Department of Commerce.

Two key examples for improving the **resilience of North American supply chains** are found in the following subsectors of the North American Industry Classification System (NAICS, 2023):

- Subsector 334: *Computer, communication, and measurement equipment manufacturing*, *as well as other electronic components and accessories*. **China's share accounts for 22.2% of U.S. imports, followed by Mexico at 17.8%**, and Taiwan at 14.7%
- Subsector 335: *Electrical equipment, appliances, and power generation manufacturing*. **China holds a 26.7% share, with Mexico following at 23.2%**, and Vietnam ranking third at 6.3%.

Share in US imports

México cómo**vamos**

Subsector 334: Manufacturing of Computer Equipment, Measurement Devices, Components, and Electronic Accessories

Countries:
- China
- Malaysia
- Mexico
- South Korea
- Taiwan
- Thailand
- Vietnam

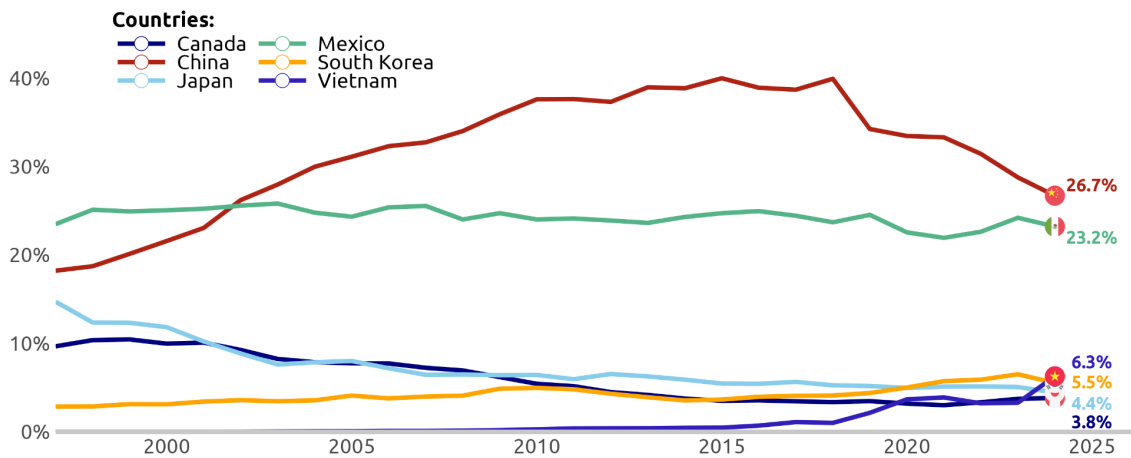|	
22.2	China
17.8	Mexico
14.7	Taiwan
9.8	Vietnam
5.7	Malaysia
4.8	Thailand
3.6	South Korea

*Data from 2024 up to September.

Prepared by México, ¿cómo vamos? using data from the U.S. Department of Commerce

Share in US imports
Subsector 335: Manufacturing of Accessories, Electrical Appliances, and Electric Power Generation Equipment

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Countries:
- Canada
- China
- Japan
- Mexico
- South Korea
- Vietnam

40%
30%
20%
10%
0%

2000   2005   2010   2015   2020   2025

26.7%
23.2%
6.3%
5.5%
4.4%
3.8%

*Data from 2024 up to September.

Prepared by México, ¿cómo vamos? using data from the U.S. Department of Commerce

This analysis reveals that **both subsectors are robust in terms of production and human capital within the region**; however, a product-level analysis is necessary to identify the specific production processes required for manufacturing particular goods. According to economic complexity theory[7] and Mexico's position in the product space, many of these products fall within the country's technological capabilities and skills. Nevertheless, in some cases, **maintaining strategic trade relations with China will be essential to ensure access to critical inputs in North America**. Notably, **Mexico ranks 22nd in the Economic Complexity Index, ahead of Vietnam (61st) and close to China (18th).**

Finally, an **industrial policy initiative in North America would benefit all three USMCA/CUSMA partners**, as **Canada lacks significant development in these industries and ranks 41st in the Economic Complexity Index**. Such a strategy would strengthen critical value chains in the digital era, ensuring the availability of high-tech products in the region while complying with cybersecurity standards established by all three countries.

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[7] Hidalgo, C. A., Klinger, B., Barabási, A. L., & Hausmann, R. (2007). The product space conditions the development of nations. Science, 317(5837), 482-487.

Recommendations

Mexico has a unique opportunity to drive its economic growth by attracting investments related to the relocation of production chains to our country. This advantage stems from its geographical location, its network of free trade agreements—especially the USMCA—and its commercial integration with North America, which has a track record of over 40 years. In this edition, **we find that state-level social progress is a necessary condition for attracting foreign direct investment and nearshoring**. This is because states with high social progress have the necessary infrastructure to participate in foreign trade and a qualified workforce to integrate into new industries. These conditions create a virtuous cycle: greater investment fosters quality jobs and economic growth, which in turn drives social progress.

At the Federal Level

- The Mexican government must ensure **legal certainty** to reduce risk aversion stemming from constitutional reforms, especially those related to the judicial system, to encourage greater private investment.

- President Claudia Sheinbaum's administration should establish constant dialogue with the country's main trading partners through the Ministry of Economy to develop a **regional industrial policy for North America** that ensures the availability of goods and strengthens the resilience of value chains.

- Implement the **national strategy for the electricity sector,** allowing private investment in energy generation through the mixed-producer framework. This will ensure sufficient energy for Mexico's social and economic development, capitalizing on the opportunities for industrial relocation in North America.

- Open critical mineral exploitation, such as **lithium**, to private investment.

State-Specific Policies

States with high social progress and many private investment announcements. Ensure legal certainty for private investment and access to clean and sufficient energy. These states are Aguascalientes, Querétaro, Nuevo León, Coahuila, Baja California, Tamaulipas, Jalisco, and Durango.

States with high social progress and few private investment announcements. Implement public policies to strengthen security and investment promotion agencies. These states are Mexico City, Yucatán, Sinaloa, Sonora, Nayarit, and Tlaxcala.

States with low social progress and many private investment announcements. Focus public policies on social progress drivers such as health and education. These states are Guanajuato, Zacatecas, Puebla, State of Mexico, San Luis Potosí, Chihuahua, and Hidalgo.

States with low social progress and few private investment announcements: Develop a comprehensive agenda to drive social progress across its three dimensions, along with a public infrastructure agenda to enable participation in North America's supply chains. These

states are Colima, Campeche, Michoacán, Morelos, Tabasco, Veracruz, Oaxaca, Guerrero, and Chiapas.