National Development Plan

Main Features:

- Increase the area of land under irrigation by two million hectares.
- Construct 15,000 kilometres of new four-lane highways.
- Modernize 15,000 kilometres of railroad.
- Expand or create three industrial ports in the Gulf of Mexico and three more on the Pacific Coast.
- Develop and upgrade industrial parks in order to double their current employment capacity.
- Increase the generation capacity of installed electrical plants from 25 million to 45 million MW
- Construct six to eight million housing units.
- Construct more than 1,500 waste water treatment plants.

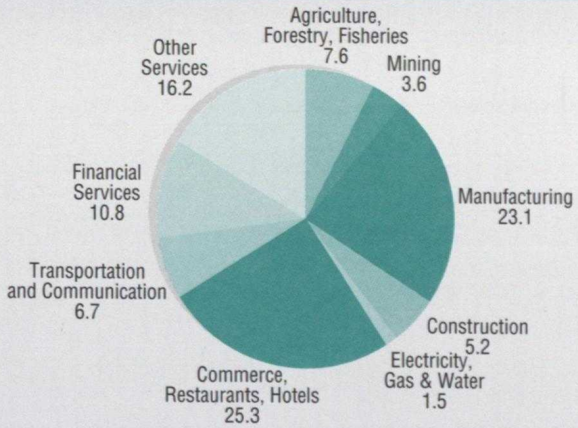
All projects are to adhere strictly to environmental regulations and policies.

Mexico's once ailing economy is on the mend. Gross Domestic Product (GDP) grew by 4.4 percent in 1990 and by 3.6 percent in 1991 for total growth of just over 8 percent in the past two years. Preliminary figures for the first six months of 1992 suggest that this strong performance is continuing. The recent surge in Mexico's economy stands in sharp contrast to the situation in 1986 when GDP shrank by 3.9 percent. Growth offers concrete evidence of the fact that the reform program is having the desired effect. Mexico's GDP in 1991 stood at over $US 280 billion making it the fifteenth largest economy in the world. But Mexico offers more than just size. Its striking economic dynamism holds out the promise of expanding future opportunities.

Though it is sometimes regarded as a developing economy, Mexico already displays structural elements typical of developed industrialized economies (see Figure 1.1). These include a relatively small primary sector coupled with a significant and growing service sector.

To further accelerate the development of Mexico's economy, President Carlos Salinas de Gortari announced a National Development Plan *(Plan Nacional de Desarrollo)* which serves as a framework for the country's efforts to modernize and expand its infrastructure over the next ten years. This Plan offers a comprehensive overview of Mexico's priorities and suggests the areas in which cooperation with foreign businesses will be especially welcome.

Figure 1.1
Composition of Mexico's Gross Domestic Product, 1991
(in percent)



Source: EAITC, Economic and Trade Policy Section.

As part of its overall program of restructuring, the Mexican government is gradually withdrawing from many areas of economic activity. In sharp contrast to previous years, it is now the private sector rather than the public that is driving investment. Real private investment now constitutes 76.1 percent of total investment, having risen by 14.1 percent in 1991. This increase more than made up for the 7 percent fall in government investment. Real gross fixed capital formation grew by 8.5 percent and consumption rose by 4.7 percent, most of which was also driven by the private sector. Much of