

from commercial banks. The direct results produced during 1990 from the Financial Package 1989-1992 were:

- a reduction of US\$ 7,190 million of the public external debt;
- new financing for US\$ 598 million;
- a reduction of US\$ 481 million in interest payments of discount bonds and US\$ 469 million in face value bonds from March to December 1990;
- given the agreement's retroactiveness to July 1989, Mexican Government received a refund equivalent to US\$ 1,128 million, as a result of interest it had paid from July 1989 to March 1990;
- principal payments for US\$ 2,545 million did not have to be disbursed in 1991 thanks to the debt agreement;
- new public external debt were US\$ 2.6 billion in 1991 and US\$ 2 billion in 1992;
- foreign debt payments: Projections of the Institute of International Finances estimate that Mexico paid US\$ 13 billion for its external debt service in 1991, around US\$ five billion for principal and US\$ 8 billions in interest payments. Although this ratio is down from 40% still represents 30% of Mexico's foreign exchange income from goods and services. The negotiation brought back confidence in the country and reinforced capital repatriation and foreign investment, specially in government bonds and the stock market.

In May 1992 the Mexican government announced repurchase of US\$ 7 billion of old debt. This will save Mexico US\$ 400 million annually in interest payments.

New public debt for 1992 will be US\$ 2 billion coming from World Bank loans and one-year extension of agreement with International Monetary Fund.

C. PRODUCTION AND EMPLOYMENT.

In the first quarter of 1992 GDP growth was 4.2 %, in line with official estimate of 4% growth in GDP for 1992. GDP growth was stronger than expected in 1991 reaching 3.6%.

Employment grew only by 0.3% in 1990. Industrial income was up 2.9% as an average in real terms. Such performance was a direct result of an increase in white-collar salaries and benefits, of 7.1 and 3.1% respectively, since real wages decreased 0.5 per cent in real terms during the year.

Minimum wages decreased 9.1% cent in real terms in 1990 over the average of 1989. In 1991 loss in minimum wages was 6% but other wages gained 4% in real terms.

Employment, specially in manufacturing, was not very dynamic and in fact decreased 1.5% overall in manufacturing and maquiladora industries throughout 1991.