

maquiladora, industrial regulations have been made more flexible.

17. DYNAMICS OF THE MEXICAN MARKET

Although per capita income is still low, compared to the United States or Canada, it has increased in the last years and domestic demand for a number of products has improved. Automobile sales, for example, increased around 40 percent annually between 1988 and 1991, although in 1992 growth slowed to 10 percent. Sales of a wide range of consumer goods also increased nearly 20 percent annually in real terms between 1990 and 1992. The opening of the economy has made a larger variety of products available to Mexican consumers as imports increased more than 25 percent in recent years.

The Mexican government estimates that imports will increase by 11 percent in 1993, but the private sector estimates this figure could be larger. In fact, because the Mexican trade deficit almost doubled in 1992 compared to 1991, the authorities decided to decelerate economic growth in the short-term and to increase peso-dollar devaluation to help curb imports and support exports. In the first half of 1993, the government measures had the desired impact of diminishing the trade deficit.

Table 1: Domestic Economy

	1990	1991	1992
Population, year-end, millions	81.1	82.8	84.5
Population growth rate, annual %	2.1	2.1	2.1
GDP, current U.S.\$ billions	234.4	280.3	320.4
GDP, per capita, current U.S.\$	2,874	3,307	3,792
Real GDP growth, annual % change	4.4	3.6	2.6
Real GDP per capita growth, annual % change	2.3	1.5	0.5
Consumer price index, annual % change	29.9	18.8	11.9
Money supply growth, annual % change	60.3	122.2	17.3

Table 2: Production and Employment

	1990	1991	1992
Labour force, year-end, millions	26.2	26.6	26.2
Open unemployment, % of work force	2.8	3.0	2.9
Industrial production, annual % change	5.4	3.1	2.8
Fixed investment, % of GDP	18.7	20.5	21.7
Government balance, % of GDP	-3.5	-1.5	0.4

Table 3: External Accounts (U.S.\$)

	1990	1991	1992
Total income (goods & services)	45.0	42.7	60.8
Total expenditures (goods & services)	50.3	70.9	83.6
Current account balance	-7.1	-13.3	-22.8
Exports	26.8	27.1	27.5
Imports	31.4	38.2	48.2
Trade balance	-4.6	-11.1	-20.6
In-bond income (<i>maquiladoras</i>)	3.6	4.1	4.8
Border transactions, income	1.9	1.9	2.1
Border transactions, expenditures	3.4	3.6	4.0
Border transactions, balance	-1.5	-1.7	-1.9
Tourist income	3.4	3.5	3.8
Mexican tourism abroad	1.9	2.2	2.1
Tourism net balance	1.5	1.3	1.7
Total foreign investment at year-end ¹	30.3	33.9	37.5
Foreign direct investment flows ²	2.6	4.8	5.4
Foreign portfolio flows			
(Mexican stock market)	2.0	7.5	13.5
Capital account	8.8	20.2	26.0
Errors and omissions	-0.4	-1.1	-2.0
Change in foreign reserves	3.4	7.2	1.1
Foreign exchange reserves	10.3	17.5	18.5
Foreign debt	101.7	103.8	98.9
Average debt/total income of goods & services	2.5	1.8	1.6
Average debt/GDP	0.43	0.36	0.31
Interest/total income of goods & services	0.20	0.18	0.13
Average exchange rate (pesos per U.S.\$)	2,838	3,105	3,179

1. Figures from SECOFI, Mexican Ministry of Trade and Industrial Promotion.

2. Figures from Banxico, Mexico's central bank.

Table 4: Canada-Mexico Trade
(Cdn\$ millions)

	1990	1991	1992
Mexican exports to Canada	1,730	2,574	2,751
Canadian exports to Mexico	594	525	771
Trade balance	-1,136	-2,049	-1,980
Canadian share of Mexican exports (%)	0.7	0.4	0.3
Canadian share of Mexican imports (%)	2.0	2.0	2.2

Source: Canadian figures