

Economic and agricultural policy developments in Mexico

With an annual population growth rate of over 2%, the population of Mexico is expected to reach 105 million by the year 2000. However, Mexico's economic growth has not kept pace with its demographic trends. Hence, the need for economic policies that will ensure economic prosperity to this growing population.

Country General Information

1988 basis	Population Million	GNP/capita US \$	GNP/capita 80-88 growth
Canada	26.1	16,760	2.3%
U.S.A.	245.9	19,790	2.1%
Mexico	83.5	1,820	-1.4%
Total	355.5		

The economic strategy pursued by the Mexican government included various measures designed to moderate inflation and stabilize the economy; many sectoral reform programs were set out in support of an opening of trade and softening of foreign investment restrictions.

Hence, under certain conditions, restrictions have been removed on foreign investments of less than US \$100 million in most industrial sectors. 100% foreign ownership is now allowed in different sectors like mining, auto parts manufacturing as well as the agri-food sector. Many privatization operations have also been conducted; about 650 state-owned firms have been dismantled, consolidated or sold.

A major economic reform has been Mexico's accession to the General Agreement on Tariffs and Trade in 1986. Consequently, Mexico has greatly modified its import regulations and has significantly reduced barriers to trade. Mexico implemented a much more open trade regime by reducing tariffs significantly, harmonizing the tariff structure, abolishing official prices and removing most import licensing requirements.