

recuperation with an estimated GDP growth of 2.5 percent to 3 percent. Mexico proposes to do this by establishing the conditions necessary to encourage national and foreign investment and by promoting increased efficiency and competitiveness. The country also hopes to encourage social development and to improve the living standards of the poorest segment of society through direct government action.

Domestic economic activity recovered for the third consecutive year in 1989, after the 1986 recession, with a GDP growth rate of 3.3 percent. In 1990, GDP grew 4.4 percent, another 3.6 percent in 1991 and 2.6 percent in 1992 to reach U.S.\$287.6 billion. In 1992, per capita GDP was estimated at \$3,465. Manufacturing output grew by 5.8 percent in 1990, 3.7 percent in 1991 and 2.3 percent in 1992, in real terms. Private investment and consumption expanded 13.6 percent and 5.2 percent in 1990 and 1991 respectively. Public investment was up 12.8 percent. During the 1992-1994 period, GDP is expected to maintain an average annual growth rate of 4 percent to 5 percent. Preliminary figures place GDP growth at 2.7 percent for 1992, pointing towards a reduction in response to the need for inflation control and the reduced economic activity worldwide.

In an effort to revitalize and open the Mexican economy, the Mexican government undertook a series of structural changes. These included the accession to the General Agreement on Tariffs and Trade (GATT) on August 24, 1986, leading to an extensive trade liberalization process. Import permits were eliminated on all but 325 of the total 11,950 tariff items listed on the Harmonized System adopted in 1989. Official import prices and the 5 percent export development tax are no longer applicable and import duties were lowered from a maximum of 100 percent in 1982 to 20 percent in January 1988. The weighted average tariff rate now is 10.4 percent. The automotive and computer industries also have been liberalized through the elimination of prior import permits. The approval of the North American Free Trade Agreement (NAFTA) will further strengthen trade between Canada, the United States and Mexico.

According to official data from the Mexican Secretariat of Commerce and Industrial Development (SECOFI), Mexico's trade balance dropped again in 1992 to a U.S.\$19.8 billion deficit from U.S.\$11.1 billion in 1991, when it had already increased by 145.6 percent. Exports increased by

3.8 percent in 1992, from U.S.\$27.1 billion to U.S.\$28.1 billion, and imports grew 25.6 percent, from U.S.\$38.2 billion to U.S.\$48 billion in 1992, having already increased 22.8 percent in 1991. January-March data for 1993 place total exports at U.S.\$7.4 billion and imports at U.S.\$12.9 billion. This reflects a 10.3 percent and 18.3 percent growth rate over the same period of the previous year.

### 3. PULP AND SECONDARY FIBRES

#### 3.1 Apparent Consumption

The Mexican market for pulp totalled U.S.\$735.2 million in 1988. In 1989, it fell by 5.5 percent, with the overall decrease in domestic demand for pulp for the manufacture of paper in favour of secondary fibres. This was coupled with an overall contraction in both domestic and world demand. The market slightly increased in 1990 by 1.2 percent but it decreased by 10.4 percent in 1991. Preliminary figures for 1992 point towards a slight recovery of the market to U.S.\$647.3 million. By 1995, the total market is expected to reach U.S.\$760 million, after an average annual growth of 5.5 percent.

**Table 1: MEXICAN MARKET FOR PULP**  
(U.S.\$ millions)

	1988	1989	1990	1991	1992e	1995p
Production	500.1	495.1	479.9	441.6	436.7	517.3
+ Imports	258.8	229.4	228.9	192.0	213.7	244.5
- Exports	23.7	29.9	5.2	3.3	3.1	1.8
	<b>735.2</b>	<b>694.6</b>	<b>703.6</b>	<b>630.3</b>	<b>647.3</b>	<b>760.0</b>

e = estimate based on January-June data, p = projected

Source : *Secretaría de Comercio y Fomento Industrial (SECOFI) and the Statistical Memoir of the National Chamber for the Pulp and Paper Industries (CNICP).*

Note: The table includes only definitive imports. Temporary imports, used mainly in the Mexican in-bond industry, are excluded because production data do not include maquiladora operations. Total temporary imports of pulp were valued at 11,400 tons in 1988, increased to 35,214 tons in 1989, but fell to only 802 tons in 1991.