

## COUNTRY INFORMATION

### POLITICAL CLIMATE

During the administration of President Carlos Salinas de Gortari, Mexico has earned respect around the world for sweeping reforms to Mexican society. In less than three years, the Mexican government stabilized the economy and restored vigorous growth while privatizing and deregulating many Mexican industries, including transportation. The result has been lower costs within the economy, increased efficiency, and the launching of an aggressive entrepreneurial spirit among Mexican businessmen. Mexican authorities have withdrawn from many sectors of the economy, such as airlines, steel, secondary petrochemicals, automobiles, pharmaceuticals, textiles, cement, electronic appliances and services (tourism, banking and communications), to let market forces prevail.

Mexico is quickly moving toward becoming a developed nation by exhibiting stability, both within government and society as a whole. Exporters considering the Mexican market can expect a reasonably secure government structure, with somewhat less political risk than has been experienced heretofore. Business and government in Mexico have cultivated a working relationship based on cooperation, which has led to reasonable dialogue during policy development. Trade regulations are being restructured in keeping with the Uruguay Round of Multilateral Trade Negotiations, under the auspices of the General Agreement on Tariff and Trade (GATT) and the North American Free Trade agreement (NAFTA). With free trade leading the way to sustained economic growth, Mexico is becoming an inviting and profitable place to conduct business.

### ECONOMIC CLIMATE

Today's Mexico is experiencing a dynamic transformation unsurpassed even in a world of dramatic political and economic change. In the last few years, the country has actively pursued a program of modernization, incorporating new technological advances into all sectors of the economy while improving the quality of life for its people. Mexico's Gross Domestic Product (GDP) of US\$280.3 billion in 1991, places the country among the world's top 15 economies. Real growth has risen from a negative number in the mid-1980's to 3.6% for 1991. In the next three years the country hopes to attain an annual 5% increase in the GDP. Through close public/private sector cooperation, Mexico's inflation has been reduced from 160% in 1988 to approximately 19% in 1991. After decades of protectionism, the Mexican economy is now one of the most open in the world.

Economic indicators in the Mexican economy have shown impressive growth rates over the last few years as the country displays structural elements typical of developed industrialized economies. Since 1988, Mexico has experienced a dramatic structural transformation based on the far-reaching economic reforms aspired to by President Carlos Salinas de Gortari. The reform agenda was based on an agenda encompassing eight fundamental components: 1) liberalization of trading relationships; 2) deregulation and simplification of economic regulations; 3) reduction in the rate of inflation; 4) privatization of state-owned industries; 5) renegotiation of the foreign debt; 6) liberalization of foreign investment regulations; 7) reduction in government deficits; and, 8) the articulation of a National Development Plan (*Plan Nacional de Desarrollo*).