

of Urban Development and Ecology and the US Environmental Protection Agency (EPA). The first stage of the Border Plan, as it is known, extends through the 1992-94 period. It covers water supply and waste water treatment, solid waste treatment, highways and bridges, the supply of

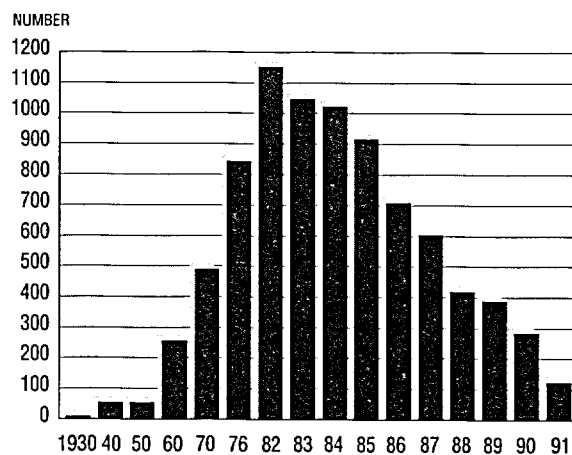
utilities to housing areas along the border, and the doubling of SEDUE's border area inspectorate to 200. The Mexican government has committed \$US460 million to the Border Plan for the three-year period starting with 1992.

## Privatization

The Mexican government has radically changed the role of the state in the economy. By December of 1991, there were only 125 enterprises still owned by the state. This represented a striking reduction when compared with the 1,155 enterprises owned by the government at the end of 1982 (see Figure 1.12). The government intends to retain sole control over only a small number of enterprises that it considers of critical strategic significance to the economy. These enterprises include the following:

- PEMEX (*Petróleos Mexicanos*) — the state-owned oil and gas enterprise
- CFE (*Comisión Federal de Eletricidad*) — the federal electricity commission
- *Ferrocarriles Nacionales de México* — the national railroad commission
- CONASUPO (*Compañía Nacional de Subsistencias Populares*) — the state-run system of agricultural marketing boards

Figure 1.12  
Government-owned Companies in Mexico



Source: Banco Nacional de México.

Between January 1989 and December 1991, 165 state-owned companies were sold for a total of \$US14 billion.

Recent legislation permitted the sale of commercial banks to private owners. The banks were nationalized in 1982 by president Lopez Portillo. Of the 18 commercial banks previously held by the government, 12 were sold between June 1991 and April 1992, fetching a total of \$US10.4 billion (see Figure 1.13). The remainder have since been privatized.

Figure 1.13  
The First 12 State-Owned Mexican Banks To Be Privatized

Banks	Price \$US m	Times Book Value	Buyer
Banamex	3,235	2.62	Accival
Bancomer	3,300	2.99	Vamsa
Bancreser	141	2.53	Alcantara
Banpais	182	3.02	Mexival
Banco Serfin	918	2.69	OBSA
Banco de Oriente	74	4.00	Margen
BCH	284	2.10	Cabal
Confia	297	3.73	Abaco
Comermex	877	3.73	Inverlat
Cremiti	249	3.40	Multivalores
Mercantil	204	2.66	Probusas
Somex	616	3.38	Invermexico
<b>Total</b>	<b>10,377</b>		

As an integral part of the privatization drive, Mexican authorities have also adopted measures intended to stimulate competition among banks, and between banks and other financial intermediaries:

- Controls have been abolished on interest rates and maturities for all traditional banking instruments.
- The reserve requirement system for traditional banking instruments has been replaced by liquidity ratios similar to those applicable to bank acceptances. This has provided increased credit capacity to the private sector.

Another area in which privatization has made significant gains is the airline industry. Aeromexico and Mexicana, the