

doc  
CA1  
EA  
92M22  
ENG

## Mexico Economic Review



Canada

External Affairs and  
International Trade Canada

# TABLE OF CONTENT

## DOCUMENT A

### NARRATIVE: MEXICAN ECONOMY

- A. Economic Policy
- B. External Debt
- C. Production and Employment
- D. Public Finances and Fiscal Policy
- E. Inflation
- F. Wages
- G. Monetary and Financial Policies
- H. Financial Markets
- I. Exchange rate
- J. Balance of Payments
- K. Parastatal Sector
- L. Foreign Investment
- M. Petroleum Sector
- N. Trade Liberalization
- O. Agricultural Sector
- P. Deregulation of Industry
- Q. Dynamics of the Mexican Market

### ECONOMIC OUTLOOK

### STATISTICAL OVERVIEW OF THE MEXICAN ECONOMY 1989-90-91

## DOCUMENT B

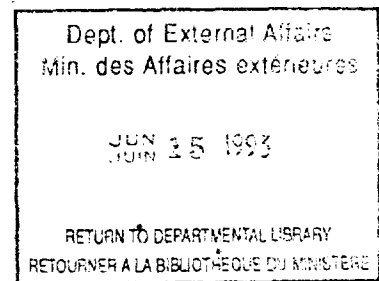
### MEXICO MAIN ECONOMIC INDICATORS

#### INTRODUCTION

#### Table I - MEXICO'S TRADE

- Exports
- Imports
- Mexico trade balance with the USA
- Trade balance
- Composition of imports
- Trade balance by sector for period Jan.-Nov.90
- Terms of trade price index
- Value of imports subject to permits
- Tariff structure

*Graphics:* Mexico imports  
 Mexico exports  
 Mexico: trade balance  
 Mexico: forecast of imports



Revised: June 30, 1992

43-265-190

## Table II - CANADA-MEXICO TRADE

- Canada-Mexico exports/imports statistics
- Top ten commodities (exports/imports)
- Canada-Mexico trade balance 1980-91

*Graphics:* Canada trade with Mexico  
Canada trade balance with Mexico

## Table III - INVESTMENT

- Percentage of growth/previous period
- New direct foreign investment
- Foreign investment in Mexico by countries
- Foreign investment in Mexico % of participation by countries
- Foreign investment by sector in 1990

*Graphics:* Accumulated foreign investment  
New direct foreign investment 1981-91  
Composition of total investment ((portfolio/direct)  
Forecast of foreign investment

## Table IV - GROSS DOMESTIC PRODUCT

- GDP 1991
- Composition of GDP
- GDP growth by sector
- GDP growth by sector and by quarter in 1991
- Manufacturing sector growth in 1990
- GDP growth in first semester of 1991

*Graphics:* Gross domestic product (% by sector)  
Per capita GDP 1982-91  
GDP (growth rate 1980-91)  
Forecast GDP 1988-96

## Table V - INFLATION

- Inflation for period 1990-91
- Growth percentage in 1990

*Graphics:* Annual inflation rate 1980-91  
Inflation 1988-91 (monthly rates)  
Forecast of inflation 1988-96

## Table VI - MONETARY AND FINANCIAL INDICATORS

- Money supply

*Graphics:* Interest rates 1980-90  
International reserves 1981-91  
Real exchange rate index 1970-91  
Forecast of monetary reserves 1988-96

## Table VII - PUBLIC FINANCE

- Mexico state enterprises
- Balance as percentage of GDP
- Public expenditure by sector
- Public sector domestic debt

*Graphics:* Primary surplus (% of GDP) 1982-91  
Financial deficit (% of GDP) 1981-91  
Money supply (growth rate) 1982-91  
Net domestic debt (% of GDP) 1982-91  
Forecast of primary superavit 1988-96

Forecast of financial balance 1988-96

**Table VIII - EXTERNAL DEBT**

- Debt payments as of September 1991
- Debt payments as of September 1990
- Total external debt (% of GDP)
- Estimates and projections
- Another classification of Mexico's external debt

*Graphics:* Total external debt (% of GDP) 1982-91

**Table IX - BALANCE OF PAYMENTS**

- Current account
- Capital account

*Graphics:* Current account 1982-94  
Current account deficit 1988-96

**Table X - STOCK MARKET**

- Foreign investment in Mexico stock market
- Composition of investment

*Graphics:* Mexican stock market 1981-92 (June)

**Table XI - WAGES**

- Maquiladora average earnings
- Unskilled workers
- Blue collar
- White collar
- Evolution of minimum wages 1980-91

*Graphics:* North American industrial wages

**Table XII - ENERGY**

*Graphics:* Mexico's oil reserves 1980-91  
Crude oil production 1980-91  
Crude oil production (annual changes)  
Oil export prices 1981-91

(revised: June 30, 1992)  
G:TABCONTM

Canadian Embassy



Ambassade du Canada

***REVIEW OF  
MEXICAN ECONOMY***

**(SYNOPSIS)**

***ECONOMIC AND TRADE POLICY SECTION***

***JUNE 1992***

## TABLE OF CONTENT

A.	Economic Policy
B.	External Debt
C.	Production and Employment
D.	Public Finances and Fiscal Policy
E.	Inflation
F.	Wages
G.	Monetary and Financial Policies
H.	Financial Markets
I.	Exchange rate
J.	Balance of Payments
K.	Parastatal Sector
L.	Foreign Investment
M.	Petroleum Sector
N.	Trade Liberalization
O.	Agricultural Sector
P.	Deregulation of Industry
Q.	Dynamics of the Mexican Market

**ECONOMIC OUTLOOK**

**STATISTICAL OVERVIEW OF THE MEXICAN ECONOMY 1989-90-91**



## MEXICAN ECONOMY

### SYNOPSIS

(June 1992)

#### A. ECONOMIC POLICY.

Over the past four years Mexican economic policy has featured a tough anti-inflation programme involving government, labour and business in an Economic Pact that has combined traditional austerity measures (tight fiscal policy) and unorthodox measures (wage, price and exchange rate controls).

The pact has been successful in reducing hyperinflation and it was renewed on November 10th, 1991, and extended to January 1993. One important economic goal for 1992 is to bring down inflation to less than 10%. In 1991, consumer inflation reached 18.8%.

However, the Mexican government is taking supplementary measures since it desires to bring down the inflation rate substantially while maintaining at the same time 3.8% real economic growth achieved in first three years of current Administration. Hence, the government reduced five percentage points the Value Added Tax and has been enforcing price controls and price reduction agreements with the private sector in many goods and services; it has encouraged a decline in interest rates and the peso-US dollar slippage was cutback to 20 centavos per day as of November of 1991 (which means devaluation of just 2.4% annually).

This strategy implies costly deficit in the current account of the Mexican balance of payments of US\$ 13.3 billion in 1991 and probably more in 1992. In 1991 capital inflows more than covered deficit and increased monetary reserves to a record high of US\$ 17,547 million. Challenge for 1992 is to keep sufficient flows of foreign capitals to end year without significant loss of reserves, only way to avoid need to adjust exchange rate parity in the future.

Economic goals in 1992 are to sustain economic recuperation and strengthen improvement of standards of living for the poorest segments of society (Government's Solidarity Programme).

#### B. EXTERNAL DEBT.

In 1990 the Mexican Government signed an agreement for debt reduction and for new money

from commercial banks. The direct results produced during 1990 from the Financial Package 1989-1992 were:

- a reduction of US\$ 7,190 million of the public external debt;
- new financing for US\$ 598 million;
- a reduction of US\$ 481 million in interest payments of discount bonds and US\$ 469 million in face value bonds from March to December 1990;
- given the agreement's retroactiveness to July 1989, Mexican Government received a refund equivalent to US\$ 1,128 million, as a result of interest it had paid from July 1989 to March 1990;
- principal payments for US\$ 2,545 million did not have to be disbursed in 1991 thanks to the debt agreement;
- new public external debt were US\$ 2.6 billion in 1991 and US\$ 2 billion in 1992;
- foreign debt payments: Projections of the Institute of International Finances estimate that Mexico paid US\$ 13 billion for its external debt service in 1991, around US\$ five billion for principal and US\$ 8 billions in interest payments. Although this ratio is down from 40% still represents 30% of Mexico's foreign exchange income from goods and services. The negotiation brought back confidence in the country and reinforced capital repatriation and foreign investment, specially in government bonds and the stock market.

In May 1992 the Mexican government announced repurchase of US\$ 7 billion of old debt. This will save Mexico US\$ 400 million annually in interest payments.

New public debt for 1992 will be US\$ 2 billion coming from World Bank loans and one-year extension of agreement with International Monetary Fund.

### C. PRODUCTION AND EMPLOYMENT.

In the first quarter of 1992 GDP growth was 4.2 %, in line with official estimate of 4% growth in GDP for 1992. GDP growth was stronger than expected in 1991 reaching 3.6%.

Employment grew only by 0.3% in 1990. Industrial income was up 2.9% as an average in real terms. Such performance was a direct result of an increase in white-collar salaries and benefits, of 7.1 and 3.1% respectively, since real wages decreased 0.5 per cent in real terms during the year.

Minimum wages decreased 9.1% cent in real terms in 1990 over the average of 1989. In 1991 loss in minimum wages was 6% but other wages gained 4% in real terms.

Employment, specially in manufacturing, was not very dynamic and in fact decreased 1.5% overall in manufacturing and maquiladora industries throughout 1991.



#### **D. PUBLIC FINANCES AND FISCAL POLICY.**

In 1990 Mexican public finances were favoured by a higher level of economic activity, oil prices above those targeted in the budget and by the positive impact of the external debt renegotiation. In addition to the one time effect of the foreign debt reduction on public accounts and the abatement of its interest payments, the Mexican government's domestic debt service benefited from the improvement of expectations and the decline of interest rates that followed debt agreement. Fiscal discipline continued throughout 1991. Thus, the financial deficit came down from 5.5% of GDP in 1989 to 3.5% in 1990. In 1991 it was only 1.5% and registered a 1.9% superavit considering the extraordinary income from the sale of public enterprises, mainly the Telephone Company and half the national banks. For 1992, the Mexican government estimates a financial surplus of 0.8% of GDP, as domestic interest rates will continue declining. If all variables perform according to the budget, this financial surplus could be as high as 3.1% of GDP considering sales of remaining national banks and state enterprises to be sold.

The average price of oil exported in 1990 was US\$ 19.12 per barrel, whereas the Mexican government had programmed US\$ 13 as an average for the budget, which helped public finances specially in the second semester. In 1991, government estimated US\$ 17 per barrel exported but actual average price was down to 14.9 dollars. For 1992, the government is taking US\$ 14 per barrel exported as estimate for budgeting purposes. In the first quarter of 1992 export prices for Mexican oil were below estimate but situation reversed in second quarter with prices above US\$ 16 per barrel.

#### **E. INFLATION.**

In 1990, inflation was 29.9%, ten points above 1989 inflation rate. In 1991, it was 18.8%. For 1992 official target is 9.7% annual inflation, but private estimates go from 11% being extremely optimistic to 15% in the pessimistic side and over 20% in worst-case scenario. In January of this year consumer prices increased by 1.8%, 1.2% in February, 1.0 % in March, 0.9 % in April and 0.7% in May for an accumulated of 5.7 % in the first five months of the current year.

#### **F. WAGES.**

The minimum wage increased 18% in 1990 but in real terms it was down 9.1% (because the increase was not given until November). In 1991, the government advanced another minimum wage increase of 12% effective as of November 11th, upon pact agreement renewal. Loss in minimum wages was six percent but five per cent reduction of VAT lessened loss in purchasing power. In fact, other wages gained 4 pc in real terms.

#### **G. MONETARY AND FINANCIAL POLICIES.**

After debt negotiation domestic interest rates (considering short term Treasury Bills) declined from an annual yield of 40.6% in January to 26% at the end of 1990. In 1991 interest rates went down another nine percentage points. The growth rates of the major monetary aggregates increased in 1990 twice as much as inflation in the case of traditional M1 (Bills and Coins, plus Check Accounts) and high growth in money supply continued in 1991 due to capital inflows, high growth of credit and of the

Mexican economy. In 1992 money supply growth rates began to decline despite continued foreign capital inflows due to government's policy to sterilize money inflows.

In early May 1990 President Salinas announced reprivatization of national commercial banks. After almost two years of announcement 16 of the 18 Mexican banks have returned to the private sector. Sale process will be completed throughout 1992. Recently, Mexican Congress approved monetary reform that will begin in 1993 with new peso equivalent to 1000 current pesos thereby eliminating three zeros from system to simplify operations. Throughout 1993 amounts will be expressed both with old and new pesos but starting 1994 only new pesos will be in use.

#### **H. FINANCIAL MARKETS.**

Government borrowing has decreased in real terms during 1990 and 1991, due to the reduction in the public deficit that followed debt renegotiation. The private sector, on the other hand, received 29% more credit in real terms last year than in 1990. Real commercial bank credit to the private sector is estimated to grow 20% in 1992. During 1990, the stock market index grew 50% and 128% in 1991. Boom continued with 32 pc gain in first quarter in 1992 but lost steam in second quarter dropping 11%, mainly due to speculation regarding the fate and timing of the North American Free Trade Negotiations.

#### **I. EXCHANGE RATE.**

The peso-US dollar slippage was of 40 centavos daily up to November 10th of 1991, as the government committed itself to continue this policy through December 31, 1991. Upon pact renewal, a cutback to 20 centavos daily was agreed for the following fifteen months, until the 31st of January of 1993. Although this daily slippage has allowed for some appreciation of the peso in 1991 and in 1992, monetary authorities consider that this will help reduce impact of imported inflation in domestic prices and is made possible because significant amounts of foreign investment have been flowing into the country, specially in financial investment and through the stock market. Exchange controls were eliminated at the end of 1991.

#### **J. BALANCE OF PAYMENTS.**

In 1990 the current account deficit was US\$ 5.3 billion and was US\$ 13,283 million in 1991. Government moderate projection for 1992 is of US\$ 13 billion but other estimates go from 15 to 20 billion dollars.

Gross international reserves stood at US\$ 17,547 billion at the end of 1991, up from US\$ 6.9 billion at the end of 1989. There have been substantial inflows of foreign capital into Mexico during the current Administration, which have not only sustained the high deficit in current account but allowed drastic increase of monetary reserves.

#### **K. PARASTATAL SECTOR.**

The Mexican government has continued to streamline the parastatal sector by liquidating,

merging, transferring and selling companies and reducing subsidies. Of 1,155 parastatals companies in existence in 1983, three-quarters have been divested, leaving only 132 in existence in 1991. 137 were sold in 1991 and this year 3 remaining national banks and the state steel industry complex will be sold, leaving very few state companies at the end of 1992, most of them service institutions and a few but important government firms in fields such as oil and petrochemicals, electricity and railways. But even in these sectors, private and even foreign investment is partially allowed.

The Mexican government has already privatized airlines, the telephone company and portions of Conasupo, in the food sector. Up for bids in 1991 were commercial banks, 16 of which have already returned to the private sector and two of the largest ones, Banamex and Bancomer, accounting for half the Mexican banking system, were sold. Financial authorities have announced the rest will be sold during 1992. The government has also completed privatization of the state steel complex and publicized its intention to privatize government-owned mining companies such as Cananea, a big copper firm. Also announced that will be privatized some television government channels and newspaper El Nacional as well as movie houses that are state-owned.

Last april Bombardier Inc. of Montreal purchased CONCARILL (Constructora Nacional de Carros de Ferrocarril) which was Mexico's leading manufacturer of railway rolling stock.

#### **L. FOREIGN INVESTMENT.**

Foreign direct investment flows in the balance of payments totalled US\$ 2.6 billion in 1990, down 13.3% from the previous year. However in 1991 direct foreign investment flow increased by US\$ 4.8 billion. Foreign inflows to the Mexican stock market in 1990 were US\$ 2 billion, four times the amount that was invested in 1989. This trend intensified in 1991 when they increased US\$ 7.5 billion.

It is estimated that about 60% of the foreign investment go into portfolio investment, which could be quite volatile.

At the end of 1991, accumulated direct foreign investment in Mexico amounted to about \$US 33.9 billion.

As of December 1991, total Canadian investment in Mexico amounted to \$US 491 million, which represents 1.4% of total foreign investment in Mexico. 201 Canadian companies have investment in Mexico (59 have a majority participation and 142 have a minority participation). Canadian investment in Mexico experienced dynamic growth the last few years. For example, in 1991, Canada invested \$US 74 million in Mexico, which represents a 17.7% increase over 1990. This increase is considerably higher than the rate of growth of foreign investment by many other countries.

#### **M. PETROLEUM SECTOR.**

During 1990 Mexico's crude oil exports averaged 1.263 million barrels daily, at a price of US\$ 19.12 per barrel. The lowest price was of US\$ 10.94 per barrel in June 1990 and the highest was US\$ 29.12 in September 1990, after the Persian Gulf crisis. Thus the Mexican government received 47% more oil income than programmed.

For the 1991 budget the Mexican authorities considered a US\$ 17 per barrel and, although actual price was close to US\$ 15, the Administration hedged some oil operations at a US\$ 17 per barrel, from April to September. In this way, the government's income was not hurt very much by the decline in world oil prices that followed the drench of world oil reserves into the market at the outbreak of the war in the Middle East. Also, extra exports of 83,000 bpd produced US\$ 7396 million in oil income as Mexico increased daily oil exports to 1.360 barrels in 1991. For 1992, it expects to export 1.385 bpd at \$US 14 per barrel. Average prices of oil exports in first semester of 1992 have been around that estimate.

#### **N. TRADE LIBERALIZATION.**

Since 1985, Mexico's trade regime has been liberalized by the gradual elimination of official reference prices, reducing prior import permits (now practically eliminated except in a few agricultural products) and cutting maximum tariff rates from 50 to less than 20%. The weighted average trade tariff in Mexico is now less than 10%. The value of import permits is down from one hundred per cent in 1983 to less than 13% in 1991.

Mexico, the United States and Canada started in June 1991 negotiations to establish a Free Trade Agreement in North America.

Trade balance deficit of over US\$ 11 billion was registered for 1991, as imports increased 23% but total exports only 1%, because of oil exports which dropped 19%, although non-oil exports increased at a good rate, 6.5% from year to year.

Mexico is Canada's most important trading partner in Latin America. Trade between the two countries was worth Cdn\$ 3 billion in 1991, and has grown significantly since the mid-1980s.

Exports from Canada to Mexico have declined by about 20% in 1991 and amounted to Cdn\$ 440 million. Reduced purchases by Mexican clients of agricultural and industrial commodities have resulted from accumulated stocks from previous imports, improved domestic production and, in certain cases, increased competition from other foreign suppliers. Sales of value-added manufactured products, however, have increased during the same period, particularly in sectors such as telecommunications, industrial machinery and plastics.

In turn, Mexico is an important supplier to Canadian market with sales, according to Canadian statistics, of more than Cdn\$ 2.6 billion in 1991. Under Canada's General Preferential Tariff Scheme, Mexican manufacturers are important suppliers of automotive parts and engines. More than 80% of Canadian imports from Mexico are already on a duty free basis. \$351 million entered free under the Most Favoured Nation status, and a further \$587 million were free under the Autopact in 1990. In some respects, therefore, Canadian consumers already enjoy access to Mexican supply and Mexican components are already being assembled by our automotive industry.

#### **O. AGRICULTURAL SECTOR.**

After two bad years, agricultural production in 1990 increased by 5.1%. Nevertheless imports of agricultural products increased sharply, mainly powder milk, corn, sorghum, beans, meats, livestock,

wheat and soya oil. In the first semester of 1991, agriculture registered a 6.8% dynamic growth and as a consequence of this authorities announced food imports would decrease, especially in corn. In November of 1991, the Mexican government took a crucial decision and sent Congress a New Agricultural Law initiative to reform the sector and allow more participation of private investment. This law has been approved and new regulation was issued allowing foreign investment participation.

#### **P. DEREGULATION OF INDUSTRY.**

Foreign investment regulations have been liberalized, allowing foreign majority participation in most economic activities. Rules for the transfer of technology from abroad have been simplified and liberalized and a new law for the protection of Intellectual Property Rights was approved by the Mexican Congress. Deregulation in trucking has eliminated monopolistic structures in road transportation, lowering the costs for users. Petrochemicals have been reclassified, opening new opportunities to private domestic and foreign investors. Regulations in the automotive industry have been revamped to encourage the globalization of the industry. In-bond, or "maquiladora", industrial regulations have been made more flexible. Customs requirements have also been simplified.

#### **Q. DYNAMICS OF THE MEXICAN MARKET.**

Although per capita income is still low compared to the USA 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% annually since 1988. Sales of a wide range of consumer goods also increased nearly 20% annually in real terms during the last three years. The opening of the economy has made a larger variety of products available to Mexican consumers, as merchandise imports increased 29.8% in 1990 and 23% in 1991. Government estimates growth in goods imports of 11% in 1992 but due to opening and expected growth of the economy this figure could be larger.

## ECONOMIC OUTLOOK

The present Administration has continued to carry on structural change, in the form of trade liberalization and the opening of the Mexican economy, that started in 1985. The country's short-term economic outlook improved with renegotiation of the external debt. For the long term Mexico is becoming attractive in many fields for private national and foreign investors, since the present government has intensified privatization and reform of the financial system and other areas and has started deregulation of industry and opening of foreign investment regulations while increasingly permitting some kind of participation of the private sector in practically all areas of the economy. The Mexican market is increasingly dynamic and has shown real consecutive growth in the last five years.

In response to the economy's need for modernization, present Mexican economic policy is designed to stimulate growth by encouraging private sector investment and positioning Mexico as a productive and highly competitive member of the international economic community. Accordingly, a wide range of policy changes have been implemented in the last years to enhance the competitiveness of the Mexican economy and these would eventually be intensified with the signing of the trilateral free trade agreement with the USA and Canada.

In the past years the Mexican government has reduced the deficit in public finances and set the foundation to restore macroeconomic stability. At the same time, it has helped the private sector revitalize and increase microeconomic efficiency through the opening of the economy.

Positive results have already been observed in the dramatic export growth of non-oil manufactures and in increased confidence on the part of domestic and foreign investors and traders. Mexico's economy is rapidly becoming more market-oriented and is preparing to participate competitively in the globalization of the world economy.

To restore economic stability is of the utmost importance for Mexico's future development as the recent encouraging outlook for the country rests on economic and political stability. The challenge for the future is manifold and will be specifically targeted on reducing or eliminating a series of obstacles that continue to hinder the attainment of complete economic stability.

The main hurdles will be, on the one hand, to increase noninflationary investment financing, and on the other, to promote efficiency in the productive structure so that the investments made will actually translate into high economic real growth rates. To achieve this, Mexico will have to rely on sustained economic stability, increased domestic savings, a stronger domestic market as wages recover, reduced foreign debt servicing, more foreign investment inflows, higher export levels and the ongoing repatriation of capitals to the country.

These obstacles and challenges are linked to the need to recover real growth after a decade of stagnation and deterioration of the country's infrastructure. Because of this there is urgency to renovate and generate new infrastructure and to expand the industrial plant capacity. This is absolutely necessary for the progression of the closed economy of the past to the new open economy based on growth of non-oil exports. What Mexico is aiming for in the future is to cope with the competition and take advantage of the opportunities that a free trade agreement could bring, thus increasing both the efficiency in the economy and the welfare of its growing population.

In the following years, the gradual overcoming of these impediments will require intense efforts and capital, both domestic and from abroad. This situation will provide opportunities for increased trade and investment with Mexico's partners which will ease the consolidation of the new productive model Mexico needs to face the challenge of the global economy.

---

# SYNOPSIS

## DOMESTIC ECONOMY

	1989	1990	1991
Population (year end millions)	79.5	81.1	82.8
Population growth rate (annual % )	2.1	2.1	2.1
GDP (current \$US billions)	201.4	234.4	280.3
GDP per capita (current \$US ) [Calculated with free exchange rate]	2480.0	2874.0	3307.0
Real GDP growth (annual % change)	3.1	4.4	3.6
Real GDP per capita (annual % change)	1.0	2.3	1.5
Consumer price index (annual % change)	19.7	29.9	18.8
Money supply (M1) growth (annual % change)	37.7	60.3	122.2
M1 BIS (New broad measure that includes master accounts but eliminates double accounting)	33.0	33.5	40.3

## PRODUCTION AND EMPLOYMENT

Labour force (year end millions)	25.6	26.2	26.6
Open unemployment (% of workforce)	4.0	2.8	3.0
Real industrial production (annual % change)	5.3	5.4	3.1
Gross fixed investment (% of GDP)	17.5	18.7	20.5
Government financial deficit (% of GDP)	5.5	3.5	1.5

## EXTERNAL ACCOUNTS

(\$US Billion)

	1989	1990	1991
Total income (goods and services)	38.1	45.0	45.7
Total expenditure (goods and services)	44.1	52.1	59.7
Current account balance	-6.0	-7.1	-13.3
Exports (FOB)	22.8	26.8	27.1
Imports (FOB)	25.4	31.4	38.2
Trade balance	-2.6	-4.6	-11.1
Maquiladoras - income	3.0	3.6	4.1
Border transactions income	1.8	1.9	1.9
Border transactions expenditure	2.7	3.4	3.6
Border transactions balance	-0.9	-1.5	-1.7
Tourist income	3.0	3.4	3.5
Mexican tourism expenditure abroad	1.5	1.9	2.2
Tourism net balance	1.5	1.5	1.3
Total foreign investment (year end) [Figures from SECOFI]	26.6	30.3	33.9
Foreign direct investment [Figures from BANCO DE MEXICO]	3.0	2.6	4.8
Foreign portfolio (Mexican stock market)	0.5	2.0	7.5
Capital account	3.0	8.8	20.2
Errors and omissions	1.3	-0.4	-1.1
Change in foreign reserves	0.3	3.4	7.2
Foreign exchange reserves (December 31)	6.9	10.3	17.5
Foreign debt (end of period)	95.1	101.7	103.8
Average debt/total income of goods and services	2.6	2.5	2.3
Average debt/GDP	0.47	0.43	0.36
Interest/total income of goods and services	0.26	0.20	0.18
Average exchange rate (pesos per \$US)	2483.0	2838.0	3105.0



# MEXICO'S TRADE<sup>1</sup>

## EXPORTS

	1989		1990		Variation % 90/89
	\$US million	%	\$US million	%	
Total	22,764	100.0	26,779	100.0	18.0
1. USA	15,883	69.8	18,747	70.0	18.0
2. Spain	1,134	5.0	1,456	5.4	28.0
3. Japan	1,315	5.8	1,449	5.4	10.0
4. France	482	2.1	552	2.1	15.0
5. FRG	363	1.6	340	1.3	-6.0
6. Nthlds	152	0.07	335	1.3	120.0
7. CDA	278	1.2	230	0.9	-17.0
8. Belg.- Lux.	137	0.6	220	0.8	61.0

## IMPORTS

Total	23,410	100.0	29,775	100.0	27.0
1. USA	15,817	67.5	19,164	64.4	21.0
2. FRG	1,370	5.9	1,736	5.8	27.0
3. Japan	1,081	4.6	1,432	4.8	32.0
4. France	565	2.4	714	2.4	26.0
5. Spain	329	1.4	526	1.8	60.0
6. Italy	365	1.6	457	1.5	25.0
7. UK	326	1.4	495	1.7	52.0
8. CDA	421	1.8	459	1.5	9.0

<sup>1</sup> Source: INEGI (Mexican figures), except for Canada where figures from Statistics Canada are used.

## FOREIGN INVESTMENT IN MEXICO

(\$US Million)

	1990	1991	Increase	
			\$	%
Total	30,309	33,875	3,566	11.8
1. USA	19,080	20,465	2,385	12.5
2. Germany	1,956	2,040	84	4.3
3. U.K.	1,914	1,988	74	3.9
4. Japan	1,456	1,591	135	9.3
5. France	946	1,447	501	53.0
6. Switzer.	1,347	1,415	68	5.0
7. Spain	692	736	44	6.4
8. Canada	417	491	74	17.7
9. Sweden	350	364	74	4.0
Others	2,153	1,770		

## FOREIGN INVESTMENT % PARTICIPATION BY COUNTRY IN 1991

	ACCUMULATED INVESTMENT	NEW INVESTMENT
Total	100.0	100.0
1. USA	60.4	66.9
2. Germany	6.0	2.4
3. UK	5.9	2.0
4. Japan	4.7	3.8
5. France	4.3	14.0
6. Switzerland	4.2	1.9
7. Spain	2.2	1.2
8. Canada	1.4	2.1

**MEXICO**

**MAIN ECONOMIC INDICATORS**



**CANADIAN EMBASSY**  
**AMBASSADE DU CANADA**

**MEXICO**

# TABLE OF CONTENT

## INTRODUCTION

### Table I MEXICO'S TRADE

- Exports
- Imports
- Mexico trade balance with the USA
- Trade balance
- Composition of imports
- Trade balance by sector for period Jan.-Nov.90
- Terms of trade price index
- Value of imports subject to permits
- Tariff structure

*Graphics:* Mexico imports  
Mexico exports  
Mexico: trade balance  
Mexico: forecast of imports

### Table II CANADA-MEXICO TRADE

- Canada-Mexico exports/imports statistics
- Top ten commodities (exports/imports)
- Canada-Mexico trade balance 1980-91

*Graphics:* Canada trade with Mexico  
Canada trade balance with Mexico

### Table III INVESTMENT

- Percentage of growth/previous period
- New direct foreign investment
- Foreign investment in Mexico by countries
- Foreign investment in Mexico % of participation by countries
- Foreign investment by sector in 1990

*Graphics:* Accumulated foreign investment  
New direct foreign investment 1981-91  
Composition of total investment ((portfolio/direct)  
Forecast of foreign investment

### Table IV GROSS DOMESTIC PRODUCT

- GDP 1991
- Composition of GDP
- GDP growth by sector
- GDP growth by sector and by quarter in 1991
- Manufacturing sector growth in 1990
- GDP growth in first semester of 1991

*Graphics:* Gross domestic product (% by sector)  
Per capita GDP 1982-91  
GDP (growth rate 1980-91)  
Forecast GDP 1988-96

Revised: June 30, 1992.

**Table V            INFLATION**

- Inflation for period 1990-91
- Growth percentage in 1990

*Graphics:*        Annual inflation rate 1980-91  
                  Inflation 1988-91 (monthly rates)  
                  Forecast of inflation 1988-96

**Table VI           MONETARY AND FINANCIAL INDICATORS**

- Money supply

*Graphics:*        Interest rates 1980-90  
                  International reserves 1981-91  
                  Real exchange rate index 1970-91  
                  Forecast of monetary reserves 1988-96

**Table VII          PUBLIC FINANCE**

- Mexico state enterprises
- Balance as percentage of GDP
- Public expenditure by sector
- Public sector domestic debt

*Graphics:*        Primary surplus (% of GDP) 1982-91  
                  Financial deficit (% of GDP) 1981-91  
                  Money supply (growth rate) 1982-91  
                  Net domestic debt (% of GDP) 1982-91  
                  Forecast of primary superavit 1988-96  
                  Forecast of financial balance 1988-96

**Table VIII        EXTERNAL DEBT**

- Debt payments as of September 1991
- Debt payments as of September 1990
- Total external debt (% of GDP)
- Estimates and projections
- Another classification of Mexico's external debt

*Graphics:*        Total external debt (% of GDP) 1982-91

**Table IX          BALANCE OF PAYMENTS**

- Current account
- Capital account

*Graphics:*        Current account 1982-94  
                  Current account deficit 1988-96

**Table X           STOCK MARKET**

- Foreign investment in Mexico stock market
- Composition of investment

*Graphics:*        Mexican stock market 1981-92 (June)

**Table XI      WAGES**

- Maquiladora average earnings
- Unskilled workers
- Blue collar
- White collar
- Evolution of minimum wages 1980-91

*Graphics:*      North American industrial wages

**Table XII      ENERGY**

*Graphics:*      Mexico's oil reserves 1980-91  
Crude oil production 1980-91  
Crude oil production (annual changes)  
Oil export prices 1981-91

(revised: June 30, 1992)

## INTRODUCTION

This document prepared by the Economic and Trade Policy Section of the Commercial Division constitutes a statistical compilation of Mexico's main economic indicators. For a more complete view of the economic situation in Mexico, this document should be read in conjunction with the narrative paper entitled Synopsis of Mexican Economy.

Mexico Main Economic Indicators will be updated on a regular basis. We would thus welcome any comments or suggestions.

\*\*\*\*\*

Form 675 G (9)  
PROCÉDE **Pissbox**® PROCESS  
MONTREAL - TORONTO



TABLE I

MEXICO'S TRADE<sup>1</sup>

EXPORTS

	1989		1990		Variation %
	\$US million	%	\$US million	%	90/89
Total	22,764	100.0	26,779	100.0	18.0
1.USA	15,883	69.8	18,747	70.0	18.0
2.Spain	1,134	5.0	1,456	5.4	28.0
3.Japan	1,315	5.8	1,449	5.4	10.0
4.France	482	2.1	552	2.1	15.0
5.FRG	363	1.6	340	1.3	-6.0
6.Nthlds	152	0.07	335	1.3	120.0
7.CDA	278	1.2	230	0.9	-17.0
8.Belg.- Lux.	137	0.6	220	0.8	61.0

IMPORTS

Total	23,410	100.0	29,775	100.0	27.0
1.USA	15,817	67.5	19,164	64.4	21.0
2.FRG	1,370	5.9	1,736	5.8	27.0
3.Japan	1,081	4.6	1,432	4.8	32.0
4.France	565	2.4	714	2.4	26.0
5.Spain	329	1.4	526	1.8	60.0
6.Italy	365	1.6	457	1.5	25.0
7.UK	326	1.4	495	1.7	52.0
8.CDA	421	1.8	459	1.5	9.0

<sup>1</sup> Source: INEGI (Mexican figures), except for Canada where figures from Statistics Canada are used.

TABLE I (continued 2/4)

MEXICO TRADE BALANCE WITH USA  
(\$US Million)

	Exports	Imports	Balance
1983	12,988	5,454	7,534
1984	14,134	7,416	6,718
1985	13,388	8,970	4,418
1986	10,675	7,426	3,249
1987	13,757	7,902	5,855
1988	13,626	12,617	1,009
1989	15,787	15,817	-30
1990	18,553	19,364	-811
1991	18,984	24,438	-5,454

TRADE BALANCE

	1990 (\$US million)	1991 (\$US Million)	% Growth
Trade deficit	-3,025	-11,064	---
Oil exports	10,104	8,166	-19.2
Crude	8,915	7,265	-18.6
Other	1,189	902	-23.8
Total Exports	26,773	27,120	1.1
Total Imports	29,799	38,184	22.1
Non-oil exports	16,676	18,954	13.3
Agricultural	2,165	2,372	9.7
Minerals	619	547	-11.4
Manufacturing	13,892	16,035	14.9
Manufacturing (Imports)	24,968	32,545	30.3
Industrial inputs	17,922	24,074	24.2
Capital goods	6,801	8,471	24.8
Consumption (imports)	5,052	5,640	10.6

**TABLE I (continued 3/4)****COMPOSITION OF IMPORTS**

Consumption:	14.8%
Industrial inputs:	63.0%
Capital goods:	22.2%
Total:	100.0%

**TRADE BALANCE BY SECTOR FOR PERIOD JANUARY-NOVEMBER 1991**

	Imports (\$US million)	Exports (\$US million)	Balance (\$US million)
Manufacturing	32,258	15,371	-16,887
Agriculture and forestry	1,575	1,719	194
Livestock and fishery	380	365	15
Oil and mining	30	6,479	6,718

**TERMS OF TRADE PRICE INDEX**

Year	Percentage Change
1982	-12.0
1983	-5.8
1984	-2.0
1985	-6.2
1986	-23.7
1987	-0.9
1988	-2.6
1989	-4.8
1990	-8.0
1991	-16.7

**TABLE I (continued 4/4)****VALUE OF IMPORTS SUBJECT TO PERMITS**

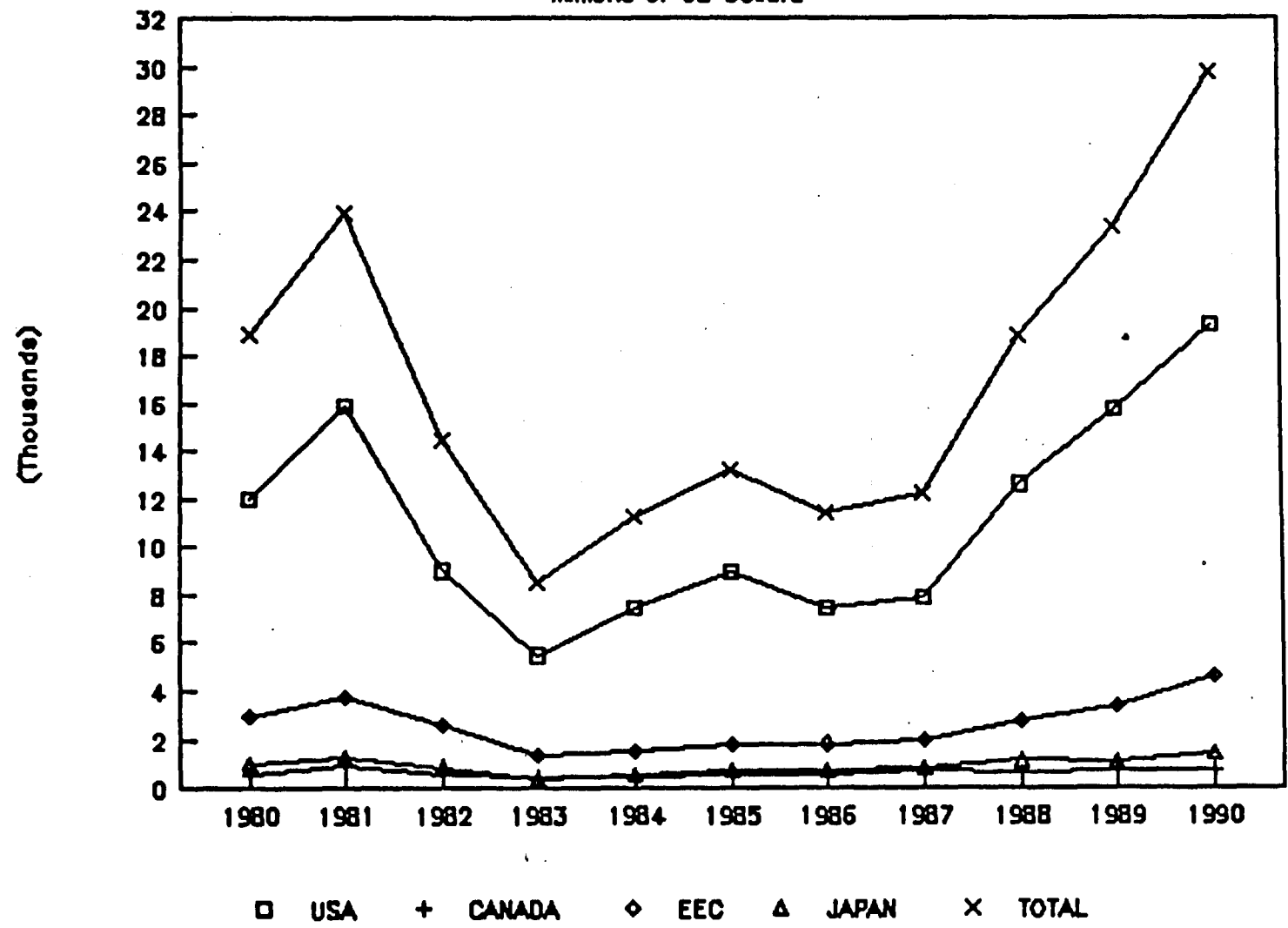
<b>Year</b>	<b>Percentage</b>
1983	100.0
1984	83.4
1985	35.1
1986	27.8
1987	26.8
1988	21.2
1989	18.4
1990	13.7
1991	13.1

**TARIFF STRUCTURE**

	<b>1982</b>	<b>1986</b>	<b>1989</b>	<b>1990</b>
Number of items	8,008	8,206	11,838	11,826
Average tariff (%)	27%	22.6%	13.1%	13.1%
Weighted average tariff (%)	16.4%	13.1%	9.5%	10.4%
Number of rates	16	11	5	---

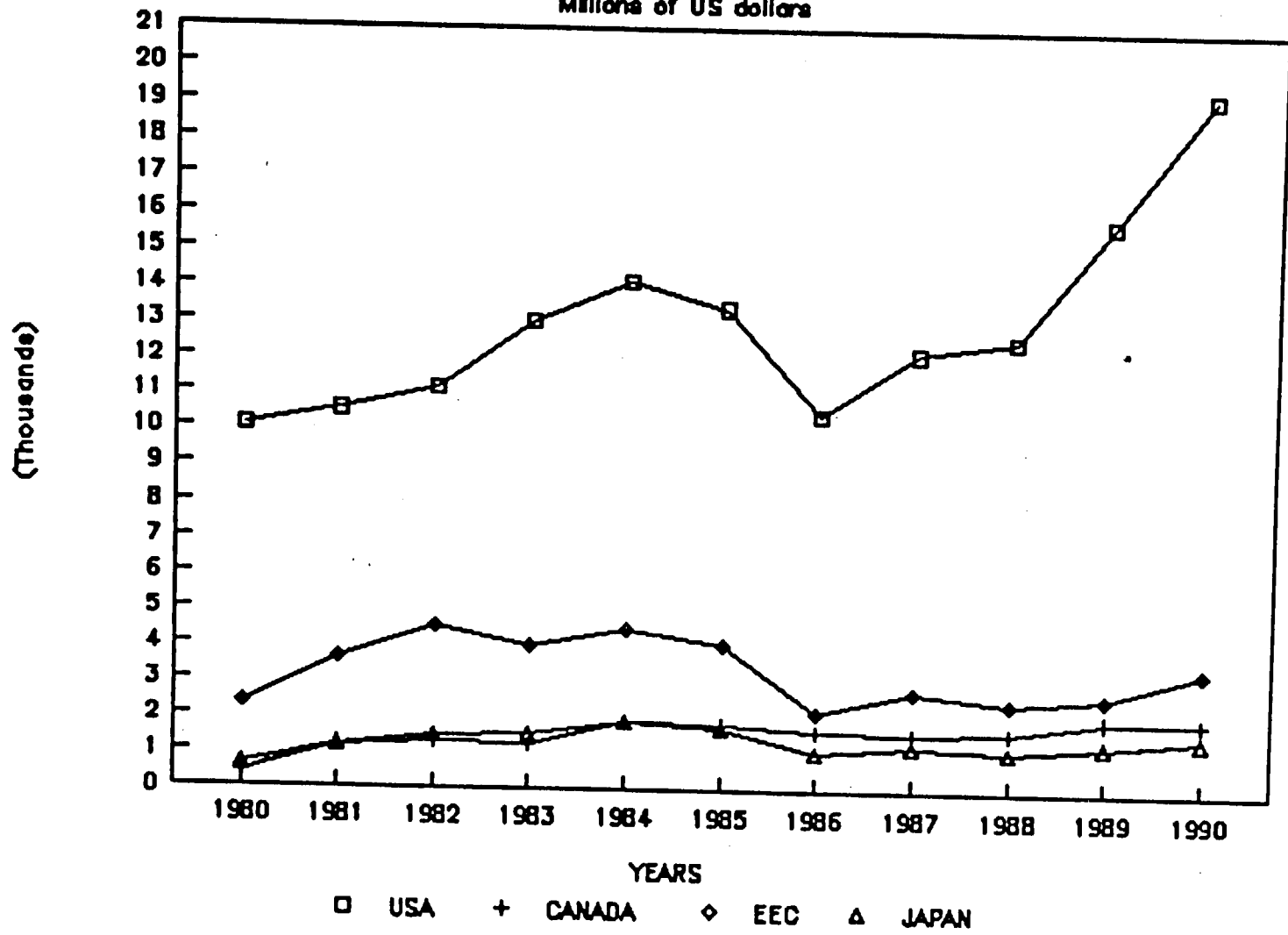
# MEXICO IMPORTS

Millions of US Dollars

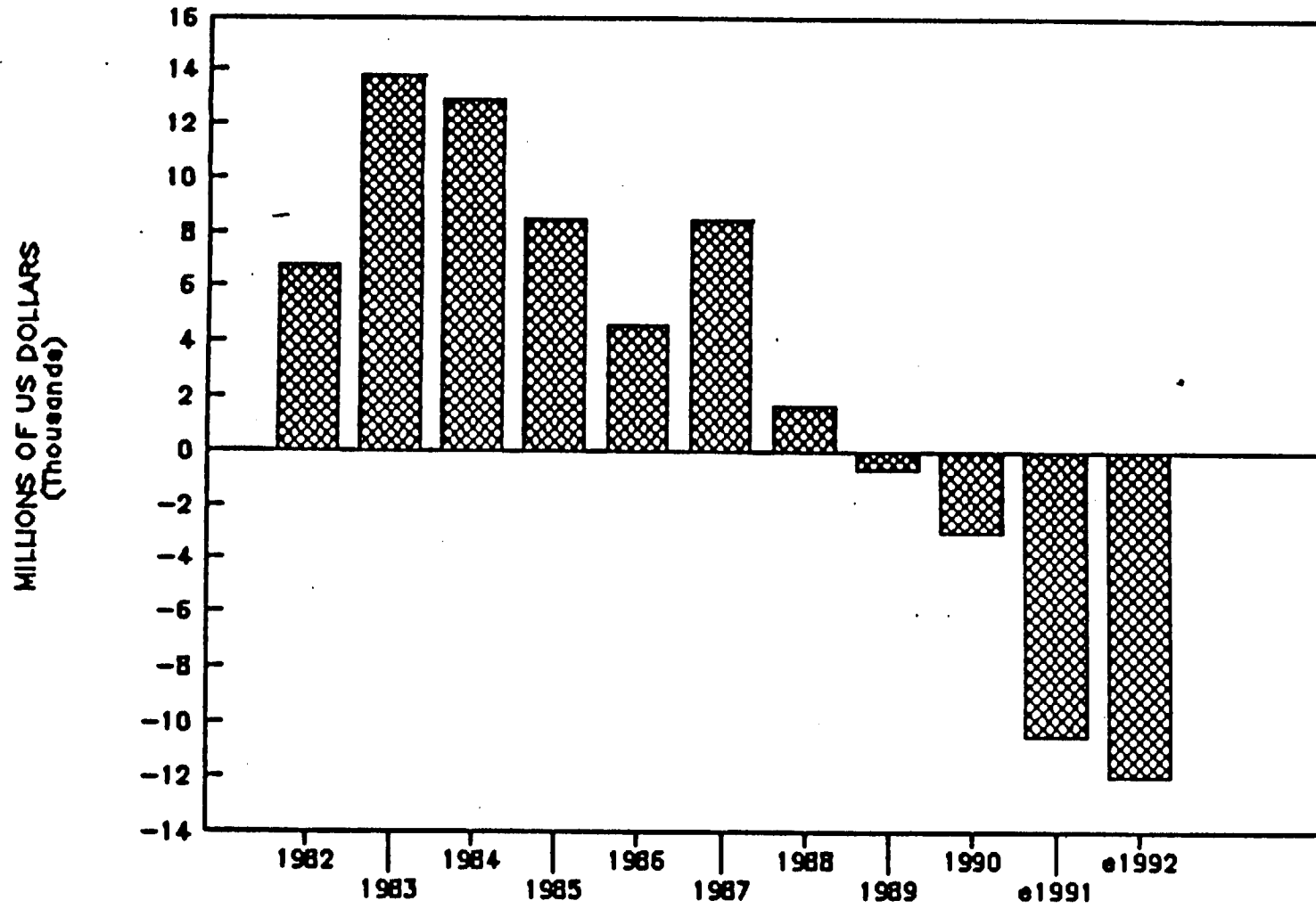


# MEXICO EXPORTS

Millions of US dollars

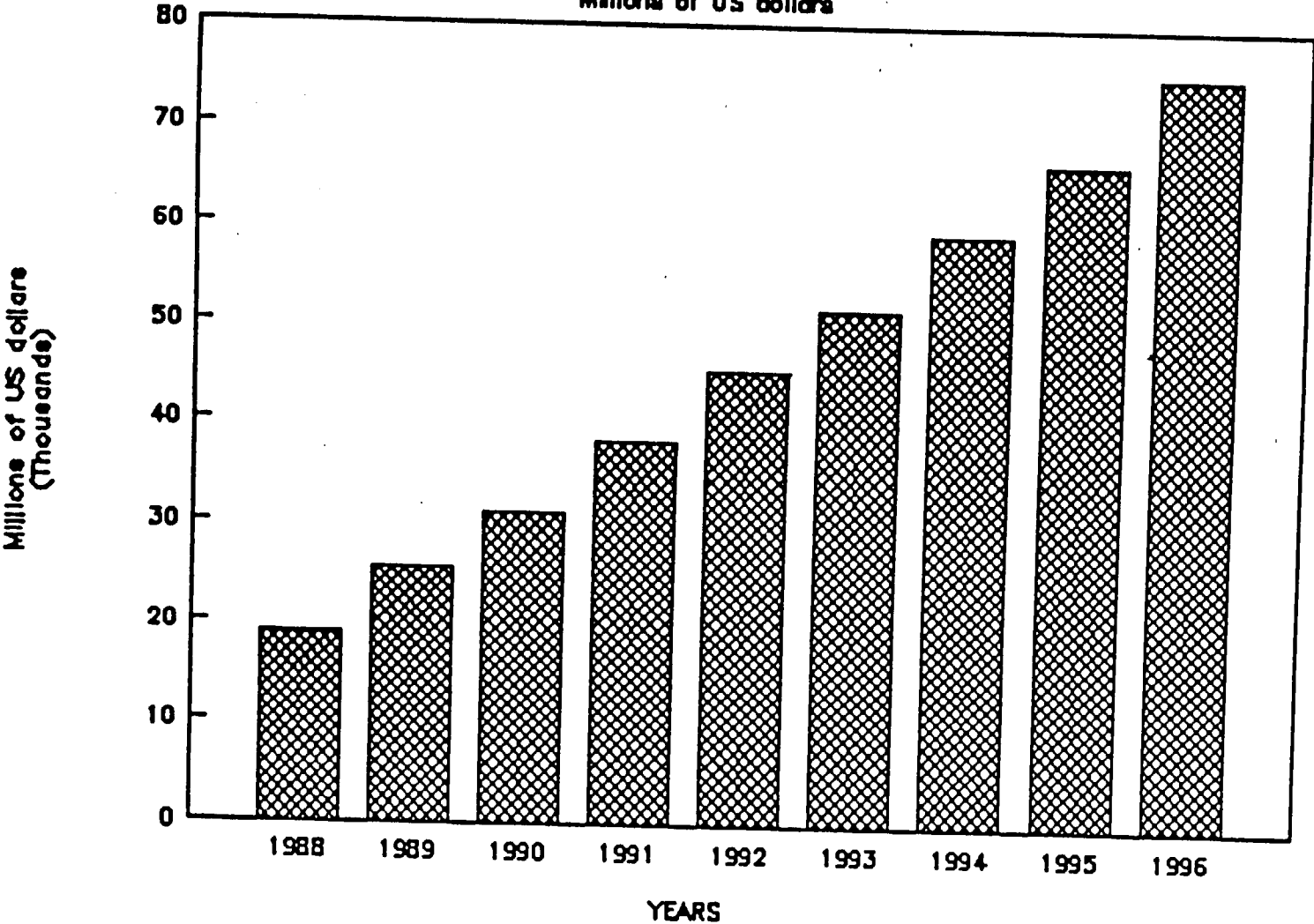


# MEXICO: TRADE BALANCE



# MEXICO: FORECAST OF IMPORTS

Millions of US dollars







**TABLE II**

**CANADA - MEXICO TRADE  
EXPORT/IMPORT STATISTICS<sup>4</sup>**

	<b>Total 1990 (\$CDN,000)</b>	<b>Total 1991 (\$CDN,000)</b>	<b>Growth</b>
Imports	1,729,848	2,573,972	48.8%
Exports	593,682	440,754	-25.8
Balance	-1,136,166	-2,133,218	---

**TOP TEN COMMODITIES**

(Jan - Dec 1991)

<b>Main Canadian Imports from Mexico</b>	<b>Total 1991 (\$CDN,000)</b>
1. Motor vehicles and parts	1,439,258
2. Engines and parts (incl.ignition sets)	339,989
3. Radio, Telephone, Audio, Equipment, and parts	143,225
4. Data processing machines and parts	127,166
5. Petroleum oil	97,606
6. Fruits, coffee and nuts	76,008
7. Air conditioners, fans, equipment and parts	58,334
8. Vegetables	48,546
9. Carpets, fabrics and yarn	30,077
10. Kitchen appliances (small)	23,317

<sup>4</sup> Source: Statistics Canada, Merchandise Trade Division

**TABLE II (continued 2/2)**

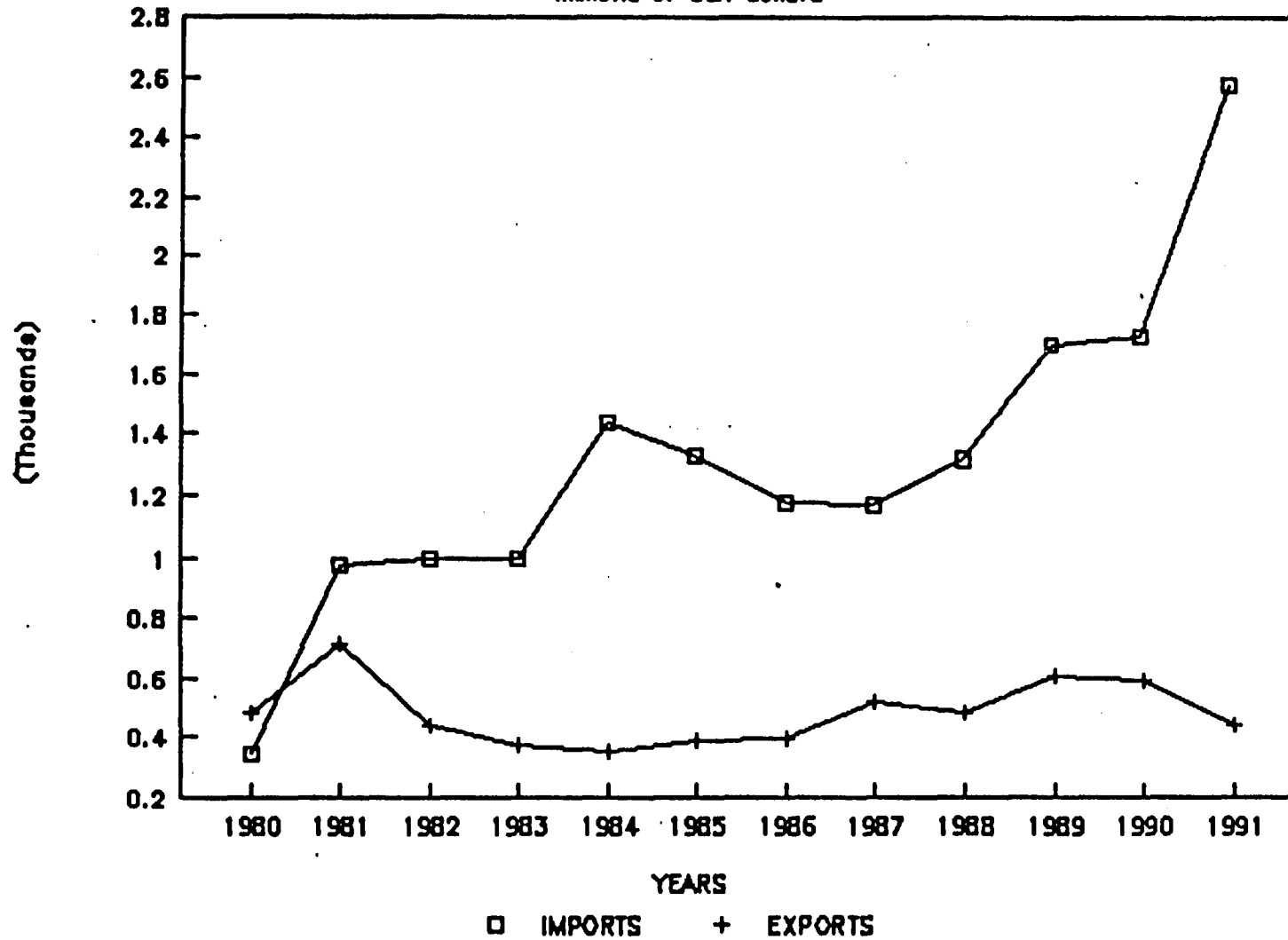
<b>Main Canadian Exports to Mexico</b>	<b>Total 1991 (\$CDN,000)</b>
1. Motor vehicle parts	81,972
2. Iron and steel products	43,009
3. Newsprint	34,489
4. Wheat	25,038
5. Telecoms, rel. equipment/parts	22,790
6. Sulphur	18,868
7. Aircraft and parts	18,450
8. Paper products	17,624
9. Petroleum oil	16,109
10. Asbestos	15,989

**CANADA - MEXICO TRADE BALANCE 1980-1991 (\$CDN,000)**

<b>Year</b>	<b>MEX Exports</b>	<b>CDN Exports</b>	<b>Balance</b>
1979	208	236	28
1980	345	483	138
1981	974	715	-259
1982	998	440	-558
1983	1,000	375	-625
1984	1,437	350	-1,087
1985	1,331	391	-940
1986	1,175	397	-778
1987	1,169	522	-647
1988	1,319	486	-833
1989	1,698	603	-1,095
1990	1,730	594	-1,136
1991	2,574	441	-2,133

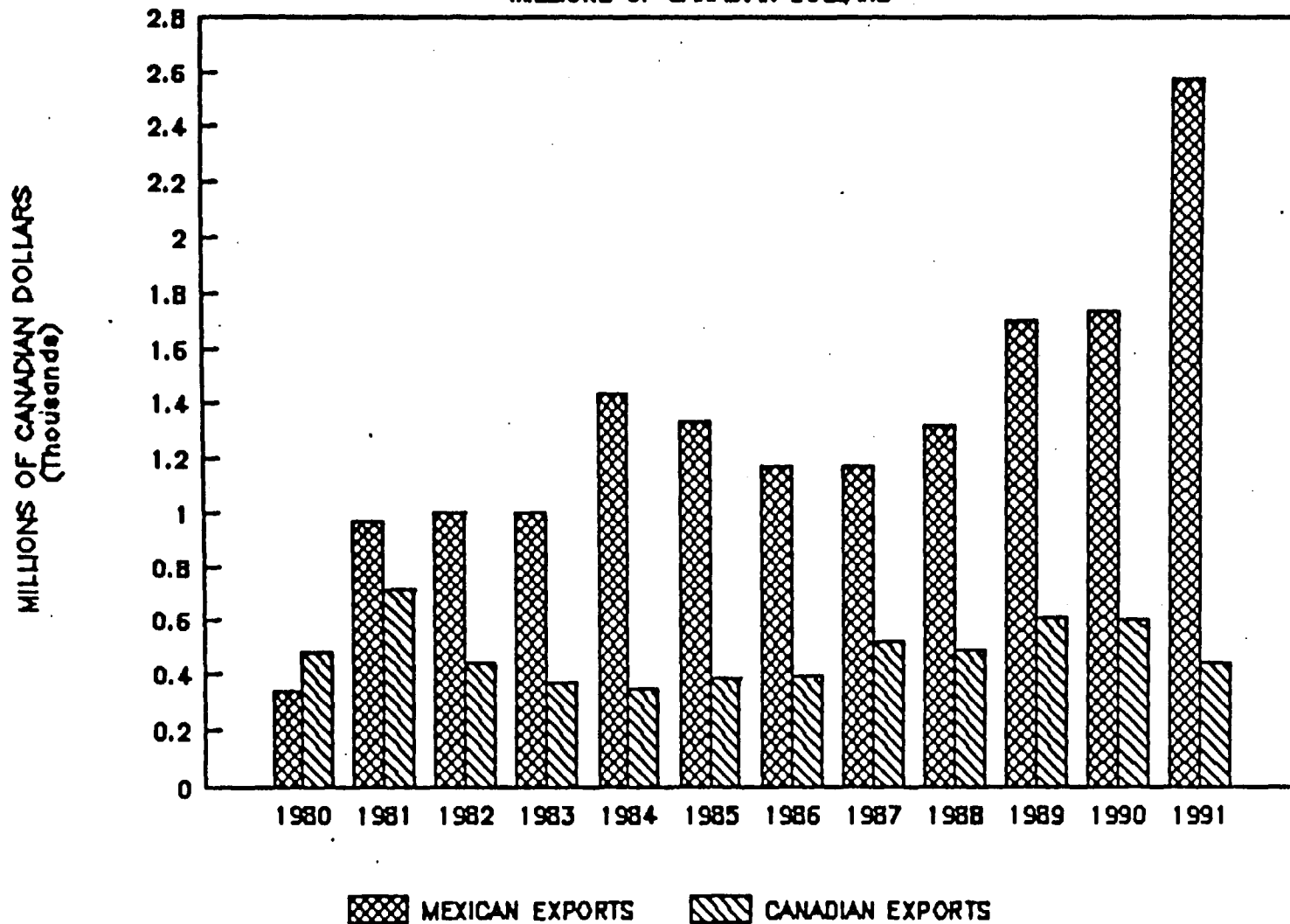
# CANADA: TRADE WITH MEXICO

Millions of Cdn dollars



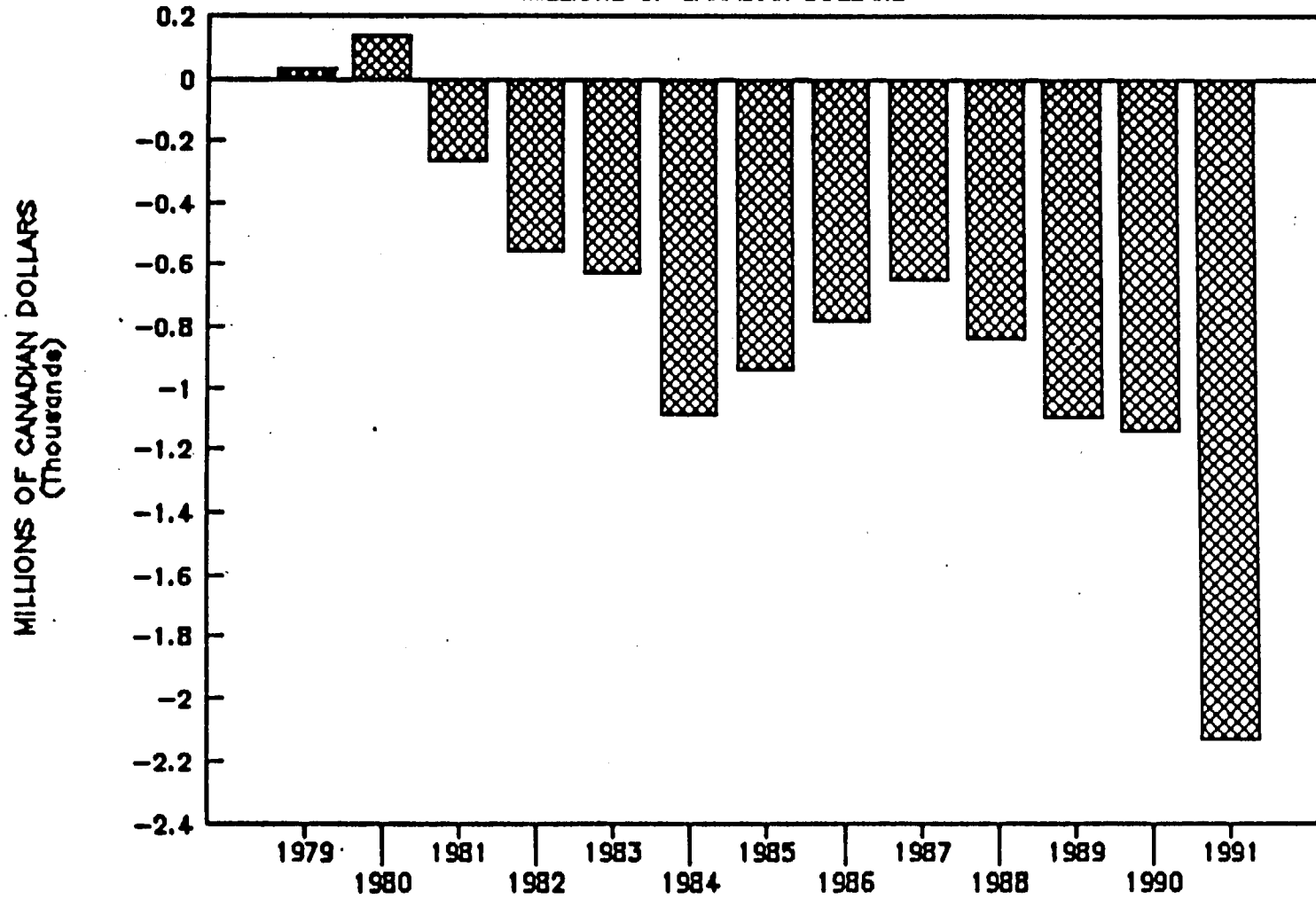
# CANADA-MEXICO TRADE

MILLIONS OF CANADIAN DOLLARS



# CANADA TRADE BALANCE WITH MEXICO

MILLIONS OF CANADIAN DOLLARS





**TABLE III**  
**INVESTMENT**

1991	% Growth/Previous Period
Fixed gross investment	8.5
Purchases of machinery and equipment	
Domestic	13.3
Imported	20.1

In 1991, government investment decreased 6.7% in real terms discounting inflation. Current expenditure increased by only 2.7%.

**NEW DIRECT FOREIGN INVESTMENT**  
(\$US Million)

		1991	1992
By quarter	I	1,858	1,300
	II	683	
	III	1,010	
	IV	1,211	

Source: BANXICO

**FOREIGN INVESTMENT IN MEXICO**  
(\$US Million)

	1990	1991(e)	INCREASE	INCREASE
			\$	%
<b>Total</b>	30,309	33,875	3,566	11.8
1. USA	19,080	21,465	2,385	12.5
2. Germany	1,956	2,040	84	4.3
3. UK	1,914	1,988	74	3.92.
4. Japan	1,456	1,591	135	9.3
5. France	946	1,447	501	53.0
6. Switzer	1,347	1,415	68	5.0
7. Spain	692	736	44	6.4
8. Canada	417	491	74	17.7
9. Sweden	350	364	14	4.0
Others	2,153	1,770	-383	-17.8

Source: SECOFI



TABLE III (continued 2/2)

**FOREIGN INVESTMENT  
% OF PARTICIPATION BY COUNTRY IN 1991**

	ACCUMULATED	NEW INVESTMENT
Total	100.0	100.0
1. USA	60.4	66.9
2. Germany	6.0	2.4
3. UK	5.9	2.0
4. Japan	4.7	3.8
5. France	4.3	14.0
6. Switzerland	4.2	1.9
7. Spain	2.2	1.2
8. Canada	1.4	2.1
Others	9.9	5.3

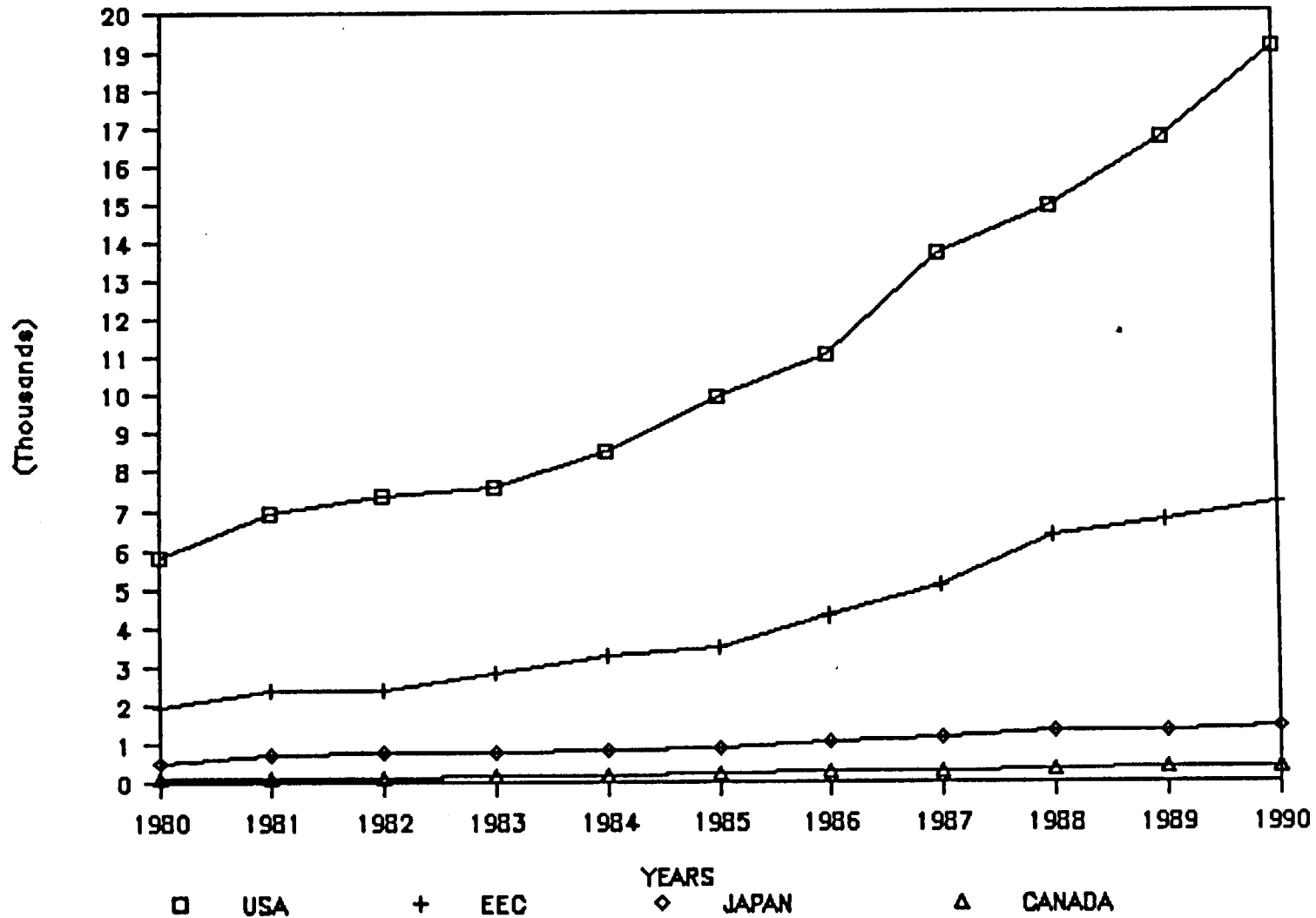
**FOREIGN INVESTMENT BY SECTOR IN 1991  
(\$ US Million)**

	ACCUMULATED		NEW INVESTMENT	
	\$	Share (%)	\$	Share (%)
Total	33,875.0	100.0	3,566.0	100.0
Industry	19,574.4	58.6	963.4	27.0
Services	10,919.8	39.2	2,137.8	59.9
Commerce	2,447.3	7.2	387.3	10.9
Extract.	515.0	1.5	31.0	0.9
Agro/Fish	135.0	0.5	45.0	1.3

Source: SECOFI

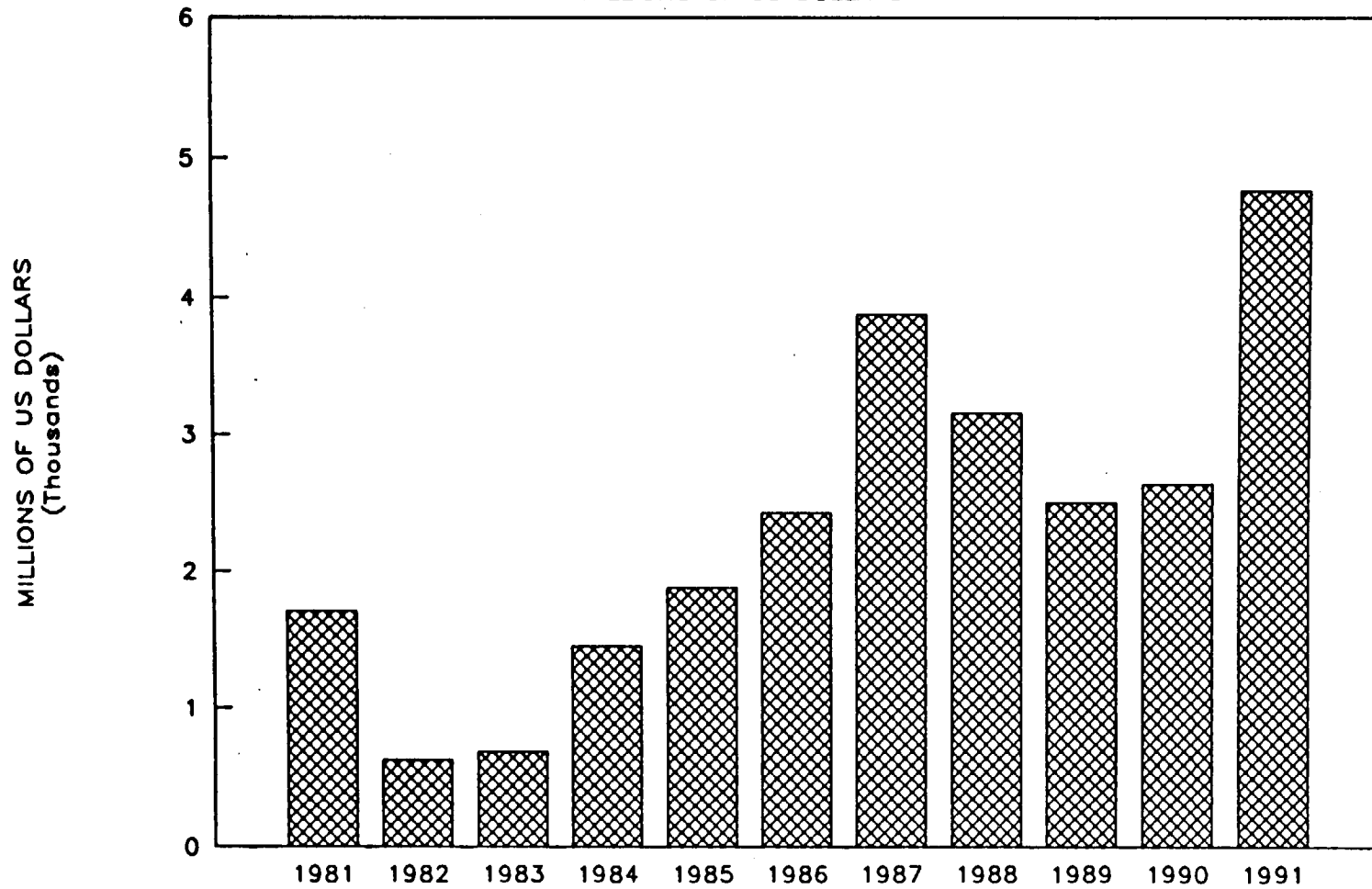
# ACCUM. FOREIGN INVESTMENT IN MEXICO

MILLS OF US DLLS BALANCE AT YEAR-END



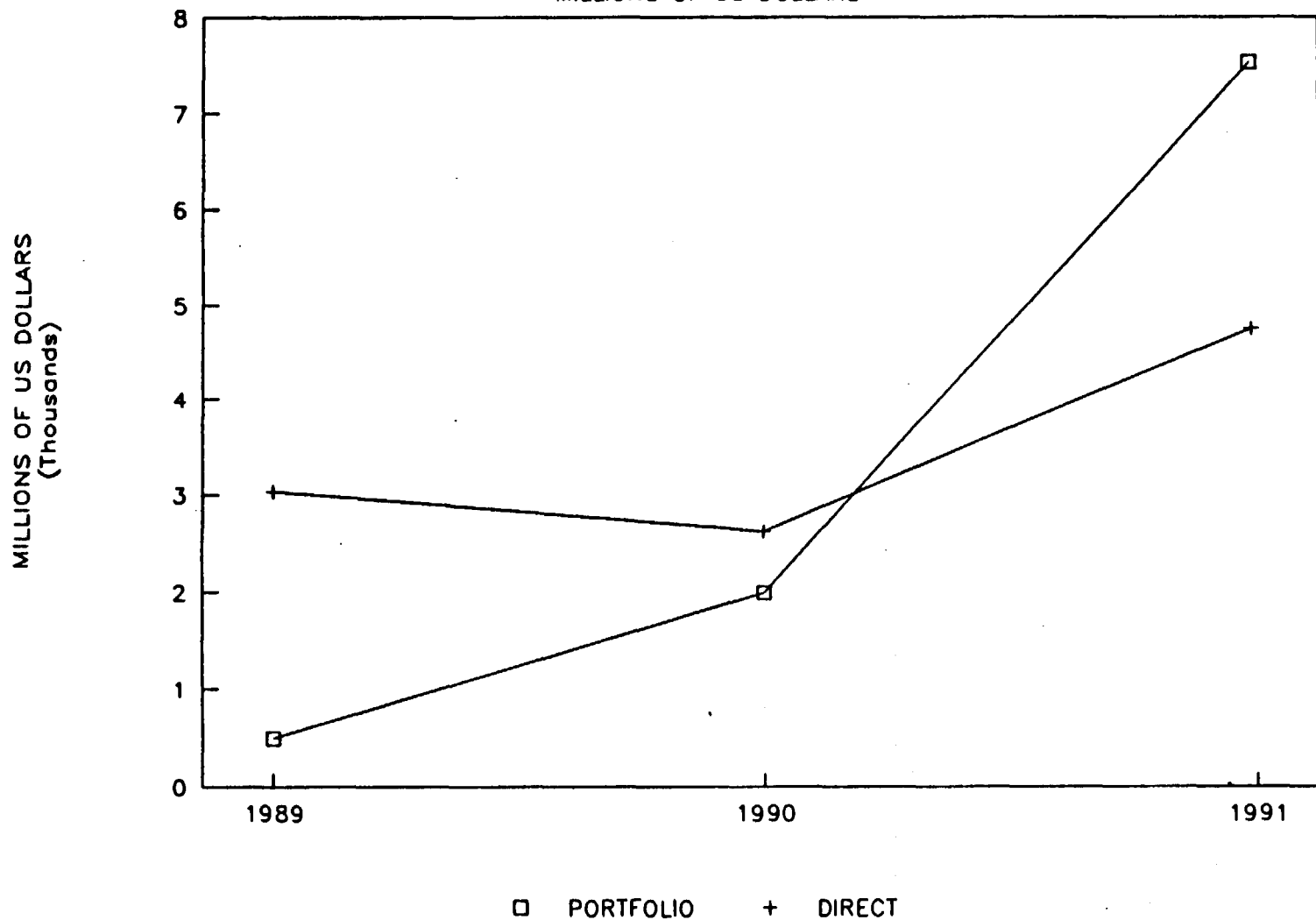
# MEXICO: NEW DIRECT FOREIGN INVESTMENT

MILLIONS OF US DOLLARS



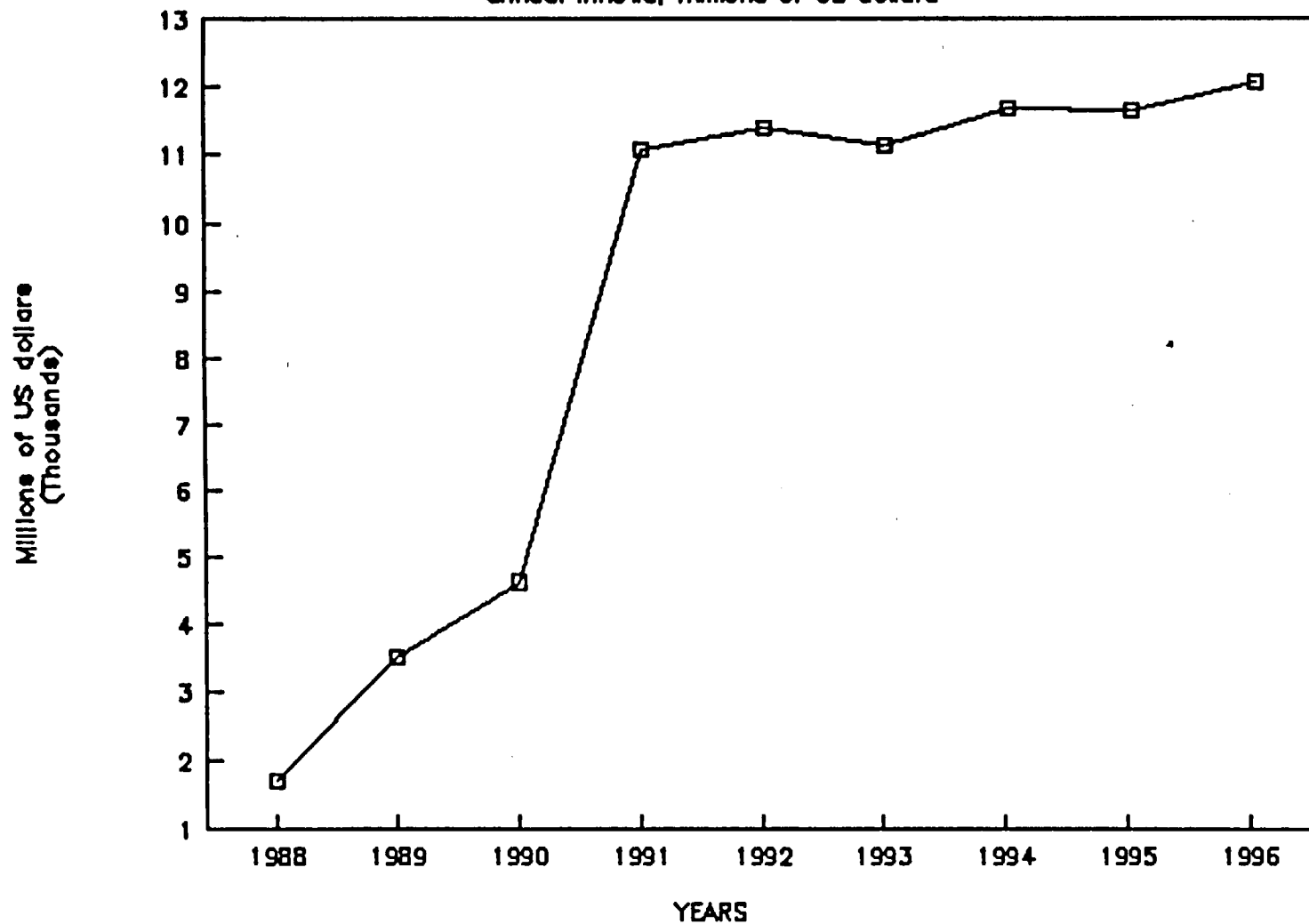
# MEXICO: FOREIGN INVESTMENT 1989-1991

MILLIONS OF US DOLLARS



# MEXICO: FORECAST OF FOREIGN INVESTMENT

annual inflows, millions of US dollars





**TABLE IV****GROSS DOMESTIC PRODUCT  
(1991)**

GDP (\$US million)	234,000
GDP per capita (\$USmillion)	2,874
GDP growth rate (1990)	4.4%
GDP growth rate (1991)	3.6%
GDP 1992 FIRST QUARTER I	4.2%

**COMPOSITION OF THE GDP**

Total	100.0%
Agriculture, Livestock, Forestry and Fisheriy	7.6%
Mining	3.6%
Manufacturing	23.1%
Construction	5.2%
Electricity, Gas and Water	1.5%
Commerce, Rest.,Hotels	25.3%
Transp. and Commerce	6.7%
Financial services	10.8%
Other services	17.6%
Correction for banking services	-1.4%

**TABLE IV (continued 2/3)**  
**GDP GROWTH BY SECTOR**  
(1991)

CONSTRUCTION	2.6%
TRANS./COMMUNICATION	6.0%
MANUFACTURING	3.7%
ELECTRICITY	4.1%
COMMERCIAL/REST./HOTEL	4.5%
AGRICULTURAL	1.4%
MINING	0.1%
FINANCIAL SERVICES	4.1%
OTHER SERVICES	3.7%

**GDP GROWTH BY SECTOR AND BY QUARTER IN 1991**

	I	II	III	IV	Average
General	3.0	5.2	2.5	3.1	3.5
Agri.	1.7	0.8	-2.5	-4.4	-1.4
Industrial	2.2	5.1	1.9	3.3	3.1
Manufact.	2.7	5.9	2.7	3.4	3.7
Construct.	3.5	1.6	-0.5	5.5	2.6
Mining	-3.7	4.6	0.2	-0.7	0.1
Electricity	3.8	5.1	2.8	4.7	4.1
Comm./rest/ hotels	3.6	7.2	2.9	4.2	4.5
T r a n s . / communicat.	4.4	8.7	5.4	5.3	6.0
Fin.service	3.6	4.1	5.2	3.5	4.1
Other serv.	3.1	4.1	3.9	3.8	3.7



**TABLE IV (continued 3/3)**  
**MANUFACTURING SECTOR GROWTH IN 1991**

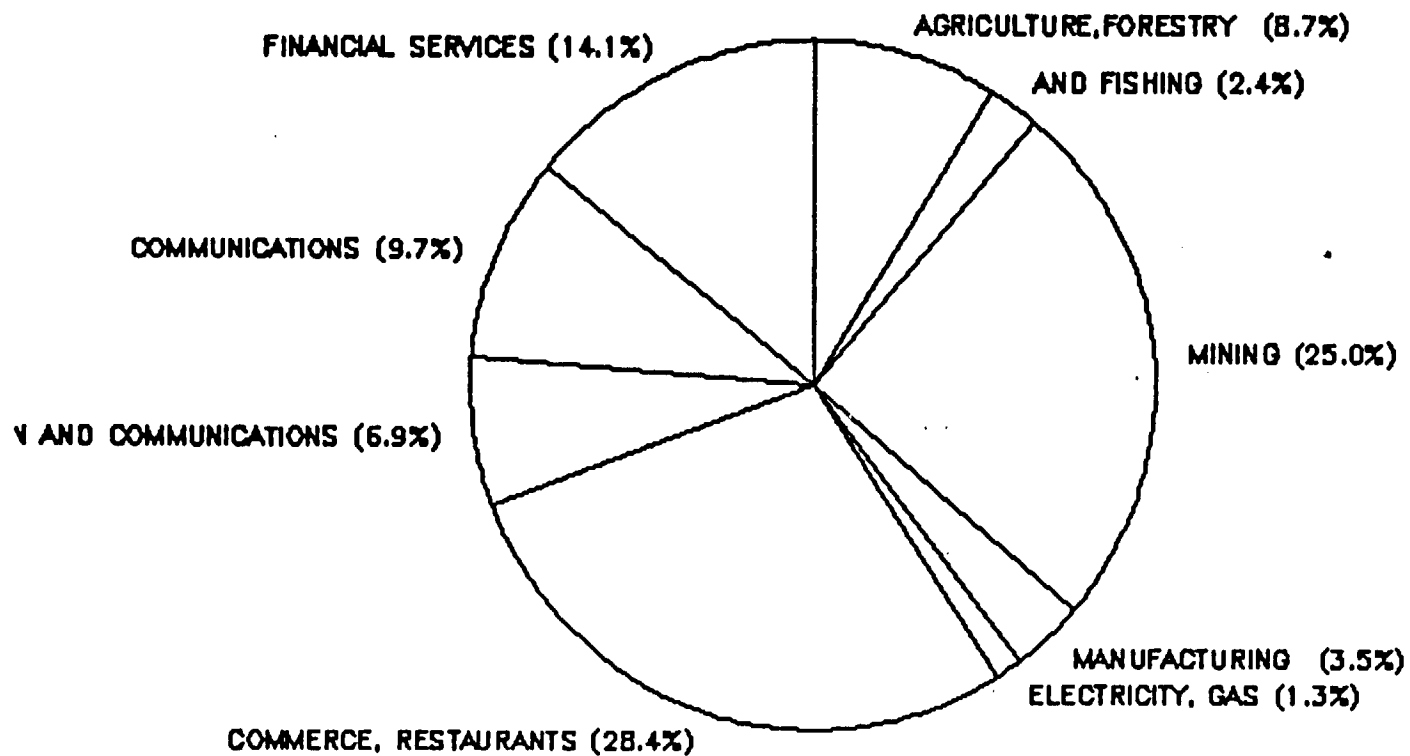
	I	II	III	IV	Average
<b>Total</b>	2.7	5.9	2.7	3.4	3.7
Food, beverages, tobacco	-2.4	3.9	3.0	4.2	2.0
Textiles, clothing	-10.3	1.5	-3.6	-1.5	-3.4
Wood, wood products	0.7	9.6	5.4	-9.9	-1.1
Paper, printing	6.1	0.4	-3.5	-8.0	-1.3
Chemical, rubber, plastics	0.4	5.3	3.6	3.3	3.1
Non-metallic minerals	0.0	-1.5	0.2	6.9	1.3
Basic metals	8.2	0.7	-7.5	-10.9	-2.6
Metal products, machinery	18.7	17.3	11.8	13.3	15.1

**GDP GROWTH IN FIRST SEMESTER OF 1992**

	Jan-March
<b>Total</b>	4.2
<b>Agricultural</b>	3.7
<b>Industrial</b>	3.5
MINING	4.2
CONSTRUCTION	4.9
ELECTRICITY, GAS, WATER	5.0
<b>Services sector</b>	4.7
COMMERCE, REST..HOTEL	4.8
TRANS/COMMUNICATION	9.5
FINANCIAL, INSURANCE	3.4
COMMUNITY, SOCIAL AND PERSONAL SERVICES	4.7

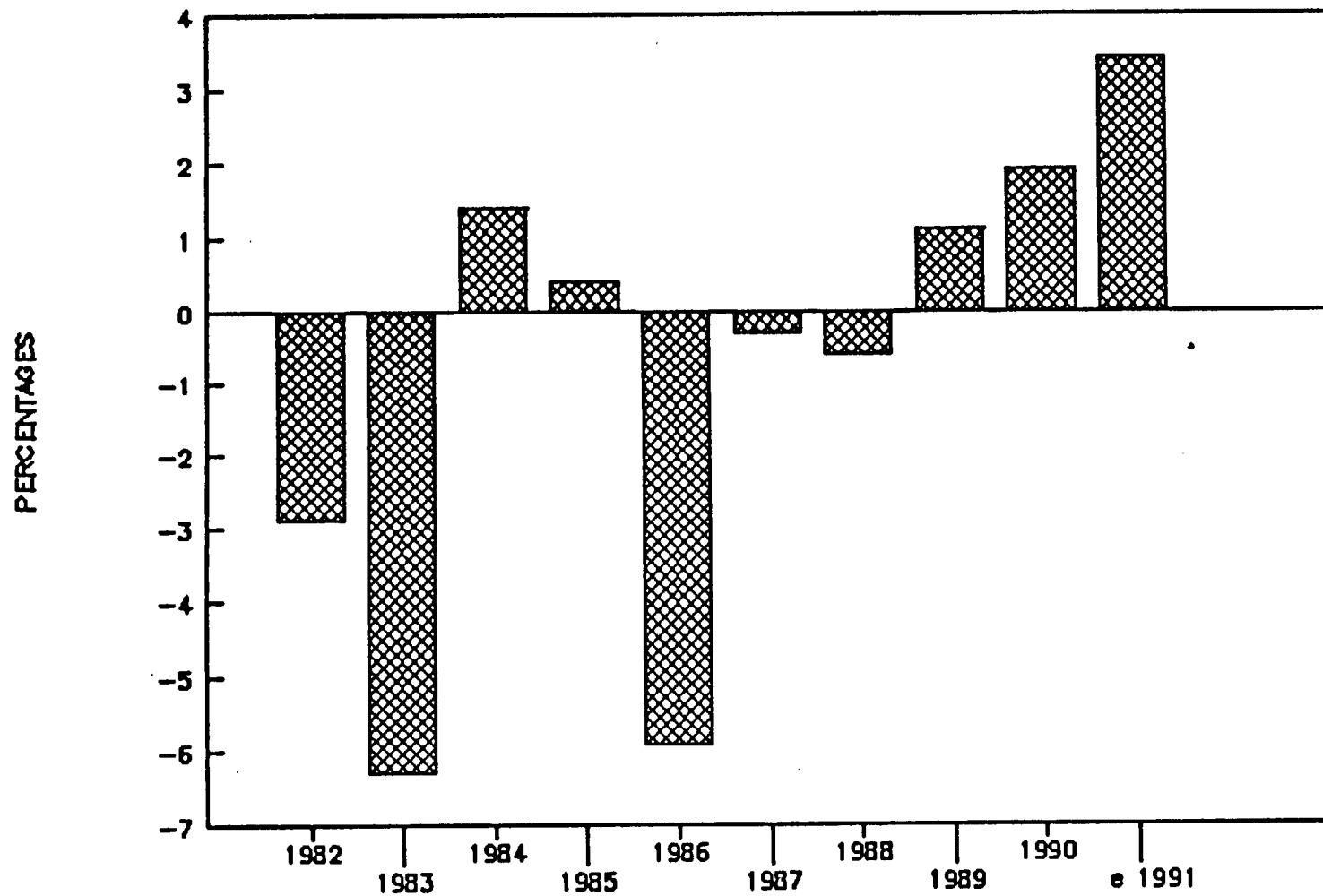
# MEXICO: GROSS DOMESTIC PRODUCT

PERCENTAGE SHARE BY SECTOR



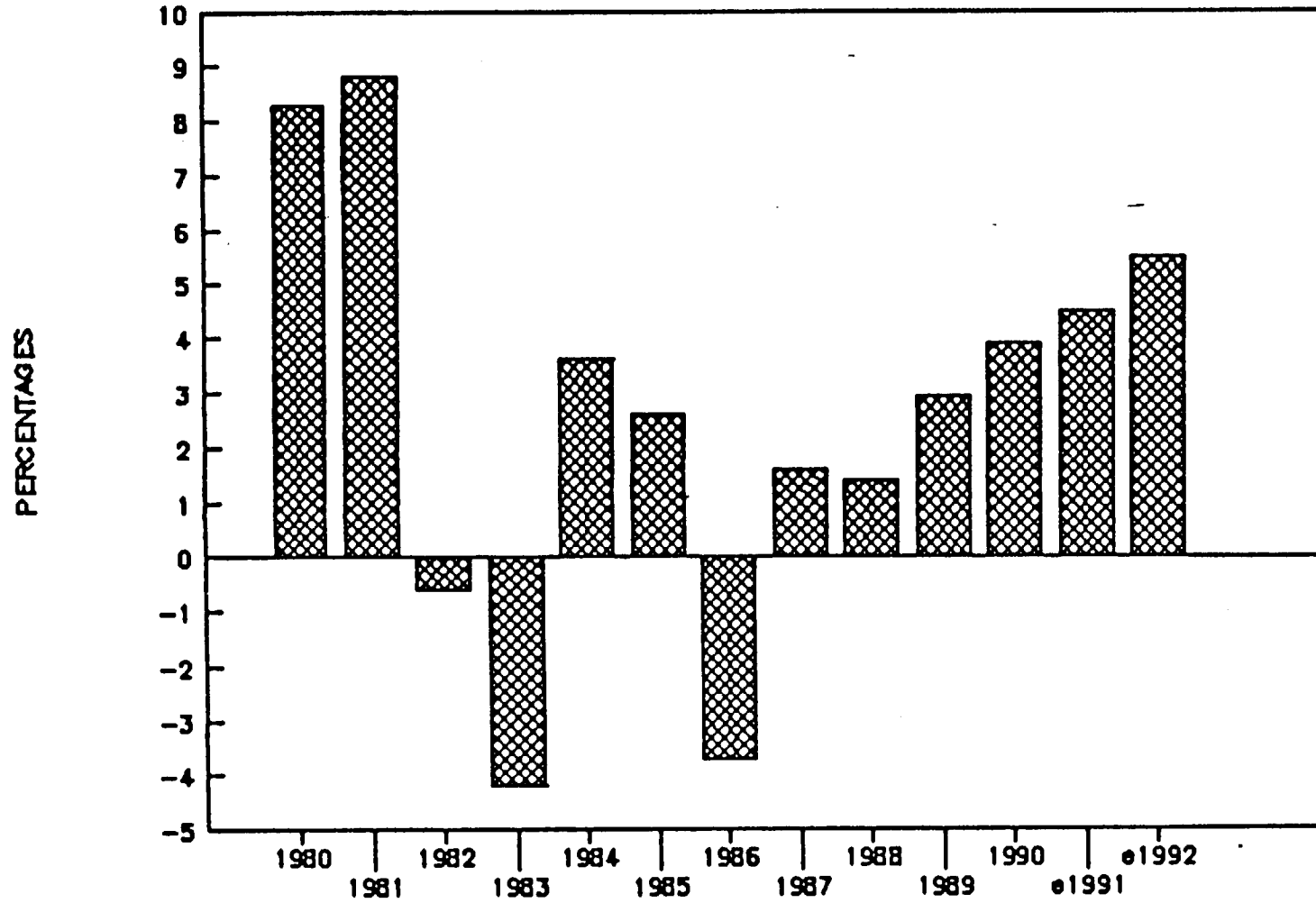
# MEXICO: PER CAPITA GDP

GROWTH RATE



# MEXICO: GROSS DOMESTIC PRODUCT

GROWTH RATE



# MEXICO: GROSS DOMESTIC PRODUCT

FORECAST GROWTH

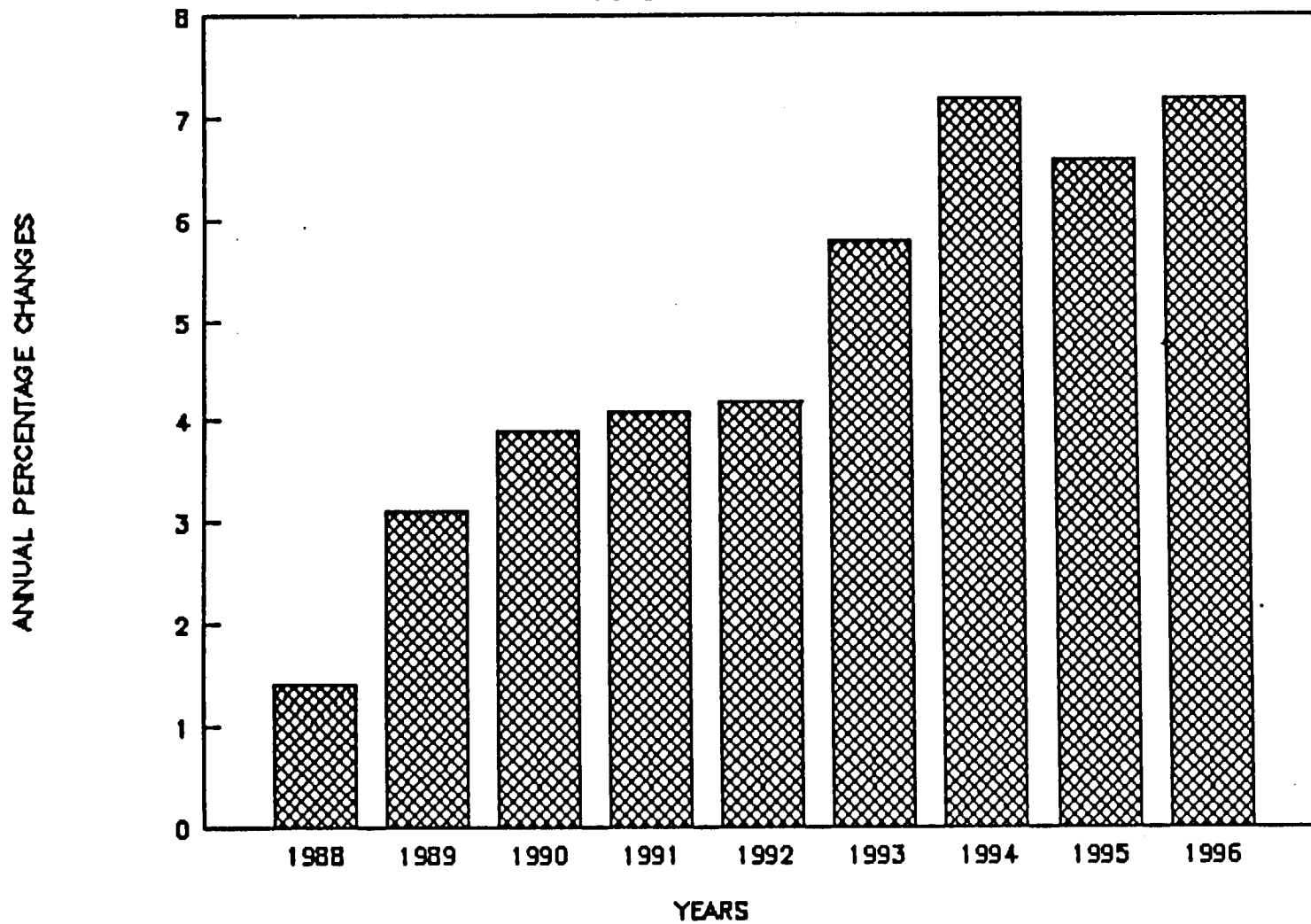




TABLE V

INFLATION

(Inflation for period 1990 - 1992)

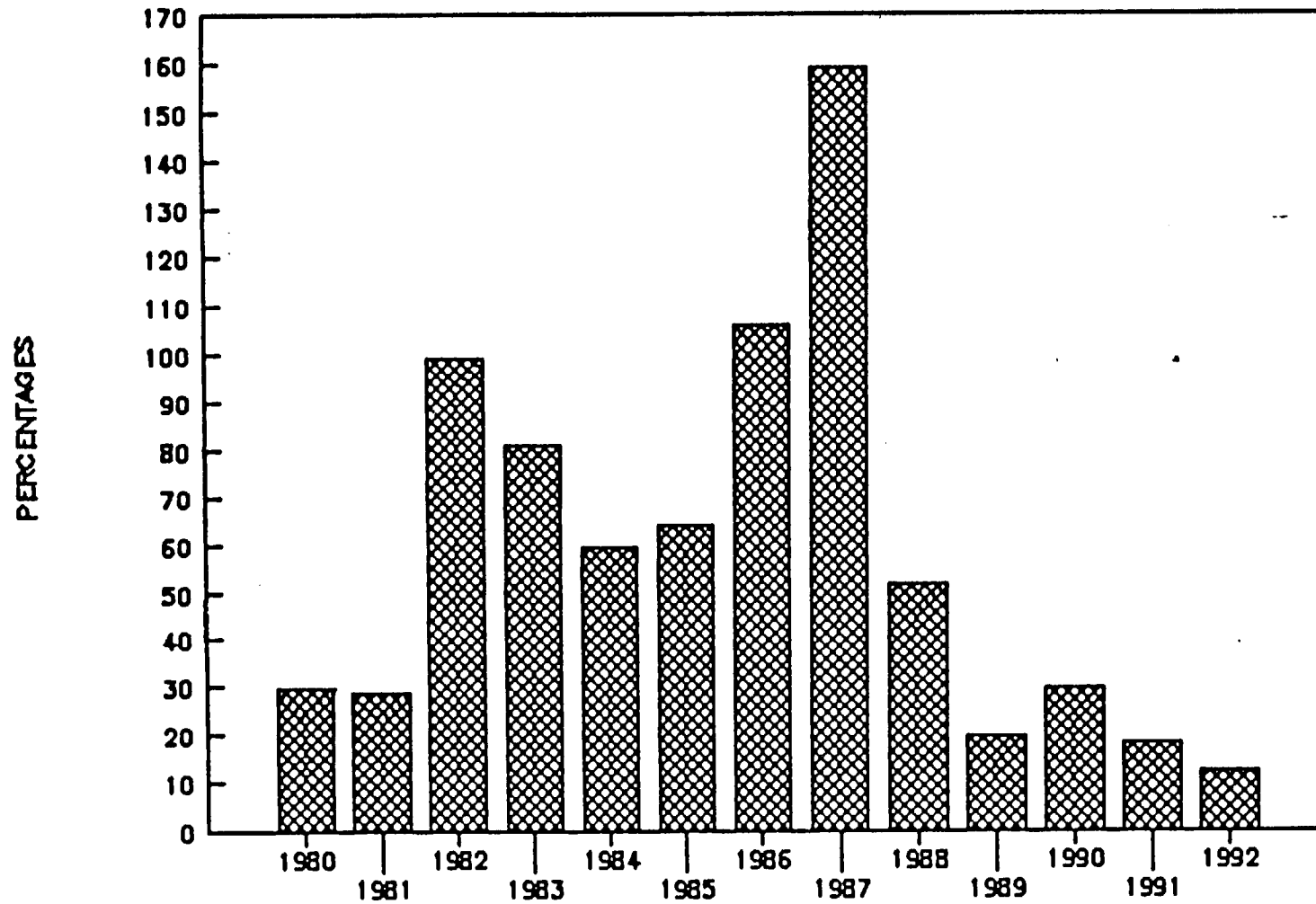
Year	Month	Monthly %	Aggregate
1990	----	-----	29.9
1991	January	2.5	27.0 (Jan.91/Jan.90)
	February	1.7	26.4 (Feb.91/Feb.90)
	March	1.4	26.0 (March 91/March 90)
	April	1.0	25.4 (April 91/April 90)
	May	1.0	24.5 (May 91/ May 90)
	June	1.0	23.0 (June 91/June 90)
	July	0.9	21.5 (July 91/July 90)
	August	0.7	20.8 (August 91/August 90)
	September	1.0	20.2 (Sept 91/Sept 90)
	October	1.2	19.9 (Oct 91/Oct 90)
	November	2.5	19.7 (Nov 91/Nov 90)
	December	2.4	18.8 (Dec 91/Dec 90)
1992	January	1.8	17.9 (Jan 92/Jan 91)
	February	1.2	17.3 (Feb 92/Feb 91)
	March	1.0	16.8 (March 92/March 91)
	April	0.9	16.6 (April 92/April 91)
	May	0.7	16.3 (May 92/May91)

GOM target for 1992 = 9.7%  
 Embassy's estimates = 12.0%

GROWTH % in 1991

Prices	Percentage (%)
Producer	14.9
Controlled	18.2
Non - controlled	19.1
Public enterprises	16.3
Private enterprises	13.9

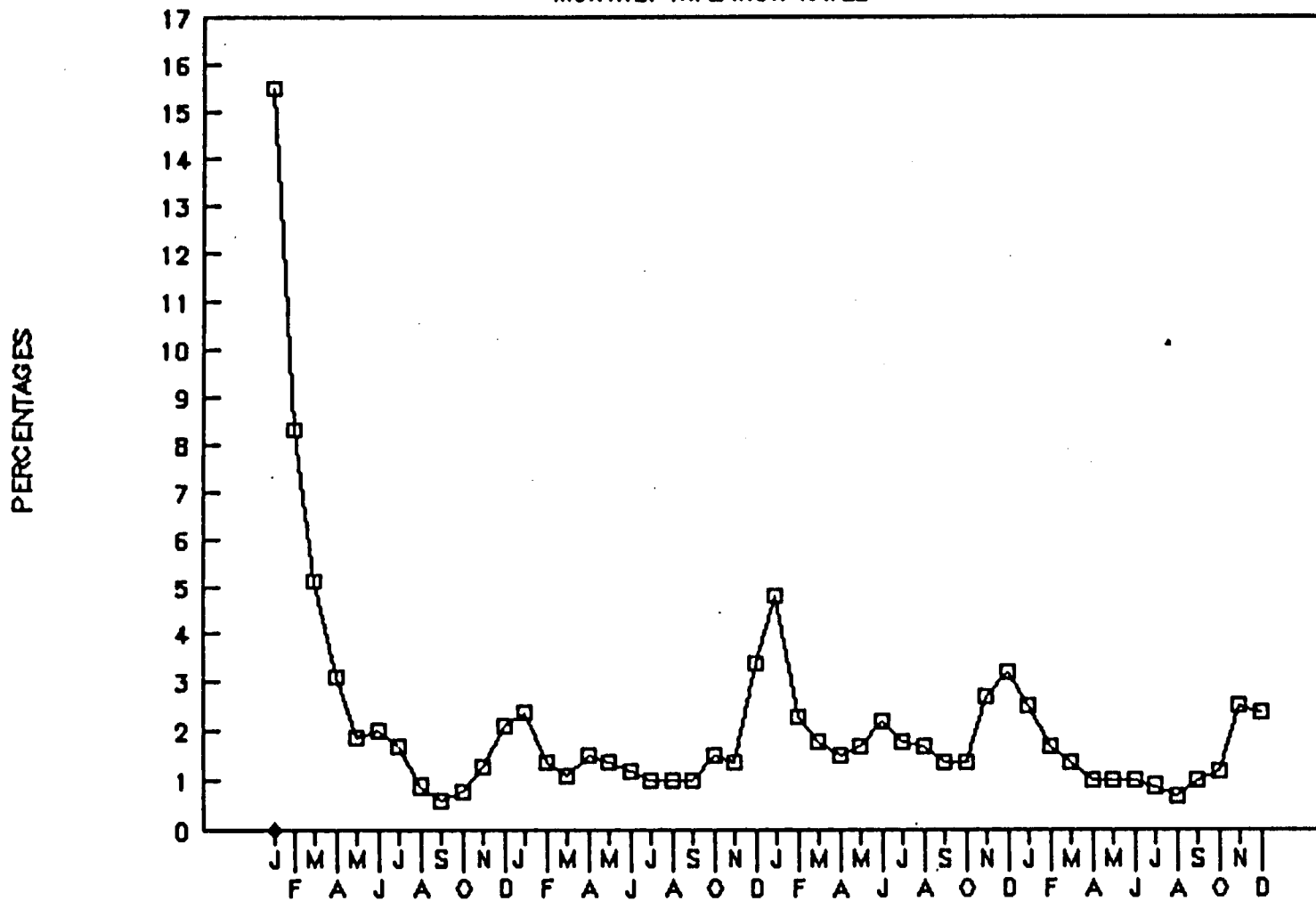
# MEXICO: ANNUAL INFLATION RATE





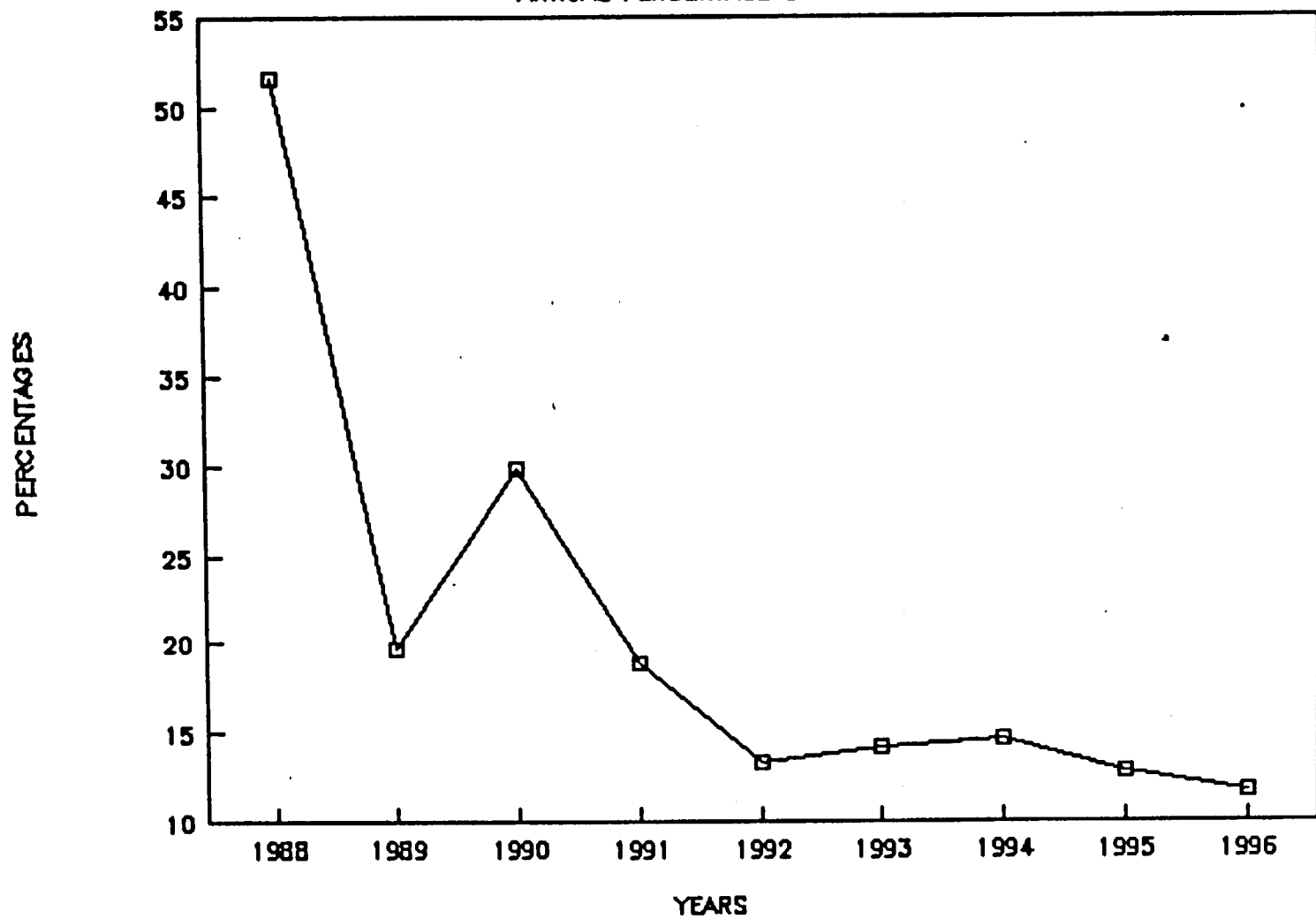
# MEXICO: CONSUMER INFLATION 1988/1991

MONTHLY INFLATION RATES



# MEXICO: INFLATION FORECAST

ANNUAL PERCENTAGE CHANGES





**TABLE VI**  
**MONETARY AND FINANCIAL INDICATORS**

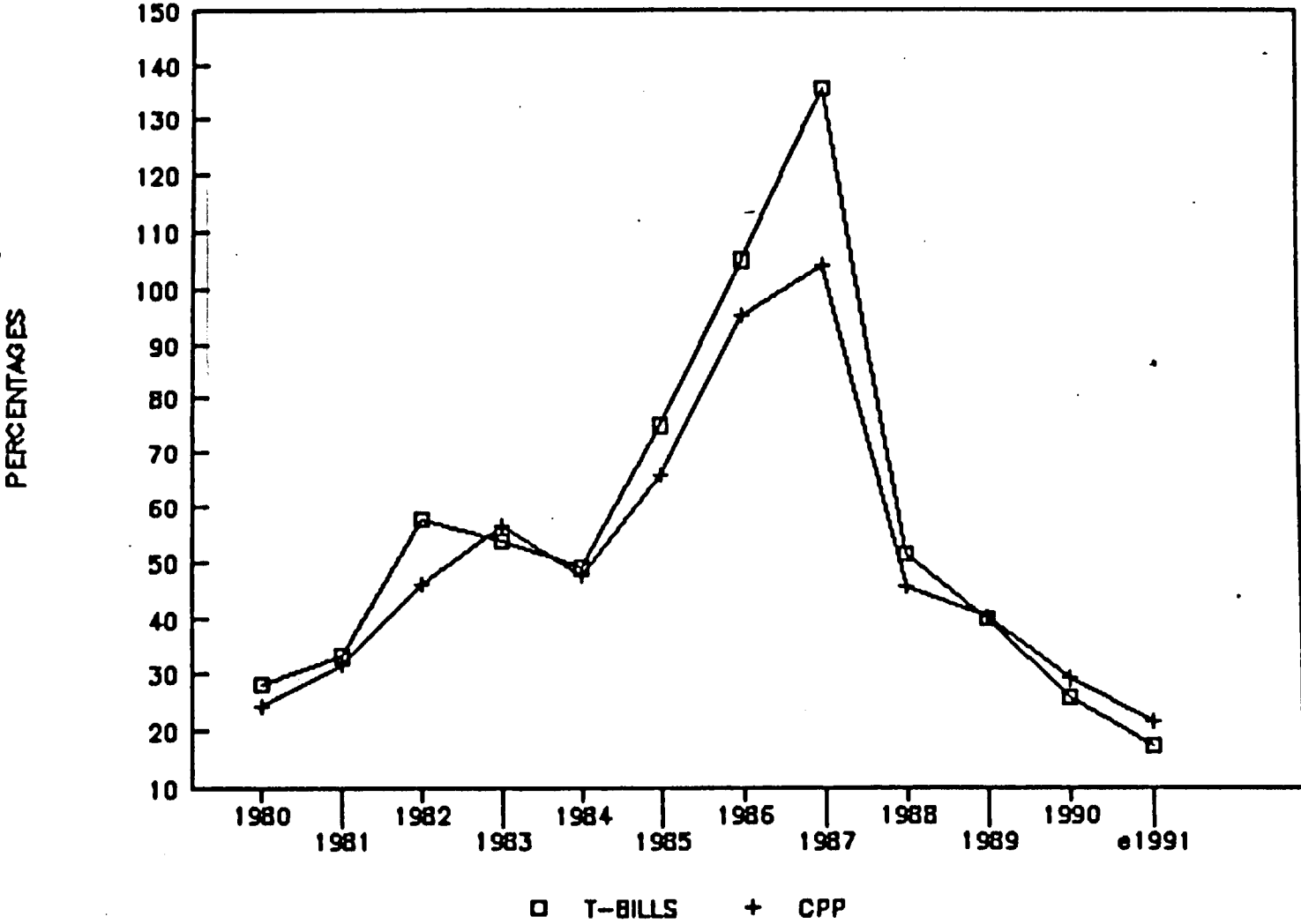
**MONEY SUPPLY**

Year	Month	(M1)
1990	December	60.3%
1991	January	61.3%
	February	65.3%
	March	68.7%
	April	67.9%
	May	69.8%
	June	71.7%
	July	70.2%
	August	77.8%
	September	75.5%
	October	120.0%
	November	139.0%
	December	122.2%
1992	January	128.8%
	February	124.4%
	March	115.2%
	April	107.4%
i)	Cost of money for banks (CPP)	16.01% (June 1992)
ii)	Treasury certificates yield	16.5% (June 1992)
iii)	Exchange rate (Pesos per dollar)	2,650 (June 1992)
	\$CDN	3,127 (same)
	\$US	
iv)	Monetary reserves	
	December 1990	10.3 \$US billion
	March 1991	12.0 \$US billion
	September 1991	15.0 \$US billion
	December 1991	17.5 \$US billion
v)	External debt	December 1991 104.1 \$US billion
vi)	Debt service (1990)	12,732 \$US million
	(PRINCIPAL PAYMENTS)	3,623 \$US million
	(INTEREST PAYMENTS)	9,109 \$US million

TABLE VI (continued 2/2)

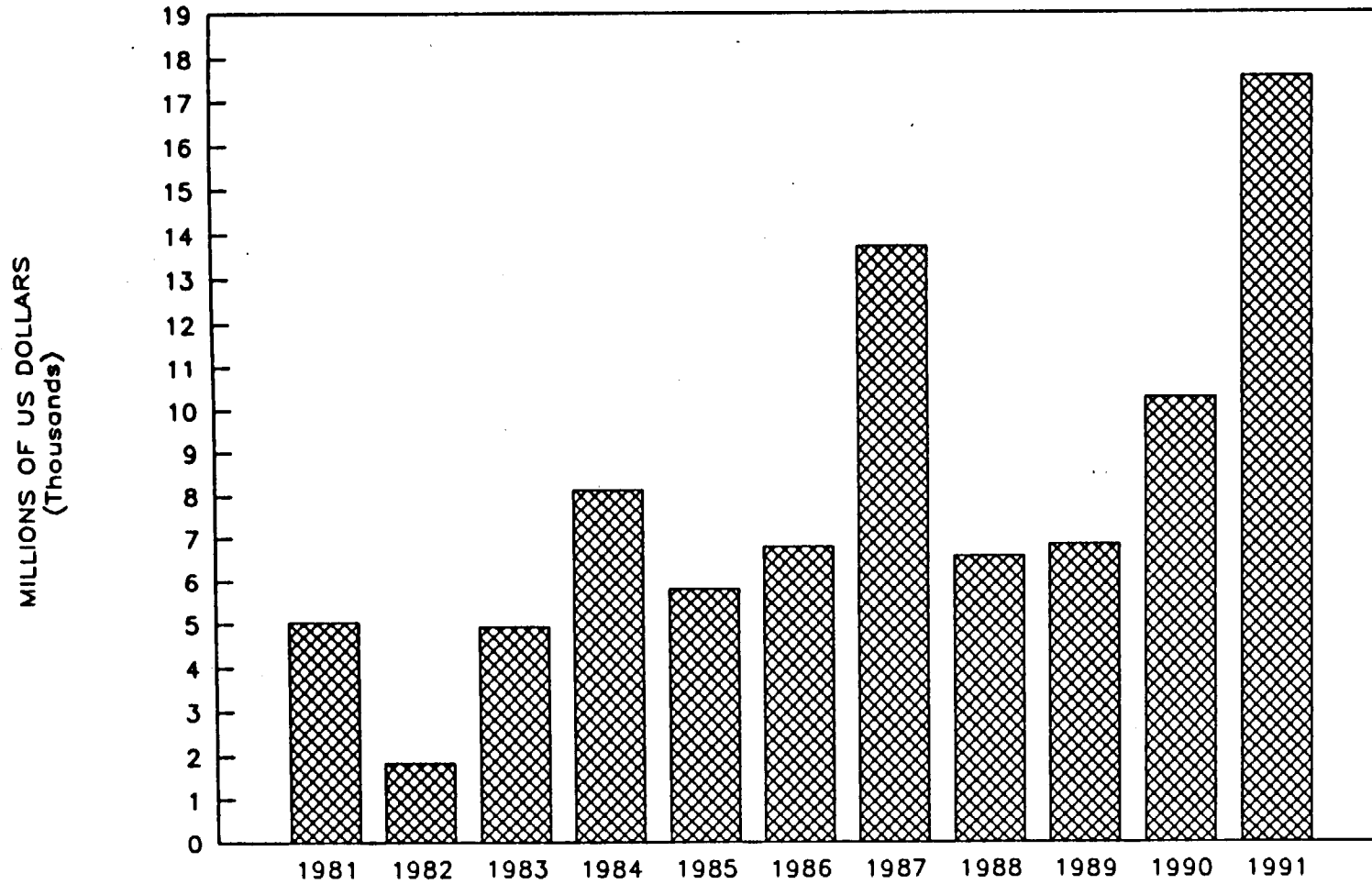
vii) Debt service (1991)		14,630 \$US million
	(PRINCIPAL PAYMENTS)	6,242 \$US million
	(INTEREST PAYMENTS)	8,388 \$US million
viii) Foreign investment		
Accumulated 1991		33,875 \$US million
Direct foreign investment		4,762 \$US million
Portfolio investment		7,540 \$US million
	[Figures from Bank of Mexico]	
ix) Capital repatriation through tax reduction stamps - 1991		5,581 \$US million
x) Real financing to private sector		
	1990	28.4
	1991	29.0
	1992	20.2 (projected)
xi) Financial savings (as percentage of GDP)	Year	Percentage (%)
	1982	32.1
	1983	30.3
	1984	31.5
	1985	29.7
	1986	37.4
	1987	39.9
	1988	30.6
	1989	37.3
	1990	40.5
	1991	41.3
	1992e	39.1

# MEXICO: INTEREST RATES



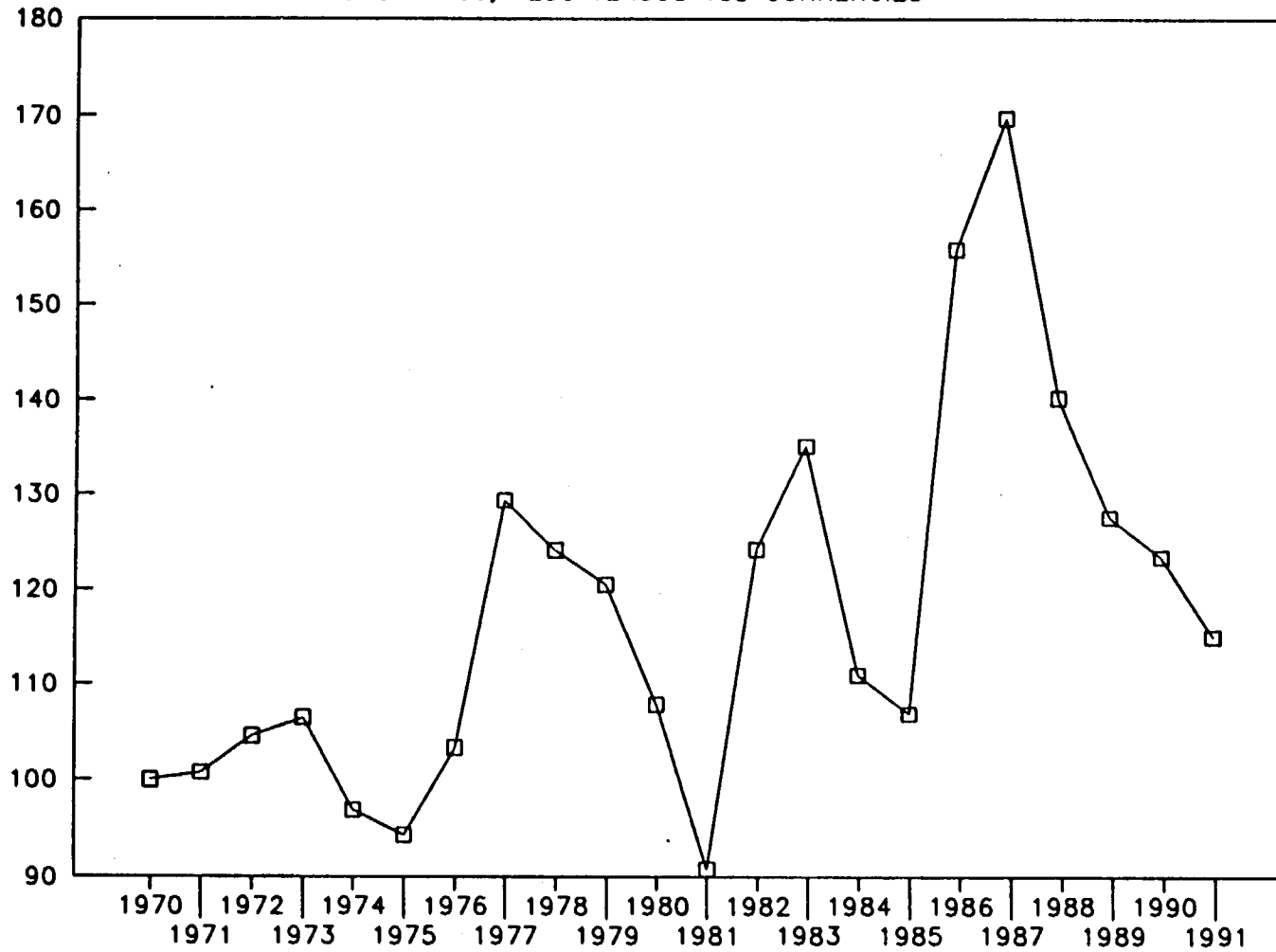
# MEXICO: INTERNATIONAL RESERVES

MILLIONS OF US DOLLARS



# MEXICO: REAL EXCHANGE RATE INDEX

1970 = 100, PESO VERSUS 133 CURRENCIES





# MEXICO: FORECAST OF MONETARY RESERVES

Millions of US dollars

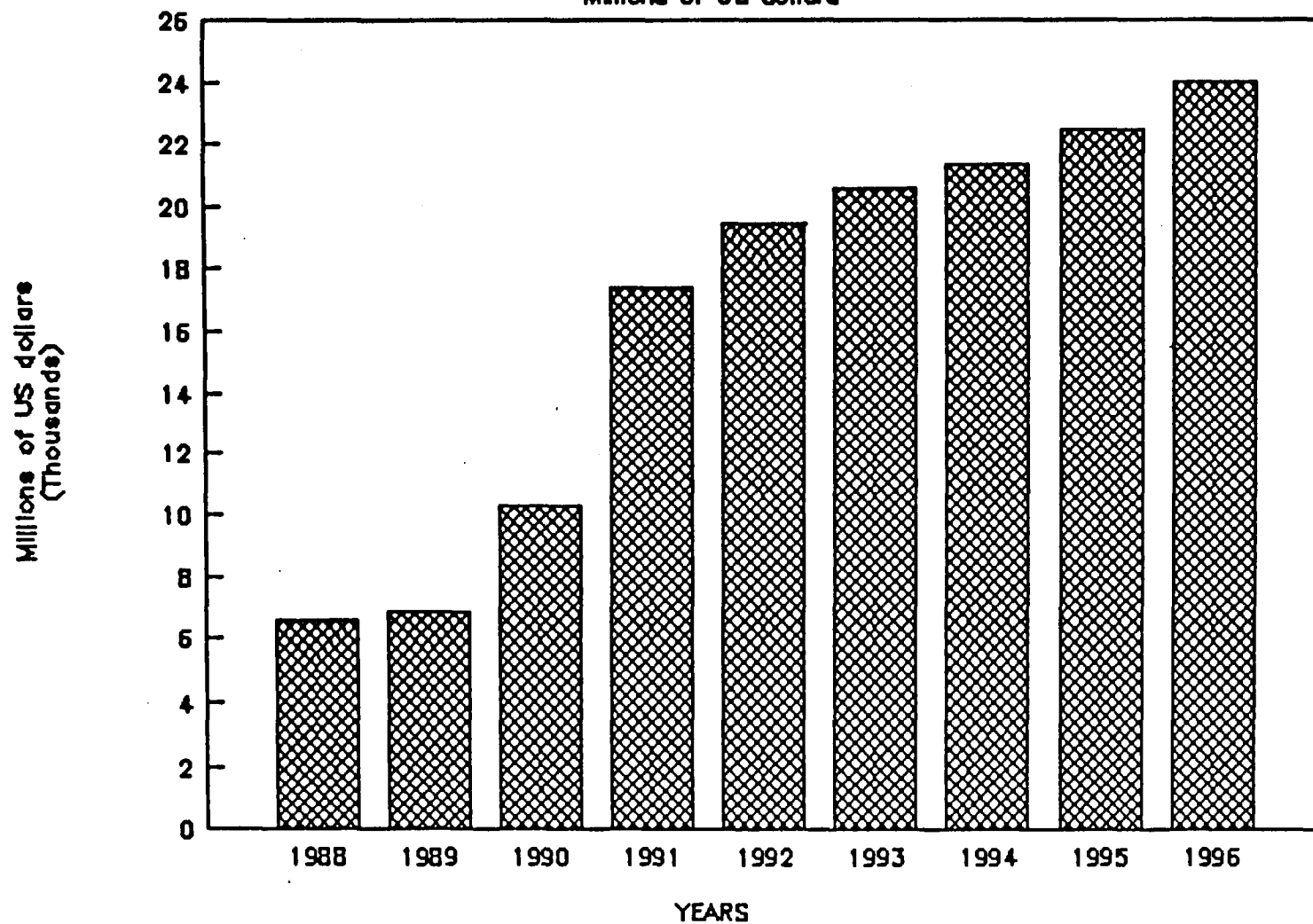




TABLE VII

PUBLIC FINANCE

MEXICO STATE ENTREPRISES

YEAR	NUMBER	DIVESTED	IN PROCESS OF SALE	NEW
1983	1,155	75	32	10
1984	1,058	32	7	18
1985	1,039	89	23	7
1986	932	132	75	7
1987	732	86	49	15
1988	612	76	89	2
1989	618	69	170	2
1990	556	139	138	8
1991	257*	156	120**	---

\* Of these 257, 140 are state institutional services and 117 are firms.

\*\* Of the 120 to be divested, 57 are for sale, 47 are in liquidation, 9 will be closed, 4 will merge and three will be transferred.

BALANCE AS PERCENTAGE OF GDP

	1989	1990	1991 (projected)
Financial deficit	5.6	3.5	1.9
Total interest	13.0	10.4	7.9
Primary surplus	---	8.8	---
Budget income	27.5	28.1	27.7
Oil	8.9	9.2	9.0
Non-oil	18.5	18.9	18.7
Expenditure (Programmed)	17.0	18.3	18.2

IVA (value added tax) grew 18% in real term in 1990. In 1990, 45 cents out of each peso went to pay for Mexico's debt: 36 cents for domestic debt and 9 cents for the external debt.

TABLE VII (continued 2/3)

PUBLIC EXPENDITURE BY SECTOR

	1990	1991	Increase	
			Nominal	Real
Total Expenditure	118,955	142,509	19.8	1.8
Rural development	6,069	7,897	30.1	10.5
Fishery	204	244	19.4	1.5
Social development	45,538	61,989	36.1	15.7
Education	18,698	25,817	38.1	17.3
Health and labour	22,103	28,635	29.6	10.1
Solidarity program	3,079	5,117	66.2	41.2
Urban development and water	1,657	2,418	45.9	24.0
Communication and transport	6,524	8,572	31.4	11.6
Commercial and distribution	9,846	9,597	-2.5	-17.2
Tourism	193	255	32.6	12.7
Energetics	31,440	38,964	23.9	5.3
Industrial	9,501	5,112	-46.2	-54.3
Justice and security	4,119	5,580	35.5	15.1
Administration	5,519	4,296	-22.2	-33.9

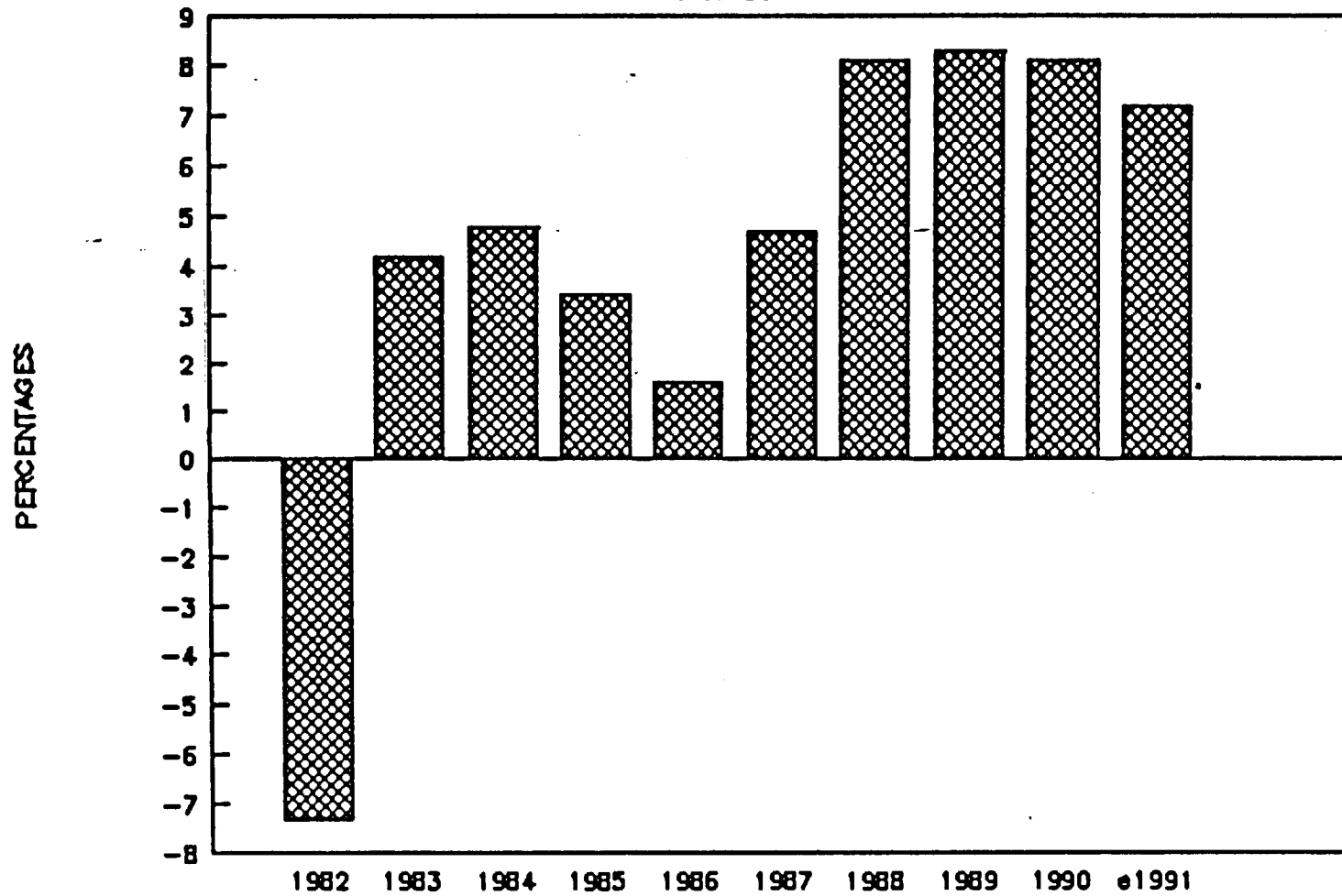
**TABLE VII (continued 3/3)**

**PUBLIC SECTOR DOMESTIC DEBT**

Total for year 1991:	178.0 trillion pesos (SCDN 68.5 billion)
Total May 1992:	149.7 trillion pesos (SCDN 56.6 billion)
	54.7 trillion pesos in CETES
	44.0 trillion in Bonds
	48.5 trillion in AJUSTABONOS
	2.5 trillion in TESOBONOS and PAGAFES
Breakdown of domestic debt:	Private sector: 80.2%
	Banco de Mexico: 19.8%

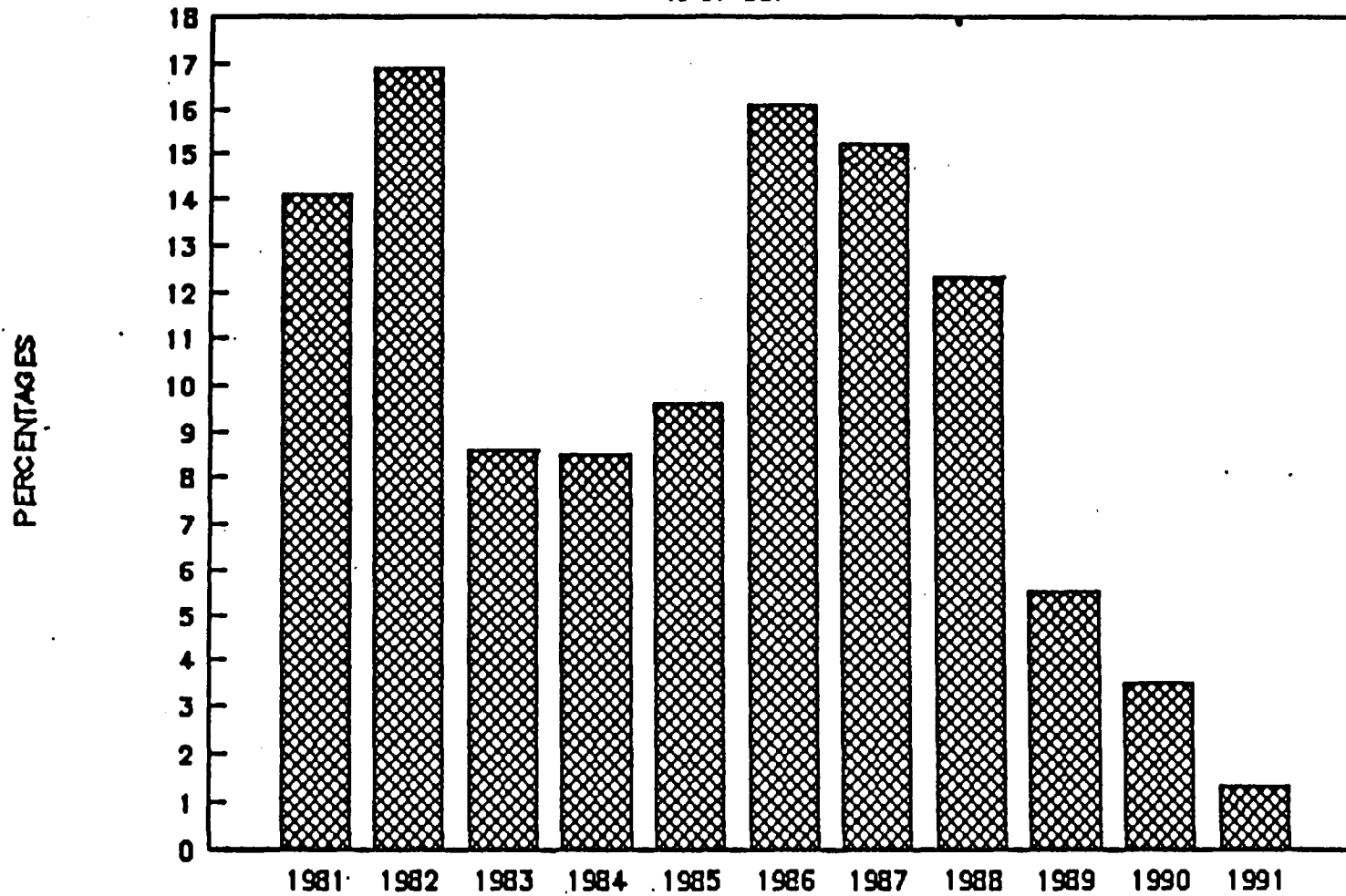
# MEXICO:- PRIMARY SURPLUS

% OF GDP



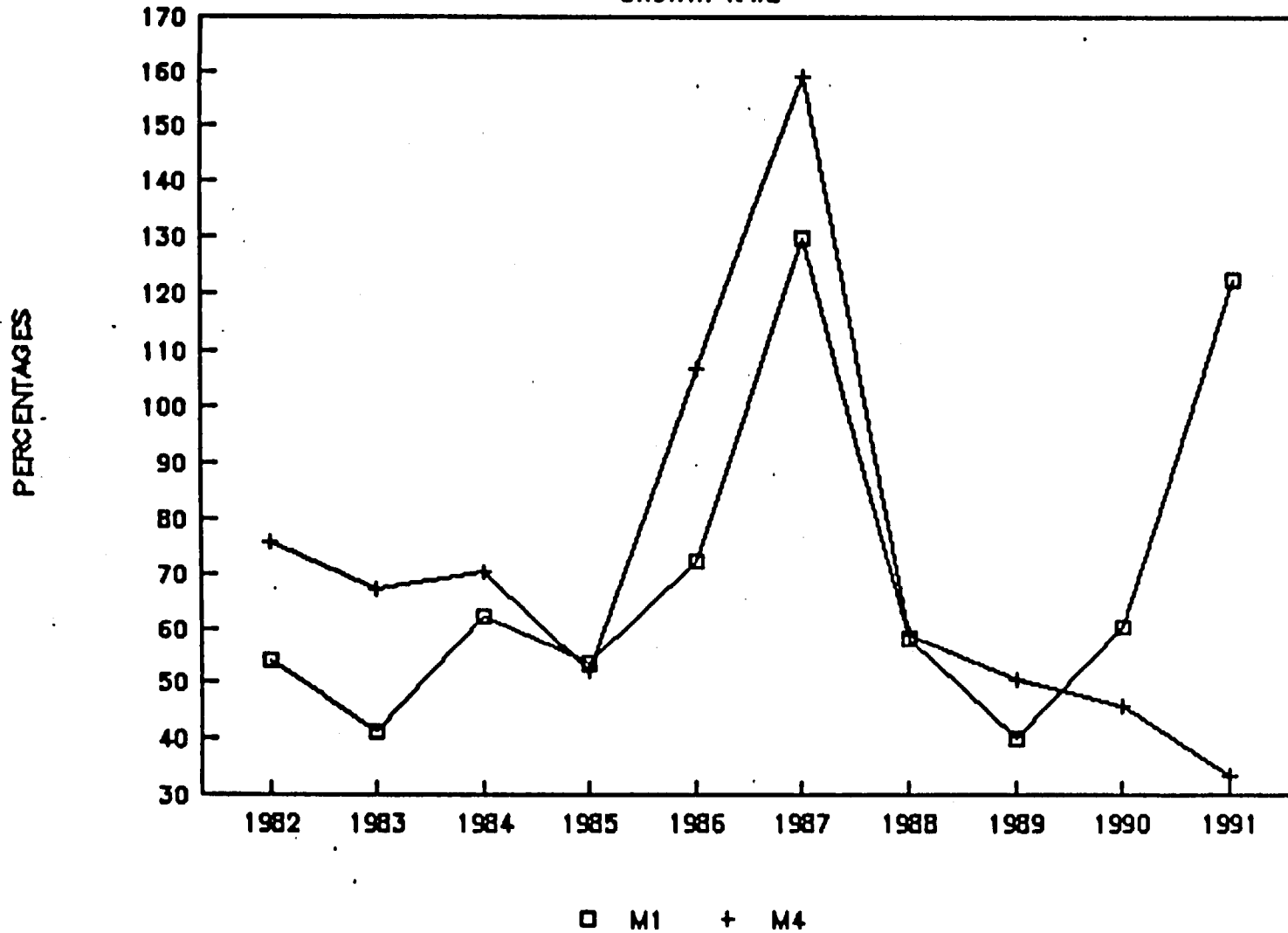
# MEXICO: FINANCIAL DEFICIT

% OF GDP



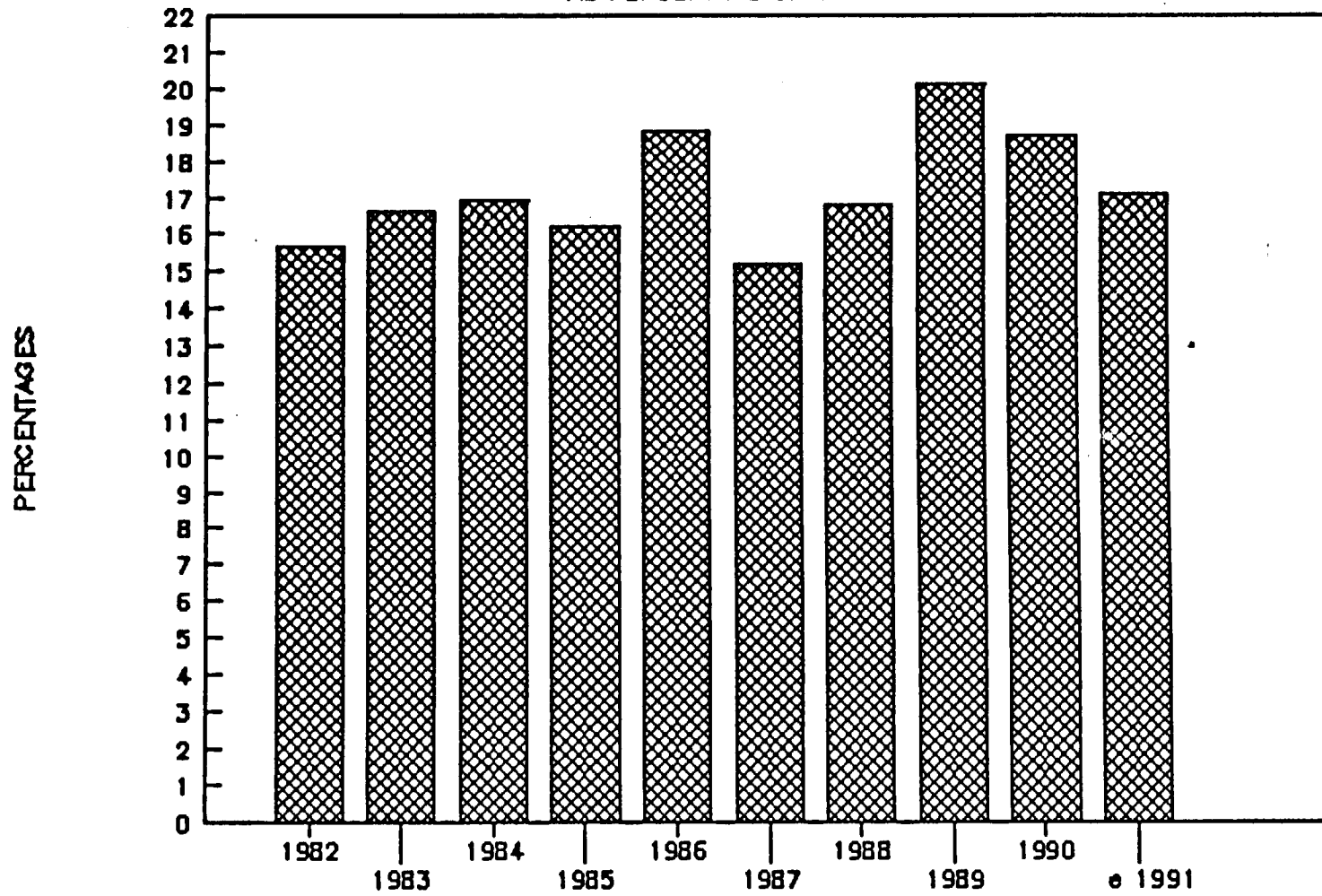
# MEXICO: MONEY SUPPLY

GROWTH RATE



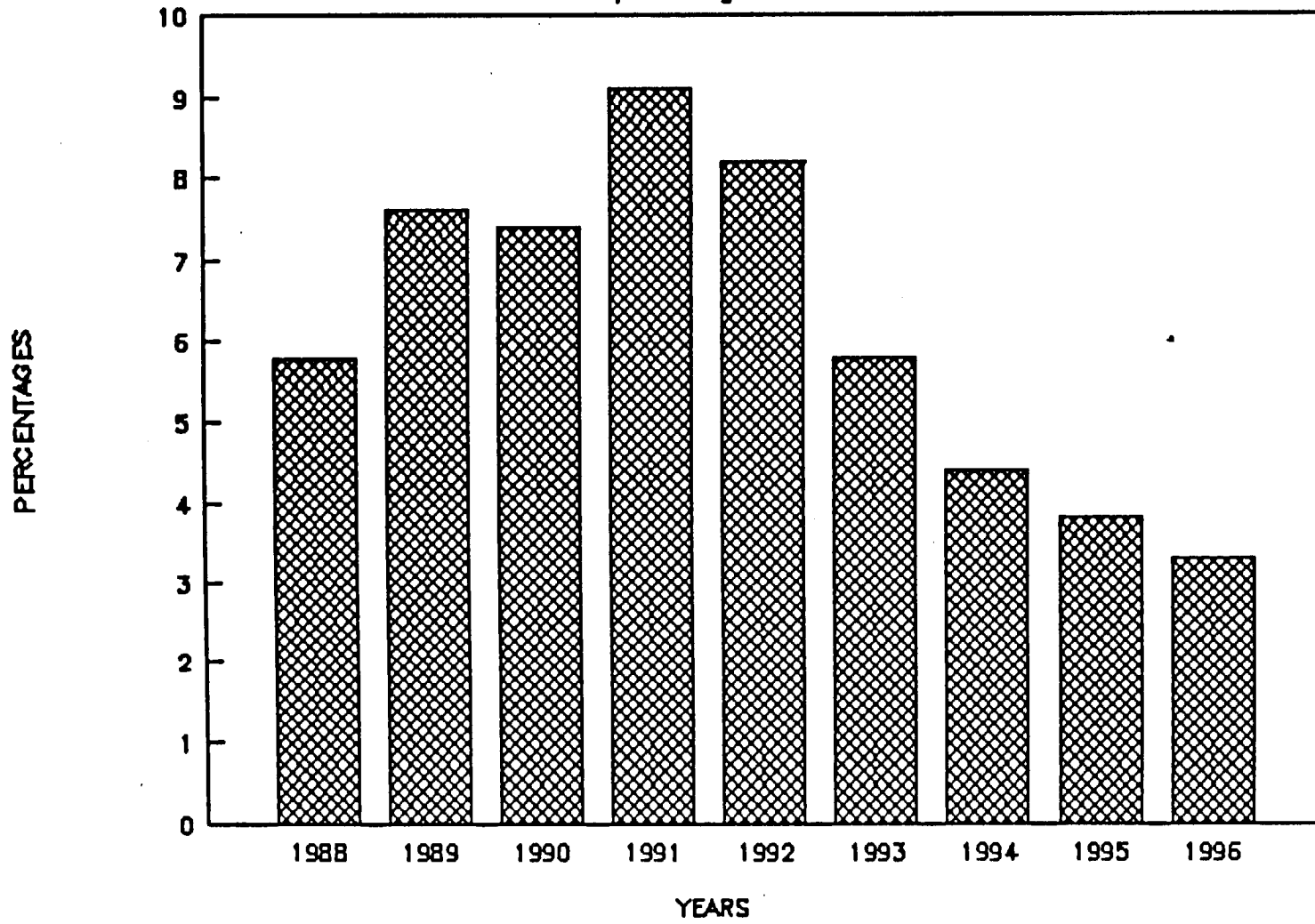


# MEXICO: NET DOMESTIC DEBT AS PERCENTAGE OF GDP



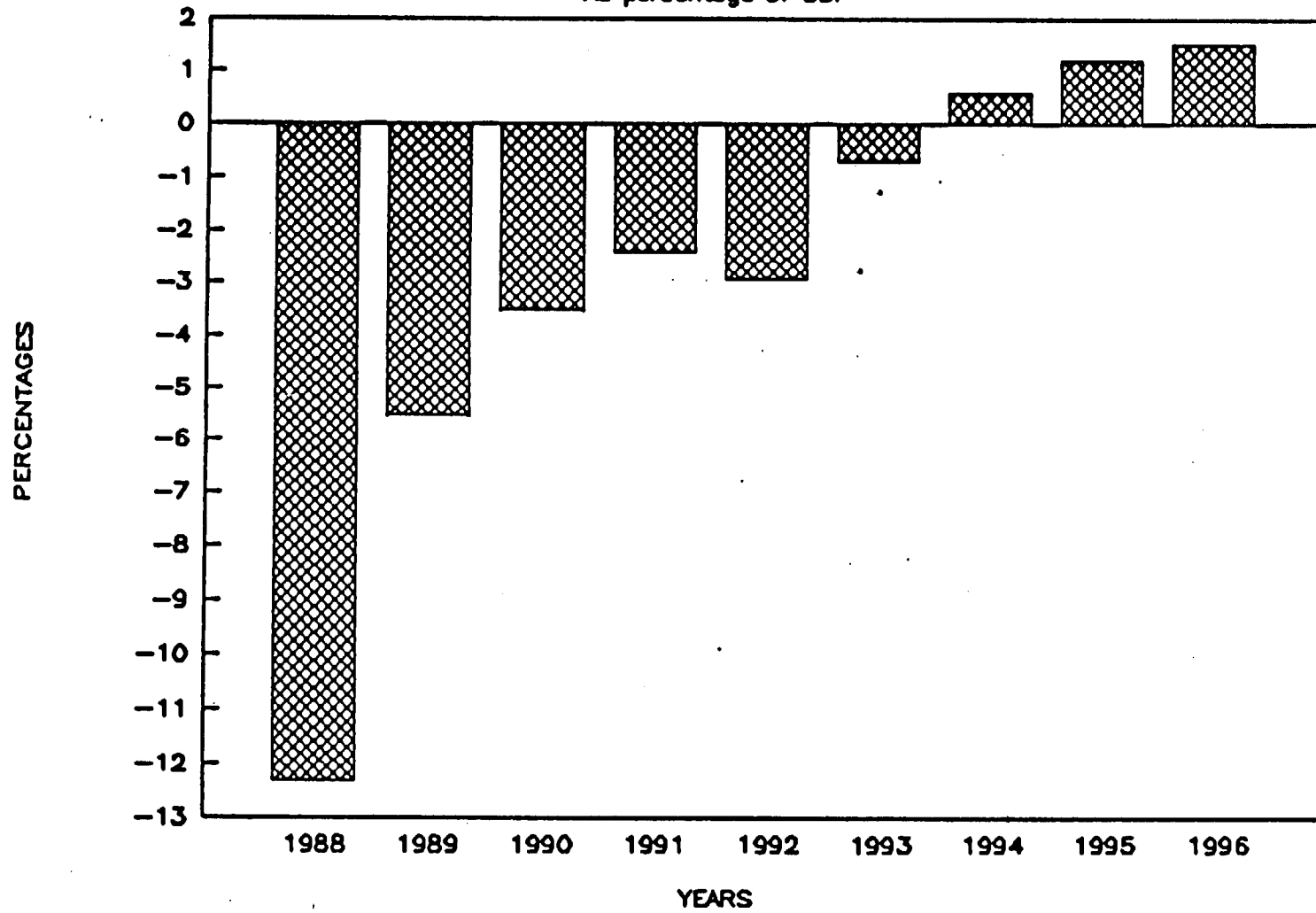
# MEXICO: FORECAST OF PRIMARY SUPERAVIT

As percentage of GDP



# MEXICO: FORECAST OF FINANCIAL BALANCE

As percentage of GDP





**TABLE VIII**

**EXTERNAL DEBT**

<b>DEBT PAYMENTS IN 1991:</b>	<b>\$US 14,630 million</b>
Principal payments	\$US 6,242 million
Interest payments	\$US 8,388 million

**DEBT BALANCE AS OF DECEMBER 1991**

(\$US million)

[Figures from Mexican Ministry of Finance]

<b>Public Sector</b>	<b>79,988</b>
Commercial banks	45,873
Other creditors	34,115
<b>Mexican Banks</b>	<b>8,686</b>
Commercial banks	8,214
CCC (Commodity Credit Corporation)	472
<b>Private Sector</b>	<b>8,692</b>
<b>COMMERCIAL BANKS</b>	<b>8,288</b>
FICORCA	124
Back to back	2
Other	8,102
<b>Other creditors</b>	<b>464</b>
FICORCA	77
Bilateral sources	49
Other	338
<b>IMF (Banco de Mexico)</b>	<b>6,759</b>
<b>Total</b>	<b>104,125</b>

**TABLE VIII (continued 2/3)**

**TOTAL EXTERNAL DEBT**

<b>Year</b>	<b>Percentage</b>
1983	61.0
1984	54.2
1985	52.6
1986	76.6
1987	73.6
1988	59.1
1989	48.6
1990	40.9
1991	33.6
<b>Projected</b>	
1992	30.3
1993	29.0

**ESTIMATES AND PROJECTIONS  
INSTITUTE OF INTERNATIONAL FINANCE ON MEXICO'S EXTERNAL DEBT**

(e= estimate; p= projection; \$US million)

	<b>1989</b>	<b>1990</b>	<b>1991(e)</b>	<b>1992(p)</b>	<b>1993(p)</b>
Total external debt	97,556	106,563	116,704	122,751	129,352
% of GDP	76.4	57.9	48.5	44	39.7
% of exports of goods and services	358.7	315.3	271.4	245.0	246.9
Debt with international institutions	16,165	21,216	22,662	21,600	20,820
Bilateral credits Official Institutions	10,663	12,431	13,359	14,018	15,901
Commercial banks	67,779	66,284	66,886	67,326	67,580
Private Sector Debt	2,979	6,633	13,798	19,807	25,051
Monetary reserves (excluding gold)	6,329	9,863	17,726	21,026	18,426

TABLE VIII (continued 3/3)

Debt service (total)	15,639	15,199	14,630	14,230	15,083
As % of income from goods and services	43.4	36.5	33.6	30.3	29
Interest payments	9,278	9,195	8,388	7,840	8,530
Principal payments	6,362	6,005	6,242	6,391	6,553

# MEXICO: TOTAL EXTERNAL DEBT AS PERCENTAGE OF GDP

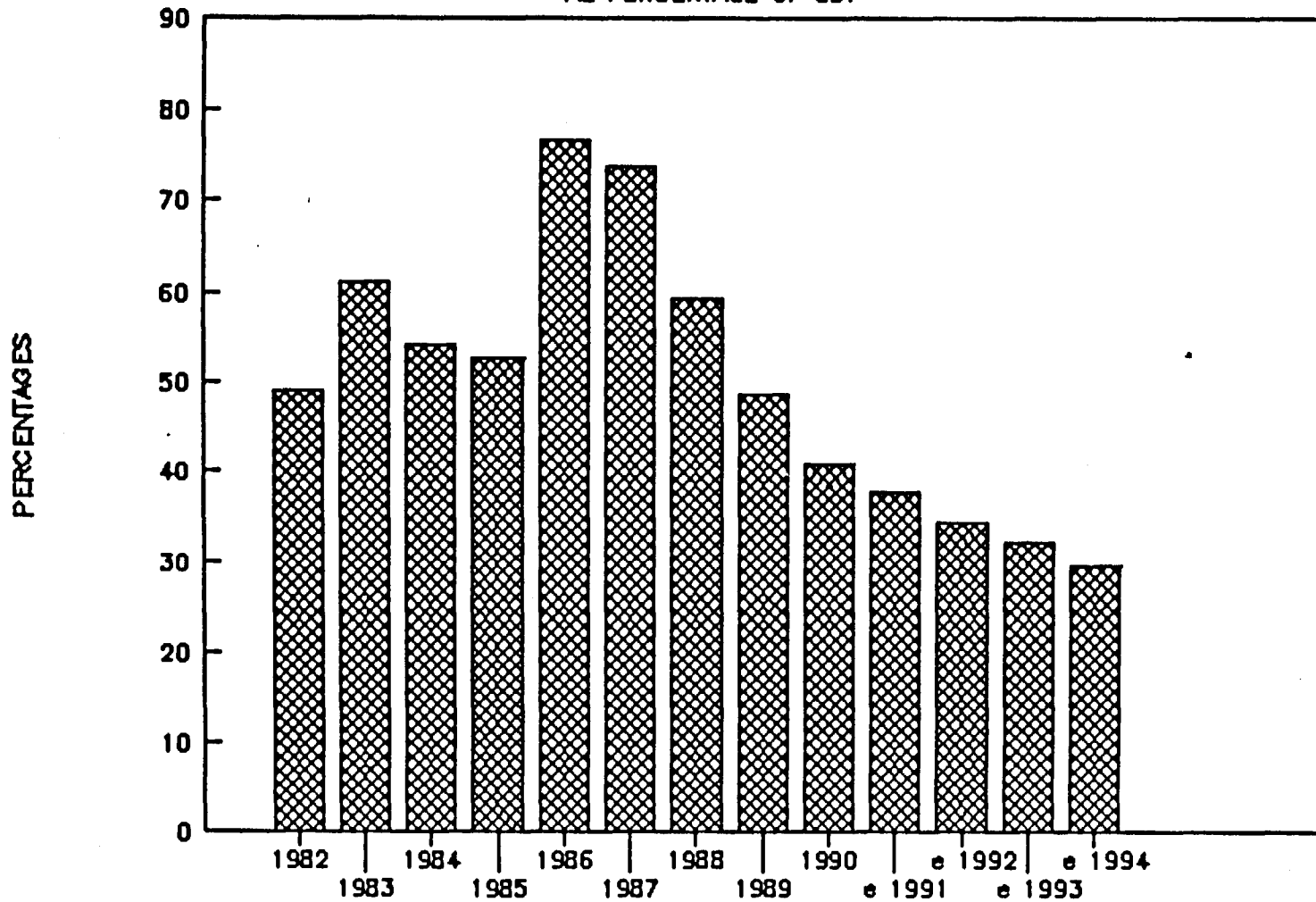






TABLE IX

BALANCE OF PAYMENTS

CURRENT ACCOUNT

(\$US million)

	1991
<b>REVENUES</b>	<b>45,798</b>
Export of goods (+1.0%)	27,120
Non factor services	12,888
TRANS. SERVICES	4,134
(maquiladoras)	
TOURISM	3,783
BORDER TRANSACTIONS	2,150
OTHER SERVICES	2,820
Factor services	3,529
INTEREST RECEIVED	2,906
OTHER INCOME	623
Transfers	2,261
<b>EXPENDITURES</b>	<b>59,081</b>
Import of goods (+22.1%)	38,184
Non factor services	10,482
TRANSP. & INSURANCE	1,758
TOURISM ABROAD	1,875
BORDER TRANSACTIONS	3,862
OTHER SERVICES	2,984
Factor services	10,395
INTEREST PAYMENTS	8,388
OTHER	2,007
Transfers	19

**TABLE IX (continued 2/2)**

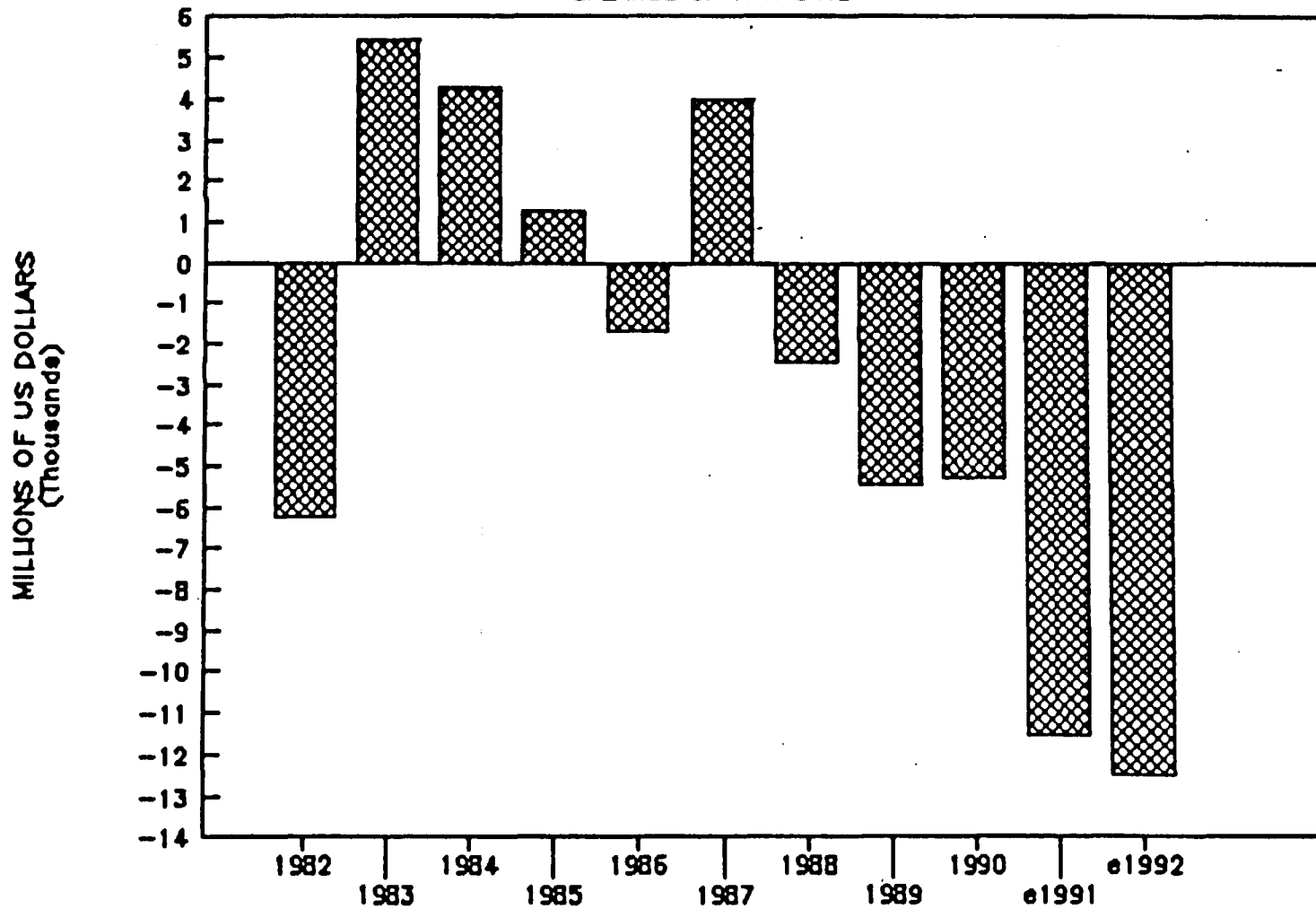
**CAPITAL ACCOUNT**

(\$US million)

	<b>1991</b>
<b>Liabilities</b>	<b>21,650</b>
<b>INDEBTMENT</b>	<b>9,348</b>
DEVELOPMENT BANKS	2,341
COMMERCIAL BANKS	5,119
CENTRAL BANK	-220
<b>NON BANKING SECTOR</b>	
PUBLIC	-586
PRIVATE	2,695
<b>FOREIGN INVESTMENT</b>	<b>12,302</b>
DIRECT FOREIGN INV.	4,762
FOREIGN PORTFOLIO	7,540
(stock market)	
<b>ASSETS</b>	<b>-1,471</b>
FOREIGN BANKS	497
CREDITS TO FOREIGNERS	-117
GUARANTEE FOR EXT. DEBT	-604
OTHER	-1,247
<b>Errors and omissions</b>	<b>1,241</b>
<b>Central bank</b>	
MONETARY RESERVES CHANGE	7,822
PURCHASES-SALES OF GOLD AND SILVER AND ADJUSTMENTS FOR VALUATION	316
<b>Current account balance</b>	<b>-13,283</b>
<b>Trade balance</b>	<b>-11,064</b>
<b>Capital account balance</b>	<b>20,179</b>

# MEXICO: CURRENT ACCOUNT

## BALANCE OF PAYMENTS



# MEXICO: CURRENT ACCOUNT DEFICIT

FORECAST

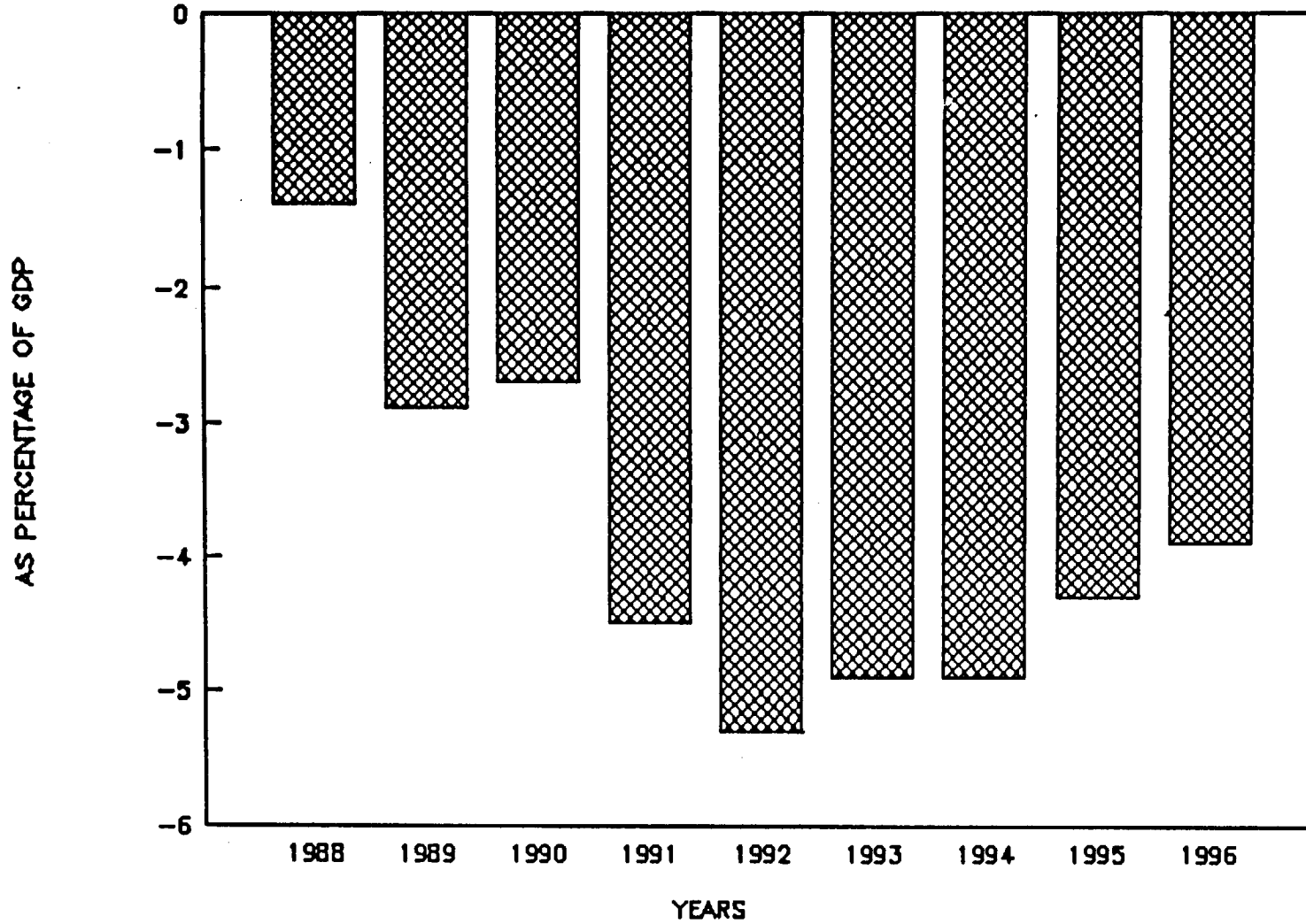




TABLE X

STOCK MARKET

Index as of December 1989:	417
Index as of December 1990:	628
Increase 1990/89:	50%
Index as of December 1991:	1,431
Increase 1991/90:	128%
Index as of March 1992:	1,876
Increase March 92/Dec 91:	31%
Index as of June 25 1992:	1,590
Increase June 25/March 92:	-15%

FOREIGN INVESTMENT IN MEXICO STOCK MARKET

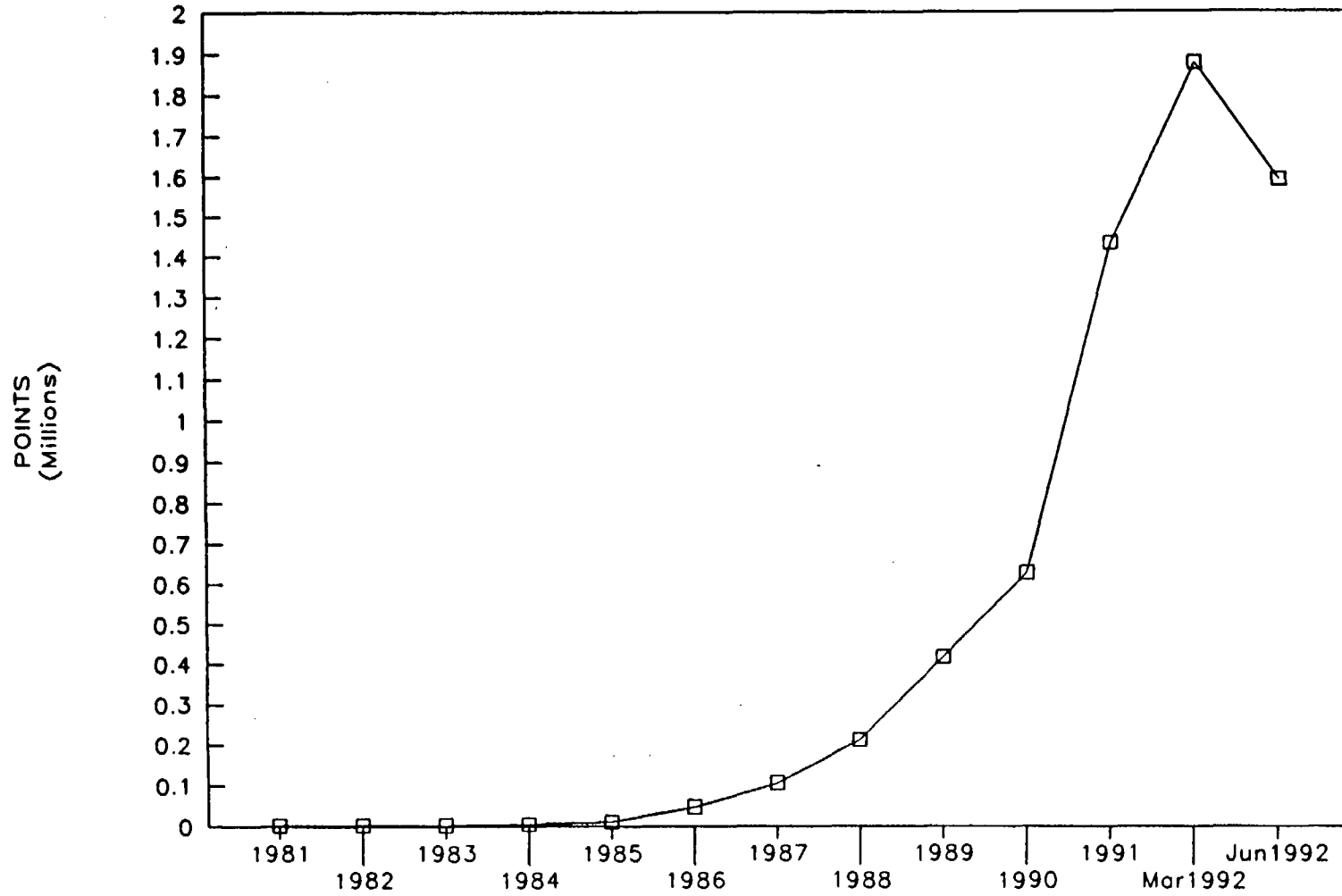
Balance (end of 1990)	\$US 4.1 billion
Balance (end of 1991)	\$US 18.5 billion
Balance (end of June 1992)	\$US 25.3 billion

COMPOSITION OF INVESTMENT

	Percentage	\$US
Total	100.0	13.3 billion
ADR	73.9	9.8 billion
Stocks	13.3	1.8 billion
Mexico Fund	3.7	485.0 million
Nafinsa Fund	9.2	1,222.0 million

# MEXICAN STOCK MARKET

GENERAL INDEX







## TABLE XI

### WAGES

Minimum wage per 8 hour shift (January 1992): 13,320 pesos(\$CDN 5.00)  
 Last wage increase (November 1991): 12%

#### MAQUILADORA AVERAGE EARNINGS (September 1991)

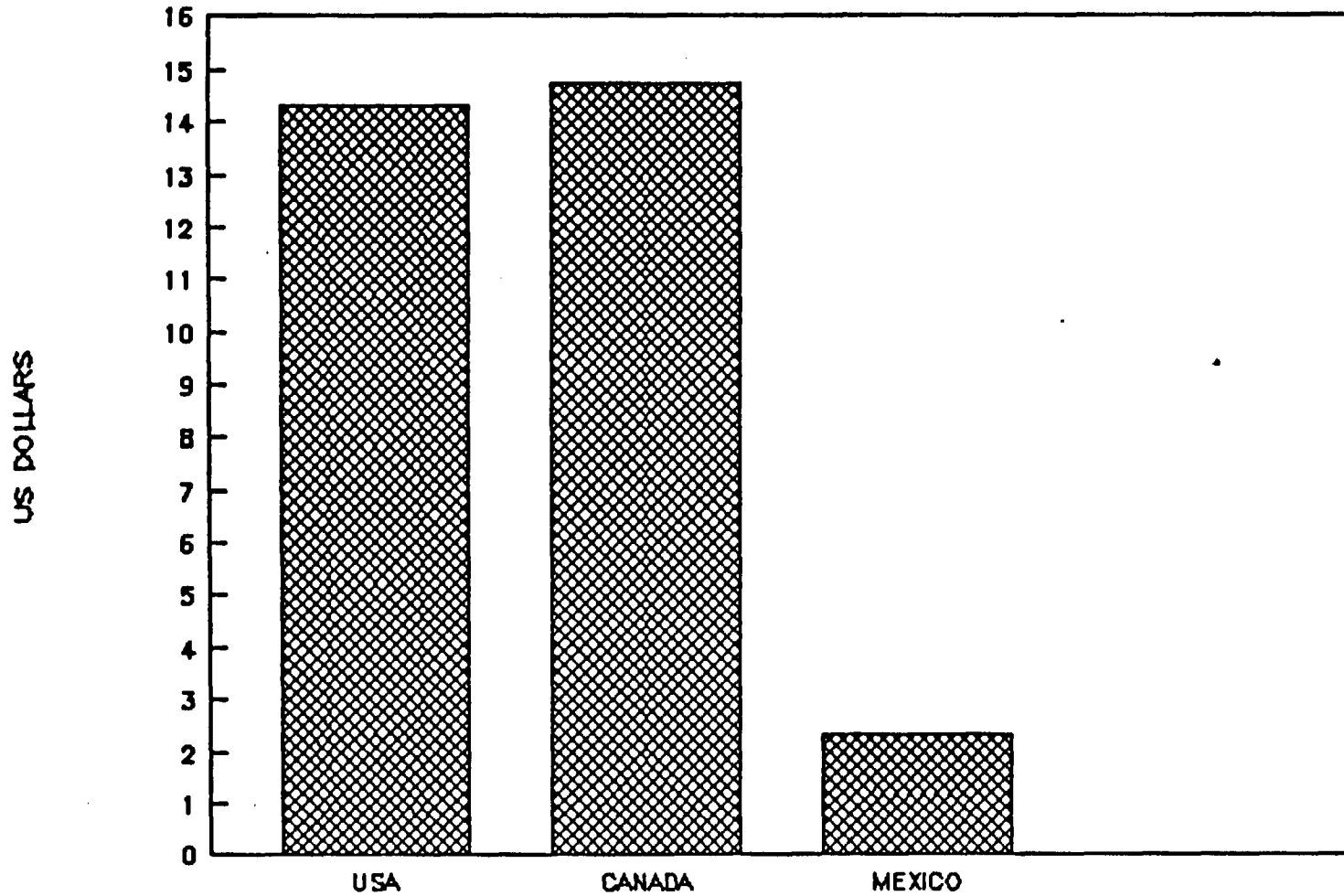
	(\$US per hour)
<b>UNSKILLED WORKERS</b>	<b>1.49 (TOTAL)</b>
Wages	1.15
Benefits	0.34
 <b>BLUE COLLAR</b>	 <b>4.04 (TOTAL)</b>
Wages	3.11
Benefits	0.93
 <b>WHITE COLLAR</b>	 <b>6.40 (TOTAL)</b>
Wages	4.93
Benefits	1.47

#### EVOLUTION OF MINIMUM WAGES

YEAR	DAILY	\$US PER HOUR	FREE EXCHANGE RATE (Annual average)
1982	5.42	0.67	57.18
1983	4.32	0.54	150.29
1984	4.25	0.53	185.19
1985	4.00	0.50	310.28
1986	3.94	0.49	405.81
1987	3.97	0.49	405.81
1988	3.24	0.40	2,289.58
1989	3.22	0.40	2,474.80
1990	3.63	0.45	2,807.30
1991	4.45	0.56	2,994.00

# NORTHAMERICAN INDUSTRIAL WAGES

AVERAGE PER HOUR 1991





## TABLE XII

### ENERGY

In 1991, GOM budget estimate Mexican oil barrel at \$US17.00, and formed a contingency fund in part from extra oil income received in 1990 and from the sale of state enterprises (TELMEX, banks, state steel companies and others). Budget estimates for 1992 is \$US 14.00 per barrel.

Average oil export price:	1990	\$US 19.12/barrel (\$6.12 above estimate)
	1991	\$US 14.90/barrel

The Ministry of Finance announced a hedging operation that guaranteed April to September 1991 budgeted oil income from exports at \$US 17.99/barrel, even if prices dropped to \$US 10.80/barrel. The coverage fee was \$US 200 million.

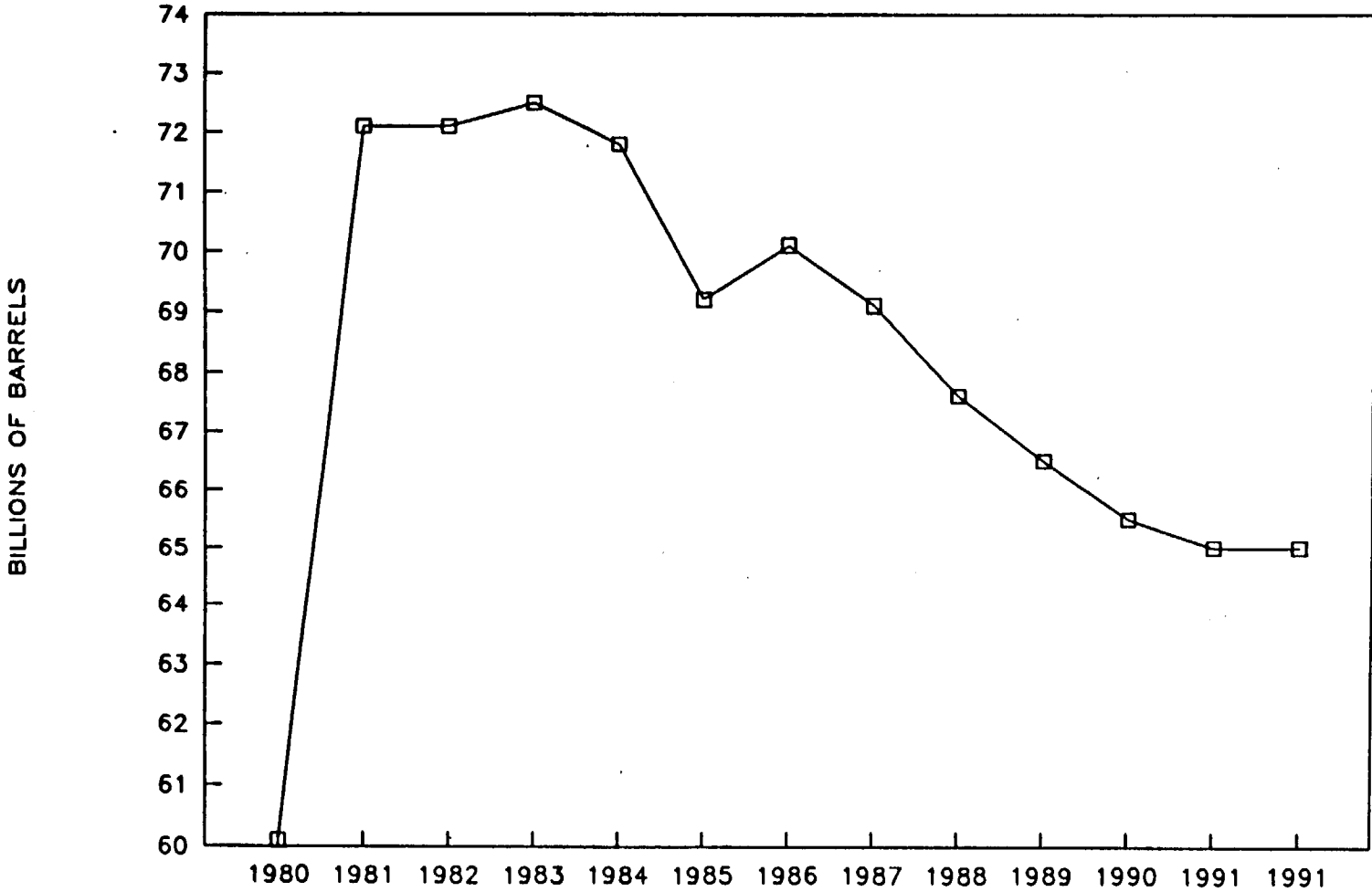
1991	Total
GASOLINE DEMAND INCREASE	7.7%
GASOLINE IMPORTS	756 (\$US million)
COMBUSTOLEUM IMPORTS	279 (\$US million)
NUMBER OF EMPLOYEES IN THE OIL INDUSTRY	1988 = 142, 400 1989 = 131,200

Half of PEMEX external debt in 1991 - \$US 6000 million with 70 foreign banks from ten countries- was renegotiated in March. PEMEX will pay \$US500 million before July while \$US2500 million will be payed in 1993 or 1994, as preferred by PEMEX.

The PEMEX debt of 20 trillion pesos with the Ministry of Finance, derived from a bond swap made by the federal government in exchange for \$US650 million of PEMEX debt is also being negotiated. In 1991, PEMEX debt service was \$US 1,166 million; the PEMEX net debt in 1991 was \$US 1,235 million.

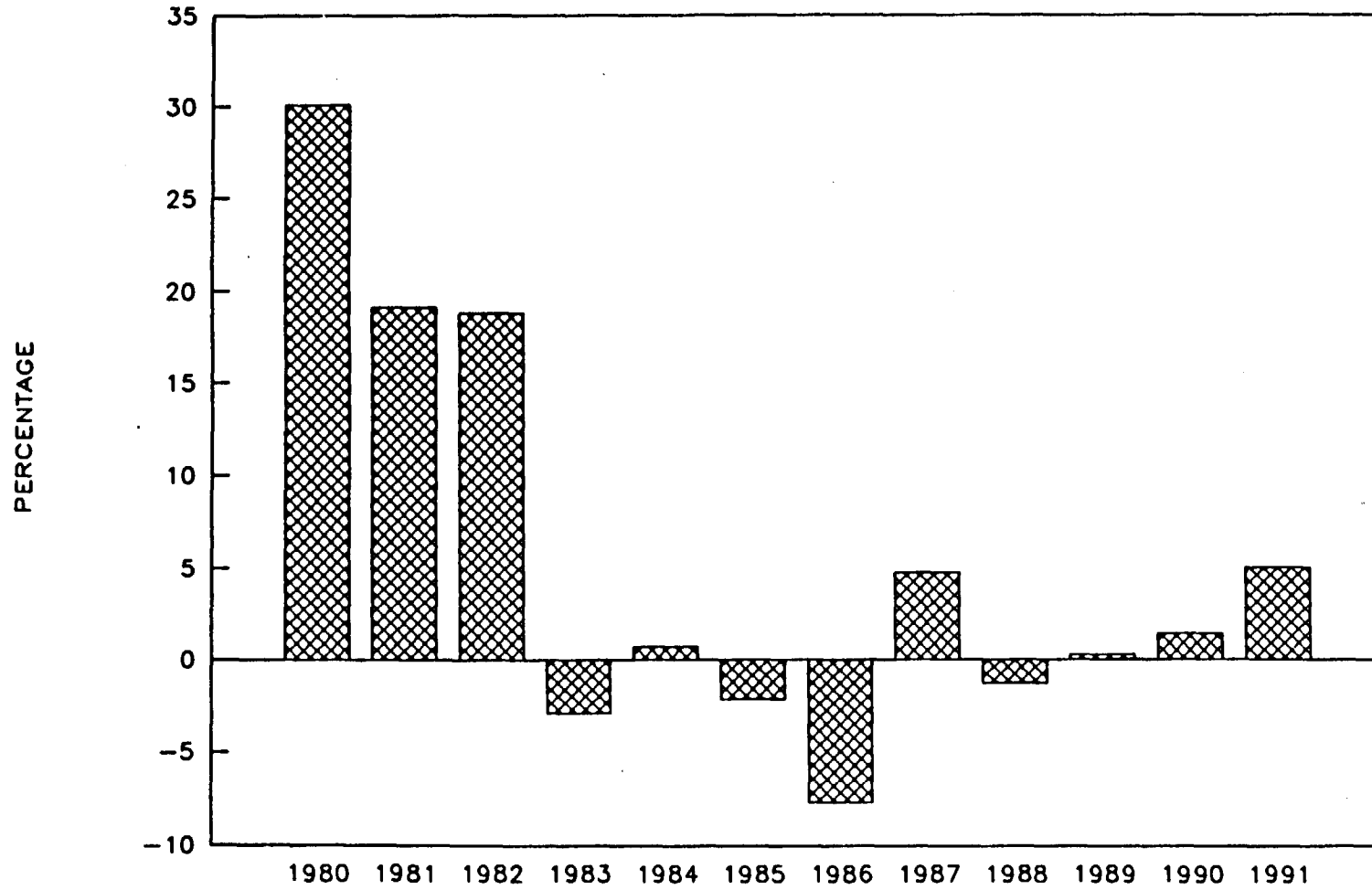
# MEXICO: OIL RESERVES

BILLIONS OF BARRELS



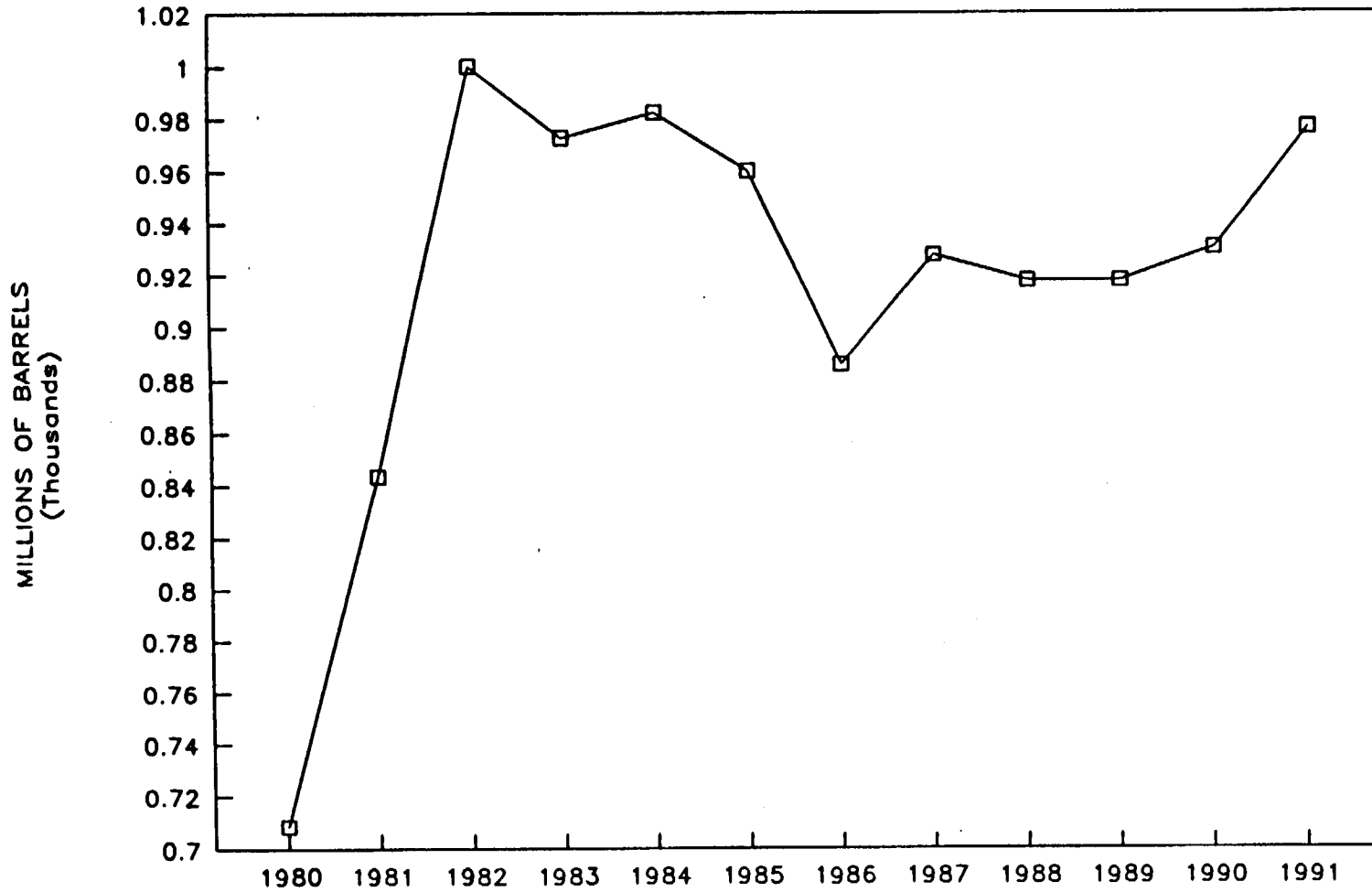
# MEXICO: CRUDE OIL PRODUCTION

ANNUAL CHANGES



# MEXICO: CRUDE OIL PRODUCTION

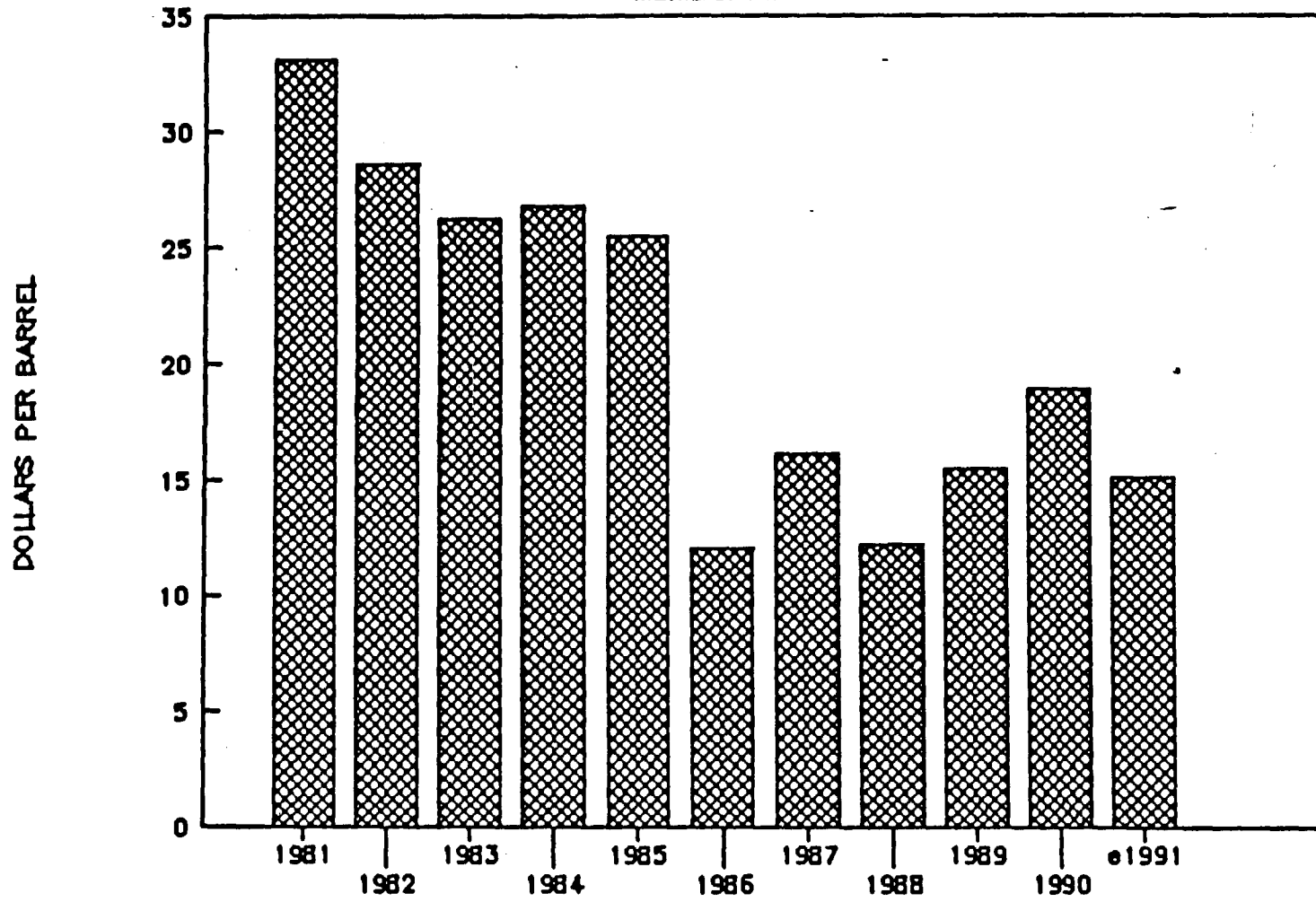
MILLIONS OF BARRELS





# MEXICO: OIL EXPORT PRICES

MEXICAN MIX





DOCS  
CA1 EA 92M22 ENG  
Mexico economic review (synopsis).  
--  
43265190

