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Government's Plans & Accomplishments To Date Aimed At Increasing Private Sector Participation In National Economy

by Steven Ranieri

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The Mexican government plans to boost private sector participation to 88% of GDP by the end of President Carlos Salinas de Gortari's six-year term. (See table on private sector participation in national economy since 1975, this issue.) Several large-scale privatizations have been concluded or are underway, affecting state-run mines, iron and steel facilities, Telefonos de Mexico (Telmex), the banking industry, a portion of the Mexican Television Institute (Imevision), insurance companies and airlines. At the desired level of participation, domestic and foreign private capital will account for 80% of employment, 61% of export revenues, and 70% of investment. The private sector is to control 100% of domestic commerce, agriculture and construction; over 95% of manufacturing; more than 90% of mining operations; nearly 80% of transportation; and, almost 75% of financial services. The government intends to maintain majority control in oil, petrochemicals and electricity, with minority participation in the services sector. On Oct. 8, the State Industry, Mining and Energy Secretariat (SEMIP) announced the dismantlement of 19 state-run companies. The Treasury and Public Credit Secretariat (SHCP) is responsible for the privatization, transfer or liquidation of formerly state-controlled enterprises following dissolution of corporate status. The 19 companies included steel plants and distributors, metalworking plants, and coal and iron mines, among others. As of Oct. 8, the federal government maintained majority control in only 25 productive enterprises. In its Oct. 22 issue, La Jornada quoted a Treasury official as saying that in the December 1988-August 1990 period, 134 companies have ceased to exist as separate corporations controlled by the federal government. Private investors took control of between 50% and 100% of assets in 107 of the 134. Nineteen companies were closed down, and eight were either merged with or subordinated under other state-run enterprises. Approximately 140,000 jobs were eliminated in changing the status of the 134 companies. (Sources: Notimex, 10/08/90; El Financiero, 10/17/90; La Jornada, 10/22/90)

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