11-7-1990

Extra Oil Income Earmarked For Retirement Of Government's Domestic Debt

Steven Ranieri

LADB Latin America Data Base
News & Educational Services
SourceMex
LADB Article Id: 068993
ISSN: 1054-8890

Extra Oil Income Earmarked For Retirement Of Government's Domestic Debt

by Steven Ranieri
Category/Department: General
Published: Wednesday, November 7, 1990

On Oct. 23 at a conference in Mexico City, deputy treasury secretary Jose Angel Gurria said extra income from higher oil prices this year estimated at between $2 billion and $2.5 billion will not be used to boost spending, but rather to cancel the federal government's domestic debt, and "strengthen" PEMEX finances. The conference, titled "Investment in Mexico," was sponsored by the publication Euromoney. Gurria stated that while the Salinas administration's economic policy has been successful, "the other side of the coin" is comprised of unemployment and declining real wages. GDP must increase between 5 and 6% per year, he said, in order to keep pace with expansion of the labor force. According to Gurria, Mexico is no longer a net exporter of financial resources due to increased foreign investment and the return of flight capital. He pointed out that from a 7% operational budget deficit, the national government is now recording a 7% surplus. The overall fiscal deficit has declined from the equivalent of 33% of GDP (1983) to 16.5% of GDP. In an Oct. 23 statement, the Treasury and Public Credit Secretariat (SHCP) said the government had already begun using oil revenues for cancelling its domestic debt. In September, the debt was reduced by 1.8%. Private creditors hold 52.71% of the federal government's domestic debt in the form of treasury bonds. (Sources: Notimex, 10/23/90; El Financiero, 10/24/90)

-- End --