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Domestic Private Investment & Savings Still Too Low

by Steven Ranieri

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In its Dec. 3 issue, El Financiero reported that according to the Secretariats of Finance and Public Credit (SHCP) and Industrial Development and Trade (SECOFI), as long as domestic private investment and per capita savings remain at current low levels, direct foreign investment will also not enter the country at required levels. Ministry sources point out that 75% of direct foreign investment is channeled to advanced industrialized nations, while the Third World must compete for the remaining 25%. Net private investment declined for a five-year period. In 1987, private investment was equivalent to 2% of GDP; 1988, 1.2%; and, in 1989, 8.3%. Government officials say that full economic recovery requires private investment equal to 14% of GDP. Foreign investment currently represents about 10% of total investment in Mexico, and about 15% of total private investment. In Brazil, Indonesia and Spain, foreign investment accounts for over 20% of total private investment. (Source: El Financiero, 12/03/90)

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