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Two-thirds Of New Foreign Investment Directed Toward Service Sector

by Steven Ranieri

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A study by the foreign trade research division of the Trade Secretariat indicates that 66% of all direct foreign investment has been directed exclusively toward the service sector during the last two years, and almost 50% over the last five years. At present, of all the companies in which foreign capital participates, 48% operate in the service sector. Despite legal restrictions on foreign participation in the financial sector, "the reality is that foreign banks have progressively expanded their participation in the Mexican financial market," said the study. Mexico's Foreign Investment Law permits up to 100% foreign participation in many areas of the service sector, including tram, trolley, and metro transportation systems; messenger and delivery services; telephone booths; real estate rental; equipment, furniture, and machine rental; medical, veterinary and dental services; hotels and restaurants; trade intermediary services; repair and maintenance; scientific research; certain recreational services; and, nearly all professional services. Foreign investment in the service sector currently totals about \$10 billion, accounting for 32% of total investment. According to National Foreign Investment Commission (CNIE) statistics, 70% of direct foreign investment in 1988 was channeled into the service sector, and only 2.4% to manufacturing. For 1989-90, 64.2% of the new investment went to services, and 34.8%, manufacturing. The CNIE also reported that the total accumulated value of direct foreign investment grew to \$30.984 billion by year-end 1990. (Sources: El Financiero, La Jornada, 03/05/91)

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