

8-19-1992

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U.S. Federal Reserve Projections Of Direct Foreign Investment & Return Of Flight Capital In 1993-1994

by Steven Ranieri

Category/Department: General

Published: Wednesday, August 19, 1992

According to an internal report by the US Federal Reserve issued in early August, Mexico will attract about US\$67 billion in direct foreign investment in 1993-1994. The estimate was based on the premise that the North American Free Trade Agreement (NAFTA) negotiations would be concluded by September. US and Canadian companies anxious to position themselves before NAFTA implementation in early 1994 are expected to contribute over US\$50 billion of the investment total. Foreign investment in subsequent years, said the report, will likely average around US\$30 billion per annum if Japanese and European investors "decide to participate in the world's largest market." The tourism industry was named as the most interesting target for foreign investment. Next, return of flight capital in 1993-1994 was projected at between US\$18 billion and US\$21 billion. The report set foreign reserves in December 1994 at around US\$26 billion. (Source: Notimex, 08/16/92)

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