Business Groups Renew Pledge To Avoid Price Increases During Transition To Nuevo Peso

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On Jan. 6, representatives of major business groups signed an agreement reaffirming a commitment to not raise prices of goods and services during the transition to the nuevo peso currency, which was introduced on Jan 1. Members of the private sector had already reached an accord to that effect on June 4, 1992. The private sector was represented at the Jan. 6 ceremony by executives from the Industrial Chambers Confederation (Confederacion de Camaras Industriales de la Republica Mexicana, CONCAMIN); the National Chamber of Commerce (Camara Nacional de Comercio, CANACO); the National Manufacturing Industry Chamber (Camara Nacional de la Industria de Transformacion, CANACINTRA); and the National Association of Self-Service and Department Stores (Tiendas de Autoservicio y Departamentales, ANTAD). Officials for the Trade Secretariat (Secretaria de Comercio y Fomento Industrial, SECOFI) and the Federal Consumer Protection Office (Procuraduria Federal del Consumidor, PROFECO) also attended the ceremony. According to PROFECO spokespersons, agency personnel visited a handful of bakeries in the Federal District in the first week of January to ensure the price of bread had not been raised. Almost all stores were in compliance. However, PROFECO reported that 612 businesses throughout the country were fined a total of 1 million nuevo pesos (US$320,500) for raising prices in the first days of the year. On Jan. 7, ANTAD president Luis Santana admitted the prices of some products, such as foodstuffs, had increased, but not because of the change in currency. He attributed higher fresh vegetable prices to seasonal factors, such as the end of the harvest, which reduced supplies available to the market. In a nationwide address on Jan. 10, Salinas said low inflation was the major reason why Mexico was able to introduce the nuevo peso. He admitted the prices of certain products continue to rise, but noted that increases have progressively diminished in size over the past few years. Also on Jan. 10, banks were reporting that supplies of nuevo peso coins and bills were still not sufficient to meet the needs of retailers and commercial centers. Some retailers estimated supplies of the new currency met only about 15% of demand. Bank officials said some customers were exchanging old for new pesos out of curiosity rather than immediate need. Old pesos will be considered legal tender for at least a year. (Sources: Notimex, 01/05-07/93; Agence France-Presse, Spanish news service EFE, 01/10/93)

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