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President Carlos Salinas de Gortari's trade liberalization program reportedly has three goals: encourage Mexican industrialists to export; remove trade barriers; and, attract foreign investment to most domestic economic sectors. This process began in 1985, and continued with Mexico's entry in the General Agreement on Tariffs and Trade (GATT) in 1986, and the subsequent establishment of a framework agreement with the US. According to Herminio Blanco, undersecretary of foreign trade in the Secretariat of Commerce and Industrial Development (SECOFI), "Mexico is now one of the most open economies in the world...Liberalization of our trade is an irreversible process. We will eliminate non-tariff barriers through streamlining our procedures. We will look for better and more stable access for our products to the international market. We will analyze international agreements to find areas in which we can cooperate. And we will use only the mechanisms of GATT to protect the Mexican market." Despite Salinas' statements that he is not interested in a common-market type agreement involving Canada and the US, unnamed senior government officials told the Copley News Service that the president would be willing to begin discussing the topic at mid-year. The future of trade liberalization, say unnamed experts, is dependent on a reduction in Mexico's debt service burden. If a reduction cannot be achieved, Mexico will be pressured to reverse trade liberalization. While the government's attempts to encourage Mexican companies to export have been less than roundly successful thus far, its tariff reductions and simplification of paperwork required in trade transactions has led to a massive increase in imports. Only 6% of imports currently need licenses, compared to 95% in 1982. The average tariff has been reduced from 45% to 10%, and the maximum tariff has declined from 100% to 20%. From $14.6 billion two years ago, US imports increased to $20.6 billion in 1988. The Mexican government is also working on a set of regulations to clarify its foreign investment law. Exceptions to the 49% ownership rule for foreign companies, to 90% or 100%, are not unusual. Current foreign investment in Mexico amounts to more than $20 billion per year. The US accounts for 63% of total, followed by West Germany with 6.3%; United Kingdom, 6.1%; and Japan, 5.5%. The maquiladora industry, the concentration of about 1,300 foreign-owned assembly operations at the US-Mexico border, is perceived as the country's greatest success story in attracting outside investment. The industry now ranks as Mexico's second-largest export revenue earner after oil. Government officials predict that maquiladoras will increase significantly during the next five years. Some admit privately that the industry's lifespan is limited if economic policies raise wages to a level "no longer competitive in the global labor market." Few of the border plant operations are taking advantage of the government's trade liberalization policies to integrate into Mexico's economy a move that analysts say would give the industry a permanent place in this country. As Washington's third most important trading partner after Canada and Japan, Mexico imported $20.5 billion in US goods last year and sent it $23.5 billion worth of products 65% of all Mexican exports. This year Mexico ranks as Washington's top beneficiary of the Generalized System of Preferences, a program that gives special treatment to products from developing countries. Consequently, 1989 Mexican exports to the US are expected to increase. (Basic data from Copley News Service, 03/13/89)

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