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In early February, the National Association of Importers and Exporters (Asociacion Nacional de Importadores y Exportadores de la Republica Mexicana, ANIERM) predicted that Mexico's trade deficit will reach US$26.9 billion in 1994, mainly because enactment of the North American Free Trade Agreement (NAFTA) is expected to attract a large increase in US and Canadian exports to Mexico this year.

ANIERM's forecast for 1994 takes into account a projected increase of 20% in imports to US$59.2 billion, compared with only an 8.4% gain in exports to US$32.3 billion. According to the report, the 1994 deficit would be 36.5% higher than the deficit of US$19.7 billion estimated for 1993. ANIERM's estimates do not include export and import statistics from the maquiladora sector. ANIERM president-elect Juan Autrique warned that Mexico's trade deficit would continue to grow unless the government provides increased financial support and technical assistance to small- and medium-sized exporters and simplifies export regulations and procedures.

President Carlos Salinas de Gortari's administration has not issued trade projections for this year. However, on Feb. 19, the Trade Secretariat (Secretaria de Comercio y Fomento Industrial, SECOFI) reported the trade deficit (including export and import activity in the maquiladora sector) narrowed to US$13.54 billion in 1993. According to SECOFI, this would represent a decline of 15% from 1992.

The SECOFI statistics estimated exports in 1993 at US$51.83 billion, an increase of 11.3% from 1992. This included an increase of almost 18% in exports of manufacturing products. At the same time, imports totaled US$65.37 billion, an increase of about 5.2% from 1992. The value of imported consumer goods increased by 1.3%, but overseas purchases of capital goods declined by 4.7%. The reduction in imports of capital goods is significant because many economists were attributing recent increases in imports to the need by Mexican companies to acquire capital equipment in order to modernize and prepare for NAFTA.

According to analysts, the decline in imports of capital equipment is the result of Mexico's economic slowdown in 1993. Despite SECOFI's relatively optimistic statistics, a report issued by the agency earlier in February provided a more accurate trend of Mexico's trade situation. In the report, SECOFI noted that 11 of Mexico's 16 principal economic sectors reported a trade deficit during 1993. These sectors included: food, beverages, and tobacco; textiles; lumber; paper; petroleum derivatives; petrochemicals; chemicals; plastics; steel; automobiles; aviation; and machinery and equipment.

According to SECOFI, the following sectors recorded a trade surplus: non-metallic minerals; metallic minerals; electronic appliances; agricultural products; and livestock. In a separate report, also released in early February, SECOFI reported that Mexico's trade deficit has increased significantly with nine industrialized countries since President Salinas de Gortari took office in 1988, including Japan, France, Germany, Canada, and the US. According to the report, Mexico enjoyed a trade

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surplus of US$230 million with Japan in 1989, but that turned into a deficit of US$2.4 billion by 1993. Similarly, export and import levels with France were balanced in 1989, but this turned into a deficit of more than US$700 million by 1993. Mexico's trade balance with Canada has fluctuated during the Salinas presidency, starting at a deficit in 1989, reaching a balance in 1990 and 1991, a surplus in 1992, and a deficit again in 1993.

Mexican imports from the US surpassed US$44 billion in 1993, compared with US$18 billion in 1989. Mexico's trade deficit with the US increased from US$2 billion to US$4 billion during the five year-period. On the other hand, a study released by the private Institute of International Economics (Instituto de Economia Internacional) in Mexico City in mid-February, projected that the trade balance between the US and Mexico would even out by 1997 because of NAFTA. The study projected that Mexican exports to the US would continue to grow by the end of the century, resulting in trade surplus of US$2 billion with the US by the year 2000.

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