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Mexico Recorded Miniscule Economic Growth in 1993

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On Feb. 21, the Finance Secretariat (Secretaria de Hacienda y Credito Publico, SHCP) reported Mexico's GDP grew by only 0.4% in 1993, the lowest growth rate since President Carlos Salinas de Gortari took office in December 1988. In fact, the figure is much lower than the 1.1% GDP growth the SHCP had projected for 1993 in a report released in November of last year (see SourceMex, 11/24/93). In comparison, GDP growth rates during the previous years of Salinas's presidency were 3.3% in 1989, 4.4% in 1990, 3.6% in 1991, and 2.8% in 1992.

According to the SHCP, the disappointing economic performance last year was most pronounced in the manufacturing sector as a whole (-1.5%) and the hotel, restaurant, and retail sector (-1.2%). Economic performance was also sluggish in textiles, clothing, and leather (-7.4%); editorial products (-6.4%); chemical products (-2%); heavy machinery and equipment (-0.6%). Increases were reported in certain sectors, such as food, beverages, and tobacco (0.4%), and basic metals (2.6). In the area of primary products, the GDP for agriculture, forestry and fisheries increased by 3%.

In addition, the SHCP said the GDP growth of the mining sector increased by 1.1%, as new mining projects were initiated in northern states during the year. Also, the economic performance of the utilities sector- -electricity, water, and gas increased by 3.9%. The construction sector expanded by 3.1%, mainly the result of a large increase in public works projects, and an increase in the number of hotels, office buildings, petrochemical installations, and schools.

Overall, the GDP for the service sector increased by 0.9%, led mainly by a 4.9% gain in financial services and a 2.4% rise in transport, storage, and communications. This was offset, however, by the decline in the hotel, restaurants, and retailing category. Despite the increases in some areas, the overall economic slowdown had a profound effect on Mexico's employment situation during the year.

A study released by the Private Sector's Center for Economic Studies (Centro de Estudios Economicos del Sector Privado, CEESP) in early February showed that roughly 42.7% of Mexican businesses reduced their workforce during 1993, a much higher percentage than during 1992. Of the remaining businesses, 40.5% reported no change in the size of their workforce during 1993. Only 16.8% hired more employees.

These statistics were backed up by the Mexican Workers Confederation (Confederacion de Trabajadores de Mexico, CTM) which reported that a total of seven million Mexicans one fourth of the Economically Active Population were fully unemployed as of year-end 1993. A similar number of Mexicans were said to be underemployed.

According to El Financiero daily business newspaper, the slow economic growth for last year will have negative repercussions for job creation this year. The newspaper suggested that because of

last year's recession, even under the most optimistic scenarios, only about 500,000 new jobs will be created in 1994.

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