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## **Government Removes Most Price Controls On Basic Foodstuffs, Petroleum Products**

*by LADB Staff*

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On March 30, the Trade Secretariat (Secretaria de Comercio y Fomento Industrial, SECOFI) announced the immediate removal of official price controls on 30 basic foodstuffs, which includes all basic food items except for tortillas and milk. This means that prices will be allowed to fluctuate at market levels for such food items as dry beans, wheat flour, corn meal, and bread rolls, all of which had been subject to government price controls.

Under the decree, price controls were also removed for most petroleum products, including gasoline, diesel and natural gas. Nonetheless, no major gasoline price increase is expected as a result of the measure. The action also affects petrochemicals such as ammonia, methanol, benzene, phosphate, and petrochemical fertilizers, among others.

According to SECOFI, the decision to remove price controls was based on the recent price stability for these products on international markets, adequate production at the national level, and the recent opening of Mexico's economy. SECOFI said the prices of these basic products will be determined in the same way as all other prices, through the inflation controls created under the Economic Productivity and Growth Pact (PECE) negotiated each year between the government and the labor, business, and agricultural sectors.

SECOFI analysts said adjusting fuel prices to the international market, and especially those in the US, could eventually result in a significant reduction in consumer prices. But private economic analysts warned prices are sure to increase, no matter what steps are taken by SECOFI or imposed under the PECE

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