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## Trade Deficit For January-february 1994 Jumps To Nearly US\$3 Billion

by LADB Staff

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On April 18, the Finance Secretariat (Secretaria de Hacienda y Credito Publico, SHCP) reported Mexico's trade deficit for January-February of this year at US\$2.98 billion, an increase of 27% from the same two-month period in 1993. Exports for January-February approached US\$8.6 billion, compared to imports of nearly US\$11.6 billion.

According to the SHCP, exports during February alone reached US\$4.49 billion, an increase of almost 17.5% from the same month in 1993. Exports of non-petroleum goods increased by 26.5% during February, but this increase was tempered by a decline of 17.8% in petroleum exports. Imports during February reached US\$6.16 billion, an increase of 19.1% from February of 1993. Imports of capital goods increased during both January and February, following seven consecutive months of decline.

The SHCP attributed the increase in capital goods imports both to the enactment of the North American Free Trade Agreement (NAFTA) on Jan. 1, which allowed imports of products at lower tariff rates, and to an increase in budgets for capital expenditures. According to a report produced by Grupo Financiero Serfin, Mexican imports of capital goods declined by 5% during 1993 due to the country's economic slowdown.

Meanwhile, Serfin projected Mexico's overall trade deficit will increase to US\$15.5 billion by year-end 1994, compared with US\$13.5 billion in 1993, as an expected economic recovery during the second half of the year prompts Mexican businesses to increase imports. In a related matter, a US Commerce Department report released on April 19 indicated that Mexico's trade deficit with the US narrowed to US\$370.4 million for January-February, down almost 47% from the same period in 1993.

In February, Mexico's trade deficit with the US was only US\$48 million, compared with US\$322 million in January. For his part, Mexico's deputy trade secretary Jaime Zabudovsky said NAFTA did indeed result in an increase in trade between the US and Mexico during January-February. In an interview with the official news agency Notimex, Zabudovsky said Mexican exports to the US for the two-month period surpassed US\$7.1 billion, an increase of almost 23% from January-February 1993. During the same period, imports surpassed US\$7.5 billion, an increase of 15% from a year ago. According to Zabudovsky, 49% of the goods traded between the two countries during the two-month period were eligible to cross the border at reduced import tariffs, while another 17% were not charged any duties. He said exports of manufactured products to the US increased by 27% from the same period in 1993. Zabudovsky predicted that this "positive trend" for Mexican exports would continue through the rest of the year.

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