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Government, Business, Labor Agree to Reduce Prices for 25 Basic Goods

by LADB Staff

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In late June, representatives from the government, labor, and the private sector reached an agreement to lower prices for 25 basic consumer products for at least two months. The move is seen as an attempt to offset some of the impacts of the devaluation of the peso and the increase in the value-added tax (IVA), which has brought accumulated inflation in Mexico to almost 29% for January-June. The reduction in prices for those basic products should help bring down consumer inflation for both July and August. According to some predictions, the consumer price index (Indice Nacional de Precios al Consumidor, INPC) is expected to drop to 2% in July. The INPC was reported at 8% in April and 4% in May and was expected to range from 3% to 3.5% in June (see SourceMex, 06/14/95).

In a press conference with representatives of the workers congress (Congreso del Trabajo, CT) and the business coordinating council (Consejo Coordinador Empresarial, CCE), Labor Secretary Santiago Onate Laborde said the agreement will result in price reductions of 5% to 50% through at least the end of August. Price reductions will vary depending on the brand of product and the store. Onate said the agreement on the price reductions was reached during a monthly meeting of the commission reviewing the status of the anti-inflation price and wage agreement reached among government, labor, and business representatives (Pacto para el Bienestar, la Estabilidad y el Crecimiento, PABEC).

The products covered by the agreement include such items as tortillas, bread, cooking oil, rice, eggs, powdered and fresh milk, sugar, tuna, beans, cookies, coffee, soft drinks, laundry detergent, soap, and medicines, among others. In addition, retailers agreed to discount other products not specifically covered in the agreement, such as meats, cheese and other dairy products, and some additional groceries. (Sources: El Norte, La Jornada, 06/30/95)

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