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## Mexico's Trade Surplus Narrows Slightly in First Quarter of 1997

by LADB Staff

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According to the Finance Secretariat (SHCP), Mexico attained a trade surplus of US\$1.348 billion in the first quarter of this year, which was slightly lower than the US\$1.846 billion surplus recorded in January-March of 1996. The SHCP statistics showed an increase in both exports and imports relative to the first quarter of 1996. However, the growth in imports outpaced the increase in exports, which accounted for the narrowing of the trade surplus in the first quarter relative to the same period last year.

### *Imports growing faster than exports*

The SHCP said exports totaled US\$24.865 billion, an increase of almost 14% from the first quarter of 1996. At the same time, the value of imports reached US\$23.517 billion during January-March, an increase of 18% relative to the first quarter of 1996. Exports of manufactured products during January-March reached US\$20.4 billion, accounting for more than 80% of the total exports for the quarter.

The SHCP said purchases of intermediate goods totaled US\$18.750 billion in January-March, which made up more than 80% of total imports during the quarter. In fact, according to the report, imports of intermediate goods increased by more than 16% from a year ago, which is taken as a sign that the Mexican economy is recovering. The SHCP reported the trade surplus for March at more than US \$500 million. A

s was the case throughout the quarter, the increase in imports during March continued to surpass the rate of growth in exports. During March, Mexico exported about US\$8.7 billion worth of products, an increase of 14.7% from March 1996. Imports during March reached US\$8.2 billion, a jump of 19.4% relative to the same month in 1996. As throughout the quarter, manufactured goods led the month's export growth in March. Within this category, the maquiladora sector increased exports by 20.6% compared with March 1996.

The SHCP also reported an 11.7% increase in exports of products manufactured at factories not designated as maquiladoras. These products include textiles, wood, plastics, machinery, and electronics. According to the report, exports of agricultural products during March increased by 14% relative to the same month in 1996, led by increased shipments of fresh vegetables and coffee. US also reports lower Mexican trade surplus The SHCP report followed the US Commerce Department's most recent report on the US trade balance. The Commerce report, released in mid-April, put the US trade deficit with Mexico at US\$1.27 billion for January-February, a slight decrease of about 1% compared with the same two-month period in 1996.

Despite a recent trend toward reduction in the level of Mexican exports to the US, Mexican authorities are quick to point out an overall surge in sales to the US since January 1994, when

the North American Free Trade Agreement (NAFTA) took effect. Deputy trade secretary Jaime Zabludovsky said Mexican exports to the US have increased by 120% over the last three- years. At the same time, he said Mexico has become the third most important trade partner for the US. (Sources: Notimex, 04/17/97; Novedades, 04/18/97; Excelsior, 04/18/97, 04/24/97; El Universal, The News, 04/24/97; El Nacional, 04/25/97; El Economista, 04/24/97, 04/28/97)

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