

2-3-1999

## Mexico Incurs Trade Deficit of US\$7.7 Billion in 1998

LADB Staff

Follow this and additional works at: <https://digitalrepository.unm.edu/sourcemex>

---

### Recommended Citation

LADB Staff. "Mexico Incurs Trade Deficit of US\$7.7 Billion in 1998." (1999). <https://digitalrepository.unm.edu/sourcemex/4030>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in SourceMex by an authorized administrator of UNM Digital Repository. For more information, please contact [amywinter@unm.edu](mailto:amywinter@unm.edu).

## **Mexico Incurs Trade Deficit of US\$7.7 Billion in 1998**

*by LADB Staff*

*Category/Department: Mexico*

*Published: 1999-02-03*

A sharp decline in petroleum prices and an increase in imports brought Mexico's trade deficit to more than US\$7.7 billion during 1998. A report published in late January by the Secretaria de Hacienda y Credito Publico (SHCP) said the value of Mexican exports totaled US\$117.5 billion last year, compared with imports of US\$125.2 billion. A slump in petroleum exports contributed significantly to the reduced value of overall exports last year.

Mexico's oil- export revenues totaled only US\$7.14 billion in 1998, a decline of almost 37% from 1997. On average, Mexican crude oil sold at only US\$10.20 per barrel during 1998, compared with the Zedillo administration's original projection of US\$15.50 per barrel. In addition to low global prices, the SHCP said Mexico's oil-export revenues were curtailed by a series of agreements with other oil producers to limit supplies on the world market (see SourceMex, 03/25/98, 06/10/98).

But nonpetroleum exports in 1998, which increased by 11.4% from the previous year, helped compensate for the slump in oil exports. As a result, Mexico's overall exports increased by 5.4% from the previous year, the SHCP said. The increase in nonpetroleum exports was led by the manufacturing sector, including maquiladora plants. Manufacturing exports 90% of Mexico's total exports last year amounted to US\$105.9 billion, an increase of 11.7% from 1997. The negative trade balance last year also resulted from increased imports, which grew by 14% from the previous year. Intermediate goods accounted for US\$17.3 billion of the total imports, an increase of 14.5% from 1997.

The increased demand for intermediate goods was an encouraging sign for the Mexican economy, since this showed that companies were expanding. Salvador Alverdi Carmona, president de la Confederacion de Asociaciones de Agentes Aduanales de la Republica Mexicana, said the increase of between 3% and 10% in tariffs on imports from countries that do not have a free-trade agreement with Mexico affected import totals slightly during January.

The Chamber of Deputies approved the increase as part of the 1999 budget agreement negotiated with the SHCP in late December (see SourceMex, 01/06/99). But Carmona predicted the tariff would have only a minor impact on overall imports during 1999, expected to grow by 7% from 1998. According to Carmona, if recent trends hold, imports should total about US\$133.3 billion in 1999, a 7% increase. (Sources: Excelsior, La Jornada, 01/23/99; Agence France-Presse, 02/01/99; Novedades, 01/21/99, 01/23/99, 02/02/99; El Universal, 02/02/99)

-- End --