

# ICE

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## MEXICO

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**DEVESA FERNÁNDEZ, María and PALACIOS PICOS, Andrés**

**Predicting the level of tourists' perceived satisfaction**

**Abstract:** Visitor satisfaction and loyalty have important consequences for tourist policies and for companies in the tourist business: they increase the number of returning visitors, give rise to favourable reviews and generate a positive image of the chosen destination. In the context of a World Heritage Site city, the present article explains the visitor satisfaction obtained with a predictive model, built around three groups of variables relating to motivation for and assessment of the visit. The results show that satisfaction depends on two factors, here denominated the «human factor» and the «appraisal of service accessibility».

**Key words:** tourism, client satisfaction, regressive model.

**JEL Classification:** C53, L83, M31.

**GAVITO MOHAR, Jaiver**

**Strengthening and developing popular retail finance in Mexico**

Up until only a few years ago, Mexico's financial system was characterized by a lack of depth and uneven development of the intermediation industry, in particular non-bank intermediation. Furthermore, a significant portion of the economically active population had no access to formal financial services. An enormous legislative effort is being made to establish comprehensive regulations for the industry in an attempt to correct this situation and develop the country's enormous potential in this regard. The aim is to enlarge the financial system, while respecting its essential principles and traditional organization, to encompass the —up to now— parallel grass-roots savings and loan network.

**Key words:** financial system, financial transactions and services, savings banks, Mexico.

**JEL Classification:** G18, G21, O54.

**GUEVARA SANGINÉS, Alejandro**

**Environmental policy in Mexico: inception, development and prospects**

**Abstract:** Mexico, a country with a huge cumulus of natural capital, has nonetheless been under fierce pressure to reach high growth rates in a very short period of time. In pursuit of social and economic development that is also respectful of the quality of the natural environment, the Mexican State has included environmental matters on its agenda. However, the public institutions and policies designed to regulate the environmental behaviour of the various actors have been and continue to be engaged in a learning

process, during which positions and strategies have tended to differ from time to time. In this review of the evolution of institutions and policies implemented in the last ten years, their economic relevance and effectiveness is called into question.

**Key words:** environmental policy, nature conservation, sustainable growth, Mexico.

**JEL Classification:** O54, Q28, Q38.

### MARTÍNEZ TRIGUEROS, Lorenza

#### Exchange rate and monetary policy in Mexico: lessons after a decade of a floating currency

**Abstract:** In the wake of the Mexican crisis of 1994, the national government was obliged to adopt a floating exchange rate for its currency, which at the time was believed to be a temporary measure. Months later, due to the enormous volatility that Mexico faced on financial markets, and given the importance of the exchange rate in establishing prices, a quantitative monetary policy instrument was implemented with a view to affording greater interest rate flexibility. Ultimately, then, Mexico adopted an exchange rate mechanism and a monetary policy instrument that were fairly uncommon at the time among emerging countries. A full decade after their institution, it may be sustained that the two schemes, supplemented with responsible tax and monetary policies, have proven to extraordinarily successful, and contributed to reducing macroeconomic vulnerability and attaining low inflation rates.

**Key words:** financial markets, exchange rate, floating exchange rate, financial crisis, monetary policy, Mexico.

**JEL Classification:** F31, F33, O54.

### MEZA GONZÁLEZ, Liliana

#### Changes in the Mexican labour market

**Abstract:** The present paper contains a description of the chief changes observed in the Mexican labour market between 1982 and 1999, through variations in several indicators, and attempts to relate them to the economic and political change taking place in the period. The major alterations recorded on the Mexican labour market include declining trade union membership, growing rates of informal employment, loss of wage-based purchasing power, widening salary gaps, enhanced qualifications of the Mexican work force, increase in female employment, and a substantial rise in emigration to the United States. One of the core subjects of the study is the trade union crisis in Mexico triggered by the economic change taking place in the nineteen eighties. The paper includes an analysis of how labour

market change has affected the population in terms of degree of school enrolment and a discussion of a number of policy recommendations.

**Key words:** labour market, trade unions, Mexico.

**JEL Classification:** J30, O54

## MORENO PINEDO, Manuel and PÉREZ CALVETE, Amparo

### Economic and trade relations between Spain and Mexico

**Abstract:** In the last ten years, Mexico has consolidated its position as a stable trading partner and primary destination for Spanish exports to Latin America. While not ranking among the market leaders, Spain has seen its share of the Mexican market undergo practically constant growth, reaching a level comparable to Italy's, in a period concurring with the unprecedented opening of the Mexican economy. Spain plays a more prominent investment role in Mexico, as the source of the third highest stock of foreign direct investment in the country in the last decade, after the United States and the Netherlands.

**Key words:** bilateral relations, exports, direct investments, free trade area, Mexico, Spain, NAFTA.

**JEL Classification:** F14, F15, F21, O54.

## RODRÍGUEZ ARANA, Alejandro

### The role of trade opening in Mexico's economic growth and trade balance, 1980-2002

**Abstract:** This paper analyzes the effect of liberalizing foreign trade on economic growth and the trade balance in Mexico. The chief outcome is that Mexico's adherence to the General Agreement on Tariffs and Trade (GATT) in 1985 and the North American Free Trade Agreement (NAFTA) have had a positive impact on economic growth but deteriorated the trade balance. Greater growth takes place because opening has a beneficial effect on private investment, enlarging the export market; at the same time, it provides for the accumulation of a higher quality of capital by removing import restrictions. The trade balance, in turn, is weakened, even when offset by the induced effect of higher growth. The analysis shows, however, that there were no sustainable growth drivers at the time —nor at present— other than export promotion. The conclusion drawn is that trade policy must evaluate the trade agreements reached more carefully. The aim of such agreements should be to favourably impact net exports and guarantee the viability of long-term growth.

**Key words:** foreign trade, exchange liberalization, trade balance, Mexico.

**JEL Classification:** F13, F14, O54.

**RUIZ GÓMEZ, José Juan**

### **Mexican banking system: return to the future**

**Abstract:** In the last 30 years, the structure of the Mexican financial system has evolved along the lines of the successive development models applied in the country, to the extent that today it is acknowledged as one of the pillars of Latin American banking. The present paper contains a detailed analysis of the historical stages that shaped the process, with particular attention to the «Tequila crisis»: the macroeconomic and financial environment in which it occurred, the banking crisis it prompted and the strategy followed to confront it. The analysis concludes with a description of the reconstruction of the Mexican banking system after the crisis and the most prominent features of the new model.

**Key words:** banking system, financial crisis, Mexico.

**JEL Classification:** G21, O54.

**RUIZ-FUNES, Mariano**

### **Recent trends and prospects for Mexican farming and livestock raising**

**Abstract:** This paper contains an analysis of the behaviour of the farming and livestock sector beginning with the entry into force of the North American Free Trade Agreement (NAFTA) in 1994. In particular, it addresses the challenges and prospects anticipated for the sector in the framework of the policy measures adopted and any others that may or should foreseeably be implemented in the years to come.

**Key words:** rural environment, farming market, agricultural production, operating subsidies, competitiveness, Mexico.

**JEL Classification:** O54, Q17, Q18.

**SZÉKELY, Miguel**

### **Poverty, inequality and macroeconomic environment in Mexico**

**Abstract:** The present article shows that poverty and inequality have not declined in Mexico in the last two decades. These two variables were at essentially the same levels in 2002 as in 1984. This does not mean, however, that poverty and inequality have remained constant. On the contrary, the significant rises and falls recorded throughout the period studied have tended to offset one another. The author sustains that these changes have been closely related to the macroeconomic cycle, characterized by GDP growth, stability and social spending.

**Key words:** poverty, income distribution, social distribution, Mexico.

**JEL Classification:** O15, O54.

VARELA GUINOT, Helena

**From economy to politics: obstacles to the adoption of structural economic reform**

**Abstract:** The purpose of the present study is to analyze the causes that explain the absence of reform, focusing on the area of economic reform. Evidence is furnished to defend the argument that above and beyond ideological differences or divergent economic projects that divide the various political and social actors, institutional design plays a fundamental role in the lack of agreement needed to undertake economic reform. Firstly, the approach taken to the so-called «structural reforms» and the hurdles encountered in the path to approval are addressed. This is followed by a discussion of the various causes for the absence of reforms: lack of political determination, political culture, and finally, institutional design (a presidential, multi-party system), as essential factors for understanding the lack of agreement and the strained relations between the executive and legislative powers.

**Key words:** economic reform, structural reform, political attitudes, Mexico.

**JEL Classification:** O54.

VILLAR, Rafael del and SOTO ÁLVAREZ, Francisco Javier

**Success and difficulties in Mexico's economic competition policy**

**Abstract:** Competition policy was instituted in Mexico in 1993. One of the Federal Competition Commission's (CFC Spanish initials for *Comisión Federal de Competencia*) major achievements has been to prevent the sort of concentration that would have had significant anti-competitive effects. The challenges facing competition policy are: 1) issues relating to privatizations and flawed institutional frameworks in key sectors of the economy; 2) difficulties encountered by the CFC to have its resolutions upheld by the courts; and 3) trade union opposition. The final section of the article contains proposals of a legal nature to strengthen competition policy in Mexico.

**Key words:** competition, monopoly, business combination, railways, telecommunications, trade unions.

**JEL Classification:** K21, L12.

WERNER, Alejandro M. and URSÚA, José F.

**Tax reform in Mexico: a task outstanding**

**Abstract:** The present article contains a diagnosis of the state of public finance from the macroeconomic and microeconomic viewpoints. The chief aims pursued by any reform project may be inferred from this analysis, namely: increase in public revenue and greater tax system efficiency through the elimination of distortions, in particular in connection with

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the value added tax (VAT). The most important proposals put forward are described, along with the progress made in certain respects, such as improved tax system competitiveness through reduction of income tax rates. Finally, the difficulties that the different reform initiatives have encountered discussed in some depth. The conclusion reached is that there is a pressing need for tax reform, on the one hand to consolidate the achievements of recent years and on the other to withstand the spending pressures that are certain to arise in future.

**Key words:** public finance, tax system, tax reform, Mexico.

**JEL Classification:** E62, H20, H60.

### ZABLUDOVSKY, Jaime

#### The NAFTA and foreign trade policy in Mexico: an unfinished agenda

**Abstract:** In recent decades, Mexico has undertaken an ambitious process of economic reform in which opening the economy to trade has played a predominant role. In effect, beginning in 1983 Mexico began to pull down its tariff barriers, replacing its former industrialization model, based on the substitution of imports, with promotion of export trade and greater integration in the world economy. The analysis of these two stages of Mexican trade policy contained in the present paper assesses the results obtained and identifies the outstanding questions that might be addressed in the years to come.

**Key words:** foreign trade relations, commercial policy, exchange liberalization, regional integration, Mexico, NAFTA.

**JEL Classification:** F13, F15.

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