

# Fitch Ratings Emite Comentario sobre México

8 de junio de 2004

Fitch Ratings-New York-June 8, 2004: Fitch Ratings, the international rating agency, today said that Mexico needs to implement economic reforms in order to sustain the economic recovery currently underway. Mexico's short-term economic indicators point to an economic rebound after three years of sluggish growth. In a report titled 'United Mexican States: Sustaining the Economic Recovery', Fitch says that in the absence of reforms, Mexico's economy remains heavily reliant on the U.S. for economic growth. The report cautions that notwithstanding the recent economic recovery - underpinned by higher industrial production and stronger export growth - competitive pressures facing Mexico continue to mount. Mexico appears to have lost its advantage in labor-intensive maquila products to countries in Central America and China in particular. In Fitch's view, the recovery in the maquila and the overall manufacturing sector needs to be closely monitored to assess the extent of damage from intense competition. The report commends the authorities for adept macroeconomic management during the past three years of regional turmoil and slow domestic growth. During this period, fiscal targets have been met and the central bank has remained committed to achieving its inflation target. However, Fitch believes that Mexico needs to make progress on structural reforms in order to consolidate its current economic recovery, boost its competitiveness and improve its attractiveness to foreign investors. Reforms in the labor market and electricity sectors, and further improvements in the regulatory and business environment should help Mexico regain some share of its export markets. At the same time, fiscal reform aimed at improving the tax-to-GDP ratio needs to be pursued. Greater resources could be used to reduce reliance on oil revenues and increase spending on infrastructure and social sectors. Fitch remains concerned about the lack of political consensus on structural reforms and believes that political wrangling will increase in the coming year ahead of presidential and congressional elections in 2006, making cooperation on reforms rather difficult. Fitch notes that in the absence of substantive reforms, the credit Outlook of Mexico may only improve if there is a sharp decline in the public sector external debt burden. In contrast, inertia in pursuing reforms may adversely affect international confidence and prevent the economy from growing at a faster pace. Policy slippage, especially fiscal related would be viewed negatively. The full report is available on the Fitch Ratings web site at '[www.fitchratings.com](http://www.fitchratings.com)'. Contact: Shelly Shetty +1-212-908-0324 or Roger M. Scher +1-212-908-0240, New York. Media Relations: James Jockle +1-212-908-0547, New York.