

Mexico's main challenge is progress in structural reforms such as fiscal and labor reforms: Guillermo Ortiz Martinez

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New York, New York, March 22nd, 2011. Participating as the main speaker for the third "Mexico Day" in the New York Stock Exchange, Dr. Guillermo Ortiz Martinez, President of the Board of Directors of Grupo Financiero Banorte pointed out that Mexico faces important challenges in the future, highlighting the necessary development of structural reforms for the country, citing fiscal reforms as the top priority, followed by labor, energy and education reforms among others.

When questioned on the topic, he added that it is very positive that fiscal reforms are being discussed, and qualified as an unpublished fact that the reforms were proposed by an opposition party, opening an opportunity that should be taken advantage of.

Speaking to financial experts from various countries, Ortiz foresees growth of 4 to 5 percent in the Mexican economy in 2011. He emphasized that these types of events highlight the good performance of the Mexican economy, "because it is important to speak of how well the economy is doing, in comparison to other countries." He referred specifically to the solidity of the Mexican Government's position with regards to fiscal deficit and government debt, as a proportion of the Gross Domestic Product (GDP).

In his paper entitled "Economic Outlook of Mexico" he points out that the growth of the national economy will be driven predominantly by the manufacturing and services sectors, and that Mexican consumers show greater dynamism and trust today, an effect that is strengthened by greater availability of financing in Mexico.

When considering the prospect of price growth for Mexico, Dr. Guillermo Ortiz pointed out that inflation in Mexico is under control, and that as a result, he expects funding rates to remain unchanged for the remainder of 2011; he also asserted that for the first quarter of next year, this rate could register an increase of 50 base points, in direct contrast with the experience of other emerging countries who will register increases in their reference rates as of this year, such as in the case of Chile, India, Brazil and China.

He added that although the world's financial markets will be affected by international volatility, in the mid-term Mexico will register a favorable evolution in external accounts and public finances, especially because of high oil prices, only if and when Mexico enjoys an important import level for gasoline. It would be preferable if increased revenues from oil exports don't prolong the prospects of Structural Reforms in fiscal and energy matters, he added.

In relation to the global economy, Ortiz pointed out that Europe continues to deal with debt problems of some of its members, although it seems to be taking steps in the right direction. Nevertheless the global economy has limited space to absorb future shocks since developed countries continue to adjust fiscal accounts and normalize monetary policies, while emerging countries face the risk of overheating and competition of their currencies