

AMLO's 4% Mexico Growth Goal Looks Ever More Unreachable

[Eric Martin](#)

Bloomberg, 2 de abril de 2019



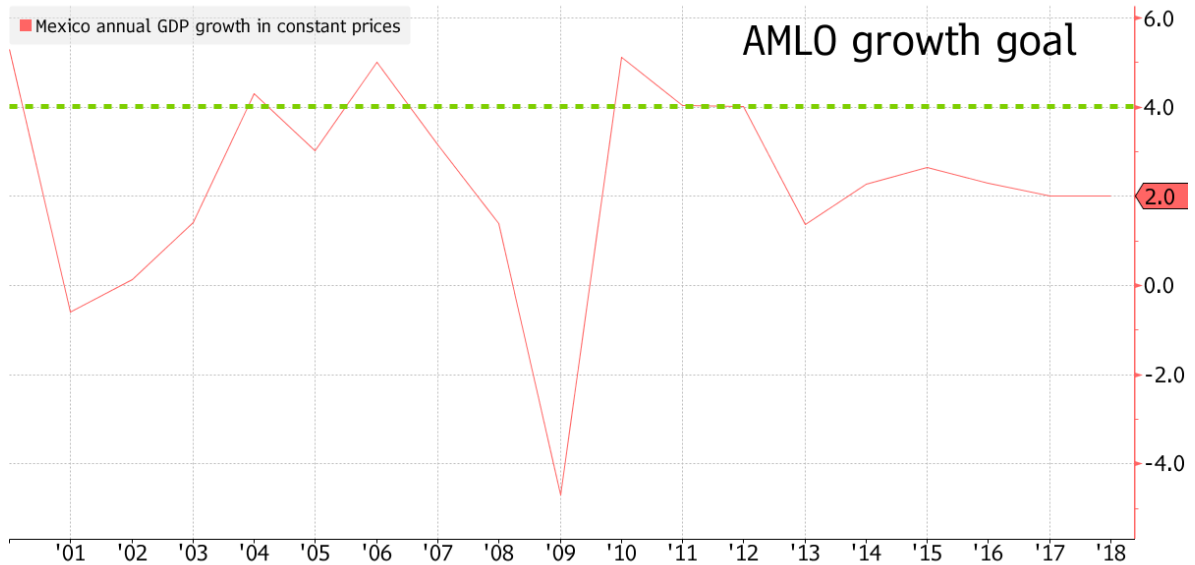
Andres Manuel Lopez Obrador Photographer: Alejandro Cegarra/Bloomberg

Andres Manuel Lopez Obrador's goal of getting the Mexican economy to grow 4 percent annually on average during his presidency looks increasingly difficult to pull off after Monday night's publication of his own government's [initial budget projections](#) for next year.

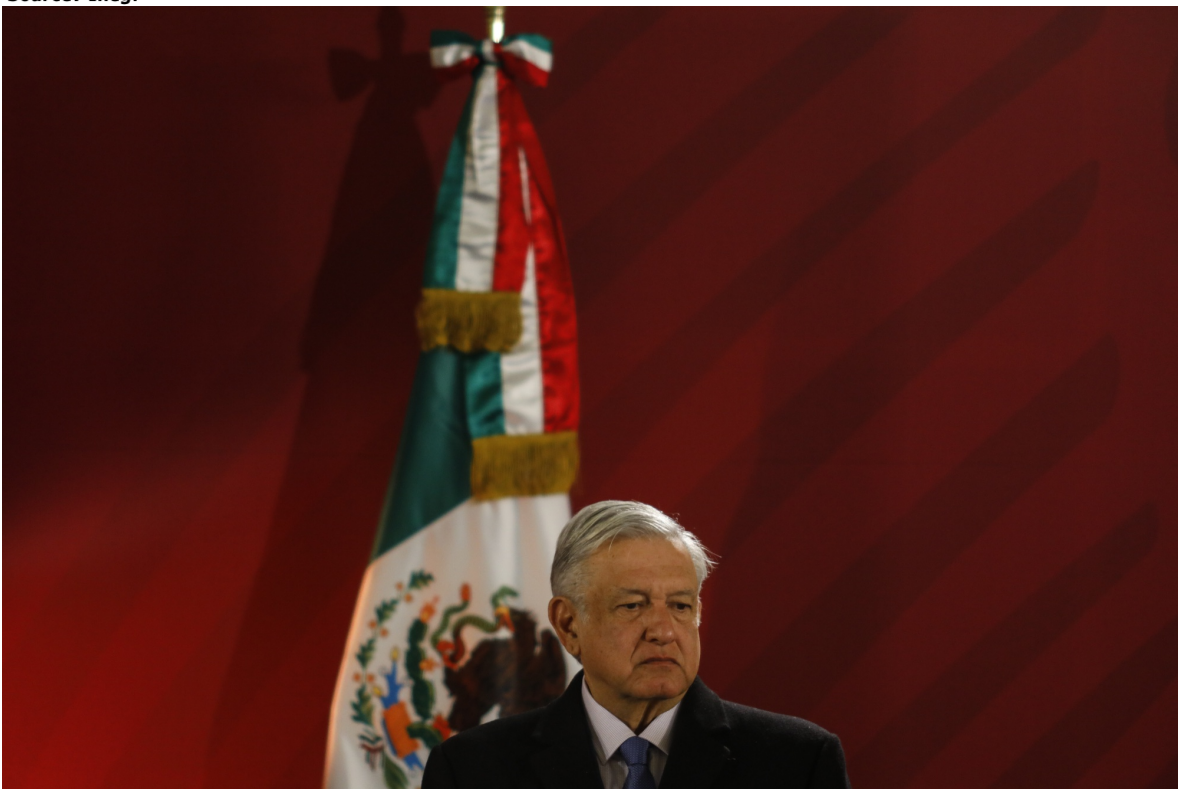
The Finance Ministry expects Mexico to grow about 1.1 percent to 2.1 percent this year, down from a previous estimate of 1.5 percent to 2.5 percent, and 1.4 percent to 2.4 percent in 2020. Taking the mid-point of those ranges as the most likely scenario, Mexico would need to grow more than 5 percent a year from 2021 through 2024 to achieve his objective -- something even the most optimistic economists don't see happening.

Unreachable Growth?

AMLO wants GDP expansion to average 4% -- above the rate of recent years



Source: Inegi



Andres Manuel Lopez Obrador

Photographer: Alejandro Cegarra/Bloomberg

The lower growth projections are due to economic weakness in the fourth quarter of 2018 that carried into this year, according to the document. Lopez Obrador didn't take over from Enrique Pena Nieto until Dec. 1. The estimates don't consider the

benefits from stronger consumer spending that could result from this administration's social programs and a growth boost from spending on public works, the Finance Ministry said, without forecasting the size of their impact.

[Can AMLO Afford to Pay for What He Promised Mexico?](#)

The 4 percent goal has been a frequent mantra for Lopez Obrador, who looks back fondly at the so-called Mexican Miracle period from the 1940s to the 1970s, when the economy, stimulated by significant state intervention, grew consistently at or above 3 percent. AMLO, as the leftist is known, repeated the goal three weeks ago at the nation's annual banking convention in Acapulco. On Tuesday he said the Finance Ministry forecasts are too low.

"I think they held back in their forecast," he said, "We'll grow next year already 3 percent."

Finance Minister Carlos Urzua has been more conservative, saying that while the administration seeks eventually to grow 4 percent, that may be the average rate targeted for its second half of his six-year term -- from 2022 through 2024.

Many economists think that the U.S. will be [in recession](#) as soon as next year, and Mexico's economy closely follows that of its northern neighbor. So both nations could conceivably be exiting a recession in two years from now and posting faster annual growth rates as a result.

Forecasts Align

For example, Mexico's economy grew 4 percent or above on average for the three years that followed the financial crisis of 2009 -- but passing through a contraction in order to produce the growth rates Lopez Obrador aspires to isn't exactly a favorable way to get there.

Lopez Obrador on Tuesday said the Finance Ministry's overly cautious forecasts result from a desire to align its projections with the nation's central bank. The forecast aligns exactly with Banco de Mexico's projection for this year, and the 2020 projection is below the central bank's estimate of 1.7 percent to 2.7 percent growth. But Lopez Obrador said he's betting that the nation's economy will surpass his own government's prudent, conservative forecasts.

"I respect the work of the technicians, the Finance Ministry, because we're acting responsibly, seriously, and we'll be able to verify this, because what I say is being recorded," he said, speaking to a room full of journalists in his morning news conference. Growth that surpasses the ministry's forecast is "a done deal," he said.

(Updates with president's comment in ninth paragraph.)

Before it's here, it's on the Bloomberg Terminal.

[LEARN MORE](#)