

C. CHARACTERISTICS OF THE MEXICAN MARKET

1. Demographic and Environmental

Mexico, as the second most populous country in Latin America and the largest Spanish speaking nation in the world, represents a substantial market for the exports of industrialized trading nations. Of a total population of 67 million, 13 million live in or around Mexico City, making it the world's third largest metropolitan area. The rapid urbanization of Mexico, evidenced by the high growth rate of Mexico City and other industrializing centres in the northern section of the country, is partly a result of actual population increases (at approximately 3-4 percent per year) but also caused by an in-migration of the unemployed from the rural southern states. In fact the unemployment issue, stimulated by the fact that more than 50 percent of the population is less than fifteen years old, has become the focus of national development planning by the Mexican government. Part of this programming is directed toward actual job creation improvements nationwide, aimed at meeting the unemployment "crunches" of the 1980's and 1990's (which will augment historically chronic employment problems). Another element, however, is an attempt to promote regional development, especially in the southern section of Mexico, to diversify the economic base and lower the social costs of regional disparity.

To manage a nation where population stresses and under development of resources have created increasing drags on the economy, growth in that economy becomes the key lever to improved well-being. Mexico, therefore, needs economic expansion not just to sustain itself but also, more importantly, to survive future demographic crises (Table 1).

2. Socio-Economic

In 1977, Mexico's per capita GNP was \$1,160 or 48th in the world ranking of individual well-being. Gradual improvements have occurred since that time, but the country is still considered a less developed country (LDC), albeit a middle-income one (MIC). Because of the historically rapid population growth, the agricultural sector has been unable to satisfy the needs of the internal market. In addition to major shortfalls in food-stuffs, Mexico has, in the past, suffered from financial and technological dependence, a lack of international competitiveness in the industrial sector, over-bureaucratization, insufficient public savings, uneven distribution of personal, sectoral and regional income, low levels of literacy and technical competence, and various other economic and social maladies.