

- *Ciudad Juárez* in the state of Chihuahua is located on the U.S. border. Its *maquiladoras* produce electronic components, automotive parts and textiles.
- *Torreón* is one of the industrial centres of Coahuila state which borders on the United States. The state is known for its mineral resources, its iron and steel industry, as well as a growing automotive industry.
- *Tijuana*, in the state of Baja California, is located on the border with the United States. Its economy is based on a booming *maquiladora* industry. The city contains important industrial centres which provide investors with attractive opportunities.

When contemplating opportunities in Mexico, business people usually look at the country's three main industrial areas: Mexico City, Guadalajara and Monterrey. There is, however, a wealth of opportunity to be found outside of these centres. The most dynamic sectors of opportunity include the following:

- agriculture and food products (coffee, cocoa, fruits and vegetables, sugar cane, livestock, rice, corn, cereals, wine, beer) especially in the more fertile and tropical south of the country;
- mining, which is especially appealing given the vast abundance of minerals (gold, silver, manganese, lead, copper, zinc and iron) located in many of the country's 31 states;
- oil and gas extraction and petrochemical processing, especially in the coastal and offshore regions such as, Campeche, Veracruz;
- processing and manufacturing (automobiles, textiles, machinery, electronic components, appliances, pharmaceuticals), especially in the regions along the border with the United States - Baja California, Coahuila;
- fishing and seafood processing along Mexico's long Pacific Coastline and the Yucatan Peninsula;
- forestry and related products such as pulp, cellulose, plywood, cardboard, and wood mouldings in states such as Chihuahua and Durango; and
- tourism, especially in the coastal areas and in the ancient Mayan areas of the Yucatan peninsula.

Industrial Decentralization

The Mexican government wishes to spread economic growth more evenly across the country and reduce the urban pressures being felt by the largest cities, particularly Mexico City, Monterrey and Guadalajara. Both the federal and state governments are trying to develop industry in the less urbanized areas of the country. State governments all offer promotional incentives to encourage the location of new industry within their boundaries. SECOFI maintains representative offices in each state to provide foreign investors with information on the opportunities available in each region.

Special incentives are offered in priority development zones such as coasts, ports and border areas where industrial development will encourage export industries. Priority industries are divided into two categories: Category 1 includes agro-industries and many types of capital goods; Category 2 includes non-durable household appliances, electric household appliances, certain types of furniture, parts for transportation industries, equipment and parts for certain service industries, intermediate petrochemical and

metallurgy products, and construction materials. Category 1 industries qualify for more attractive incentives.

Tax credits ranging from 10 to 25 percent of federal corporate taxes are offered to Mexican majority-owned companies. The amount of credit depends on the location of the investment, the type of industry, the amount of employment generated, the purchase of Mexican-made machinery and equipment, and the size of the company. Small companies are favoured.

Certain economic activities qualify for reduced income-tax rates: a 40 percent reduction for agriculture and fishing; 25 percent for companies which process or transform their own products; and 50 percent for publishers. Many geographical areas — outside the Federal District, Guadalajara and Monterrey — offer attractive incentives for the establishment of industries. A number of Mexican states promote new investments in their own territories. They typically provide local tax incentives and/or offer industrial sites at little cost.