PHARMACEUTICALS

There are 43 pharmaceutical enterprises in the State of Jalisco. Almost three-quarters of them are devoted to products for humans, and almost one-quarter specialize in veterinary products. Most of the rest produce auxiliary products or pharma-chemicals.

Neither the local industry nor Mexico's wider pharmaceutical sector can supply all of the region's needs. In 1992, imports to the region were about US $8 million, while exports were less than US $1 million.

Traditionally, the raw materials and other inputs for the pharmaceutical industry have come from Europe. But with the advent of the North American Free Trade Agreement (NAFTA), there are new opportunities, especially for technological joint ventures. Mexico has trade agreements with other Latin American countries, which lack the capabilities for local pharmaceutical production. Central America and the Caribbean are the principal export markets, mostly for large producers such as Ciba-Geigy, Laboratories Trends and Laboratories Sophia. The most important export products are antibiotics and anti-epileptic drugs.

The industry has grown over the last few years as a result of the gradual liberalization of price controls. The real price of medicines increased by 28 percent in the three years ending in 1994, following the implementation of the *Programa de Modernización de la Industria Farmacéutica*, Modernization Program of the Pharmaceutical Industry, in 1991.

The pharmaceutical industry in the Guadalajara region lacks the sophistication of its counterpart in Canada, but it has a number of advantages. The local labour force is well-educated and the region is strategically located. While the US has a large lead in brand-name medicines, Canada has a well-developed generic drug subsector, which could find excellent matches for partnering with firms in the Guadalajara region.

TOURISM

Mexico's tourism industry did not gain tourism revenue from the devaluation of the peso, as expected. While the number of international visitors increased in 1995, the average expenditures per person fell. Visitors took advantage of the cheaper peso and by reducing their purchases, reduced the net effect of their impact on the economy. The total number of international visitors rose by 2.5 percent in 1995 to reach 85 million, according to *Grupo Financiero Bancomer*. But only 6.3 million of those were tourists; who by definition must stay more than one day. "Tourists" include business visitors who stay for more than one day. There were 18 million domestic tourists in the same year.