

A PLAN FOR THE FUTURE

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These are ambitious plans and, meanwhile, Guadalajara continues to grow. Decentralization is a difficult goal when the federal government, not the states and cities, controls most of the tax base. For example, the Ciudad Guzmán project will have difficulty attracting companies without the means of creating good schools and housing infrastructure. "We're still paying our tributes to Tenochtitlán," says Mr. Neufeld, referring to the Aztec tax system that stripped the provinces of their wealth.

A major factor in the region's future is the extent to which local suppliers can upgrade their capabilities and become suppliers to the major exporting multinationals in Jalisco and Aguascalientes. Mr. García believes that Jalisco could potentially substitute US \$2.1 billion of imported factory inputs that feed the state's principal exports. He notes that the state government recently staged a trade show to connect local suppliers with large exporters. "As a result of that show," he says, "Jalisco companies are now substituting an estimated US \$250 million of input goods that were previously imported."

Mr. Neufeld agrees "Second-tier supplier growth is essential to the region's future. However, supplying giant exporters often means massive volume requirements for suppliers who have neither the capital, management or trained personnel to handle that much growth. Here is an excellent opportunity for mid-size foreign investment and technical transfer by Canadians."

The western region has been slower than the Mexico City area to adopt modern business methods. A related problem is the traditional patriarchal management style, which is to the Canadian eye, sometimes unprofessional. In particular, the concept of time and punctuality in Guadalajara still follows traditional patterns that have been gradually updated in some other parts of Mexico. As Mr. Neufeld puts it: "If I ask a *Tapiro* to have an appointment at 10:45 am, he might be insulted. It is more customary to plan an appointment somewhere between 10 and 11 a.m."

ENERGY

Electricity, natural gas, liquefied petroleum gas (LPG) and vehicle fuels are readily available throughout the region. There are no refineries in the region, which is a net user of energy. But it is well served by the *Pemex Salamanca* refinery via pipelines and other distribution systems. In Jalisco, there are five hydroelectric plants and four thermoelectric plants with an installed capacity of 217 megawatts. In 1992, gross generation was 426 gigawatt hours. Much of the region's energy comes from the Manzanillo thermoelectric complex, in Colima, with an installed capacity of 1,900 megawatts and a generation of 11,689 gigawatt hours. More than 90 percent of this power is sent to other states.

HOUSING

The major urban areas have expanded rapidly and there has been a proliferation of good-quality suburban residential developments. A first-class apartment in the vicinity of Guadalajara costs about US \$500 per month. Comfortable accommodation can be found for less.

There is a large retirement community at Lake Chapala, about a one-hour drive from Guadalajara. This is one of the largest communities of Canadian and American retirees outside of Canada and the United States.

WATER AND SEWAGE

Jalisco has a good water supply from the Lerma-Chapala-Santiago Basin and a mean annual rainfall of 800 millimetres. About 70 percent of the water supply comes from surface extraction and the rest comes from underground. The state's water resources are estimated at about four times demand, although there are some locations where local resources are heavily taxed. About 80 percent of consumption is by the agricultural sector, 16 percent by households, 4.5 percent by industry, and 1.5 percent by public service users.

About 70 percent of the population have running water and roughly 60 percent have access to the sewer system. The proportions are much higher in the main part of Guadalajara.