

Main Regional Markets



Mexico is made up of 31 states and the Federal District surrounding Mexico City. Each region displays specific characteristics that are the result of climate as well as differences in human and natural resources. For example, northern Mexico is characterized by large stretches of arid desert. In contrast, the southern part of the country has ample water and is quite fertile.

Such variations lead to differences in the temperament of the inhabitants as well as unique comparative advantages. The distribution of resources throughout Mexico's states translates into diverse and distinctive regional markets that deserve closer inspection by Canadian firms interested in doing business in Mexico. Moreover, diversification outside the major industrial areas is a priority of the Mexican Government. Both federal and local incentives are available to encourage local economic activity, creating stronger demand for imported goods and services throughout the regions.

Detailed information on the size, location and economic activity of each of Mexico's states is provided in Chapter VIII. The remainder of this section discusses the three main industrial centres which constitute over a third of Mexico's population and contribute almost half the country's GDP.

Metropolitan Mexico City: With its 19.5 million inhabitants, Mexico City (most often referred to in Mexico as D.F. for *Distrito Federal* or Federal District) is the largest city in the world. Located in the southern part of the Valley

of Mexico, at an altitude of 2,260 metres, the city proper comprises 376 square kilometres. The entire Federal District covers 1,479 square kilometres.

The capital of Mexico is the country's economic, financial and industrial centre, as well as being the hub of the country's transportation network. More than 30 percent of the country's manufacturing industry is established in the Federal District. All sectors of industry are well represented in this region which is home to more than 35,000 industrial companies. Although heavily populated, the district still contains agricultural areas where corn, beans and vegetables are grown.

Mexico City offers the largest consumer market in the country. It has an upper- and middle-income consumer population estimated at about five to six million. This group, which exhibits a growing appetite for many consumer products, is familiar with and often prefers, imported products.

In addition to the large market for finished goods, the well-developed communications, transportation, and manufacturing infrastructures remain key reasons why many foreign businesses focus on this metropolitan area.

Guadalajara: Capital of the state of Jalisco, Guadalajara is Mexico's second-largest city. It has a population of 3.4 million and is the most important financial and commercial centre in the central-western part of Mexico.