development assisted by oil funding are clearly agricultural and rural development, the social sector (including education and health), and transportation and communications. It is in those sectors where the opportunities for import penetration of government controlled markets are most evident.

The influence of the state on industrial development in Mexico is, in fact, extremely strong. Government owned firms will provide approximately 67 percent of Mexican total new investment in industry during the 1979-1982 period, and represent more than 50 percent of the domestic market for machinery and equipment (Table 5). Sectors basically reserved for the State include petroleum and other hydrocarbons, basic petrochemicals, radioactive materials and nuclear energy, electricity, certain mining areas, railroads, and telegraph and wireless communication. In some cases, major state owned companies exert monopoly control (e.g. PEMEX); in others, the Mexican government has entered into joint ventures with private firms: both domestic or foreign (e.g. Polysar Ltd. of Canada) in their base.

To promote mexicanization, Mexico's national development bank, NAFINSA, has maintained a special fund (FOMIN) for acquiring equity shares in ventures that need or want capital assistance. In addition, GRUPO SOMEX, a banking and industrial conglomerate majority owned by the state, has developed an international division to promote its activity in joint ventures (at present numbering twelve). The Mexican government itself has, in turn, assumed the responsibility for direct and massive investment in infrastructure development to support industrial and export activity, especially in decentralized areas (Table 6).

The Industrial Plan, however, does not limit investment decisions to the public sector. By initiating a package of stimuli intended to shape investment decisions in the private sector, the Plan encourages the consistency of the activities of that sector with the goals of the national policy. Market segments such as automotive products, the "in-bond" industry, and mining have been accorded continuing priority. Attention is centred on industrial ports and export terminals (Figure 1) as well as rail and other land transportation, both to meet regional decentralization goals and to alleviate serious bottlenecks in the distribution network, which impede economic growth itself, and represent the weak link in the product marketing chain.

Newly identified priorities in industry include agroindustry, capital goods, iron and steel and cement: all of which are granted highest priority; and petrochemicals, mining/ metallurgy, transportation, pharmaceuticals, textiles,