

## GUADALAJARA: THE ECONOMIC CENTRE OF WESTERN MEXICO

Guadalajara is Mexico's second-largest metropolitan area, the capital of the state of Jalisco on the Pacific Coast, and the focal point of the dynamic industrial region of western Mexico. Puerto Vallarta, one of the nation's premier tourist destinations, helps to draw 6 million visitors a year to the area. The western region is also a leading agricultural producer, known as the "breadbasket of Mexico."

Furthermore, the Guadalajara Metropolitan Zone (GMZ), with some three million inhabitants, is a major retail centre. So it is not surprising that the Department of Foreign Affairs and International Trade (DFAIT) chose the city for its third official Canadian "post" in Mexico. It adds new commercial services to those already provided by the embassy in Mexico City and the consulate in Monterrey.

### ON THE ROAD TO RECOVERY

The new consulate opened in a climate of economic turmoil. The devaluation of the peso in December 1994, spawned a crisis that cut deeply into Mexican imports. Considering Canada's relatively small market share prior to the crisis, this market disruption actually created as many opportunities as it destroyed.

Traditional lines of supply disintegrated as conventional Mexican companies scrambled to restructure and exploit the export boom fueled by the cheap peso. During 1995, Mexico's imports from Canada rose by about 8 percent, while imports from the world dropped by 9 percent. Mexico's non-petroleum exports increased by one-third, but companies that depended upon domestic markets suffered badly. In Jalisco alone, 53,000 formal private-sector jobs were lost, a drop of 7.4 percent.

As the recovery began in the last quarter of 1995, western Mexico was able take advantage of the export boom. By May 1996, formal employment in Jalisco returned to 98 percent of the November 1994 level. There is still a long way to go to catch up with labour-force growth over the last two years, but almost 9,000 jobs were created in May alone. All of the other states in the region, except Nayarit, have recovered even more strongly than Jalisco. Meanwhile, the Federal District, the traditional engine of economic growth, remained at only 91 percent of pre-crisis employment, with only 2,000 new jobs in May.

### A STRATEGIC LOCATION

The export advantages of western Mexico are derived partly from its strategic location. There are road and rail links to the Federal District and to the western United States. The port of Manzanillo now has privatized terminal facilities which provide excellent access to the Pacific Rim. Products reach US markets in about five days by truck or rail, which is a major advantage over Asian competitors who need three weeks or more to ship their products by boat. Telecommunication facilities are fairly modern, with telephone line-density that is double the national level.