
MEXICO'S SONORA

U.S. investors have new opportunity

by Dolia Pettingell and Dennis Small

In the past year, as Mexico became the world's fifth largest oil producer, the excellent investment and trade opportunities Mexico offers have become an increasingly familiar topic of conversation among American businessmen and bankers. The López Portillo government has encouraged such talk by outlining a comprehensive economic strategy based on using Mexico's large oil revenues for the rapid industrialization of the country, and inviting foreigners to participate in that boom if they abide by Mexico's "rules of the game."

Last week, Mexican officials reiterated this orientation at a business seminar with Texas businessmen held in Puerto Vallarta. Pemex's director of supplies, Raul Cisneros, told the gathering that in 1981 Pemex's purchases of machinery and equipment will increase by 100 percent over the decade of the 1980s, with half of that imported. And the foreign investment director for Nafinsa, Mexico's national development bank, explained that Mexico "needs foreign capital as a partner," and that in 1981 foreign investment in Mexico would be 90 percent higher than in 1980. He added that of the over 2,000 proposals Mexico received in 1980 for the establishment of foreign businesses, over 1,000 were approved. The rest, he said, "did not fulfill the technological and job-creation demands posed by the government's economic plans."

Industrial transformation

Any businessman thinking of stepping into this economic boom environment will be particularly interested in an upcoming industrial exhibition in Mexico, called "Sonora '81, Industrial Prospects." Scheduled for October of this year in Hermosillo, the capital of the northern border state of Sonora, the exhibition will focus on the idea of the *industrial transformation* of Sonora's plentiful natural resources. The Sonora '81 exhibition, sponsored by the Sonora state government, will be particularly important for a number of reasons.

First, the entire orientation of the event, that of

industrially transforming the region's resources with the most advanced technology, is identical to that of the López Portillo administration itself. Just as on the national level Mexico intends to use its 20th-century resource, oil, to acquire 21st-century technologies, so too Sonora '81 will emphasize advancing the technological level currently applied to agricultural and industrial processes. Where cattle is now only bred, the fair will explore modern technologies of slaughtering, packing, canning and freezing; where copper is now only mined, Sonora '81 will look into minerals processing, smelting, production, and so on.

That the Sonora state government would approach economic development in a manner closely paralleling that of President López Portillo is not accidental. Sonora Governor Samuel Ocaña is one of López Portillo's most important allies among the state governors.

Second, the fact that Sonora borders on the U.S. and is one of the richest and most technologically advanced states in Mexico makes the exhibition particularly interesting for American businessmen. In the area of modern agriculture in particular, Sonora rivals some of the most advanced methods applied in the United States.

As the major grain producer in the country, Sonora last year produced 1.2 million tons of wheat—a 53 percent increase over 1979. Fruits and vegetables are also grown in quantity, primarily for export. Sonora's 2 million head of cattle produce 625,000 new calves per year. There is significant hog production as well.

Sonora is also a powerhouse in mining. The country's two major copper mines are located in the Northeast of Sonora, which combined produced 170,000 tons of copper in 1980. Sonora is Mexico's main producer of graphite, tungsten, and molybdenum.

Beyond agriculture, cattle-breeding, and mining, Sonora has significant activity in the area of fishing in the waters of the Gulf of California.

Sonora '81 will feature exhibition modules covering these four principal areas of activity. The goal is to provide participants with in-depth background information on production, productivity, and potentials for investment in advanced industrial processing in each of these fields.

According to the organizers of the event, their purpose is to reach the key political, business and financial figures from Mexico, the United States, and other foreign countries that they expect will attend the month-long exhibition, and inform them about the tremendous, mutually beneficial investment opportunities available in Sonora.

Readers interested in further information on Sonora '81 can contact EIR's Director of Special Services, Peter Ennis, at (212) 247-8820.