

# Mexico A Great Potential Market

*Because Mexico must offer opportunities to Philippine exports, and might take quantities of Ilokano cloth and Manila slippers, we reprint the following article from the Exporters' Digest*

In order to understand the Mexico of today and of tomorrow one must first understand what the statesmen of the great republic south of the Rio Grande have done during the last fifteen years and what they are planning to do under the six-year plan that went into operation when Gen. Cardenas became President a year ago. The changes that have taken place since 1920 are epoch-making in character and extent. Unremitting efforts have been made to provide the peons of Mexico, whose abject poverty and ignorance under the Diaz regime was proverbial, first with land so that each head of a family might be independent, and second with educational opportunities. Already hundreds of thousands of peasant farmers have been granted individual holdings of 10 to 50 hectares each, while co-operative associations have been promoted to provide them with farm machinery and assist them in financing their operations and in marketing their crops. At the same time the Federal Government established and has since maintained more than 12,000 rural and primary schools in the various States. In 1910 the number of illiterates was 7-1/2 million, or 60.73%. Today with a population one-third greater, the percentage of illiterates is only 39.26%. As a result of these and other measures the standards of living among the former peon class are gradually rising, while a prosperous middle class is coming into existence for the first time. All this means increased buying power as the years go by, and larger and more diversified wants to be satisfied.

Thus far 6,000 kilometers of improved highways have been constructed, including the Mexico City-Laredo Highway now practically complete. Work is progressing on highways from Mexico City to Acapulco and to Guadalajara. Another trunk highway is projected, to be built during the six-year period, from Sonora to Chiapas—connecting the U. S. with the Guatemalan border. The various States are to be encouraged to build highways of their own to connect with these trunk lines and between their principal cities.

Aviation has made tremendous progress in Mexico during recent years and the six-year plan aims to encourage this development still further by remitting all taxes paid by private companies for gasoline consumed by their planes the first year, 75% of the tax the second year, 50% the third and 25% the fourth. The Federal Government is to construct all necessary border airports, while the States will build those needed in the interior. Already there are 200 air fields in the republic, of which some 50 are commercially important.

Another part of the plan contemplates the expenditure of 60 million pesos for the construction of four new railway lines to open up regions now isolated. Still another development of recent years that merits attention, though not specifically a part of the six-year plan, is the creation and encouragement of native industries. Formerly Mexico was content to export her great mineral and agricultural staples and buy from abroad all of her requirements in manufactured lines. For the last ten or fifteen years there has been gradually growing

up a very important group of manufactures, many of the factories being American owned or controlled.

While this industrial development is curtailing our market in quite a number of lines they provide a large and steady field for the sale of industrial machinery of all kinds. According to the 1935 industrial census there are now 8,156 industrial establishments in the country having an annual production of 7,500 pesos or more. (The 1930 census enumerated a far larger number of industrial establishments, but 80% of them had an annual production of less than 5,000 pesos.) In these reported for 1935 the number of employees was 269,757, exclusive of directors and salaried employes, and the amount paid as wages and salaries was 170 million pesos. This development has materially increased the buying power of a large mass of people. About 30% of wages paid in all industries are reported for the Federal District. Monterrey ranks next as an industrial center, while there are many manufacturing plants in the States of Vera Cruz, Puebla, Coahuila, Guanajuato and Jalisco. Next to Monterrey, the capital of the State of Nueva Leon, the cities of Puebla and Orizaba with their large cotton mills and Guadalajara with its wide

range of industries are the leading industrial centers. Best location for agency, if only one is needed, Mexico City. If more than one, Monterrey, Chihuahua and Hermosillo may be suggested for the northern states (from east to west), Mexico City for the central portion and Vera Cruz for the southern and western states.

It is reported that Ambassador Daniels has had studies made with a view to initiating negotiations for a reciprocal trade agreement between Mexico and the U. S. The two countries are closely bound together by rail, by the new highways built and in prospect, by numerous steamship lines and by fast air routes.

Mexico City has lately been a delightful host to thousands of American Rotarians and Lions at their annual conventions, while the country's many attractions for American tourists will draw increasing numbers across the border as the new highways are perfected. Whether there is a treaty or not, exporters will find Mexico a market well worth watching and cultivating. The high price of silver is stimulating its mining industries, business conditions, credits and collections are very good, and there are no exchange restrictions. Mexico City is becoming modernized and has many fine business buildings, hotels and apartment houses. The political situation should be watched carefully, however, and, if the U. S. changes its silver purchase policy, the mining industry will undoubtedly be less active than it is now.

Mexico's exports for the first ten months of 1935 amounted to 581 million pesos, an increase of 17% over the year before, while imports totalled 322 million pesos—up 26%. The U. S. took 333 million of the exports and supplied 222 million of the imports—an increase of 40% over 1934, according to Mexican official statistics. The United Kingdom ranked second as a source of imports, with Germany a close third—having increased its shipments by 39% as compared with 1934.

Mexican economic reforms include the breaking up of large estates and making the peons free holders, out of which is developing the lower middle class; and great attention to the arts, as well as free public education, steadily reducing illiteracy; also attention to public works, the building of trunk highways and the promotion of all means of rapid communication including flying. The flowering of art in Mexico is one of the more significant signs of the times.