

producer in the world; with labour inputs per barrel at four times Venezuela's level. *Pemex* cut its labour requirements by more than 100,000 employees with no loss of production. Further improvements are ongoing as a more liberal commercial environment has evolved. *Pemex* procurements are expected to be decentralized to the regional level beginning in 1997.

Recent regulatory changes have opened up natural gas transportation and storage for private sector concessions. In June, 1996 *Secretaría de Energía*, the Secretariat of Energy, designated ten urban areas where expressions of interest for natural gas distribution are invited. An area in Tamaulipas, which includes Tampico, Ciudad Madero and Altamira, was designated. *Midcon Gas Natural de México* has applied for a permit to operate a natural 150 kilometre natural gas pipeline from Miguel Alemán in Tamaulipas to Monterrey.

Another major government initiative is the planned privatization of 61 secondary petrochemical plants, located in 10 complexes. The *Pemex* complex at Reynosa, which produces ethylene and polyethylene, is one of them.

ENVIRONMENTAL EQUIPMENT AND SERVICES

Mexico is faced with very serious pollution problems. Mexico City is arguably the most polluted city in the world. Nationally, only 20 percent of municipal wastewater and only 15 percent of industrial wastewater were treated in 1994. Only a small portion of industrial and automotive air emissions are controlled. Only 20 percent of municipal solid waste is disposed of at a landfill site. The disposal of hazardous wastes, including medical wastes, is presently out of control and requires urgent action.

Nuevo León has been a leader in dealing with these problems and it is, therefore, one of the more promising markets for Canadian environmental solutions. According to state officials, Monterrey is the only city in Mexico to treat all of its municipal waste.

Local efforts to clean up the environment have been hampered by conflicts and overlaps between federal, state and municipal regulatory powers. In 1996, the state of Nuevo León broke through these obstacles and launched a project to develop its own Master Plan for the Protection and Preservation of the Environment. A *Comisión Estatal de Ecología*, State Ecology Commission, has been set up, with private sector representation and will have decision-making authority independent of the three governments. The commission's board of directors includes several highly-placed industrialists and academics.