

The government has acted to bring about the needed expansion and modernization. It has announced that subsidies will be eliminated by the year 2000 and that market prices will prevail. It has enacted the *Ley de Servicio Eléctrico*, Electric Service Law, which privatizes the construction and operation of larger electrical projects. New projects will be contracted to the private sector on a turnkey basis, and will no longer be managed by *CFE* staff. The *CFE* plans to build nearly 14,000 megawatts of new generating capacity, at a cost of US \$34 billion, between 1993 and 2000.

The *CFE* has implemented a build-lease-transfer (BLT) scheme in many of its large construction projects. Typically, a consortia of financiers, construction companies, operators, and equipment suppliers finance, design, build and operate a facility which is leased back to *CFE*. Canadian companies can consider bidding independently on a turnkey project, participating in a consortium, or acting as a sub-contractor.

Canadian companies also have expanded opportunities to provide construction and engineering services to a host of new private players in the electricity sector. In May of 1993, new regulations opened the electricity sector to independent power producers. The regulations now make it possible for private firms to build four types of private power plants:

- self-supply plants (those producing power exclusively for the owners' needs);
- independent power-production plants (those producing power to be sold to the state);
- small production plants (those producing power for rural communities); and
- co-generation plants (those producing electricity with vapour).

Taking advantage of the new law, a consortium formed by General Electric, Bechtel and El Paso Natural Gas is currently building a US \$600 million power plant in northern Mexico.

WASTEWATER TREATMENT

Economic growth, combined with a much more aggressive approach by the Mexican government to environmental regulation, has created opportunities for Canadian companies in the Mexican environmental sector, particularly in wastewater treatment.

Mexico is faced with both a scarcity of natural water and severe water pollution from household and industrial sources. Two-thirds of Mexico's 320 river basins are considered polluted. Twenty of them receive almost 80 percent of all organic waste. This is creating a growing demand for water treatment systems. A related factor has been the rising price of fresh water, as the government has gradually removed subsidies and allowed market prices to prevail.