

ADDITIONAL SECTORS OF INTEREST

Sectors of interest are those where there is already significant Canada-Mexico trade, and where there are likely to be new emerging opportunities, especially for small- to medium-sized companies with sophisticated technologies.

Environmental Equipment and Services

The contamination of the Mexican environment has reached alarming levels. More than 25 percent of all industry is located in the Valley of Mexico, where excessive emissions, high altitude and temperature inversions combine to make Mexico City the most polluted city in the world.

At the national level, only 20 percent of municipal wastewater and only 15 percent of industrial wastewater was 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. The disposal of hazardous wastes, including medical wastes, is presently out of control and will require urgent action.

Public alarm about environmental pollution has provoked government action, most notably the proposed amendments to the Federal Law on Ecological Equilibrium and Environmental Contamination of 1988. The economic crisis, and fear of job losses, restrained enforcement efforts somewhat during 1995. But in the longer term, the nation's environmental problems are simply too severe to ignore.

In the first stages of the national effort to gain control over the environment, the emphasis has been on consulting and training services. Thousands of environmental assessments and risk analyses have been completed, and there have been continuing efforts to train regulatory staff.

As the process has matured, a market for measurement and analytical equipment has developed. Over the longer term, the market for pollution control systems is expected to dominate spending. Eventually, Mexican environmental expenditures are expected to rise from the current 1 percent of gross domestic product (GDP) to about 2 percent, which is about the same as in the United States and Canada.

Mexican environmental authorities were lenient in their enforcement efforts in many areas during 1995. They have concentrated on exporting industries with the necessary cashflow to make improvements. The enforcement officials have also extended the timeframe for municipalities to achieve waste treatment goals. This has postponed many large projects.

The postponement of major projects has created a window of opportunity for Canadian companies. The action plan for this sector stresses activities that will develop contacts between Canadian suppliers and potential customers and partners in Mexico. Most future infrastructure projects are likely to involve build-operate-transfer (BOT) financing. Canadian companies that want to enter this market may have to participate in consortia, which finance and build major facilities.