

## FINANCING

The *Comisión Federal de Electricidad (CFE)*, Federal Electricity Commission, plans to finance most of its upcoming expansion either directly through loans granted by international development banks or indirectly through developer financing of turnkey projects. Other purchasers of electrical generation and distribution equipment normally pay for international purchases using irrevocable letters of credit or bank drafts.

The Export Development Corporation (EDC) of Canada finances about half of all merchandise exports to Mexico through a US \$30 million line of credit. The EDC lends directly to Mexican banks, which re-lend to Mexican buyers including the *CFE*. The favourable credit terms involved make Canadian firms more competitive in Mexican markets.

The World Bank is also a major lender in Mexico, and in the past several years it has financed some US \$100 million worth of transmission and distribution projects. Another US \$450 million is expected to be allocated to electrical distribution projects in the first two years following the 1994 election.

## THE REGULATORY ENVIRONMENT

Electrical equipment imported into Mexico must comply with the relevant technical standards, known as *Normas Oficiales Mexicanas (NOMs)*. Before exporting to Mexico, the producer of the product must obtain a certificate of compliance from the *Secretaría de Comercio y Fomento Industrial (SECOFI)*, *Dirección General de Normas*, Secretariat of Commerce and Industrial Development, Bureau of Standards. Many Mexican standards are identical to those in the U.S. but some resemble European standards.

Under the NAFTA, the standards of each country will remain in force, but they cannot be used to impede trade. Canadian firms can propose new standards, or comment on standards under consideration, on the same basis as Mexican firms.

At present, samples must be sent to a Mexican laboratory for testing, but within four years, Mexico must conform with the system now in use in the U.S. and Canada which provides for a single lab to certify a product for sale in all three countries.

## MARKET ENTRY STRATEGIES

One of the distinguishing features of the Mexican business environment is that Mexicans prefer to do business with people that they know. It takes time and resources to demonstrate a commitment to the Mexican market and to get to know potential clients and partners.

A local presence is essential, especially because of the need to track weekly announcements of bids from the *Comisión Federal de Electricidad (CFE)*, Federal Electricity Commission. Mexican buyers also look for "staying power" on the part of foreign suppliers. They want to buy from companies that will be around to back up their product with after-sales service.

Canadian companies seeking to enter the Mexican market should arrange for representation by a local agent, or enter into a joint venture with a Mexican company. The Canadian Embassy in Mexico City and the *Cámara Nacional de Manufacturas Eléctricas (CANAME)*, National Chamber of Electrical Manufacturers, can both be helpful in making the necessary contacts.

## WHERE TO GET HELP

### KEY CONTACTS IN CANADA

The **Department of Foreign Affairs and International Trade (DFAIT)** is the Canadian federal

government department most directly responsible for trade development. The **InfoCentre** is the first contact point for advice on how to start exporting; it provides information on export-related programs and services; helps find fast answers to export problems; acts as the entry point to DFAIT's trade information network; and can provide companies with copies of specialized export publications.

### InfoCentre

Tel.: 1-800-267-8376 or  
(613) 944-4000  
Fax: (613) 996-9709  
Faxlink: (613) 944-4500

The **Commercial Division of the Embassy of Canada** in Mexico City promotes trade with Mexico. There are several trade commissioners at the Embassy, and there is a satellite office in Monterrey. Trade Commissioners can provide a range of services including introducing Canadian companies to potential customers in Mexico, advising on marketing channels, assisting those wishing to participate in trade fairs, helping identify suitable Mexican firms to act as agents, and compiling credit and business information on potential foreign customers.

**Note:** to telephone Mexico City, dial: 011-52-5 before the number shown below. For contacts in other cities in Mexico, consult the international code listing at the front of your local telephone directory for the appropriate regional codes or contact the international operator.

Commercial Division  
The Embassy of Canada in Mexico  
Schiller No. 529  
Col. Polanco  
Apartado Postal 105-05  
11560 México, D.F.  
México  
Tel.: 724-7900  
Fax: 724-7982

