

MARKET ENTRY STRATEGIES

Selling to private corporations is displacing traditional government procurement procedures as the key strategy for entering the power equipment market.

The traditional way of selling imported electric power generation, transmission and distribution equipment to the electrical sector in Mexico is through agents or distributors. Distributors tend to specialize in particular types of equipment. They maintain contact with the *Comisión Federal de Electricidad (CFE)*, Federal Electricity Commission, and other buyers, and provide local service, obtaining spare parts from foreign sources. Some manufacturers service their own equipment and some have a marketing unit which provides liaison with distributors.

Since the *CFE* is a state-owned company, it must adhere to government purchasing regulations which require that above a certain limit, which is reviewed every year by the *Secretaría de Hacienda y Crédito Público (SHCP)*, Secretariat of Finance and Public Credit, all purchases must be made through public tenders.

The *CFE*'s purchasing department is divided into two areas: one handles domestic suppliers and the other deals with international suppliers. Nevertheless, in 1990, the Commission adopted a new decentralized purchasing policy, enabling regional administrative offices to procure some of their materials independently.

All international suppliers must have their technical, financial and maintenance capacity approved by the *CFE* in order to have their bids considered. Prospective international suppliers must have their financial standing certified through a Mexican Consulate.

Manufacturers of these types of products usually advertise in business and specialized magazines, newspapers and the yellow pages. Brochures or technical literature in Spanish are essential for promoting these products.

Major manufacturers have sales offices, subsidiaries and sales representatives throughout the country. They also have sales offices for large customers such as government and original equipment manufacturers.