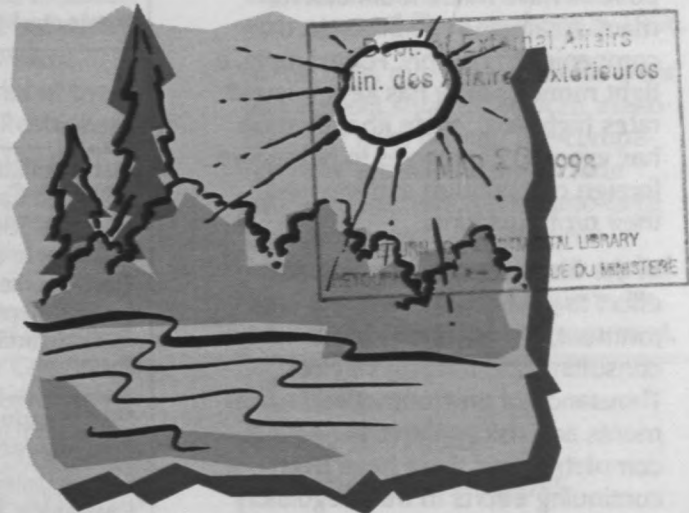


Environmental Equipment and Services



THE OPPORTUNITY

Although the Mexican environmental sector has not traditionally been a major market for Canadian exports, it now offers many opportunities for Canadian suppliers.

- Although the devaluation of the peso has put many projects on hold, Mexico's environmental problems are too severe to ignore, and medium-term prospects are considered good.
- Partly because of the North American Free Trade Agreement (NAFTA), Mexico has dramatically increased its environmental enforcement efforts.
- Mexico lacks the expertise and the infrastructure to solve its own environmental problems. Foreign technical assistance will be essential and many Mexican environmental companies are looking for foreign partners.
- A trend towards the provision of integrated solutions, rather than hardware-based approaches, is increasing the demand for specialized consulting services.

CLEANING UP THE ENVIRONMENT

Although environmental products and services have not traditionally ranked among Canada's major exports to Mexico, new markets are beginning to emerge. These opportunities derive mainly from recent efforts by Mexican authorities to strengthen regulation of the environment and improve public infrastructure. While the devaluation of the peso in late 1994 sharply

reduced imports of most products, the nation's environmental problems are simply too severe to ignore. Although some major projects are now on hold, none have been cancelled, and some observers see the return of annual growth in the 15 percent range by the end of 1996.

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 15 percent of industrial wastewater were treated in 1994. Less than 10 percent of industrial air emissions are controlled. And, only 20 percent of municipal solid waste is disposed of in a landfill.

Public alarm about environmental pollution has provoked government action, most notably the *Ley de Equilibrio Ecológico y Protección al Medio Ambiente*, Law of Ecological Equilibrium and Environmental Protection of 1988. This was followed by new enforcement mechanisms

SUMMARY REPORT

In addition to this market summary, the Department of Foreign Affairs and International Trade (DFAIT) has prepared a market profile entitled *Opportunities in Mexico: Environmental Equipment and Services*. This market information on the Mexican Environmental Sector has been produced and published by Prospectus Inc. under contract with DFAIT, along with other market profiles and summaries on business opportunities in Mexico. It is available from:

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