

- Develop and maintain databases of:
 - Canadian companies active in oil and gas equipment and services;
 - Canadian companies active in the Mexican market; and
 - Key contacts in PEMEX, both at the national and regional levels.
- Prepare market study on opportunities for equipment and services; add to Export *i*.
- Prepare market study on opportunities in the supply of off-shore services; add to Export *i*.
- Update sectoral study for Export *i*.

Market Access

- Develop and maintain contacts within PEMEX and the Comisión Reguladora de Energía (CRE) at both the policy and working levels.
- Work with EDC to improve use of credit line established with PEMEX.
- Participate in Canadian Chamber (Mexico) Energy Committee.
- Participate in National Sector Team country working group on oil and gas.

Trade Promotion Activities

- Development of an Internet site specific to the oil and gas equipment and services sector. Export-ready Canadian companies will be able to post descriptions of their products and services on the site and receive requests directly from interested Mexican buyers. Mexican buyers will be able to post specific project opportunities or equipment/service requirements on the site and receive responses from Canadian companies. Access to the site can be protected, to allow only Canadian companies to access the opportunities. Information posted on the site should include updates on new Canadian

technologies, information on ongoing projects in Canada, Canadian sectoral expertise, success stories, etc. The project could be modelled on the "Forestry Gateway" site, with Mexico serving as the pilot site (completion by the third quarter of 1998).

- Canada booth at Expetro 98, April 15 to 19, 1998. Possibly charge Canadian companies a fee to exhibit at the booth; follow up with exhibitors on market opportunities generated.
- Incoming buyers' mission to National Petroleum Show, Calgary, June 11 to 13, 1998.
- Small incoming mission, including site tours, to Society of Professional Engineers (SPE) Gas Technology Symposium, Calgary, March 15 to 18, 1998.

Outreach

- Attendance at Exproducto, Veracruz, December 3 to 5, 1997.
- "Access Mexico" one-day event in Calgary, March 1998, primarily to update SMEs on new opportunities in the Mexican oil and gas sector, highlight Canadian success stories and provide specific information on promoting companies to PEMEX and CRE. Outreach activities to individual SMEs in conjunction with this event and SPE show.
- Seminars on Canadian technologies to be held at the Embassy and in the regions, specifically targeted at the Mexican private sector, throughout 1998-99.
- Quarterly newsletter in Spanish on Canadian industry innovations, technological advances, new products, success stories, etc., focussing on the energy sector as a whole, starting the first quarter of 1998-99.

Emerging Sectors of Interest

Environmental Equipment and Services

Mexico's environmental technology market is driven by funded projects, not environmental needs. Successful technology providers understand this harsh fact. No one who has visited the industrial north or Mexico City can deny that Mexico sorely lacks basic water, air and solid-waste treatment technology. In spite of the enormous needs, limited funding can only support a nascent market.

The 1994 devaluation had a serious impact on the Mexican environmental market. Municipal governments and private companies that planned to invest in water and solid-waste treatment facilities could no longer afford the almost totally imported content of environmental technology. The change of government at the federal level froze several projects and the ensuing crisis weakened the resolve of government to enforce stronger environmental laws on Mexican industry. In 1994, the environmental technology market was estimated at US\$3 billion. In 1995, it dropped to less than US\$1 billion.

In 1995 and 1996, much industry activity focussed on environmental studies and pilot programs, many of them funded by foreign governments and non-governmental organizations (NGOs). The main source of technology sales has been newly installed multinational manufacturing sites, which purchase waste treatment systems for Mexico City (partly funded by the Inter American Development Bank [IADB]) to comply with both Mexican legislation and their own internal quality standards, such as those mandated in ISO 14000.

Opportunities

In 1998 the private sector will continue to purchase treatment technology for heavy

industry plants. Leading clients are Japanese, European and U.S. manufacturers, as well as a handful of high-profile Mexican exporters.

PEMEX, the national oil and gas company, has responded to recent public criticism about environmental neglect by authorizing major spending increases on environmental technology. Over the next five years, PEMEX will spend close to US\$15 million per year on a mixture of studies, consulting and equipment purchases.

On April 18, 1996, President Zedillo announced an executive policy to double spending in environmental programs by the year 2000. That policy has partly come to fruition through the formulation of two megaprojects — a comprehensive wastewater treatment system for Mexico City, and a plan for establishing hazardous waste treatment centres throughout the country. Mexico City's leak-ridden wastewater infrastructure will get a short-term boost as several international consortia bid for the right to build four new drainage systems at an estimated cost of US\$1 billion.

Even more ambitious is the program designed by SEMARNAP (Mexico's environment ministry) to build three to five solid-waste management facilities throughout the country. In all, 81 potential CIMARI (Centros Integrales de Manejo y Reciclaje de Residuos Industriales) sites (regional hazardous waste treatment facilities) have been identified for further study. With only 12 percent of hazardous wastes now treated, companies should enjoy tremendous market growth rates for at least a decade. Each CIMARI will cost from US\$0.5 billion to US\$1.5 billion to implement. All CIMARIs will be privately funded and operated.

Constraints

Mexican environmental authorities have been lenient in their enforcement efforts in many areas. Enforcement officials have concentrated on exporting industries with the necessary cashflow to make improvements; they have also