

## COMPANY PROFILE

### MACVIRO CONSULTANTS INC.

Toronto-based MacViro consultants began business in Mexico in 1993. The company is now approved by the Mexican government to complete environmental audits.

MacViro has also attempted to obtain a licence to complete full environmental impact assessments. It has not yet received a response to its application, and a company spokesperson describes the process as "difficult".

During the summer of 1994, MacViro participated in the development of proposals for eight build-operate-transfer (BOT) sewage plants in the state of Morelos. But they found it difficult to stay price competitive, given the large number of Mexican competitors.

MacViro has developed an informal partnering relationship with a Mexican company that distributes industrial chemicals and has extensive contacts in the industrial market. The company is currently re-examining its market strategy, and is considering moving into hospital waste and hospital incineration projects.

The *Banco Nacional de Obras y Servicios Públicos (BANOBRAS)*, National Bank of Construction and Public Works, is also working to help municipalities through the crisis. *BANOBRAS* officials are meeting with international financial institutions including the World Bank and the Inter-American Development Bank (IADB) to try to restructure upcoming projects to make them more feasible.

The devaluation has been only slightly damaging to larger industrial companies including multinationals and Mexican *grupos*, because they usually have substantial foreign currency earnings and debt financing. Although they are placing greater reliance on external financing, they are reportedly continuing with major environmental projects.

Estimates of the duration of the financial crisis are necessarily speculative. The consensus is that the private sector will remain depressed for at least 12 months and possibly as long as 24. Officials from the *Secretaría de Desarrollo Social (SEDESOL)*, Secretariat for Social Development, believe that some environmental spending will be restored within six months, but that the overall market will not improve much until 1996 or 1997, because accessing available funds from the World Bank and the IADB require matching state contributions. According to *BANOBRAS*, some state governments are expected to default on their existing loans as a result of the devaluation.

In spite of these short-term difficulties, some observers expect environmental expenditures to rebound to annual growth rates in the 15 percent-plus range because the effect of the devaluation has been to postpone rather than cancel programs. Other experts think that the effects of the devaluation may be more prolonged.

## MARKET TRENDS

There has been a major trend towards proactive marketing for sales to state and municipal governments, rather than waiting for bid requests. This is especially true for potential build-operate-transfer (BOT) water projects. Foreign and Mexican companies alike are defining potential projects and completing the feasibility studies at their own risk. Previously, feasibility studies were commissioned by the state or municipal government with federal financing. The project would be put up to tender after the study defined the specifications. Now there is no government money available for studies and projects are being initiated by the private sector. According to interviews with government officials, Canadian companies have not been active in this type of promotion.