

PROFEPA claims that almost two-thirds of Mexican companies were visited between July 1992 and July 1994. They say the rest will be covered within the next two years. Most observers, however, doubt that the agency had the resources to do serious inspections at so many sites. Nonetheless, there has been a dramatic increase in inspection efforts over the past few years. According to *PROFEPA* officials, recently, more than 100 companies were fined an average of about N \$8,000 pesos (about US \$1,300) each.

The economic crisis caused a reduction in enforcement activity, and pollution levels have increased as a result. *PROFEPA* is not shutting down as many polluting operations as it did before, for fear of increasing unemployment. This means that small- to medium-sized firms are generally not subject to any enforcement. Inspection efforts are being directed to larger firms, but even then *PROFEPA* lacks the resources for detailed technical inspections. It is also granting longer time allowances for cleanup operations. Many larger firms, especially multinational corporations, conform to international environmental standards as a point of good corporate citizenship, so the shift on enforcement will probably be focussed in particular problem industries.

There is a perception among industry experts that *PROFEPA* and *CNA* both have a tough time enforcing regulations on *paraestatales*, state-owned companies, such as *Petróleos Mexicanos (PEMEX)*, the national oil company, and the *Comisión Federal de Electricidad (CFE)*, Federal Electricity Commission. *PEMEX* has asked *PROFEPA* to allow it to conduct its own internal audits rather than use approved outside contractors.

Beginning in 1993, the Mexican government implemented a system of mandatory environmental audits for targeted companies. During a 1992 pilot program, the government paid for the audits to be conducted by American and British firms. Beginning in 1993, targeted companies had to pay for the audits which cost as much as US \$100,000. For most companies, however, environmental audits are voluntary. Under this program, companies can avoid inspections of its plants by government officials by contracting for a company-wide audit by an approved firm. The audit is sent to *PROFEPA* for review. *PROFEPA* will work with the company to arrange a timetable for compliance if problems are found.

According to *PROFEPA*, out of a total of 13,000 inspections conducted in 1993, 40 percent were of industrial plants. There were 742 plant closures, 30 percent of which were for not meeting the existing 33 wastewater *Normas Oficiales Mexicanas (NOMs)*, official standards. In the first quarter of 1995, *PROFEPA* initiated 713 "actions" as a result of its inspections. One of them was a full permanent closure and there were two partial permanent closures. There were 81 temporary closures and 629 companies were fined.