

SUBSECTORS

Companies in the environmental sector provide services and technology for protecting the environment from damage from all forms of human activity as well as repairing previous damage and conserving natural resources. The sector includes services such as engineering, research and training, in addition to the manufacture of pollution abatement equipment and instrumentation.

The sector can be divided into three main subgroups: air pollution, water supply and sewage treatment, and solid waste disposal (including hazardous waste). Remediation and consulting services often deal with more than one source of environmental damage and are treated separately in some of the accompanying tables. In addition, there is a significant and growing renewable energy and energy efficiency market in Mexico. This is sometimes considered part of the environmental sector because thermal electricity generation is a major source of pollution.

Mexico faces problems of crisis proportions in all of these areas. These problems result from inadequate environmental infrastructure and expertise, combined with a rapidly growing population as well as rising urbanization and economic growth. Increased government regulation of the environment is gradually forcing officials of both public agencies and private corporations to take remedial action. These factors combine to create substantial opportunities for Canadian suppliers of environmental technologies.

THE ROLE OF IMPORTS

Eighty percent of Mexico's environmental technology is imported. To develop a domestic capability, local producers will need to form partnerships with foreign experts.

Imports play a major role in Mexico's efforts to manage its environmental problems. In 1993, imports of environmental control equipment totalled almost US \$1.2 billion, about 80 percent of the entire market. Imports also made up a substantial proportion of the market for environmental services, estimated at roughly US \$800 million. On the other hand, Mexican companies dominate the market for construction services, which are a major part of most environmental projects.

The share of imports ranges from about 93 percent in the hazardous waste subsector to 42 percent in renewable energy equipment. Solid waste handling equipment, the largest subsector, is 73 percent imported.