

TRENDS AND OPPORTUNITIES

There has been a strong move away from government-financed technology procurements in favour of "non traditional" turnkey solutions. Build-operate-transfers (BOTs) are especially popular for municipal infrastructure projects.

ECONOMIC TRENDS

In late December 1994, the government of Mexico stopped supporting the peso, which was seriously overvalued. Within a week it had lost one-third of its value relative to the U.S. dollar. This led to a series of reactions, known in Mexico as *la crisis*. Government expenditures were cut, the national value-added tax was increased and a variety of other austerity policies were implemented.

As a result of this crisis, many government-funded environmental programs have been put on hold. This includes, for example, the *Programa Nacional de Agua Potable para Zonas Rurales*, National Program for Water Supply in Rural Areas, environmental expenditures by the *Comisión Federal de Electricidad (CFE)*, Federal Electricity Commission, and virtually all environmental projects of *Petróleos Mexicanos (PEMEX)*, the national oil company. No programs have been officially cancelled, but the lack of money has brought government activity almost to a standstill.

On the other hand, the crisis is forcing government agencies, particularly the *Comisión Nacional del Agua (CNA)*, National Water Commission, to consider alternate forms of financing. A variety of privatization schemes, especially build-operate-transfer (BOT) packages, are being considered for new facilities. The recently-privatized Aguascalientes project is considered a model for the future. Many existing facilities are also considered candidates for operate and maintain (O&M) contracts.

The devaluation has also led to a relaxation of enforcement of environmental standards, especially as they apply to small companies and municipalities. The *CNA* is now giving municipalities until 1997, instead of 1995, to comply with wastewater standards. Small companies are being given particular leeway since environmental enforcement can lead to layoffs.

COMPANY PROFILE

CINTEC ENVIRONNEMENT INC.

Cintec is a medium-sized environmental consulting company based in LaSalle, Quebec. It entered the Mexican market in late 1993.

Cintec's activities in Mexico have focussed exclusively on PCB management, although the company is also interested in contaminated soil treatment. Their Mexican partner is *Perfotec*, which also specializes in hazardous waste. Their current arrangement is a joint-venture: Cintec provides technology and skills and, once staff is fully trained, *Perfotec* will provide sales, marketing, and operational expertise.

Recently, Cintec demonstrated its technology to *Petróleos Mexicanos (PEMEX)*, the national oil company. Testing was required to prove that Cintec's technology was capable of the cost-effective reduction of PCBs to the standards of the American Environmental Protection Agency.

The demonstration required a significant resource commitment, including three full-time staff (one engineer, two technicians) working in Mexico City. A Cintec executive noted that while the partnership has been successful, the parties had to reconcile their differences in terms of time allowances so as to achieve results.