

to begin with an assessment of the domestic manufacturing ability and the price point at which an imported product would have to enter the market. It is also important to bear in mind the appropriateness of the technology — ask yourself if **more** people could benefit from a piece of equipment which would cost **less**.

Market demand will remain stable at the very high end of the technology spectrum but will continue to grow in areas where low to medium-technology satisfies significant demand. Remember that the national budget and the budgets of the private hospitals are being constrained by the recessionary economic conditions prevailing in Mexico while, at the same time, existing budgets must satisfy ever-increasing demands being placed upon the existing health care infrastructure.

The second set of considerations deals with product registrations. A firm must check to ensure that its devices or equipment appear in the *Quadro Basico*, the Basic Formulary, prepared by each buyer in the national health care system. These annual publications dictate which products, meeting established criteria, will be purchased in the following year. The subsequent registration of the product to be imported into Mexico with the Secretariat of Health, must be undertaken including any product testing which may be required.

Finally, a firm should consider how a product is to be promoted within the health care system. The process of appointing a representative or agent, or selecting a partner, will be one of the most important decisions a company will make in support of its market-entry strategy.

The purchasing systems of medical devices and equipment are complex and public tenders are difficult to manage from a Canadian beach-head. Having the right person in Mexico to act on your interests will be key to success in the market.

PURCHASING PRACTICES

Most purchases within the open and premium-based systems are made pursuant to a public tender process and governed by the federal *Ley de Adquisiciones Publicas* — Public Procurement Act.

This is the legislation controlling all federal government procurement of goods and services, including purchases within the national health care system. The legislation requires that all purchases, except for limited discretionary budgets allocated to each purchasing entity, must be acquired through a public tender process. Within the NAFTA framework, Mexico will re-align its government procurements practices making them more consistent with the policies of Canada and the U.S.

The one exception is the procurement within the *Institutos de Especialidades* which have particular discretion over the purchasing of equipment for use within the institutes. Monitoring and responding to notices of public tenders is the means by which devices and equipment will be sold within the national health care system.

Purchases within the private system are made on a case-by-case basis in accordance with the purchasing practices of each hospital. Each hospital must be approached individually by a company representative or agent in order to promote the use, within that particular hospital, of a given medical device or piece of equipment.

TENDER NOTIFICATION

The first step in the public tender process is the tender notification. Calls for tenders are published in the *Diary Oficial* — the National Gazette, and they must be published in at least two national daily newspapers. *El Excelsior* and *El Universal* are commonly used. In practice, tender notifications (*avisos*) will only be publicized for a few days. The notification will provide information on the bid reference

number, the goods being purchased, the cost of the bid documents, where they can be obtained and as of what date and time. It is therefore necessary for a Canadian company, interested in competing for public contracts, to establish a mechanism for scanning the appropriate publications on a daily basis. As of January 1, 1995 there will be a special newspaper for the publication of public tender notices.

BUYING CYCLES WITHIN THE NATIONAL HEALTH CARE SYSTEM

The outset of the buying cycle within the national health care system commences by establishing purchasing priorities in May and June within each purchasing entity. These priorities then become the basis for the budget submission in August to the *Secretaría de Hacienda y Crédito Publico*, more commonly referred to as *HACIENDA* — the Secretariat of Finance and Public Credit. The budget is finalized and returned to the purchasing entities to be allocated internally by the end of November. Purchasing tenders are then announced in January and February. In prior years an effort was made to concentrate all buying within the months of January and February however there has been a noticeable shift in recent years toward purchasing year-round.

Buying Cycles

*There are three points at which a company should actively pursue the major purchasing agencies to ensure the latter are aware of its product and its features: in May and June when the purchasing priorities are being established for the following year; during the late summer when the items for inclusion in the *Quadro Basico* are being selected; and, in early January when the purchasing priorities are being adjusted in accordance with the budget allocations.*

