

- Invite Mexican buyers to Canadian Music Week (March) and North by Northeast (June) to consolidate two-year marketing effort.
- Rent three booths at the International Children's Book Fair to feature and sell books, videos and compact disks for children. Many items will already be in Spanish; others will be of interest not only to Hispanic publishers but also to parents looking for English- and French-language material for their children. Participation will be offered on a cost-recovery basis.

Outreach

- Follow up with Canadian educational industries and associations participating in Expodidáctica.
- Conduct outreach activities focussed on areas outside Mexico City, such as a series of seminars on "Studying in Canada," directed at potential students/parents in, for example, Guadalajara.
- Develop guides and brochures on Canadian capabilities in education products.
- Establish "hot links" between the Embassy Internet home page and the home pages of Canadian artists and performers, which are effective multimedia marketing tools.

Electric Power Equipment and Services

Electric power transformation, transmission, supply, distribution and marketing activities intended to serve the public are the responsibility of the Comisión Federal de Electricidad (CFE) and to a lesser extent of the Luz y Fuerza del Centro (LFC) company. Both are decentralized government agencies. The CFE owns over 90 percent of generating capacity in Mexico. However, in 1992 the government instituted legal reforms intended to attract private investment in power generation activities.

Private ownership of generating facilities can take one of four forms — independent power production, self-supply generation, co-generation and small-scale production (under 30 megawatts). Except for small producers, the electricity generated by these private projects must either be used by the owners or sold back to the CFE. Transmission and distribution remain the responsibility of the CFE, although the CFE is required to negotiate wheeling agreements. Other new generating facilities will also rely on private sector investment for their development; the CFE plans to add most of its new capacity through build-lease-transfer projects.

Mérida III is the first project to be awarded for independent power production. Under this ownership structure, the winning consortium builds, finances and independently operates the facility and can negotiate its own fuel prices, cut labour costs and charge a price for power that produces a reasonable rate of return. The winning bid was awarded to the bidder offering the lowest electricity sales price — in this case, US\$0.025 per megawatt.

The *Prospectiva del Sector Eléctrico, 1997-2006*, published by the Secretaría de Energía (Ministry of Energy) in October 1997, forecasts that an additional 13 189 megawatts of installed capacity must be added by the year 2006, to meet a yearly projected increase in electricity demand of 5.5 percent nationwide. The peak demand increases will occur in the highly industrialized northeast (6.7 percent per year), the Yucatan peninsula (7.2 percent per year) and Baja California (7.6 percent per year). Furthermore, PEMEX's 2000 megawatts of generating capacity will need to be expanded by as much as 20 percent over the next five years. According to some estimates, Mexico will require US\$24.3 billion in power project investment over the next decade.

To meet these demands, the CFE plans to tender 23 power projects with a total capacity of 9767

megawatts, to be constructed between 1997 and 2005. In the short term, the construction of seven facilities (496 megawatts) under the build-lease-transfer scheme will be up for tender, as will four facilities (1550 megawatts) intended to be owned by independent power producers. Additional increases in capacity are expected to come from co-generation, self-generation or small-scale private sector production initiatives.

The CFE is placing increasing emphasis on reducing its reliance on heavy fuel oil. Most new facilities will be of the combined-cycle type, but new capacity is also planned using hydroelectricity, geothermics and other alternatives. Examples of some forthcoming projects are shown in the following table.

Although a number of co-generation permits have been granted since 1992, these projects have been slow to develop because of the CFE's

unwillingness to commit to contracts to purchase excess power and of the prices it is willing to pay. However, in recent months private sector interest has been increasing, this time focussing on attracting enough industrial users to make the projects attractive without selling power back to the CFE. In addition, the Comisión Reguladora de Energía (CRE), the regulatory body, will be overseeing the setting of new energy tariffs that are intended to bring an end to hidden subsidization.

Opportunities

The infrastructure projects highlighted above entail long-term investment commitments on the part of the participants. However, other opportunities exist for Canadian suppliers of goods and services, particularly for those with proven technologies that will enhance efficiency, to sell their products either directly to the government or to private operators.

Forthcoming Power Generation Projects

Project	Capacity	Type	Expected Tender Date
El Sauz	450 MW	combined cycle — IPP	1997
Hermosillo	225 MW	combined cycle — IPP	1997
Río Bravo	450 MW	combined cycle — IPP	1997
Saltillo	225 MW	combined cycle — IPP	1997
San Rafael	24 MW	hydroelectric	1997
El Cajón	636 MW	hydroelectric	1998
Tuxpan	900 MW	combined cycle	1998
Altamira	1350 MW	combined cycle/coal (will use combined coal/gas if not enough natural gas is available)	1998

Legend:

MW = megawatts

IPP = independent power producer