Public Sector Customers

Government entities and parastatal enterprises (public companies dedicated to producing goods and services for public consumption) generate 70 percent of the construction projects in Mexico today. Some of the most important government departments and parastatals are listed below.

Secretaría de Comunicaciones y Transportes (SCT) is the Ministry of Communications and Transportation. It is responsible for granting toll highway concessions to construction firms.

Secretaría de Agricultura y Recursos Hidráulicos (SARH) is the Ministry of Agriculture and Hydraulic Resources. It is responsible for all matters related to water in the federal jurisdiction. The *Comisión Nacional del Agua* (CNA) — National Water Commission — is the decentralized department of SARH which handles procurement of construction services for water infrastructure.

Departamento del Distrito Federal (DDF) is the Federal District Department responsible for the Mexico City area. The DDF is a significant contributor to overall government spending on public works. Nearly one fourth of the country's population lives in the Mexico City metropolitan area, which comprises the Federal District. Currently, in Mexico City more than U.S. $5 billion is being invested in new building projects.

Petróleos Mexicanos (Pemex) is Mexico's state oil monopoly. Pemex is a major builder of petrochemical plants, waste-treatment plants and pipelines.

Comisión Federal de Electricidad (CFE) is the public corporation responsible for providing all of Mexico's electrical power. It is undertaking an aggressive modernization program to expand its generating capacity by 50,000 MW, building new power plants and transmission lines.

Private Sector Customers

Increased reliance on the private sector to finance major infrastructure projects has raised its' profile as a market for contracting services. Today, key private sector customers are: the owners of highway concessions (generally the very large Mexican construction companies); the previously state-owned telephone company (Telmex); private banks; and a host of developers of housing and commercial projects.

Opportunities in Road and Highway Construction

One of the most active sectors of infrastructure development in Mexico is highway construction. In 1989, the federal government introduced a program to construct 15,000 km of new four-lane highway by the year 2000. To date over 3,000 kilometres of toll highways have been built and approximately 2,000 kilometres are currently under construction. Each project is being handled through a Build-Operate-Transfer (BOT) concession program in which private construction companies finance the building and maintenance of the roads and undertake the collection of tolls.

With over 10,000 km of highway remaining to be built in Mexico, Canadian companies can still participate in the country's concession program. Companies can consider partnering with Mexican road construction firms. Initially, the first round of contracts went to large firms that had the capability to handle the projects by themselves. Increasingly, concessions are being handled by consortia of medium-sized Mexican firms. Canadian firms can augment such a group's abilities by bringing new technology, construction methods, equity and, in particular, financial management capabilities.

Even though the concession program has increased Mexican highway capacity, there is concern that local roads have deteriorated considerably. As such, significant effort is being put into maintenance, upgrading and new construction of secondary roads. Between 1988 and 1992, over 3,000 km of new paved roads were constructed. Contracts for these projects are administered as public works at the federal, state and municipal levels. Companies can also investigate the World Bank pipeline of projects for possible contract opportunities, as the Bank has a current program to fund improvements to Mexico's secondary roads.

Opportunities in Water Infrastructure

The economic depression of the 1980s resulted in significant deterioration of Mexico's water infrastructure. Construction of new systems did not keep up with the needs of a rapidly increasing population. By 1988, less than 70 percent of the population had access to potable water, less than 50 percent had access to sewer systems, and only 15 percent of municipal discharge was treated. There are substantial opportunities in the construction of water works as the country moves to upgrade, rehabilitate, and create new infrastructure.

Potable Water

Mexico's first priority was to provide access to potable water to as much of the population as possible. Considerable resources were dedicated to bringing coverage up to 90 percent of the population. The priority has now become maintenance and rehabilitation of existing systems; it is estimated that as much as 40 percent of the nation's network leaks. Future works will focus on new construction in keeping with population growth. Substantial activity is foreseen in building aqueducts to those cities whose requirements for water are already exceeding their local capacity.

Sewer and Storm Water Drainage

Sewer and storm water drainage has become the area of major concentration. To achieve the government's desired coverage of 85 percent of the population by the year 2013, over 2,000 kilometres of sewer pipe will have to be installed per annum.

Department of Foreign Affairs and International Trade
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Latin America & Caribbean Trade Division