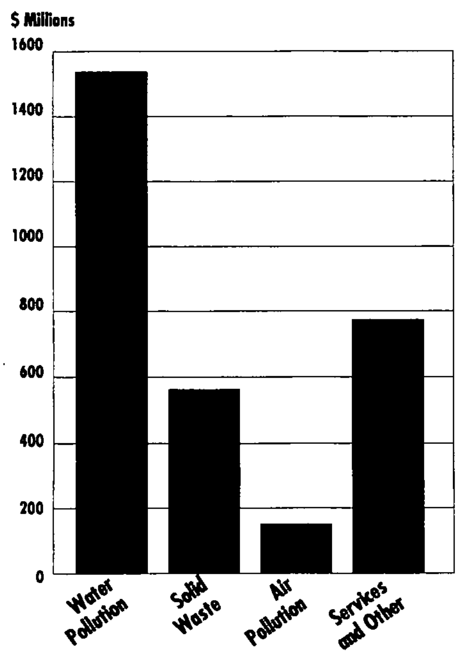
FOREWORD

The Mexican environmental sector offers many opportunities for Canadian companies that provide services or manufacture products for environmental management and pollution control. Although the Mexican environmental market is only about half the size of Canada's, it is expected to grow dramatically as a result of demands for tougher environmental standards and enforcement. The approval of the North American Free Trade Agreement (NAFTA) will make these improvements even more imperative. Since some of Mexico's new environmental standards are being modeled on Canadian regulations, Canadian environmental companies will enjoy a particular advantage in a few areas.

1. INTRODUCTION TO THE ENVIRONMENTAL SECTOR

INTRODUCTION

TABLE 1
ENVIRONMENTAL SECTOR MEXICO - 1991 (MILLION DOLLARS)



The Mexican environmental sector is relatively small - amounting to about $3 billion* in 1990. Canada's environmental sector is about twice that size: somewhere between $5 billion and $7 billion, depending on how it is defined. As a proportion of GNP, Mexico's environmental sector is about the same size as Canada's: around one percent. Since, it has more than three times Canada's population, Mexico's environmental needs, and therefore its market potential, are considerably greater.

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, as well as the manufacture of pollution abatement equipment and instrumentation.

The sector can be divided into three major sub-groups: air, water and solid waste. Mexico faces problems of near-crisis proportions in all three areas. These problems result from inadequate environmental infrastructure and expertise, combined with increasing population and sustained economic growth. Increased governmental 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 both conservation and pollution abatement technologies.

*All currencies are in $ Canadian unless otherwise stated.