

REGULATORY ENVIRONMENT

Participation in the environmental sector depends on compliance with a long list of official standards. In addition, the company must be able to demonstrate to the Mexican authorities that they are technically qualified.

The Mexican environmental sector is regulated at the federal, state and municipal levels. The influence of various regulatory agencies on the market demand for products and services is discussed where it is relevant throughout this profile. This section provides an overview of the regulatory framework.

Mexico's system of environmental regulation is grounded in its Constitution. In general, the federal government is responsible for environmental issues that affect more than one state, including large industries, rivers and water systems. States and municipalities are usually responsible for municipal water and waste.

The 1988 *Ley de Equilibrio Ecológico y Protección al Medio Ambiente*, Law of Ecological Equilibrium and Environmental Protection, is the cornerstone of Mexico's environmental policy. This law is patterned after those in other countries, including the United States, and incorporates rules designed by the Environmental Protection Agency (EPA). It provides the framework for environmental standards and enforcement throughout Mexico.

The law is supplemented by various regulations and technical standards. The regulations outline the required procedures, while the standards provide quantitative parameters.

All states are required to publish their own environmental law and so far, 29 states have done so. They are mainly adaptations of the federal law. The states of Tlaxcala and Campeche have not yet enacted their own environmental legislation.

A new federal environmental secretariat, *Secretaría del Medio Ambiente, Recursos Naturales y Pesca (SEMARNAP)*, Secretariat of the Environment, Natural Resources and Fisheries, was created by the administration of President Zedillo in late December 1994. It took over a number of key environmental agencies which were formerly part of other secretariats. Included are the *Instituto Nacional de Ecología (INECO)*, National Institute of Ecology, the principal standard-setting agency, and the *Procuraduría Federal para la Protección del Ambiente*, Federal Office for Environmental Protection. Both of these entities had formerly been part of *Secretaría de Desarrollo Social (SEDESOL)*, Secretariat of Social Development. At the same time, *SEMARNAP* also acquired the *Comisión Nacional del Agua (CNA)*, National Water Commission, and the *Instituto Mexicano de Tecnología del Agua (IMTA)*, Mexican Institute of Water Technology from the *Secretaría de Agricultura y Recursos Hidráulicos (SARH)*, Secretariat of Agriculture and Water Resources.