

MEXICO: How Government Works

Much export business with Mexico will deal with the private sector, but in the end the government, there as here, is the ultimate arbiter of how its international trade is conducted. It is perhaps worth introducing the structure of the Government of Mexico in order to let our exporters understand what they are dealing with.

Mexico is a federal democratic republic with 31 states and a Federal District (Mexico, D.F.), more familiarly known as Mexico City. The public sector is composed of three branches: the Executive, headed by the President; the Legislative, directed by Congress; and the Judicial, directed by the Supreme Court. As is evident, the structure bears a distinct resemblance to that of the United States.

The federal government conducts elections for President and Congress every six years; the President may not stand for re-election. 1994 is an election year, with the vote being conducted in August. The new President and Congress will be sworn in December 1.

The central government is composed of 19 Secretariats, organized on a functional or sectoral basis, similar to Canadian Ministries or American Cabinet departments. The Secretaries are appointed by the President.

These Secretariats, and their acronyms, are: Office of the Attorney General (PGR); Secretariat of Agriculture and Water Resources (SARH); Secretariat of Communications and Transport (SCT); Secretariat of National Defense (SDN); Secretariat of Trade, Commerce and Industrial Development (SECOFI); Secretariat of the Office of the Comptroller General (SECOGEF); Secretariat of Tourism (SECTUR); Secretariat of Social Development and Housing (SEDESOL); Secretariat of the Navy (SEMAR); Secretariat of Energy,

Mines and Parastate Industries (SEMIP); Secretariat of Public Education (SEP); Secretariat of Fisheries (SEPECSA); Secretariat of the Interior (SG); Secretariat of Finance and Public Credit (SHCP — commonly referred to as Hacienda); Secretariat of Agrarian Reform (SRA); Secretariat of External Affairs (SRE); Secretariat of Health (SSA); and Secretariat of Labour and Social Security (STPS). The nineteenth Secretariat is the Presidency, which has no acronymic form.

The government has responsibility for a number of *Empresas Publicas*, usually known as parastatals and comparable to our Crown corporations. Government may have majority (50 per cent or more) or minority (25-49 per cent) equity interests in these enterprises. Parastatals have separate legal status, but some are considered to be directly government-controlled, regardless of equity participation, because the government has the authority to name the majority of Board or Executive members.

Parastatals fall into two categories, depending upon the degree of control exercised by the Secretariat of Finance and Public Credit, Hacienda, over the company budget. The companies do have considerable autonomy over their own budgets, but senior officials of the appropriate Secretariats will sit on the Boards or Executive committees

of those parastatals reporting through their Secretariat. The President has the authority to decide to which Secretariat each parastatal will report; this Secretariat is effectively the administrative authority over that company.

Parastatals encompass a wide range of activities, from the Mexican Coffee Institute to Telecommunications of Mexico. The most important, economically and strategically, tend to be controlled by Hacienda: those dealing with petroleum and by-products (PEMEX); electricity (CFE); railway transport (FERRONALES); medical social security (IMSS); grain marketing (CONASUPO) and airports (ASA), among others. But some major parastatals are not under Hacienda's control: these include telephones and communication (TELECOM); school construction (CAPFCE); and R&D for the oil industry (IMP).

The department responsible for trade, SECOFI, is the most relevant to Canadian exporters in general terms, in that it sets policy and regulations in this field. Individual firms may wish to learn more about specific Secretariats or parastatals in their own fields of interest. InfoEx can provide a text on Government Procurement in Mexico that includes more details on the Mexican government, lines of authority and methods of proceeding. Call 1-800-267-8376.

Access

Access, the newsletter of the new Access North America (ANA) program, is published monthly and only in *CanadExport*. Subscribers to *CanadExport* automatically receive **Access**. It examines opportunities for Canadian businesses, introduces some Canadians already operating in the Mexican market, profiles specific sectors, and notifies readers of forthcoming events related to doing business in Mexico.

Your feedback is welcomed; correspondence should be sent to **Access**, BCT, Department of Foreign Affairs and International Trade, Ottawa, Ont., K1A 0G2, or by fax, (613) 992-5791.

For further information or a copy of a brochure on Access North America, contact InfoEx at (613) 992-5791 (In Ottawa 944-4000).

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