

the new energy secretariat will have a great deal of influence, because the directors of both *Petróleos Mexicanos (PEMEX)*, the national oil company, and the *Comisión Federal de Electricidad (CFE)*, Federal Electricity Commission, will continue to have independent access to the President of Mexico.

Recently, the finance committee of the Chamber of Deputies recommended eliminating four secretariats including the *SE*. Under the proposal, the secretariats would either be replaced by commissions, or their duties would be assumed by other secretariats. If this proposal proceeds, the most likely scenario is that the functions of the *Secretaría de Energía (SE)*, Secretariat of Energy, would be assumed by a national energy commission.

MARKET ENTRY STRATEGIES

The traditional way of selling imported electric power generation, transmission and distribution equipment to the electrical sector in Mexico is through agents or distributors. Distributors tend to specialize in particular types of equipment. They maintain contact with the *Comisión Federal de Electricidad (CFE)*, Federal Electricity Commission, and other buyers, and provide local service, obtaining spare parts from foreign sources.

Since the *CFE* is a state-owned company, it must adhere to government purchasing regulations, which require that all large purchases be made through public tenders.

The *CFE's* purchasing department is divided into two areas: one handles domestic suppliers and the other deals with international suppliers. In 1990, the Commission adopted a new decentralized purchasing policy, enabling regional administrative offices to procure some of their materials independently.

Manufacturers of electric power products usually advertise in business and specialized magazines, newspapers and the yellow pages. Brochures or technical literature in Spanish are essential for promoting these products.

Joint Ventures

In the future, sales strategies will change to reflect the new private-sector orientation of the electrical sector. Increasingly, marketing efforts will have to be directed at the private groups that are successful bidders for electricity concessions. Where the lead bidder is a foreign company, initial approaches may have to be made outside of Mexico.

Partnerships or joint ventures with Mexican engineering companies are another way for Canadian firms to enter this market. Generally, Mexican firms have the necessary local market knowledge and political contacts but lack the technical expertise to execute complete turnkey projects. In the current economic environment, they also have a great deal of difficulty in raising capital.

KEY CONTACTS

CANADA

Canadian Government

Department of Foreign Affairs and International Trade (DFAIT)

DFAIT is the Canadian federal government department most directly responsible for trade development. The **InfoCentre** should be the first contact point for advice on how to start exporting. It provides information on export-related programs and services, acts as an entry point to DFAIT's trade information network, and can provide copies of specialized export publications and market information to interested companies.

InfoCentre

Tel.: 1-800-267-8376 or (613) 944-4000

Fax: (613) 996-9709

FaxLink: (613) 944-4500

InfoCentre Bulletin Board (IBB):

Tel.: 1-800-628-1581 or

(613) 944-1581

Internet:

<http://www.dfait-maeci.gc.ca>

The Trade and Economic Division of the Embassy of Canada in Mexico

can provide vital assistance to Canadians venturing into the Mexican market. The trade commissioners are well-informed about the market and will respond in whatever measures possible to support a Canadian firm's presence in Mexico.

Note: to telephone Mexico City, dial: 011-52-5 before the number shown. For contacts in other cities in Mexico, consult the international code listing at the front of your local telephone directory for the appropriate regional codes.

Trade and Economic Division

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