

Business and Professional Services: There is a significant and growing demand for foreign technical expertise to help Mexico improve and develop its infrastructure, especially in areas such as telecommunications, utilities, power, and sewerage, as well as land and maritime transportation.

Environmental Services and Equipment: Despite the Mexican administration's emphasis on modernization, it will not allow industrial expansion to occur at the expense of the environment. One of the greatest challenges facing Mexico is to ensure that development is consistent with sound and sustainable environmental practices. A strict new federal law on environmental protection coupled with increased public pressure for enforcement has created a growing demand for different sources of anti-pollution equipment and related services. Environmental issues are also being addressed as part of the NAFTA process. Mexico is eager to match the environmental standards of its North American trading partners as soon as possible.

In environmental matters, Mexico has moved to a regulatory system with a supportive watchdog infrastructure. On May 25, 1992, the *Secretaría de Desarrollo Social* (SEDESOL), assumed responsibility for the previous environmental regulating secretariat, SEDUE. SEDUE's former regulatory powers are now divided between the *Instituto Nacional de Ecología* (INECO) and the federal Attorney General for Environmental Protection. INECO will act as the policy arm while the Attorney General for Environmental Protection will be responsible for enforcement and investigation of claims. Mexican states will assume more responsibility for environmental protection in the future. Nearly all the states have adopted their own environmental laws which must be at least as stringent as the General Law of March 1, 1988, which states that:

- all new public or private activities, or expansions of existing facilities which may cause ecological imbalance, or exceed the limits and conditions of ecological technical standards and regulations are required to demonstrate compliance and obtain authorization from SEDESOL before beginning operations;
- Mexico's natural resources are conserved and protected by ecological zoning. The zoning regulations impose siting restrictions on development projects;
- non-complying industrial plants are closed by SEDESOL, which enforces the General Law. A closed

plant can re-open only after negotiations with SEDESOL have produced an agreement and timetable for full compliance; and

- the General Law has also armed SEDESOL with an array of other enforcement mechanisms. These include stiff fines (which can range from the level of the daily minimum wage to \$US80,000); criminal penalties (prison terms from three months to six years); and administrative arrests. An administrative arrest, as distinct from a criminal penalty, confines a corporate officer for up to 36 hours.

Mexico's commitment to the environment was expressed by President Salinas de Gortari in his 1991 State of the Union address. "Mexico will not receive new polluting industries that are not accepted in other countries. And just as we do not want dirty or obsolete industries, we do not want to see our territory or our seas turned into garbage dumps whether for ourselves or others...."

Carlos Salinas de Gortari, State of the Union Address, 1991

Mexico is not just paying lip service to environmental issues. In March 1991, President Salinas de Gortari closed Mexico's biggest oil refineries, the country's worst polluters. The action cost Mexico \$US500 million and a net loss of 5,000 jobs. Major steps have been taken to improve air emissions in Mexico City. New, cleaner-burning diesel engines have been installed in public buses. Taxis, vans, minibuses and other vehicles licenced for public transport must be 1989 or newer models. Older vehicles must be replaced with 1991 or newer models. All vehicles produced from 1991 onwards must be equipped with catalytic converters. Mexico City's subway system is being expanded by nearly 30 kilometres, and the city has adopted a Day Without a Car Program.

Air Pollution: A \$US2.5 billion program for Mexico City will cut total sulphur dioxide emissions, now estimated at over five million tonnes a year, by 37.5 percent by the end of 1994. International financial organizations, like the World Bank and the Japanese Eximbank, will provide 40 percent of the estimated funding requirements.

Mexico was the first country to sign the 1989 Montreal Protocol which limits the amounts of certain ozone-depleting substances that can be produced and consumed. Under the Protocol, Mexico is committed to phasing out the use of CFCs by the year 2000. In 1991, SEDUE entered into an environmental technology transfer agreement with