

## **Secretaría de Energía**

The *Secretaría de Energía (SE)* is the government ministry responsible for overseeing Mexican energy resources and the activities of *Petróleos Mexicanos (PEMEX)*, the national oil company. The *SE* was created from parts of the former *Secretaría de Energía, Minas e Industria Paraestatal (SEMIP)*, Secretariat of Energy, Mines and State-owned Industries, in late 1994. The *SE* is in part responsible for granting energy concessions and permits, establishing standards and otherwise overseeing the oil and gas industry. The secretariat is still in the process of re-organizing, and it is unclear how much political clout it will have. The director of *PEMEX* reports directly to President Zedillo and has traditionally had a great deal of control over petroleum issues.

## **Federal Energy Regulatory Commission**

The *Comisión Nacional Reguladora de Energía (CNR)*, Federal Energy Regulatory Commission, was created in 1993 to implement changes pertaining to private sector investment in Mexico's electricity sector. It falls under the *SE* and is expected to be in charge of determining pricing policies for privately-developed pipelines.

## **Secretaría del Medio Ambiente, Recursos Naturales y Pesca**

A new secretariat called *Secretaría del Medio Ambiente, Recursos Naturales y Pesca (SEMARNAP)*, Secretariat of the Environment, Natural Resources and Fisheries, has overall responsibility for the environment, including regulation and enforcement.

Under this secretariat, there are two entities that set and enforce environmental standards. The *Instituto Nacional de Ecología (INE)*, National Institute of Ecology, formulates environmental norms, while the *Procuraduría Federal para la*

*Protección del Ambiente (PROFEPA)*, Federal Office for Environmental Protection, enforces the norms and supervises remediation.

A new *Norma Oficial Mexicana*, official standard, *NOM-086-ECOL-1994* was recently enacted to promote clean fuels such as natural gas. Specific regulations to require cleaner fuels will take effect in 1998. New standards for the petrochemical industry are also under development, covering a wide variety of environmental issues. Although specific information has not yet been published, several government entities will consult with *SEMARNAP* in the development of these standards.

## **MARKET ENTRY STRATEGIES**

Most Canadian firms that have successfully entered the Mexican market have done so by forming partnerships or joint ventures with local companies. Typically, the Canadian partner provides technology, business expertise and sometimes financing. In return, the Mexican partner contributes market access and an understanding of the Mexican industry. This is especially important when dealing with *Petróleos Mexicanos (PEMEX)*, the national oil company, where personal connections play a large role.

Mexican companies are especially interested in partnerships and joint ventures with foreign companies which can help them move into the areas that *PEMEX* is now privatizing or contracting out. This includes drilling, exploration and pipelines as well as petrochemicals.

## **PEMEX Procurements**

Mexican *paraestatales*, as state-owned companies are known, are required to arrange their procurements in accordance with the *Ley de Adquisiciones*, Purchasing Law.

Recent policy changes have given the *paraestatales* more autonomy in their selection of suppliers, and prior federal registration is no longer required.

Although each of the four major *PEMEX* divisions develops its own procurement processes, supplier registration is centralized with *PEMEX Corporativo*. Public tender announcements are published by the operating subsidiaries in major daily newspapers and bid packages are available to the public for a fee, typically N \$1,000 pesos.

## **SUPPLIER REGISTRATION**

*PEMEX* carries out its pre-registration procedures using a suppliers catalogue. To be eligible, foreign suppliers must submit an application form, along with a variety of documents including financial statements and certification that the company is properly incorporated. Foreign companies must have a representative in Mexico who is empowered to act for it. Contact information is provided at the end of this summary.

## **THE PROCUREMENT PROCESS**

A *PEMEX* procurement begins when a need is specified by one of the company's production centres. This is channelled through technical advisors and eventually reaches procurement officials. The procurement is then classified as a direct purchase from a sole supplier, a three-supplier notice or a public tender. A tender is open to foreign suppliers only if it is designated international, but Canadian companies can participate in national tenders through Mexican partners.

## **Financing**

*PEMEX* has access to a variety of foreign credit facilities including Canada's Export Development Corporation (EDC). In 1991, *PEMEX* signed a C \$500 million line of credit agreement with the EDC for the pur-