

ECONOMIC ENVIRONMENT

1. BACKGROUND

Mexico is one of the richest countries in the world in its ecological diversity. In its territory it has almost all existing climates and environments. Even though it is the 14th largest country in the world, it has 1,000 species of birds and 2,500 species of butterflies, as opposed to 650 and 700 respectively in all of the U.S. and Canada, and its 30,000 plant species are above those known either in the U.S., the USSR or China. These resources are in serious danger due to the extensive use of land for agriculture and for the very destructive cattle raising. Deforestation is advancing at 500,000 Ha. per year to open areas for cattle. This in addition to increased agricultural land, urban expansion and fires translates into one million hectares of natural vegetation lost annually. Despite all this, Mexico only has 48 officially protected areas and 39 in the process of being approved as such, for a total of 7.4 million Ha. or 3.8% of the Mexican territory.

The contamination of the environment in Mexico has reached an alarming state. Approximately 25 million people, or 30% of the country's population, live in the metropolitan areas of Mexico City, Monterrey and Guadalajara. Over 25% of all industry is concentrated in the valley of Mexico, placing tremendous pressure on existing services and infrastructure. Some 52 thousand tons of garbage must be handled daily, 19,000 tons of which in Mexico City alone. Industries, internal combustion engines and public transportation services expel thousands of tons of harmful gases into the air, such as sulphur dioxide, carbon monoxide, suspended particles, lead and ozone. Mexico City has suffered extremely high levels of air pollution in recent years, as a result of its industrial development, increased demand for services, low fuel quality, inadequate combustion processes due to its high altitude and an increase in motor vehicles. Mexican citizens have been clamoring for strict corrective measures and the Government has finally responded with concrete actions aimed at fighting the onslaught of pollution, the most important of which is the Federal Law on Ecological Equilibrium and Environmental Contamination enacted on March 1, 1988.

When taking up office, president Carlos Salinas de Gortari pledged to publish increasingly strict regulations to reduce air polluting emissions, waste waters and hazardous wastes. A major National Program of Ecological Conservation and Environmental Protection is under way, including tighter supervision of industrial pollutant sources, improvement of fuels, natural gas supply to thermoelectrical plants in the Mexico City area and improvement of the city's public transportation system. President Salinas has also relied on international and multilateral cooperation conferences and agreements and will continue to do so in the future.

NOTE: All values in this report, unless otherwise stated (Mexican pesos, Canadian dollars Can\$, etc.) are quoted in United States dollar equivalents.