

GOVERNMENT AGENCIES

Federal, state and municipal governments have long been major customers for construction materials and equipment. Recently, privatization policies have begun to diminish the influence of government agencies over purchasing decisions, especially on large projects. In the past, government entities did their own planning, design, materials specification and procurement. Now the government is turning entire projects over to the private construction companies. Nonetheless, government agencies are still important players in the industry, because a significant portion of projects have not been privatized.

GOVERNMENT PROCUREMENT UNDER THE NAFTA

The NAFTA government procurement provisions significantly expand opportunities for Canadian companies to participate in federal government procurement in Mexico. As of January 1, 1994 Canadian companies compete on an equal footing with their Mexican and American counterparts for construction materials and equipment acquisitions over stipulated thresholds:

- contracts with government entities > U.S. \$50,000; and
- contracts with government enterprises > U.S. \$250,000.

These thresholds will be adjusted every two years based on the U.S. inflation rate. In Mexico, the term government entities refers to the 18 federal *Secretarías* which are roughly similar to Canadian federal ministries. Government enterprises are the 37 *paraestatal* corporations, which are responsible for considerable spending. Eight of the enterprises covered by the agreement are significant buyers of construction products (see table).

SOME GOVERNMENT ENTERPRISES COVERED BY NAFTA

Government Enterprise	Area of Activity
<i>Aeropuertos y Servicios Auxiliares (ASA)</i> Airport Authority	building of airports
<i>Puertos Mexicanos</i> Mexican Port Authority	building of airports
<i>Petróleos Mexicanos (PEMEX)</i> National Oil Company	oil industry infrastructure
<i>Comisión Nacional del Agua (CNA)</i> National Water Commission	water distribution and treatment systems
<i>Camino y Puentes Federales de Ingresos y Servicios Conexos (CAPFISC)</i> Roads and Bridges Commission	construction and rehabilitation of regional roads
<i>Ferrocarriles Nacionales de México (FERRONALES)</i> Mexican National Railway	railroad infrastructure
<i>Comisión Federal de Electricidad (CFE)</i> Federal Electricity Commission	electricity infrastructure
<i>Instituto Mexicano del Seguro Social (IMSS)</i> Social Security Institute	building of hospitals

