

THE NAFTA

A North American Free Trade Agreement (NAFTA) will expand the current free-trade area of 270 million people into a market of 360 million — a market larger than the population of the 12 countries of the European Community and one with a total North American output over \$7 trillion.

Mexico is Canada's most important trading partner in Latin America. Two-way merchandise trade with Mexico exceeded \$3.5 billion in 1992 and is expected to increase to over \$5 billion by the end of the decade.

Cumulative Canadian investment in Mexico is growing rapidly, increasing from \$350 million in 1989 to over \$580 million in 1992.

This guide booklet has been prepared with the problems inherent to the initiating exporter in mind. However it is not exhaustive; individual circumstances, interests and needs will dictate how companies should tailor their approach and strategy to the Mexican market. While every attempt has been made to ensure accuracy in this study, no responsibility can be accepted for errors or omissions.

Further assistance can be obtained by addressing requests directly to:

Industry Canada (IC) through the provincial International Trade Centres (Key Contacts Section) or to InfoEx at 1-800-267-8376 or (613) 944-4000.

TABLE OF CONTENTS

FOREWORD	5
1. INTRODUCTION TO THE ENVIRONMENTAL SECTOR	5
Introduction	5
The Mexican Environment: A Deepening Crisis	6
The Impact of Imports	7
Competing in the Environmental Sector	7
Market Opportunities for Canadian Companies	8
2. SUB-SECTOR OVERVIEWS	8
Water Supply and Sewage Treatment	8
Water Supply	8
Sewage Treatment	9
The Market for Water Supply and Sewage Treatment Equipment	10
Imports of Water Pollution Control Equipment	10
Competition in Water and Sewage Treatment	10
Market Opportunities for Canadian Companies	12
Air Pollution Control	13
The Market for Air Pollution Equipment	14
Imports of Air Pollution Control Equipment	14
Competition in Air Pollution Control Equipment	14
Market Opportunities for Canadian Companies	15
Solid Waste Disposal	16
The Market for Waste Disposal Equipment	17
Imports of Solid Waste Equipment	17
Competition in Solid Waste Equipment	17
Market Opportunities for Canadian Companies	18
3. HOW THE ENVIRONMENTAL SECTOR OPERATES	19
Public Environmental Programs	19
Government Purchasers of Environmental Equipment and Services	20
Factors Influencing Environmental Expenditures	21
Customer Profiles:	
SEDESOL	22
Secretaría de Agricultura y Recursos Hidráulicos (SARH)	24
PEMEX	25
Comisión Federal de Electricidad (CFE)	26
Private Purchasers of Environmental Equipment and Services	26
NAFINSA: Financing for Private Environmental Projects	27
Loan Guarantees	27
North American Venture Capital Fund	28
The Regulatory Framework	28

