



# Commercial Sector: Environmental Technologies and Water

## A Top Export Prospect for Mexico

September 2014

### Market Estimates

**Table 1. Water Technologies Market Overview**

(Figures in USD billions)

(in US\$ billions)	2011	2012	2013 <sup>est</sup>	2014 <sup>est</sup>
Total Market Size	3.92	4.36	5.63	5.82
Total Local Production	1.26	1.21	1.84	1.92
Total Exports	.79	.79	.93	.97
Total Imports	3.48	3.94	4.72	4.87
Imports from the U.S.	2.09	2.29	2.78	2.92
Exchange Rate: 1 USD	4.30	4.40	5.47	6.50

Total Market Size = (Total Local Production + Total Imports) - (Total Exports)

<sup>p</sup> Projected data

Source: Central Bank of Mexico (Banco de Mexico), National Bank for International Trade (BANCOMEXT), Secretariat of Economy, Global Trade Atlas, Border Environment Cooperation Commission (BECC), National Water Commission (CONAGUA), National Council of Industrial Ecologists (CONIECO), & interviews with importers, distributors, and end-users of water and wastewater equipment and services.

### Overview

The market for the water and wastewater sub-sectors is estimated to grow by 3.5 percent from 2013-2014, while exports from the U.S. to Mexico are expected to increase by 4.9 percent.

In April 2014, the National Water Commission (CONAGUA) published the National Water Plan 2014-2018. The plan highlights the need to secure the provision of water to a growing population through sustainable practices. For 2014, the Mexican Government has allocated over \$6 billion to CONAGUA, which will primarily be used for new investments in water supply and wastewater treatment. In addition, investment from large private sector contractors, seeking to take advantage of public-private partnerships, is estimated to reach \$950 million in 2014. Companies will seek to participate in public-private partnerships due to the new Public and Private Partnership Law approved by the Mexican Congress. This law allows for cooperation between the Mexican government and the private sector in federal infrastructure construction projects, as well as related services.

The main water issues in Mexico are over-exploitation and contamination of water resources. Furthermore, nine million people do not have access to potable water and 11 million are beyond the range of sewage lines. To address these issues, as part of the National Water Plan 2014-2018, the Mexican Government is promoting the modernization of the sub-sector through public policies, the development of the National System of Environmental and Natural Resources Information (SNIARN), and other new initiatives, such as systems for measurement and the management of water projects. In addition, there are discussions to amend the current legislation that impacts water.

**Table 2. Environmental Technologies Market Overview**

(Figures in USD billions)

Indicator	2011	2012	2013	2014 <sup>P</sup>
Total Market Size	2.18	2.22	2.80	2.99
Total Local Production	1.34	1.45	1.86	1.98
Total Exports	.43	.52	.69	.72
Total Imports	1.23	1.29	1.64	1.73
Total Imports from the U.S.	.84	.88	1.11	1.18

<sup>P</sup> Projected data

Source: Central Bank of Mexico (Banco de Mexico), National Bank for International Trade (BANCOMEXT), Secretariat of Economy, Secretariat of Environment and Natural Resources (SEMARNAT), Global Trade Atlas, Border Environment Cooperation Commission (BECC), National Water Commission (CONAGUA), National Council of Industrial Ecologists (CONIECO), & interviews with importers, distributors, and end-users of water and wastewater equipment and services.

The Secretariat of Environment and Natural Resources (SEMARNAT) has been very active in promoting green development in Mexico. Its objective is not only to advance economic growth in Mexico but also to further development in the country by promoting a more competitive, sustainable, and low carbon emissions economy. Overall, SEMARNAT has promoted the Climate Change Strategy, which is the guiding national instrument for climate change policy for the medium to long-term with 10, 20, and 40 year goals. The objectives of the Climate Change Strategy are the following: a minimum of 35 percent of electricity should be generated from renewable energy sources by 2015, greenhouse gas (GHG) emissions must be reduced by 50 percent (compared to GHG emissions in 2000) by 2050, and at least 50 percent of electricity must be derived from clean sources.

Federal resources to finance environmental projects at the federal, state, and municipal levels of government have been allocated through an environmental enhancement program operated by SEMARNAT. The program, known as the Program for the Strengthening of the Environment of the States (“Programa de Fortalecimiento Ambiental de las Entidades Federativas”), is accessible to all Mexican states, municipalities, and the suburbs of Mexico City.

To qualify for this program, the projects must promote the following: 1) compliance with environmental guidelines (local, regional and maritime); 2) adequate assessment and payment for environmental services; 3) sustainable development and biodiversity conservation, in accordance with the Mexican Standard NOM-059-SEMARNAT-2010; 4) rooting of rural population to their communities, in order to reduce migration by encouraging economic activities that encourage the sustainable use of natural resources; 5) measures of adaptation and mitigation of climate change; 6) strengthening of environmental federalism; 7) access to

environmental justice; and 8) generation and validation of useful information for the National System of Environmental and Natural Resources Information (SNIARN). Qualifying projects must be approved by the Mexican Congress' Environmental and Natural Resources Commission. The approved projects will be integrated into the federal budget, which will be subject to debate as Congress deliberates its approval at the end of the year.

### Sub-Sector Best Prospects

The best prospects for U.S. companies are in water resources equipment and services (WRE) and environmental technologies, such as solid waste management, soil remediation, recycling and air monitoring. U.S. products and services are considered competitive in the Mexican market due to NAFTA preferential tariffs, quality, post-sale services and guarantees offered by U.S. companies. Moreover, cross-market interaction is further prompted by the constant collaboration of government entities, such as SEMARNAT and CONAGUA with the U.S. Environmental Protection Agency (EPA) and the Border Environment Cooperation Commission (BECC). This allows Mexican and American companies to share best practices, knowledge, and technologies in complying with environmental regulations.

### Opportunities

#### Water Purification Plants

CONAGUA - Upgrade of 200 of the existing 900 plants. The estimated budget for the project is \$200 million for plants in the states of Morelos, Puebla, Guerrero, Coahuila, Sinaloa, Tamaulipas, Zacatecas, Mexico City, and Veracruz.

#### Desalination Plants

CONAGUA - Desalination plants in the states of Baja California Norte (Ensenada), Baja California Sur (La Paz), Sonora (Hermosillo and Puerto Peñasco), and Sinaloa (Los Mochis and Mazatlán). CONAGUA has indicated that the new desalination plants will be built within the framework of the new Public and Private Partnership Law.

#### Wastewater Treatment

CONAGUA - Upgrade of 200 city wastewater treatment plants in the states of Aguascalientes, Chihuahua, Guanajuato, Jalisco, Nuevo Leon, Oaxaca, Puebla, and Mexico City among others. The estimated budget for the projects is \$150 million.

CONAGUA - Construction of new plants in the states of Puebla, Colima, Yucatan, Quintana Roo, the State of Mexico, Nayarit, Guerrero, Colima, Mexico City, among others. The estimated budget for the projects is \$500 million.

#### Waste Management and Recycling

SEMARNAT fosters the integrated management of urban solid, special handling, and hazardous waste by promoting the following objectives: prevention, economic assessment, and maximization of waste usage and its adequate disposal.

In 2014, the Mexican Government has earmarked over \$40 million to SEMARNAT in support of projects in this area. These funds are available to all Mexican states, municipalities, and the suburbs of Mexico City through the “Program for the Prevention and Management of Waste (Prevención y Gestión Integral de Residuos). Some of the initiatives that can be financed with these funds are environmental studies, prevention programs, waste management programs, projects to increase the installed capacity of waste collection, and adequate disposal projects.

### Web Resources

Secretariat of Environment and Natural Resources (SEMARNAT) <http://www.semarnat.gob.mx>

National Water Commission <http://www.cna.gob.mx>

National Institute of Ecology and Environmental Change (INECC) <http://www.inecc.gob.mx>

Attorney General for Environmental Protection (PROFEPA) <http://www.profepa.gob.mx>

Mexican Institute of Water Technology (IMTA) <http://www.imta.gob.mx>

National Bank for Public Works (Banobras) <http://www.banobras.gob.mx>

Border Environment Cooperation Commission (BECC) <http://www.becc.org>

National Council of Industrial Ecologists of Mexico (CONIECO) <http://www.conieco.com.mx>

National Association of Water and Sanitation Companies of Mexico (ANEAS) <http://www.aneas.com.mx>

### Events

The Green Expo <http://www.thegreenexpo.com.mx>  
September 24-26, 2014  
Mexico City, Mexico

WEFTEC <http://www.weftec.org>  
September 27 – October 1, 2014  
New Orleans, LA

ANEAS Expo & Conference  
November 10-14, 2014  
Merida, Yucatan

<http://www.aneas.com.mx>

Waste Expo  
June 2-4, 2015  
Las Vegas, NV

<http://www.wasteexpo.com>

**For more information on the Environmental Technologies and Water sectors in Mexico, please contact:**

Mr. Francisco Ceron

Commercial Specialist, Water  
U.S. Commercial Service - Mexico City  
Tel: (52 55) 5080 2000 ext. 5211  
Fax: (52 55) 5566 1115  
E-mail: [Francisco.Ceron@trade.gov](mailto:Francisco.Ceron@trade.gov)

Ms. Claudia Salgado  
Commercial Specialist, Environmental Technologies  
U.S. Commercial Service - Mexico City  
Tel: (52 55) 5080 2000 ext. 5224  
Fax: (52 55) 5566 1115  
E-mail: [Claudia.Salgado@trade.gov](mailto:Claudia.Salgado@trade.gov)

### The U.S. Commercial Service – Your Global Business Partner

With its network of offices across the United States and in more than 70 countries, the U.S. Commercial Service of the U.S. Department of Commerce utilizes its global presence and international marketing expertise to help U.S. companies sell their products and services worldwide. Locate the U.S. Commercial Service trade specialist in the U.S. nearest you by visiting <http://www.export.gov/eac>.

*Disclaimer: The information provided in this report is intended to be of assistance to U.S. exporters. While we make every effort to ensure its accuracy, neither the United States government nor any of its employees make any representation as to the accuracy or completeness of information in this or any other United States government document. Readers are advised to independently verify any information prior to reliance thereon. The information provided in this report does not constitute legal advice. The Commercial Service reference to or inclusion of material by a non-U.S. Government entity in this document is for informational purposes only and does not constitute an endorsement by the Commercial Service of the entity, its materials, or its products or services*

*International copyright, U.S. Department of Commerce, 2012. All rights reserved outside of the United States.*