

## ***In-bond Industry***

Mexico's in-bond processing industry, the *maquila* companies or *maquiladoras*, have shown the highest growth rates of any industry during the last few years. These companies, the majority of which are located near the U.S. border, are usually wholly owned by a foreign corporation with which the maquiladora contracts to produce semi-finished or finished goods for shipment to the foreign country. The parent company provides most of the necessary machinery and equipment and furnishes the principal raw materials or parts to be processed or assembled, all of which are usually imported duty-free under bond and remain the property of the foreign company. The maquiladoras currently account for over 50 percent of non-oil manufacturing exports and 20 percent of total employment in Mexico's manufacturing sector.

## ***Transportation and Communications***

By 1994, Mexico had some 250 000 km of highways of which 95 000 were paved. The government has embarked on an ambitious program of road construction to enhance the federal highway system. Over 6 000 km of new highway were built between 1990 and 1994, with plans for a further 3 000 km by the year 2000. Many of the new highways have been built under the toll road concession program with the active participation of the private sector, not only as a builder, but also as an equity holder, licensor and operator. The main method of transporting cargo in the country is via the highway system: roughly 60 percent of total cargo is transported on the highways.

The principal railroad is the government-owned Ferrocarriles Nacionales de México (FNM), which operates a 26 000 km network, with traffic concentrated in about 9 percent of the total routes. In the past few years, FNM has focused on modernizing the 12 000 km stretches that account for 96 percent of the traffic flow. One major goal is to improve the in-land cargo and intermodal terminals to meet the increasing demand for container handling. An intermodal terminal is now in operation in Pantaco, Mexico City, and several others are under construction in Monterrey and Guadalajara.