

Intercity passenger transit is almost entirely by bus. A fleet of 39,000 buses, owned by some 700 bus companies operate under licence on the federal road system. The largest of these carriers has 7,500 buses. The national rail system, owned by the federal government, carries mostly freight.

The sharp devaluation of the peso in December 1994, and the economic crisis that followed, continues to produce mixed effects. On one hand, it will slow down government infrastructure development plans. On the other hand, it will accelerate privatization efforts, as governments turn to the private sector for both finance and expertise. Large build-operate-transfer (BOT) concessions for both urban and intercity rail lines have already been let and the precedent has been set for much higher fares on private systems. Under BOT contracts, fares are part of the bidding process and are not otherwise regulated by the government. The use of market prices allows BOT operators to offer upgraded services to compete with the automobile on major commuter routes.

For companies able to adopt a medium-term strategy, the Mexican bus and rail sector offers many interesting opportunities, especially in niche markets where many Canadian companies have technical expertise.

MEXICO'S TRANSPORTATION INFRASTRUCTURE

Only the three largest cities have modern mass transit systems, but a trend to build-operate-transfer (BOT) financing will soon bring light rail transit (LRT) systems to smaller centres.

HISTORY

Mexico's first railway concession was granted in 1887, to link Mexico City with Veracruz. In 1910, *Ferrocarriles Nacionales de México (FNM)*, the national railway, was formed in association with the Wells Fargo Company. At that time there were some 20,000 kilometres of railroad in operation. *FNM* was nationalized in 1937 and expanded in 1951, when it purchased the Southeast Railroad. In 1977, the remaining five private railroads were integrated into the national railway system.

Marine transportation in Mexico has a long history, and most of its modern port facilities date back to the turn of the century. After World War II, Mexico became a major exporter of petroleum and most of its port activities are devoted to petroleum shipments and other cargo.