

installation. The market for accessories and maintenance equipment is strengthened because automobiles are a luxury in Mexico and consumers tend to take good care of them.

The market for automobiles and parts was severely restrained during 1995 by the economic crisis, but it has been recovering quickly and there is some pent-up demand. The Monterrey Car Dealers' Association reports that sales of used cars during the first three quarters of 1996 reached 90 percent of their 1994 levels. Since older cars are the primary market for aftermarket parts, this is expected to lead to increased parts sales.

Joint ventures with local companies which supply European automotive companies in the region are an alternative means of entering this market. For example, Mercedes-Benz has a bus plant in Monterrey and a *Ramírez-Volvo* joint venture company manufactures trailer trucks. Because of the distances involved, and the need for just-in-time (JIT) delivery, European companies are more likely than American-based multinationals to purchase locally, provided that suppliers can meet their quality standards.

## TRANSPORTATION EQUIPMENT AND SERVICES

Opportunities in Mexico's transportation sector are concentrated mainly in public transportation systems. The system handles 5.5 million passengers daily. There are 3,300 road vehicles operating on 147 routes, as well as a modern mass transit system which includes two subway lines.

The *Sistema de Transporte Colectivo (Metrorrey)* is Monterrey's articulated light-rail system. *Línea 1*, opened in 1990, is an elevated system which includes 18 stations on an 18 kilometre east-west route. All of the 48 cars for *Línea 1* were supplied by *Concarril*, including 25 which were delivered after the former state-owned company was taken over by Canada's Bombardier in 1992.

The first 5 kilometres of *Línea 2* opened in 1994. This is a subway running north-south, intersecting the original line at Cuauhtémoc. This system has a total of 11 articulated two-car trains, which were manufactured by CAF of Spain. The long-run plan is for a system of four principal lines covering about 77 kilometres. The next priority is the extension of *Línea 2* by about 7 kilometres to the north.

Bus services in Monterrey are privately operated by concessionaires, with no funding from the government. These systems use mostly low-technology, body-on-chassis, manual transmission, diesel-powered vehicles. All routes are independently run, each with its own fare and no transfer privileges. The government plans the routes and administers contracts with the operators.