

SCHOOL AND FLEET BUSES

About 50 companies provide school and fleet bus service in the Mexico City area. The public schools do not use buses; these companies cater mainly to private-school students and industrial personnel. They also offer excursions on weekends and holidays.

COMPETITION

MEXICAN BUS PRODUCERS

Traditionally, the Mexican bus sector has been dominated by two producers, *Mexicana de Autobuses (MASA)* and *Diesel Nacional (DINA)*. *TRAMOSA* has been a marginal producer with an output of about 250 units annually, and it is reportedly phasing out its bus production. In 1992, Mercedes Benz moved into the Mexican bus market. Vehicles were initially imported, with assembly gradually being transferred to Mexico.

Mexicana de Autobuses (MASA)

Mexicana de Autobuses (MASA) manufactures urban and intercity buses of both integral and body-on-chassis design. It has an output of about 3,000 units per year.

Two *MASA* shareholders provide components for the body-on-chassis type. Oshkosh of the United States supplies chassis and Nielson of Brazil makes bodies. In the case of bodies, production is gradually being shifted to Mexico as part of a technology transfer agreement.

Diesel Nacional (DINA)

Diesel Nacional (DINA) is a former *paraestatal*, state-owned company, purchased by Mexican investors in 1989. Navistar International owns a 7.5 percent interest in *DINA*'s truck division, and it has since contributed to major technological upgrades of *DINA* products.

DINA claims a 37 percent share of the Mexican bus market, but sales fell off to 40 to 60 buses per month in 1994, compared with 150 per month in 1993. The slump was blamed on a corporate reorganization by its major client, the Mexico Intercity Bus Line.

Mercedes-Benz de México

Mercedes-Benz de México manufactures urban and intercity buses. The company has built two new plants, one near Toluca and the other in Monterrey. These plants are expected to become fully operational in 1995. In 1993, the company sold about 1,000 imported buses in Mexico.

MEXICAN RAIL PRODUCT PRODUCERS

There are no railway locomotive manufacturers in Mexico, but two companies produce the bulk of Mexico's requirements for urban and intercity rail cars. They are Canadian-owned *Bombardier-Concarril*, and Spanish-owned *Construcciones y Auxiliar de Ferrocarriles (CAF)*.

Bombardier-Concarril

Until 1992, the *Constructora Nacional de Carros de Ferrocarril (Concarril)*, was a *paraestatal*, state-owned company. In 1992, it was purchased by Montreal-based Bombardier, one of the largest transportation companies in the world.

Bombardier completely overhauled the antiquated plant. The new company lost its first two bids to supply subway cars to Mexico City to *Construcciones y Auxiliar de Ferrocarriles (CAF)* of Spain. It has subsequently landed contracts to supply 23 light rail transit (LRT) cars in Monterrey and 32 in Guadalajara, and to refurbish 234 subway cars in Mexico City. *Bombardier-Concarril* is also part of the consortium that will build Mexico City's new elevated rail system.

Construcciones y Auxiliar de Ferrocarriles

Construcciones y Auxiliar de Ferrocarriles (CAF), is a Spanish-owned firm recently established in Mexico to manufacture *metro* cars for Mexico City. The parent company won the bids for 135 cars for the Mexico City *metro* in 1992, and 22 articulated light rail transit (LRT) cars for Monterrey's subway system.

OPPORTUNITIES FOR CANADIAN COMPANIES

BUS SECTOR

Canadian manufacturers will have difficulty selling complete buses in Mexico because of competition from lower-cost domestic producers. Also, American, Brazilian and European competitors have an entrenched position in the market for major components. The opportunities, therefore, lie mainly in joint ventures or technology-licensing arrangements. The provision of specialty products and expertise is also a possibility.

Urban Buses

The demand for body-on-chassis urban buses will exceed the current capacity of domestic manufacturers after 1995. These designs are likely to account for the large majority of units sold. Integral urban-type bus demand is limited to Mexico City, and possibly Puebla and Guadalajara. The projected annual demand of about 1,000 units for these cities is well within the capacity of the domestic industry.

For body-on-chassis buses, the conventional school type of bus will continue in high demand due to the need for low-cost, easy-to-maintain vehicles. There is, however, an emerging trend towards higher-quality, body-on-chassis vehicles for premium fare services.