

THE REGULATORY ENVIRONMENT

No regulatory obstacles stand in the way of Canadian bus and rail exports to Mexico.

The overall management of Mexico's transportation network is the responsibility of the *Secretaría de Comunicaciones y Transportes (SCT)*, Secretariat of Communications and Transportation. Two divisions of the Secretariat play especially important roles in regulating transportation. They are the Subsecretariat for Infrastructure and the Subsecretariat for Transportation.

Other important regulatory agencies include:

- *Transporte Aéreo Federal*, the federal transportation agency.
- *Ferrocarriles Nacionales de México (FNM)* the national railway, responsible for everything related to trains and the railway system. It now incorporates the General Railway Directorate of *SCT*.
- *Caminos y Puentes Federales de Ingresos y Servicios Conexos (CAPFISC)*, Federal Roads and Bridges Authority, the government agency responsible for the operation and maintenance of toll roads.
- *Instituto Mexicano del Transporte*, Mexican Institute of Transportation, responsible mainly for research and development.

GOVERNMENT POLICIES

DOMESTIC CONTENT

Mexico demands that there is 36 percent local content for vehicles sold in Mexico. This applies on a fleet basis, not to individual vehicles, so imports of complete vehicles are permitted. Under the North American Free Trade Agreement (NAFTA), this requirement will be phased out over several years. A transition period of approximately one-to-two years can be negotiated for firms building new plants in Mexico.

FINANCE

Except in the Federal District, there is no federal funding for the operation of public bus systems. This is unlikely to change. However, state and municipal governments may provide funding. The federal government will fund half of the capital cost of new light rail transit (LRT) lines. The trend, however, is toward private funding through build-operate-transfer (BOT) arrangements.