

To promote trade opportunities in the automotive industry, the action plan includes a trade mission to Mexico in July 1996. Approximately 15 to 20 Canadian companies will participate in the Pan American Automotive Conference and Exhibition (PAACE) in Mexico City. A Canada stand will be included in this show, organized by the Automotive Industry Association (AIA) with support from Department of Foreign Affairs and International Trade (DFAIT). The action plan will also encourage dialogue between the industry associations of both countries.

Transportation Equipment and Services

Opportunities in Mexico's transportation sector are concentrated mainly in public transportation systems. Although the clogged streets of Mexico City might suggest otherwise, on a per capita basis, Mexico has only one-fifth as many cars as Canada. Mexico has also become highly urbanized. For both reasons, the vast majority of Mexicans depend upon public transit.

The large cities have publicly-operated mass transit systems. Mexico's *metro*, as the subway system is known, carries more than 4.5 million passengers daily. Guadalajara and Monterrey have built light rail transit lines, and a new rapid transit system for Puebla is in the planning phase. Urban buses are operated mainly by private concessionaires.

Inter-city passenger transit is almost entirely by bus. A fleet of 39,000 buses, owned by some 700 bus companies, operate under license on the federal road system. The national rail system, owned by the federal government, carries mostly freight.

The devaluation of the peso will have 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. The government recently announced that the *Ferrocarriles Nacionales de Mexico (FNM)*, the national railway, is now open to an accelerated privatization program. Large build-operate-transfer (BOT) concessions for both urban and inter-city rail lines have already been let and the precedent has been set for much higher fares on private systems.

This sector is dominated by large companies, including some from Canada. Partnering with large Mexican and international firms to form consortia capable of bidding on major infrastructure projects is an essential strategy for even the larger Canadian firms. Accordingly, the action plan includes a number of activities designed to promote networking between Canadian and Mexican companies.