

## CUSTOMERS

The most important potential customers for Canadian producers are the larger mass transit systems, both public and private.

## INTERCITY RAIL CUSTOMERS

### MEXICAN NATIONAL RAILWAY

*Ferrocarriles Nacionales de México (FNM)*, the national railway, has the exclusive constitutional right to operate intercity railway services in Mexico. *FNM* has been neglected by the government for many years, and the length of the principal network was increased by only 1.5 percent in the ten years ending in 1992. The number of locomotives and available horsepower actually decreased over the same period. The system now totals just over 25,000 kilometres, half of which is in need of urgent maintenance.

*FNM* imports most of its equipment from the United States. General Electric and General Motors supply locomotives, and Westinghouse and GRS supply signal equipment. The railway also imports US \$10 million worth of rails each year.

In 1993, *FNM* decided to privatize ten of its 18 general workshops through a concession program. Seven concessions have already been awarded to three consortia of private companies that will provide repair and maintenance services. The three conglomerates, each comprised of Mexican companies with foreign partners, agreed to invest about \$320 million pesos to upgrade the repair centres. These companies are potential customers for a wide range of products, including equipment, tools and parts.

In early March 1995, *FNM* rejected all bids from private companies for concessions to manage the last three locomotive and rail car repair and maintenance facilities included in its privatization plan. This was the third time in the past 12 months that *FNM* has solicited bids for these facilities and then rejected all offers. *FNM* officials would say only that the proposals did not fully comply with the terms of the Public Works Acquisition Law. The three facilities are located in Jalisco, Yucatán and Sonora.

Passenger rail operations have been gradually reduced over the past several years. Recent announcements suggest that this trend will be reversed. Nonetheless, knowledgeable observers predict that this will be slow to develop and no purchases of new intercity passenger rail cars are anticipated for the immediate future.