

INTERCITY RAIL

Mexico's intercity rail sector is small relative to its population. *Ferrocarriles Nacionales de México (FNM)*, the national railway, has about 1,000 passenger rail cars but only about 200 are operational. In contrast, Canada has roughly 1,000 operational passenger cars to serve one-third of the population.

FNM has been neglected for many years. Railway transportation is not competitive with bus and truck freight and *FNM*'s market share has fallen steadily. The proportion of Mexico's freight traffic that was moved by rail fell to 13 percent in 1993 from 23 percent in 1970.

The Salinas administration restructured *FNM* in the early 1990s, and tried to promote the use of rail freight. It spent about US \$330 million on railway development in 1994 alone. In 1993, the French bank, Paribas, approved a US \$20 million loan to *FNM* for expansion and modernization projects planned through 1995. The modernization plans are primarily oriented towards multi-modal freight.

Recent legislative changes permit certain *FNM* operations to be privatized. Several maintenance shops have already been taken over by private companies. As this trend progresses, *FNM* is expected to further modernize its freight operations, particularly in the area of intermodal systems. Passenger operations, however, are more likely to be left to the private sector.

The first private-sector intercity, passenger service is already in the contracting phase. This is for a new, electrified intercity rail line, completely separate from *FNM*, linking the cities of León, Guanajuato and Celaya north of Mexico City. The system is known as the *Tren Regional Interurbano Guanajuato (TRIG)*, Guanajuato Regional Transit System. The consortium CANAC, made up of Bombardier and G-MAT of Montreal, is about to sign a build-operate-transfer (BOT) agreement with the Mexican government. The project will cost C \$800 million and will use between 65 and 70 cars, similar to ones being built by Bombardier for the Deux Montagnes line in Montreal. The cars will be built in Canada.

URBAN RAIL

Three Mexican cities have urban rail systems: Mexico City, Guadalajara and Monterrey. Tijuana is in the process of contracting a build-operate-transfer (BOT) concession to private-sector companies for the construction of an light rail transit (LRT) system there. Puebla is considering a rapid transit system.