

RAILWAYS

The *Ferrocarriles Nacionales de México (FNM)*, Mexican national railway, uses machine tools extensively in its maintenance operations. Seven of the company's maintenance centres are in the process of privatization. As a result, *FNM* is currently under a strict policy of buying essential products only. Close to three-quarters of the railway's 1995 budget was allocated for the purchase of diesel fuel. Furthermore, only one-third of the goods purchased during the year were to be imports.

Mexico's railroad system has seen very little modernization since it was constructed in the late nineteenth century. As a result, the privatization of the system will involve large investments in new equipment and facilities. Canadian firms could conceivably supply machine tools to firms buying concessions from *FNM*, most of which are expected to be foreign.

Most of Mexico's rail cars, including subway cars, have traditionally been built by *Constructora Nacional de Carros de Ferrocarril (Concarril)*, government-owned railcar builder, which until recently was a state-owned company. In 1992, *Concarril* was purchased by Montreal-based Bombardier, one of the largest transportation companies in the world.

FNM PRIVATIZED WORKSHOPS

Workshop	Private Operator
San Luis Potosí	Morrison Knudsen Corp.
Acámbaro	Morrison Knudsen Corp.
Valle de México	GEC Alstrom Transporte, S.A.
Monterrey	GEC Alstrom Transporte, S.A.
Torreón	VMV Enterprise y La Sierrita, S.A.
Chihuahua	VMV Enterprise y La Sierrita, S.A.
Jalapa	GEC Alstrom Transporte, S.A.

Source: United States Department of Commerce.

Bombardier completely overhauled the antiquated *Concarril* plant, and reportedly has restored production to the levels of five years ago, with less than 20 percent of the labour force. The new company lost its first two bids to supply subway cars in Mexico City to *Construcciones y Auxiliar de Ferrocarriles (CAF)* of Spain. It has subsequently landed contracts to supply 23 light rail transit cars in Monterrey as well as 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.