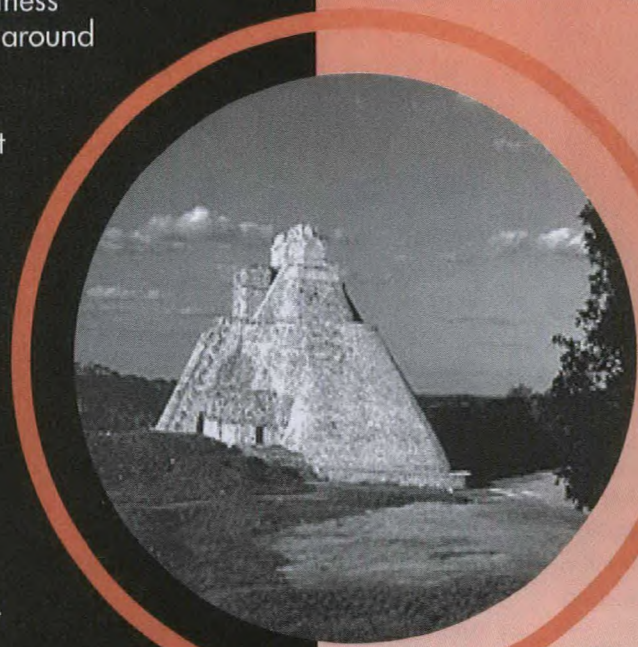


# MEXICO

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# The Aerospace and Airport Development Markets

Mexico is the largest military and commercial aircraft market in Latin America. It has the second largest business aircraft fleet in the world and a substantial private aviation services industry. In 1998, Mexico began privatizing its state-owned airlines, a move expected to launch major modernization and expansion programs worth billions.

## Market Overview

Mexico's pursuit of trade liberalization has posed enormous challenges to the country's transportation industry and infrastructure. Principle among these challenges has been increasing passenger and cargo traffic rates. To spur development of its transportation sector Mexico has privatized 34 of the country's 84 commercially scheduled airports and will soon privatize the

Benito Juarez International Airport in Mexico City. Plans to privatize its remaining state-owned airlines have been announced.

The Mexican market for aerospace and airport development continues to be driven by increasing passenger and air cargo levels, and airport privatization. In 1999, the Mexican aerospace market was worth a total of \$327.17 million. It was expected to reach more than \$395 million in 2001. The Mexican market for airport and ground support equipment totalled \$150 million in 1999 and was expected to exceed \$162 million in 2000. Imports account for more than 90% of both markets.

## Opportunities

Over the next five years, Mexican airlines are expected to procure, or lease, approximately 100 new aircraft (of at least 100 seats each). Over the long term, between 260 and 360 new commercial aircraft worth up to \$26.5 billion may be procured.

With the exception of Mexicana and Aeromexico, Mexican airline fleets are quite old — with an average age of 16.5 years. Lacking funds for new aircraft, most smaller airlines continuously maintain and upgrade their existing fleets. As a result,

Mexico's maintenance, repair and overhaul (MRO) market is substantial, and offers opportunities for Canadian MRO service providers. In addition, Mexican air carriers are expected to invest at least \$220 million to meet 1999 noise pollution regulations.

The consortia that control Mexico's 34 private airports plan to invest more than \$2 billion over the next four years. These investments will be directed primarily toward the upgrade of signalling, communications and information technology systems. However, investments will also be made in ground support equipment and airport capacity expansion. Opportunities also exist for companies to provide airport design, security, cargo handling and equipment selection consulting services.

## Market Access

Joint-venture partnering arrangements are the most effective way of achieving market exposure in Mexico and are a powerful way of overcoming cultural and language barriers.

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In accordance with NAFTA, Mexico will eliminate tariffs on all industrial products imported from Canada — provided they meet NAFTA rules of origin — by 2008. There are no duties on imports of Canadian manufactured aircraft and parts. Canadian exports of some airport and ground support equipment are subject to import duties ranging from 4.5% to 6%.

## See Potential?

To learn more about this market, read *The Aerospace and Airport Development Markets*, prepared by the Market Research Centre of the Trade Commissioner Service. This report and hundreds of others are available on-line at [www.infoexport.gc.ca](http://www.infoexport.gc.ca).

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