

INTERCITY BUSES

The demand for intercity buses is well within the capacity of the domestic industry. Mexican manufacturers have the vehicle designs, manufacturing expertise and, in most cases, the technology to meet customer expectations. Their products have been strengthened through strategic and technological alliances with foreign companies, mostly from Brazil.

Nonetheless, there are a number of niche markets where Canadian companies may have a competitive advantage. The possibilities include:

- high quality, luxury vehicles for up-scale, premium-fare services. These vehicles have specifications not unlike those found in Canada; and
- refurbished lower-end used vehicles as an alternative to new vehicles.

RAIL SECTOR

The domestic manufacturers, *Bombardier-Concarril* and *Construcciones y Auxiliar de Ferrocarriles (CAF)*, have the capacity and technical capability to meet most of the future needs of the Mexican urban rail car market. Demand growth will be modest.

URBAN RAIL

Extensions to the Guadalajara and Monterrey subway systems are planned. New light rail transit (LRT) systems in Tijuana and one or two other cities are a possibility. There will also be further expansions in Mexico City, two of which are currently underway. No major new expansions of the *metro* are expected for several years. There will, however, be a continuing program of rehabilitation of the existing fleet. Further additions to the system will probably be through build-operate-transfer (BOT) concessions. The concession arrangement allows fares to be set considerably higher than on the *metro*, allowing LRT systems to compete with automobiles on major commuter routes.

INTERCITY RAIL

Beginning in 1993, the government of Mexico implemented policies designed to rehabilitate *Ferrocarriles Nacionales de México (FNM)*, the national railway. The railway also privatized several of its maintenance facilities. As a result, rail transportation is slowly reclaiming lost traffic. Most of the gain is coming from the agricultural, mineral, petrochemical, paper and manufacturing industries.