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Newly privatized SatMex to launch satellite in October

In mid-April, satellite-services company SatMex announced plans to launch a new satellite in October. The satellite, which will be called SatMex V, will replace the Morelos I satellite, which has been taken out of service. SatMex became a private-public partnership earlier this year when the federal government sold a 60% share of the operation to a consortium comprising Mexico's Grupo Autrey and the US-European aerospace company Loral Space. The Autrey- Loral Space partnership beat out two other US-Mexican consortia (see SourceMex, 10/01/98).

SatMex president Sergio Autrey Maza said the satellite, expected to cost about US$230 million, will expand the company's coverage to all of the Americas, reaching a potential market of 500 million. The expansion into South America will be facilitated by communications protocols signed by Mexico with 15 countries in the region. Autrey said SatMex will also be competing with US satellite-services giant PanAmSat for an increased share of the US market. PanAmSat and Mexican partner Industrias Penoles competed with Autrey-Loral Space to acquire the 60% share in SatMex.

Four consortia submit bids to distribute gas in Mexico City

The Comision Reguladora de Energia (CRE) received formal bids from four conglomerates to construct two natural-gas distribution networks in the Mexico City metropolitan area. The CRE will award separate bids for the Federal District and the Cuautitlan-Texcoco region in Mexico state. Under the privatization rules, the winner of a concession for one region is not eligible to gain the other concession.

One consortium that submitted a bid is Consorcio Gas Natural, a subsidiary of Spain's Gas Natural SDG-Repsol. Consorcio Gas Natural has gained most concessions awarded thus far for natural-gas distribution in Mexico, including the key industrial areas of Monterrey, Toluca, and Saltillo-Ramos Arizpe. Consorcio Gas Natural is expected to face strong competition from the Mexican-French consortium Mexigas, Bufete Industrial and French-based Gaz de France. The Mexigas-Bufete Industrial-Gaz de France partnership recently won the natural- gas distribution rights for the Matamoros-Reynosa area in Tamaulipas state.

Other bids were submitted by the Houston Industries-Gutsa Gas Natural partnership and by a three-way consortium formed by Mexican companies Grupo Diavaz and Controladora Comercial and Texas-based Lone Star Gas International. CRE director Hector Olea Hernandez said the government expects to announce the concessions for the Mexico City gas- distribution rights by early August. The winner is expected to establish direct natural-gas connections for 65,000 residential and commercial clients in the Mexico City metropolitan area by 2003. Most of the 125,000 residential and commercial customers in Mexico City are not connected to natural-gas lines.

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On a related matter, the CRE awarded a permit to mining company Mexicana de Cobre to construct a 102-km pipeline to transport natural gas to its facilities in Sonora state. The company expects to invest about US$25 million in the project, which will be one of the largest privately owned pipelines in Mexico. The pipeline will have the capacity to transport 66,000 cubic meters per day between Nacozari and Agua Prieta, Sonora state.

Steel industry projects an 8% increase in steel production

The Camara Nacional de la Industria del Hierro y del Acero (CANACERO) has forecast production of liquid steel at 15.3 million metric tons for this year, an increase of about 8% from 1997. The liquid-steel production projected for 1998 would be the equivalent of 14.3 million MT of solid-steel products. CANACERO president Raul Gutierrez said steel companies such as IMSA, Aceros San Luis, Villacero, and Ispat are planning investments totaling US$1 billion this year.

The expansions are expected to boost production of liquid steel to 19 million MT by the beginning of 1999. Gutierrez said the Mexican steel and iron industry is projecting exports to remain steady at 5.5 million MT this year, with growth of overseas sales limited by the Asian financial crisis. "Countries in that region not only stopped importing because of the devaluation of their currencies, but they also started exporting at low prices," said Gutierrez. Still, Gutierrez said, the Mexican steel industry expects to remain competitive in the domestic market against lower- priced Asian steel products. CANACERO is forecasting Mexico's domestic steel consumption at about 12.7 million MT during 1998. (Sources: El Economista, 03/26/98, 03/27/98; Notimex, 03/25/98, 04/15/98; El Universal, 03/26/98, 03/27/98, 04/17/98 El Nacional, 03/27/98, 04/17/98; El Financiero International, 04/06/98, 04/20/98)

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