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Four groups qualify to bid for northwest airport cluster

Four consortia qualified to seek the concession for management and part ownership of the northwestern cluster of airports. The deadline for consortia to submit their bids was in late June. The government has divided Mexico's major airports into four separate groups, which are to be managed by private operators. In December of last year, the Secretaria de Comunicaciones y Transportes (SCT) awarded the concession for the southeast cluster of airports to a Mexican-European consortia led by engineering firm Grupo Tribasa (see SourceMex, 1998-12-16).

The Mexican-foreign consortia that qualified to compete for the concession of the northwest cluster includes a joint venture formed by engineering company Constructoras ICA, French airport operator Aeroports de Paris, and French construction company Societe Generale D'Entreprises SGE. A second consortia competing for the project includes Aeroplazas de Mexico and German airport operator Flughafen Frankfurt Main AG. A third partnership seeking the concession involves Mexican mining company Grupo Mexico and Canada's YVR Airport Services Ltd., which operates Vancouver Airport in British Columbia. The final bidder is Mexican hospital administration company Grupo Empresarial Angeles, which has teamed up with Spain's Aena Servicios Aeronauticos SA, Sociedad Unipersonal.

The four consortia were to submit bids by July 15, with the final winner to be announced by mid-September. The winner will receive a 15% share in the airport cluster, with an option to acquire another 5% after the shares are offered to the public via the Mexican stock exchange (BMV). The northwest cluster, anchored by the Guadalajara airport, includes terminals in Tijuana, Aguascalientes, Bajio, Morelia, Manzanillo, Puerto Vallarta, San Jose del Cabo, La Paz, Los Mochis, Hermosillo, and Mexicali. "Four of Mexico's top seven airports are in this group," said deputy communications and transportation secretary Jorge Silberstein.

Once the privatization of the northwest cluster is completed, the government is expected to turn its attention to the northern group of airports, anchored by the Monterrey terminal.

Government privatizes two short rail lines

In early July, the SCT announced the privatization of two short rail routes, bringing the Mexican government a step closer to completing its railroad privatization program. With only a handful of short rail lines to sell off, the government has turned over 99% of the rail system to private investors, the SCT said.

The two privatizations completed in July are in opposite regions of the country. In one transaction, the SCT awarded a 30-year concession to Ferrocarriles Chiapas-Mayab to operate the Mayab route

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in southeastern Mexico. The winning bidder, a subsidiary of US rail company Genesee & Wyoming, paid 141 million pesos (US$15.1 million) to gain the concession. In addition, the company pledged to invest over 462 million pesos (US$49.5 million) during an eight-year period, including 91 million pesos (US$9.75 million) in 2000. The route, spanning 1,550 km, connects the port of Coatzacoalcos in Veracruz state with Merida in Yucatan state. The principal user of this route is the state-run oil company PEMEX, which transports oil products from its refineries in Veracruz state to the Yucatan Peninsula.

In the second transaction, the SCT awarded a concession to mining company Grupo Mexico to operate the Nacozari rail line connecting the town of Nacozari with the city of Nogales, both in Sonora. Grupo Mexico offered 20.5 million pesos (US$2.1 million) for the Nacozari rail line, which will serve the company's mining operations in northwestern Mexico. Deputy communications and transportation secretary Aaron Dychter said Grupo Mexico pledged to invest US$82 million pesos in the Nacozari rail line in 2000 and 2001.

But the solid interest for the Mayab and Nacozari rail lines was in stark contrast to two other short routes, whose privatization was postponed because of a lack of bidders or viable bids. One route, Ferrocarriles de Oaxaca, initially had two suitors, but both companies withdrew from the process. The government was also forced to delay the privatization of the Tijuana-Tecate rail line in Baja California state because the only bid, offered by US-Mexican consortium Ironhorse LLC, was about 3 million pesos (US$321,000) below the government's asking price of 15 million pesos (US $1.6 million). The SCT had already awarded a concession for the Tijuana- Tecate route in 1997 to local company Medios de Comunicacion y Transporte (see SourceMex, 1997-10-22). However, the company failed to make its initial payments and was forced to withdraw from the project.

Gas distribution concession postponed in Baja California

The Mexican government has postponed the concession of natural-gas distribution rights in Tijuana and surrounding areas because of a lack of bidders. A spokesperson for the Comision Reguladora de Energia (CRE) said three companies Gas Natural de Mexico, DGN de Tijuana, and Bufete Industrial had initially expressed interest in participating in the process. However, none of these companies submitted a bid by the CRE's deadline of early June.

All three companies have previously received gas- distribution concessions in other parts of Mexico. A CRE spokesperson said the government expects to reopen the concession in the near future, although a time frame has not been decided. The Tijuana gas-distribution region also includes the Baja California cities of Mexicali and Tecate. [Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on July 21, reported at 9.34 pesos per US$1.00] (Sources: Bloomberg news service, 06/02/99; San Diego Union-Tribune, 07/03/99; El Universal, 06/29/99, 07/07/99; El Economista, 06/29/99, 07/05/99, 07/07/99; Reuters, 06/28/99, 07/07/99, 07/09/99; Novedades, 06/29/99, 07/12/99; El Financiero International, 07/12/99)

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