



## Case Study

*on Commercialization, Privatization and Economic Oversight of Airports and Air Navigation Services Providers*

# Mexico

## Background

Before June 1965, the Dirección General de Aeronáutica Civil (or DGAC, standing for General Directorate of Civil Aviation,) was in charge of the administration, operation and maintenance of all Mexican airports. The Radio Aeronáutica Mexicana (RAMSA) was in charge of air traffic control, and Nacional de Combustibles de Aviación (NACOA) of fuel supply.

The Government of Mexico created the Aeropuertos y Servicios Auxiliares (ASA, Airports and Auxiliary Services) in 1965, a federal government-owned corporation with its own equity capital and legal identity, headquartered in Mexico City International Airport. The public corporation took over the management of all Mexican airports previously operated by the DGAC. Its mission was to design, build and operate airport infrastructure, as airport management was constitutionally reserved to the Mexican State. A few years later, in 1978, the government also created the Servicios a la Navegación en el Espacio Aéreo Mexicano (SENEAM, Mexican Airspace Navigation Services) in charge of the provision of air navigation services in Mexico. Finally, the Secretaría de Comunicaciones y Transportes (SCT, Mexican Ministry of Transportation and Communications) has ultimate responsibility for the air transport sector.

## Commercialization/privatization: Airports

The publication of the Ley de Aeropuertos (Airports Law) on 22 December 1995 established the possibility of granting private concessions for airport management. A special committee was launched to define the guidelines of the commercialization of Mexican airports, which led to the publication of the guide for the participation of the private sector into the Mexican Airports System (or SAM, for Sistema Aeroportuario Mexicano) in 1998. Among the 58 airports managed by ASA, 35 were to be offered to the private sector on the basis of a “build-operate-transfer” (BOT) concession for a renewable 50-year period. Airports were grouped into 4 regional entities, and a State-owned concessionary company was incorporated for each: Pacific Airports Group (Grupo Aeroportuario del Pacífico, GAP); Central and Northern Airports Group (Grupo Aeroportuario del Centro Norte, OMA); South Eastern Airports Group (Aeropuertos del Sureste de México, ASUR); Mexico City International Airport (Aeropuerto Internacional de la Ciudad de México, AICM). ASA kept the responsibility of the country’s less economically viable airports. Each concession was formed around one airport with traffic exceeding 5 million passengers a year and with an important regional role.

A two-stage privatization strategy was then implemented for the four State-owned airport concessions. First, the control of the concessionary entities as well as 15 per cent of their shares were sold to a strategic partner (the strategic partner must include a Mexican partner owner of at least 25.5 per cent of the capital, and an operator partner in charge of the airport’s aeronautical operations), selected through an international competition:

- ASUR was established in December 2008 around Cancun City Airport, with Inversiones y Técnicas Aeroportuarias (ITA) as strategic partner (the Mexican partner is Fernando Chico Pardo, with the 51 per cent of the shares, and the operator partner is the Danish

Airports of Copenhagen with 49 per cent). The Mexican State sold its 85 per cent share in 2000 and 2005.

- GAP was established in August 1999 around Guadalajara City Airport, with Aeropuertos Mexicanos del Pacífico (AMP) as strategic partner (the Mexican partner is Controladora Mexicana de Aeropuertos, with 33.6 per cent of the shares, and the operator partner is the Spanish Aeropuertos Españoles y Navegación Aérea (AENA) with 32.8 per cent). The Mexican State sold its 85 per cent share in 2006.
- OMA was established in June 2000 around Monterrey City Airport, with Servicios de Tecnología Aeroportuaria (SETA) as strategic partner (the Mexican partner is Ingenieros Civiles Asociados, with 74.5 per cent of the shares, and the operator partner is the French Aéroports de Paris Management (ADPM) with 25.5 per cent). The Mexican State sold its 85 per cent share in 2005 and 2006.
- Mexico City-Benito Juárez International Airport was also originally supposed to be privatised, but social and political issues obstructed the transfer, and ASA still operates this airport.

Finally, under the Airport Law of 1995, foreign investment in airport companies is capped to 49 per cent: a permit must be obtained from the National Foreign Investments Commission to go above this percentage.

### **Commercialization/privatization: ANSP**

The provision of air navigation services was neither corporatized, privatized, nor commercialized. The SENEAM, an autonomous body under the Ministry of Communications and Transport, continues to hold under its responsibility the control functions on air navigation services, aeronautical regulation and services of communications, meteorology, search and rescue and, in general, the technical aspects of ANS.

### **Economic oversight: Airports**

The Airports Law of 22 December 1995 makes a distinction between airport services, auxiliary services, and commercial services. Airport services comprise the use of runways, aprons, platforms, visual aids, lighting, passenger and cargo terminals, boarding services, security, and fire fighting and rescue services. The Ministry of Communications and Transport is responsible for establishing rules regulating airport services and possibly auxiliary services (such as ramps, traffic, fuel supplying, aircraft food, cargo storage and security, maintenance and repair services for aircraft).

All concession packages are subject to a form of price cap tariff regulation with adjustments for inflation, usually with a 5-year review. Mexico's 36 private airports operate under the dual-till and non-aeronautical activities are not subject to economic regulation.

### **Economic oversight: ANSP**

SENEAM continues to regulate and set air navigation services charges.

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