



# Mexico: Mexico City Airport Expansion

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## Summary

The Mexico City International Airport is the largest airport in Latin America. In 1928, it started flight operations, but in 1915 it was inaugurated as an aerodrome. Nowadays, it faces high saturation, even though a new Terminal (Terminal 2) opened in 2007 and other airport modernization projects have taken place over the last few years. For at least two decades, the Mexican government has tried to resolve this complex situation. On December 10<sup>th</sup>, 2013 the Mexican Ministry of Communications and Transportation (SCT) announced a new expansion of the Mexico City Airport with plans to build a new airport area, which does not negate the possibility of announcing a new airport for the central part of Mexico.

## Background

The Mexico City Airport has undergone several changes in the past with the main purpose of giving the capital city an airport that sustains transportation needs and supports the country's diverse economic and communications activities. More than six years ago, additional surface and airport roads were built around the terminal area. Terminal 2 was inaugurated to relieve transit and congestion. The new Terminal 2 has a capacity of 32 million passengers and today captures 52% of passenger traffic. On the other hand, most cargo operations (397,000 tons in 2011) are handled at Terminal 1.

In 2012, the Mexico City International Airport transported 29.4 million passengers and close to 1,000 operations took place there daily. It ranked 51<sup>st</sup> in the world in terms of the number of passengers transported, and 26<sup>th</sup> for number of operations. More than 50 airlines use the airport and it serves a city of more than 22 million people in its metropolitan area, hosting 250,000 daily users on average.

To decentralize air traffic flows, the Mexican government instituted a program to better use and increase capabilities at other airports close to Mexico City: the Metropolitan Airport System, whose main function was to make available alternative airports near Mexico City, but offering international operations and safety standards, too. This Metropolitan Airport System was formed by the international airports of Toluca, Queretaro, Puebla and Cuernavaca and in the last two years received new resources to modernize and become better known by carriers and passengers offering easy connectivity to Mexico City.

Using private concessions and shared investment by the federal government, state governments and private investors in some cases, these airports developed new infrastructure and acquired new equipment to become competitive with the Mexico City Airport. Due to its location, Toluca airport has been the most successful facility of the system, but in regional terms, Queretaro has become a good option for industries located in the central part of Mexico (the "Bajío" region).

Under the current administration, President Peña Nieto introduced Mexico's National Development Program for 2013-2018 (PND/May 2013), providing an analysis of the current air transportation situation, including the challenges of: 1) large disparity in the use of the airports (under-utilized/saturated); 2) lack of air infrastructure in the central part of Mexico; and 3) absence of an integrated logistic vision. In the transportation field, the PND's main goal is to modernize, expand and maintain a solid infrastructure in all forms of transportation, as well as to improve connectivity, and respond to the long term trend of growing

demand for aerial services in the Valley of Mexico and in the central part of the country.

Two months after of the introduction of the PND, the Infrastructure Investment Program of Transportation and Communications 2013-2018 was introduced by President Peña Nieto. This program details investment plans in infrastructure/transportation and telecommunications worth USD\$99 billion, taking into consideration the approval of the economic reforms and the participation of active private and public investment. As result, the goals of logistics connectivity deployment, regional development, and improved quality of life for the population are more likely to be reached. However, the new National Infrastructure Plan has not been announced yet, perhaps because the administration's main priority in its first year has been approval of the reforms submitted to the Mexican Congress over the past few months.

### **Mexico City Airport Expansion Project**

On December 10<sup>th</sup>, 2013, the Minister of Communications and Transportation, Mr. Gerardo Ruiz Esparza, announced in a press conference the expansion of the Mexico City Airport, which may start in 2014. He said that the expansion has been recommended by airport experts and will be done at the west part of the current airport (partly in Mexico City and partly in the State of Mexico), the area is federal land. He said that the total available surface is around of 7 hectares. He indicated that the Mexican government has received many recommendations to expand the operative capacity in this area of the airport.

He added that SCT is also considering the possibility of connecting the Toluca International airport through a proposed fast road/highway to allow easy access from one airport to the other. He mentioned that the companies analyzing the project are working on engineering and architectural designs. The Toluca airport could be considered as a terminal of the Mexico City Airport. The executive project is under preparation now, adding that these projects are long-term and take more than 10 years to be completed.

At the same time, Mr. Ruiz Esparza added that the Toluca airport will be expanded with a new runway to absorb a good number of operations from the Mexico City airport. He said that he expects during the current administration for this project to be accomplished. The operative capacity implies the review of the aerial space, hydraulic conditions, and soil mechanics, and how the current airport in use will complement to the expansion project.

Part of the transportation infrastructure plans that the Peña Nieto administration has announced includes two fast trains to Toluca and Queretaro. The Toluca-Mexico City fast train (situated 60 km. from Mexico City) includes an estimated investment of USD\$2.7 million. The additional communications infrastructure that the government plans will facilitate communications with the Toluca airport. It is relevant to mention that the Mexico City Airport area is located in an area of around 700 hectares and the expansion project will be four/five times the current airport's size.

Regarding financing, SCT has stated that they are reviewing with the Ministry of the Treasury (SHCP) the possibility of a financial bond to support the work and maybe use resources from the Mexico City airport. The expansion project has been estimated to increase the capacity of the airport by around 50 million passengers per year, in comparison with almost 30 million passengers served today.

An unofficial information source details that the initial investment of the project has a value of USD\$385 million and comprises 16 new aircraft positions, a control tower, a fuel station, and two runways in parallel position to Terminal 1 and 2 runways.



Source: *El Financiero* newspaper, Ana Valle's article. December 11th, 2013.

Other contacts at the Mexican government have not confirmed any additional information at this time. They have reported, however, that in around six more months the federal government will provide full information and a final design will be released. We understand that the Mexican government is looking for a better time to provide complete details on this project, following attention given to the recent economic and political reforms. Recently, the government has reiterated that the expansion project is not a new Terminal 3.

Mexican airport authorities have been interested in the project of a new airport for a long time and have received diverse types of consultancy services from airports experts. President Peña Nieto and his cabinet are aware of the urgency to take decisions about the Mexico City airport, but at the same time they know that resources are needed, while global international investors have many different options. The scheme of private concessions, as the current airport has, together with the use of public and private associations law in force since last year, may provide the resources needed for each phase of this project and for its eventual implementation.

## Resources & Contacts

Ministry of Communications and Transportation (SCT)  
Mexico City International Airport (AICM)  
Toluca International Airport  
Aeropuertos de Mexico (information)  
Ministry of Treasury

<http://www.sct.gob.mx>  
<http://www.aicm.com.mx>  
<http://www.vuelatoluca.com.mx>  
<http://www.aeropuertomexico.com>  
<http://www.shcp.gob.mx>

## For More Information

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