Mexicana and
McDonnell Doug-
las personnel
were present in
force at the cere-
mony marking
the handover of
the airline's first
two DC-10-15S in
1981. The intro-
duction of the
type marks a new
era of interna-
tional expansion
for the airline—
with five in ser-
vice by this sum-
mer, capacity is
significantly in-
creased

decision must come first.
The bold but necessary decision to decentralise has required large-scale capital expenditure on the building of maintenance facilities and offices at new operations centres. The plan envisages three new bases: Guadalajara, Mon-terrey, and Merida, in order of comple-tion. The Guadalajara maintenance faci-lities and offices will control operations all along the west coast of Mexico, the USA, and Central America. Monterrey will be Mexioana's main base for opera-tions in the North of Mexico, and Merida will control operations on the east coast of Mexico and the USA. All three bases should be completed next year.

Mexicana has taken advantage of this radical reorganisation to undertake other construction projects. A new 30-storey headquarters building in the south of Mexico City is almost complete, and all Mexico City-based administra-tive staff will transfer there by next February.

New facilities

The airline is also expanding its main-tenance facilities at Mexico City. According to Jorge Quintana, they are already "perhaps the best in Latin America". Mexicana currently owns the second largest unsupported hangar in the world. Another cargo building is being constructed: the carrier now has greatly-increased cargo capacity, having received three of five DC-10-15s on order. The airline has no pure freighter aircraft and does not plan to buy any, but appreciates the increase in belly-hold cargo business that the widebodies have brought.

Mexicana is partnering Aeromexico, Nacional Financiera, and Pratt & Whit-ney subsidiary Inter-Support Systems in a major new turbine engine overhaul venture. The facility is being built at Queretaro, not far from Mexico City, and should be complete this autumn. It will service the two Mexican airlines' JT3D and JT8D engines, and will undertake contract maintenance for other carriers. The new centre will increase Mexicana's technological base, stop money leaving the country, and provide skilled jobs, says Manuel Sosa de la Vega.
All this construction has to be finan-

ced, and so do the aircraft purchases that Mexicana must make to keep pace with growth. The airline has not de-clared any dividends in the last 14 years. Profits have always been ploughed back into the business. Occasional offerings of new stock are made, in which Mexi-cana staff and existing shareholders are always invited to participate at privi-leged prices. A 500 million peso share offer is being made this year.

Mexicana's superb profitability record over the last 15 years allows it to keep obtaining commercial loans, even though its debt-to-equity ratio is already high. This ability lets it continue growing fast.

To keep the advantage, the airline has to make sure that it stays profitable, points out Sosa de la Vega. So it has to remain very cautious in terms of both route expansion and aircraft buying.

No aircraft buying

Sosa de la Vega says that Mexicana will not buy any new aircraft types for at least two years—its fuel costs are low, other airlines are cancelling orders, there is still a world recession, and "we don't like to be pioneers in buying". According to Jorge Quintana, the airline is still very open-minded about which aircraft it will choose as a 727 replace-ment in future. "We need an aircraft sized between 155 and 315 seats to fi our traffic demand and our frequencies. We make good money with the 727 at the moment, but it is a little too small for some routes. About 10-15 per cent of our routes could do with bigger aircraft at the same frequencies—we could still fill them." The company may lease in the short-term to cope with any unexpec-ted traffic growth.

Mexicana's commercial caution has prevented it from opening any routes to Europe so far. In 1979 it was interested in starting services to London, but North Atlantic fare wars' made it hold back. Mexicana holds Mexico City-London rights, and is also interested in flying to Frankfurt and Rome. But expansion to Europe will probably not come for about

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Douglas DC-3s and DC-6s were among the types phased out by Mexicana in its m
reorganisation of the late Sixties and early Seventies, although DC-6s were on
airline's books until at least 1973

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