

# GLOBAL BUSINESS REPORTS

INDUSTRY EXPLORATIONS



## **MEXICO** STEEL AND IRON **2018**



*Economy - Steel - Iron  
Automobiles - Construction - Logistics*



## Maria Cristina Frías

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General Director  
**FABRESTRUCTURAS**

### Could you please give a brief introduction to Fabrestructuras?

Founded in 1958, Fabrestructuras was one of the first companies in Mexico to design, fabricate, and erect steel structures with bolted connections. Because of our bolted connections, which are still quite uncommon, we do not do any onsite welding. Fabrestructuras was also one of the first to establish quality control systems in Mexico. Since its founding, the company has served the steel construction industry both nationally and internationally, mainly in the construction of industrial buildings, warehouses, residential and office buildings, bridges, and certain government concessions, including schools and hospitals. Today, the capacity of our plant is about 250 mt per week.

### What are the benefits of belonging to the Mexican Institute of Steel Construction (IMCA)?

IMCA was founded by my father, Fernando Frías, who was very interested in transferring knowledge from the American Institute of Steel Construction and from around the world to Mexican engineers. At the time, there was no steel construction manual like the one that was in the US, so he translated it into Spanish. Now, a new Spanish manual is published in Mexico every five years. IMCA also hosts a symposium every two years, which includes steel construction experts from around the world and emphasizes innovation and technology. The next symposium will take place in 2019.

### Within the construction sector, how can family-owned SMEs compete with larger companies?

The biggest differentiator between small and large steel construction factories is that the small factories tend not to have the machinery required to handle large jobs. Certain machines can be operated by multiple people at a time, which improves efficiency and productivity, but machines of this size are very expensive and are therefore typically owned by larger construction companies. The larger the company, the more efficiencies it can afford.

### What are the benefits of constructing with steel instead of concrete?

Simply put, buildings constructed with steel are always higher quality than those constructed with concrete. Steel is also easier to work with and, therefore, more flexible. Furthermore, steel is more robust and protects buildings better against earthquakes, for example. There are computer design programs that can detect to a certain degree of precision the sway of a steel beam, which helps to prevent the effects of natural disasters. Nowadays, there is not even a significant price difference between steel and concrete because steel can now be imported. Any building taller than four stories should be constructed with steel because the design is much easier, the structures are safer, and the cost is negligible.

### How might the NAFTA renegotiations affect your business?

The NAFTA renegotiations have brought uncertainty to business in Mexico, since new investments are on hold until the end of the talks. This has brought some negative effects to the Mexican economy, including a raise in the exchange rate and, therefore, the prices of materials and employment. In Mexico, we all know that ending NAFTA as it is can have a big impact on the way small businesses function. In this scenario, we believe US businesses might move from Mexico to the next-cheapest option in Latin America or to Asia. In Mexico, we prefer the end of NAFTA than a bad renegotiation. In this scenario, Mexico will have a great opportunity to do business with many other Countries. Mexico has over 40 free trade agreements. Regardless of the outcome, we believe the effects for us will be positive due to a strong steel industry in Mexico.

### What is your outlook on the steel construction sector over the next several years?

About 80% of the buildings in the UK are made of steel and about 40% of the buildings in the US are made of steel. As of ten years ago, about 15% of the buildings in Mexico were made of steel, but that number has since risen to at least 25%. We believe this growth will be sustainable over the next five to ten years. There are noticeably more steel factories in Mexico now than there were ten years ago, illustrating the rise in demand. ■