



Rail Passenger Services In Latin America

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Agenda

- ◆ Overview
- ◆ Trends
- ◆ Why?
- ◆ Country Summary



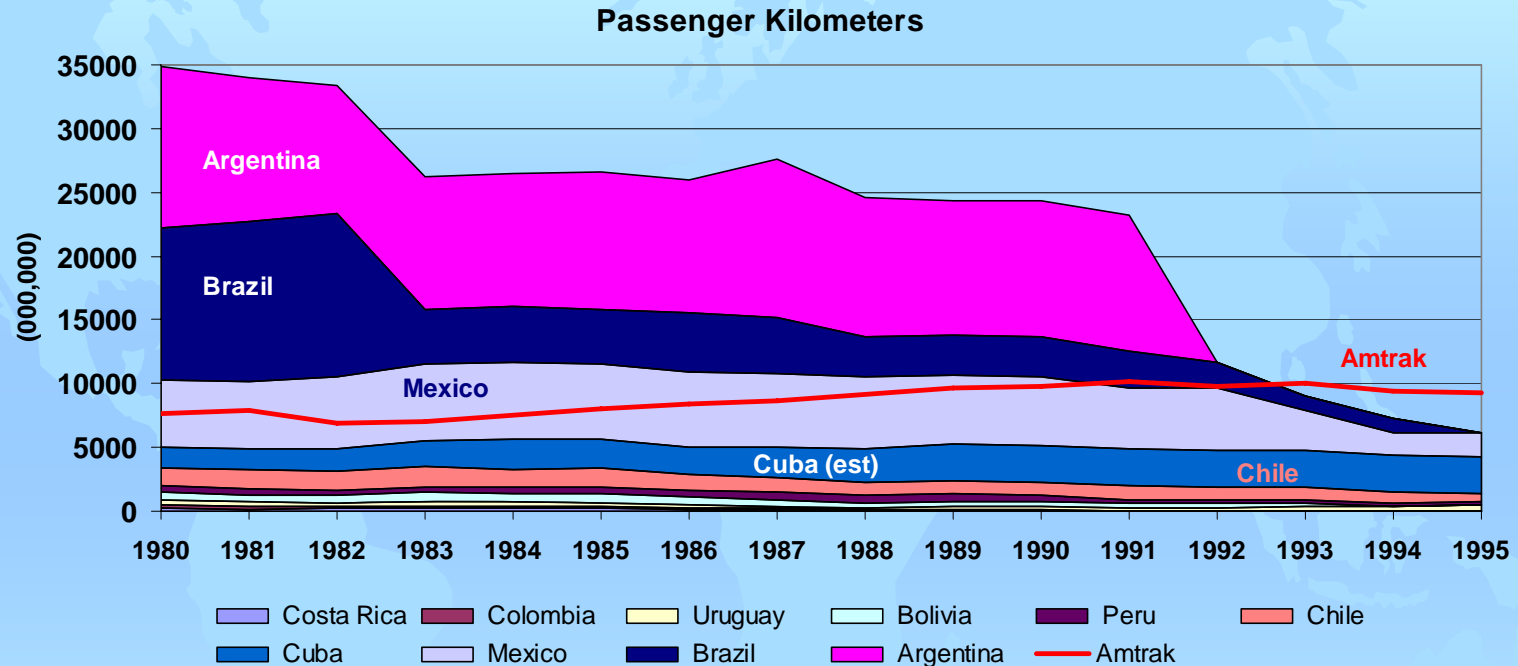


Rail Transport Revolution

- ◆ Latin America has seen a rail transport revolution in last 10 years
- ◆ Privatization has swept the region, reducing government and customer costs
- ◆ Passenger services have been dramatically affected by the broad sweep of privatization



Passenger Rail Changing Fast



- ◆ In ten years long distance passenger travel in Latin America has virtually disappeared
- ◆ Other passenger transport exploded



Too Costly To Continue

- ◆ Rail reform focused on freight operations
 - Greater impact on economic development
 - Largest portion of rail operations
- ◆ Reduce cost to government
- ◆ Injection of private capital and talent to revitalize moribund rail systems



Argentina Is Example

Restructuring Goals

- Increase freight transport
- Improve Argentine competitiveness
- Retain ownership of infrastructure
- Reduce cost to government (1 % of GDP)
- Eliminate subsidies to freight and inter-city passenger services
- Lower cost of commuter services continue where traffic congestion and air pollution justify
- Infusion of private capital and know-how

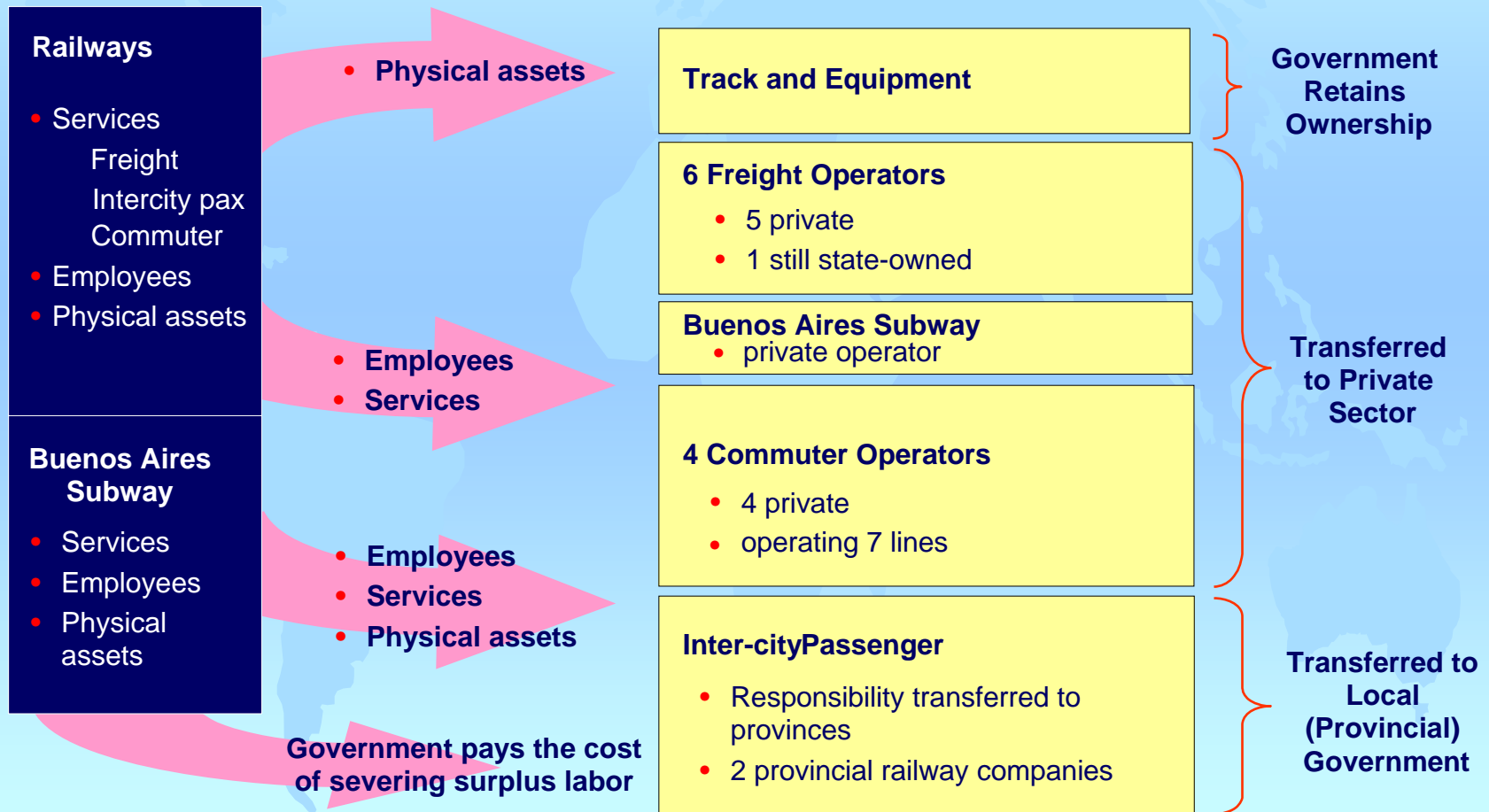


Restructuring Option Criteria

- Create self-supporting railroad industry
- A financially viable opportunity
- Privatize by segments and geography
- Eliminate unprofitable freight and inter-city passenger services
- Attract qualified bidders



Included All Rail Services





Provinces Responsible



- ◆ Passenger service access part of concession agreement
 - ☞ Fees specified in concession
 - ☞ Range from \$8-\$16/train-km
- ◆ Mar del Plata tried private but stopped, run by Province
- ◆ Provinces pay subsidy
- ◆ Few services offered
 - ☞ Tucuman-Cordoba
 - ☞ Rosario-Buenos Aires



Brazil More Complex



- ◆ Passenger service access rights preserved
- ◆ Private freight operators receive access and operating fees with arbitration
- ◆ National, State or local governments can organize service-none have
- ◆ Premium overnight train (Rio Sao Paulo) suspended



Extensive Commuter Service



- ◆ Commuter and Metro services offered
 - ✦ Sao Paulo
 - ✦ Rio de Janeiro
 - ✦ Recife
 - ✦ Salvador
 - ✦ Belo Horizonte
 - ✦ Porto Alegre
 - ✦ Vitoria
- ◆ Commuter being privatized



Chile Operates Services



- ◆ Freight services concessioned
- ◆ Multiple geographic concessions
- ◆ Government owns infrastructure
- ◆ Operates passenger services over privately controlled lines at its cost
- ◆ Intense commuter services between Valparaiso and Santiago
- ◆ Some plan to concession passenger



Peru To Privatize



- ◆ Privatizing freight and some passenger services in January
- ◆ Passenger services from Cusco to Machupichu (tourist operation) to be private
- ◆ State intends to hire services for Puno to Cusco service
- ◆ Concession to protect passenger access



Mixed Private & State



- ◆ Freight concessioned
- ◆ State subsidizes passenger



- ◆ State operated
- ◆ Suburban - commuter services only



- ◆ State operated
- ◆ Asuncion service
- ◆ From another time



Mexico Privatization



- ◆ Like Argentina
- ◆ National government subsidizes 10-15 trains
- ◆ Operated by concessionaires (fees settled by arbitration)
- ◆ Mexico City commuter services to be bid January
- ◆ FerroMex, other private operators.



Even Small Systems



- ◆ Passenger services ceased years ago
- ◆ Concessioneering soon



- ◆ State operated
- ◆ Light freight systems
- ◆ Concessioneering soon



- ◆ Freight service concessioned to RDC
- ◆ No passenger now