

3-1-1995

## Empresas ICA, Union Pacific to Submit Joint Bid for National Railroad

LADB Staff

Follow this and additional works at: <https://digitalrepository.unm.edu/sourcemex>

---

### Recommended Citation

LADB Staff. "Empresas ICA, Union Pacific to Submit Joint Bid for National Railroad." (1995). <https://digitalrepository.unm.edu/sourcemex/3397>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in SourceMex by an authorized administrator of UNM Digital Repository. For more information, please contact [amywinter@unm.edu](mailto:amywinter@unm.edu).

## **Empresas ICA, Union Pacific to Submit Joint Bid for National Railroad**

*by LADB Staff*

*Category/Department: Mexico*

*Published: 1995-03-01*

In early February, the US railroad Union Pacific formalized a strategic agreement with the Mexican engineering and construction company Ingenieros Civiles Asociados (Empresas ICA) to bid for concessions related to the operation of Mexico's national railroad Ferrocarriles Nacionales (Ferroales). According to transportation industry analysts, the Empresas ICA-Union Pacific partnership is in a unique position to gain concessions for support services for Ferroales once the actual scope of the railroad's privatization is announced. During a special session in March and April, the Chamber of Deputies which already approved an initiative removing Ferroales from the list of "strategic" enterprises is scheduled to consider the specific guidelines for privatization of the railroad (see SourceMex, 02/01/95).

The options include an outright sale of the railroad, or alternatively a plan whereby Ferroales would enter into long-term operating deals with private companies. In either case, Ferroales will require substantial investments in equipment and other improvements to become a profitable operation. ICA director Bernardo Quintana told reporters that the Union Pacific-ICA partnership is especially interested in gaining concessions for projects dealing with railroad infrastructure. Under this plan, Union Pacific would provide expertise in managing a railroad system, while ICA would contribute its experience in construction of such infrastructure as highways, pipelines, dams, bridges, and tunnels.

In a separate interview, Union Pacific's assistant vice president Randy Blackburn told the Associated Press that the railroad is interested in acquiring or investing in the Ferroales track that connects Laredo, Texas, to Mexico City. By acquiring this right of way, the US railroad would be able to move its trains across the border without having to hand freight off to another railroad, thus reducing costs and speeding delivery. Union Pacific transported roughly 55% of the rail cargo entering Mexico or arriving from Mexico during 1994.

According to the Journal of Commerce, another reason for Union Pacific to consolidate its presence in Mexico is the heavy competition from the trucking industry for cargo traffic between Mexico and the US. This competition between the two transportation sectors is expected to intensify this year, following the devaluation of the peso, which is expected to reduce southbound shipments.

In addition to Union Pacific, companies such as General Electric (GE) are also expected to seek concessions for maintenance and support operations for Ferroales. According to the Journal of Commerce, almost 60% of the engines used by Ferroales were constructed by General Electric. Analysts suggest that GE may also seek concessions in partnership with Mexican engineering companies such as Tribasa, Grupo Desc, or Empresas ICA. General Electric and ICA have cooperated in construction of several power plants in Mexico, including a new concession for a

thermoelectric facility in northern Chihuahua state (see SourceMex, 02/22/95). [Sources: Journal of Commerce, 01/24/95; Associated Press, Reuter, 02/09/95]

-- End --