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## Government Awards Concession To Manage Ensenada Port To Foreign Company

by *Carlos Navarro*

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In mid-March, the Communications and Transportation Secretariat (SCT) approved a 20-year concession for management of the Ensenada port to International Container Services (ICTS). Ensenada, located on the Pacific coast, is a multiple-use container, fishing, and tourist port. ICTS, a company based in the Philippines, won the concession by default because three other competitors including Mexico's giant shipping company Transportes Maritimos Mexicanos (TMM) withdrew their bids earlier in the month. In its bid to win the contract, ICTS agreed to pay 33 million pesos (US\$4.16 million) to the government. According to terms announced by the SCT, ICTS will have the option to extend the concession for another 20 years. Pablo Zepeda Bermudez, the SCT's coordinator for ports and merchant marine, said ICTS was in a good position to win the concession even if the other three bidders had continued with the process. According to Zepeda, ICTS already has a proven track record in Mexico, successfully operating the container terminal in the Veracruz port in partnership with the engineering company Empresas ICA. "ICTS has fulfilled all its contractual obligations at the Veracruz port," said Zepeda. Jorge Silberstein, director of privatizations for the SCT, said ICTS was allowed to enter the bid without a Mexican partner because Ensenada is not considered a "strategic" port. Ensenada primarily handles shipping containers, although tourist traffic is also a major source of revenue. "In this port, the company can stand alone given that the terminal is not an integral port authority," Silberstein told the Reuter news agency. In privatizations for most other ports, foreign companies have had to submit bids jointly with a Mexican partner. The Mexican firms had to be granted a majority stake in the venture, with the foreign partner limited to a 49% share. Firm will invest 23 million pesos to upgrade facilities According to Jorge Cano, an ICTS executive in Mexico, the company plans to invest about 23 million pesos (US\$2.9 million) through the year 1999 to upgrade the port's infrastructure to compete for cargo business with the port of Los Angeles-Long Beach. Cano said the Ensenada port's ability to compete with its California counterpart will be enhanced by the extension of two rail lines connecting Ensenada with the neighboring cities of Tijuana and Tecate in Baja California state. Meantime, ICTS is negotiating with other partners to participate in joint operation of the port facilities. One likely candidate is the engineering company Empresas ICA, which already has a partnership with ICTS in the port of Veracruz through a joint venture formed in 1995. According to the SCT's Zepeda, President Ernesto Zedillo's administration will open bids to private companies for management of port terminals and other services at 18 other ports this year, beginning with Puerto Vallarta and Guaymas in April. Shipping industry sources suggest TMM, which has received operating concessions at the Pacific ports of Manzanillo and Acapulco, is one of the most likely bidders to receive the management concession at Puerto Vallarta. [Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on March 19, reported at 7.93 pesos per US\$1.00] (Sources: Reuter, 03/13/97; El Economista, 02/28/97, 03/13/97, 03/13/97, 03/14/97)

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