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In mid-October, the Secretaria de Comunicaciones y Transporte (SCT) announced concessions for private companies to expand and operate two rail routes in northern Mexico previously managed by the state-run railroad Ferrocarriles Nacionales (FERRONALES). The SCT awarded 25-year concessions for the Coahuila- Durango route and for the Tijuana-Tecate rail line in Baja California state.

Coahuila-Durango route awarded to GAN-Penoles venture

A partnership formed by steel company Grupo Acerero del Norte (GAN) and business conglomerate Industrias Penoles submitted the winning bid for the 974-km Coahuila-Durango route. Penoles subsidiary Quimica del Rey and GAN affiliate AHMSA account for 70% of the cargo currently transported on the Coahuila-Durango route.

The SCT said GAN-Penoles offered 180 million pesos (US$23.34 million) for the concession. The only other competitor was Grupo Mexico, which was formed by a consortium of mining companies to bid for several FERRONALES properties. The GAN-Penoles joint venture has incorporated US railroad Genesse & Wyoming as a technical partner to help with the operation of the rail line. Genesse & Wyoming, which ranks second in the US among companies operating short-route rail lines, will be in charge of day-to-day operations for the Coahuila-Durango route.

Winner of Tijuana-Tecate route seeks to boost export traffic

Meanwhile, the SCT awarded the 72-km Tijuana-Tecate route to Medios de Comunicacion y Transporte de Tijuana, which offered 78.4 million pesos (US$10.16 million). This offer was higher than one submitted by a joint venture between Mexican engineering company Proxima and US-based RailTex Holdings. Roberto Schroeder, director of the Tijuana-based company, said the Belgian national railway will be a minor partner in the venture. According to Schroeder, the goal is to capture 5% of the export cargo moving from Mexico's interior to Tijuana. Schroeder said rail cars are often fully loaded with goods when they enter Mexico via Tijuana, but are frequently empty on the return trip to the US. "We want to change this balance," Schroeder told the daily business newspaper El Economista.

Along with the Coahuila-Durango and Tijuana-Tecate routes, the SCT had also requested offers for the 320-km Nacozari route in Sonora state. However, SCT officials said the lone bid of 7.75 million pesos (US$1 million) submitted by Grupo Mexico was much lower than the government's base price. According to communications and transportation deputy secretary Aaron Dychter, the government has decided to retain control over the Nacozari route rather than reopen the bid. Dychter also said the SCT is expected to begin privatizing other short rail lines in southeastern Mexico, including a route that crosses from Mexico into Guatemala.

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Still, Dychter said the government will retain significant control of the strategic 400-km southeastern line in the Isthmus of Tehuantepec, although some portions of that operation will be opened to private investment. The route, which is expected to provide an alternate to the Panama Canal, will connect the Pacific Coast port of Salina Cruz with the port of Coatzacoalcos on the Gulf of Mexico. According to Dychter, the SCT expects to announce the timetable for privatization of the southeastern routes by the end of 1997. [Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on Oct. 22, reported at 7.71 pesos per US$1.00] (Sources: Novedades, El Economista, 10/16/97; El Universal, 10/16/97, 10/20/97; Reuter, 10/10/97, 10/15/97, 10/21/97)

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