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Federal Government Plans Commuter Rail System for Mexico City

by LADB Staff

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The Secretaria de Comunicaciones y Transportes (SCT) has announced plans to construct a new commuter rail system to connect the center of Mexico City with surrounding communities. Mexico City is one of the world's largest metropolitan areas without a commuter rail system. Deputy communications and transportation secretary Aaron Dychter said the SCT has begun soliciting bids from private companies to construct and operate the system, which is expected to serve about 500 million passengers annually.

The private operators will come under the direction of a special government agency that will oversee operations. Dychter said the new system will primarily use 250 km of existing track, which will greatly reduce construction costs and eliminate the need for the government to displace any residents. Project scheduled for completion by 2006 The project, scheduled for completion by 2006, will be constructed in three phases. The first phase, covering 46 km of track, will require an investment of US\$589 million, Dychter said.

The SCT said the new commuter rail will provide a viable transportation alternative for thousands of suburban commuters who drive to work. "We should see a significant decline in the circulation of private passenger vehicles and buses, which would reduce harmful emissions by about 5,451 metric tons annually," an SCT study said. The commuter rail will connect with the national passenger rail system at the Pantaco and Buenavista stations, which offer connections to Queretaro in the north and Veracruz in the east.

Hiring private contractors to construct and operate the commuter rail line is consistent with the policy of President Ernesto Zedillo's administration to partially privatize railroad operations. In recent years, the government has privatized the three major passenger and cargo operations of the state-run railroad Ferrocarriles Nacionales (FERRONALES). The SCT said the private consortia that acquired the three rail routes Ferromex, Transportacion Ferroviaria Mexicana (TFM), and Ferrocarril del Sureste (Ferrosur) are expected to gross about 5 billion pesos (US\$517 million) this year. All three railroads raised rates by an average of 22% in 1998, which will contribute to higher earnings this year.

The privatization of the three rail lines earned the government about US\$2.4 billion. Additionally, the SCT said, the three consortia have invested more than 3 billion pesos (US\$310 million) in 1997 and 1998 and have pledged to spend another 9 billion pesos (US\$930 million) to improve and expand service through 2004. In addition to the major routes, the SCT has hired private companies to operate short routes throughout Mexico.

The SCT is expected to seek bids in the next few weeks for five short routes in several areas of Mexico, covering the states of Sonora, Yucatan, Oaxaca, Puebla, and Baja California. The only

FERRONALES property that has remained fully in government hands is the Ferrocarril del Istmo, which connects the ports of Coatzacoalcos on the Gulf of Mexico and Salina Cruz on the Pacific Ocean. The route was originally scheduled to be privatized with other rail lines in southeastern Mexico, but the SCT decided to keep the route in government hands because of its strategic nature (see SourceMex, 1998-02-11, 1998-05-20). The government is planning to form a quasi- government agency this year to manage the route. [Note: Peso- dollar conversions in this article are based on the Interbank rate in effect on March 24, reported at 9.67 pesos per US\$1.00] (Sources: El Universal, 01/15/99; El Financiero International, 03/08/99; Novedades, 03/09/99; La Jornada, 03/10/99; Excelsior, 02/01/99, 03/08/99, 03/11/99; El Economista, El Universal, 03/17/99 01/15/99, 02/02/99, 03/20/99)

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