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Chinese-Mexican Consortium Submits Only Bid to Construct High-Speed Rail Between Mexico City and Querétaro

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President Enrique Peña Nieto has set the process in motion to develop a high-speed train to connect Mexico City with the industrial hub of Querétaro, about 210 km northwest of the Mexican capital. On Oct. 15, the administration closed the bidding process for consortia to participate in constructing the rail line. Only one consortium submitted a bid, a partnership led by China Railway Construction Corp. (CRCC) that included Mexican companies GIA and Prodemex.

The Mexico City-Querétaro route is one of three regional rail projects that the president proposed at the start of his administration as part of his plan to restore passenger railways to Mexico (SourceMex, Dec. 12, 2012). A second route would connect the capital to Toluca in México state, and a third would span a large portion of the Yucatán Peninsula.

The Peña Nieto government chose to begin its rail-construction plan with the Querétaro project, even though Toluca is only about one-third the distance from the capital. The president first envisioned the project during a visit to China as governor of México state, where he observed the efficiency and utility of a high-speed magnetic levitation rail line that connected the Shanghai airport and other points with another point in the city in just eight minutes, traveling at 430 km per hour.

"President Peña Nieto was very impressed by the railway. He got up and asked, ‘What do you think if we build one of these lines between Mexico City and Toluca?’" translator Li Xiajin said in an interview with the Mexico City business newspaper El Financiero.

"Seven years later, now as president, Peña Nieto is about to make his dream a reality," said El Financiero. "There are some variations. The train will not be a magnetic levitation train, but a high-speed train. It will have wheels and will travel at only 300 km per hour."

Analysts said the decision to select the Querétaro route first was driven by two factors: the government already owns the right of way on the land adjacent to the highway between Mexico City and Querétaro City and the difficulties involved in constructing infrastructure in the mostly mountainous region between the capital and Toluca.

Several groups had expressed interest in the project when the bidding process was started in July. One major potential bidder involved a partnership between the Spanish company Sener and Mexican partners Comsa-EMTE and FCC. In the end, the consortium decided not to participate in the process.

Two other groups, led by French-based Alstom and Canada’s Bombardier, had also expressed interest in the project but in the end did not submit a bid because the Peña Nieto administration declined their requests to extend the bidding period beyond the Oct. 15 deadline.
Chinese company has record of success

Administration officials were quick to point out that, even though the CRCC-GIA-Prodemex consortium submitted the only bid, this did not mean that the group would automatically receive the contract for the project, which is estimated to cost about US$3.3 billion. The high-speed rail, which is targeted for completion in the second half of 2017, is expected to move 23,000 passengers per day, said the Secretaría de Comunicaciones y Transportes (SCT).

If the proposal by the only bidder does not meet the requirements established by the Mexican government, the bidding process could be reopened, said the SCT.

CRCC has a record of success, having constructed the magnetic levitation rail line in Shanghai and a high-speed train connecting Shanghai with Beijing. The only major question is whether its financial proposals are in sync with those contained in the requirements put forth by the administration.

It is not certain whether the SCT would complete its evaluation before Peña Nieto’s upcoming trip to China on Nov. 13, when the Mexican president is scheduled to meet with Chinese President Xi Jinping. The two leaders have met on three other occasions, including a meeting in Mexico City at a summit of the Group of 20 (G-20) countries in September 2013.

"Some concrete announcements are expected from this meeting," said the daily newspaper Excélsior, which noted that the two countries expect to complete details on a fund of US$1.5 billion for infrastructure projects, including mass transit, ports, energy, and agriculture.

Officials in Querétaro state, meanwhile, have begun to prepare to develop complementary infrastructure for the high-speed rail line. Gov. José Calzada Rovirosa said the state has received 340 million pesos (US$25 million) from the federal government to construct the Puente Libertadores, which will ease traffic congestion on an important road connecting to the terminal for the high-speed rail in Querétaro City.

The construction industry is also anticipating the numerous projects that high-speed rail will bring to the region. "This is a project that will have a regional impact because it will connect the Federal District with an important city in the center of the country, which is Querétaro," said Ricardo Lerín Rueda, an official with the Centro Impulsor de la Construcción y la Habitación (CIHAC). [Peso-dollar conversions in this article are based on the Interbank rate in effect on Oct. 15, 2014, reported at 13.54 pesos per US$1.00.]

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