

Meeting of the Working Group on South American Rail Integration

May 21, 2014
Montevideo, Uruguay

REPORT OF THE MEETING

The Meeting of the Working Group on South American Rail Integration was held in Montevideo, Uruguay on May 21, 2014. The delegations of Argentina, Brazil, Chile, Ecuador, Paraguay, Peru, Uruguay and Venezuela, representatives of the General Secretary of UNASUR, - and the Committee of Technical Coordination of IIRSA took part of this meeting. The Agenda of this session and the list of participants are enclosed as Annex 1 y 2, respectively.

The objectives and expected results of the WG were: (i) Agree upon mechanisms to consolidate the cartography of the existing rail networks until the Geographic Information System (SIG) of COSIPLAN is implemented; (ii) Settle the descriptors and indicators of results corresponding to the rail sector as of the ones proposed at the Meeting for Updating of the Portfolio and the API, held in April in Bogota (iii) Exchange information related to the National Plans for Rail Development of the UNASUR countries focused in the interconnection points; (iv) Agree upon the Terms of Reference of the Consultancy; and (v) Establish the future activities of the WG, especially those corresponding to the 2015 Work Plan.

The working sessions were inaugurated by the Presidency of the Working Group (WG) performed by the Vice-Minister of Transportation of Uruguay, Mr. Pablo Genta. The Vice-Minister wished a successful meeting and with concrete results that could contribute to revitalize the rail transportation in South America. The Presidency Pro Tempore (PPT) of Chile commented the working background of this Group from its foundation to the present and the actions performed.

The working sessions began with an introduction of the World Bank about the integration of the rail transportation in South America. This introduction is enclosed as Annex 3. The delegations valued the analysis performed and discussed about it concerning the process of rail integration.

The presentation about the cartography of the existing rail networks in South America was done immediately. The difficulties that prevented the elaboration of this cartography and the progress of the WG about the Geographic Integration System (GIS) were mentioned as were presented in the session of the previous day, when the rail network was defined as one of the 8 critical layers to be developed during the present year. So, the aim to shape the rail cartography was incorporated as part of the task of the WG about SIG and it is expected to have results of these tasks by the end of the year. The presentation is enclosed as Annex 4.

After that, the descriptors about the Rail Sector that were proposed at the WG Meeting for Updating of the Portfolio and the API were presented. The delegations agreed upon the following descriptors for the 3 types of works defined in this subsector. The presentation is enclosed as Annex 5.

Types of Work:

- a) Construction of railroads
- b) Rehabilitation of railroads
- c) Rail ring

PRIMARY

Track length	km
Design speed	Km/h
Axle weight	Tonnes per axle
Gauge	millimeters
Type of load to be transported	Commodities/Liquidbulk cargo/General cargo/Hazardous cargo/Refrigerated cargo/Other types of cargo
Transporting passengers estimate	number
Pulling power	Average tonnes towing capacity of the project
Maximum slope	Percent slope
SECONDARY	
Freight locomotives	number
Rail carriage	number
Average power freight locomotives	HP
Railroads with electrification	km
Tunnels	km
Bridges	km
Stations	number

Following that, the presentation of the National Plans for Rail Development was done by the countries.

Venezuela's delegation presented the "National Socialist Plan for Rail Development". In accordance to the plan, the construction) of 16.000 km of rail roads for 2030 is foreseen, including connections with Brazil and Colombia. The progress of the plan was presented and it included sections in construction, in rehabilitations, in operation, and the ones in project. The Venezuelan government is the operator of the

systems and has enterprises within the State for the building of sleepers and network maintenance. The presentation is enclosed as Annex 6.

The Uruguayan delegation presented the current situation of the national rail network. The operational network has 1.600 km and the total network has 3.000 km. One million tonnes per year are mobilized, that means between 3% and 4% of the total freight of the country and 600.000 passengers per year, which is not significant compared to auto mode. The actions of rehabilitation and modernization of each of the main lines, several of them included in COSIPLAN's Portfolio were described. The Uruguayan government gives an essential role to the use of the train in freight transportation, for which it has begun a remodelling process with the following objectives: improve the condition of the roads; improve the competitiveness for the freight transportation; increase the freight traffic, increase the distance of transportation and improve the efficiency of the mode reducing the cost of operation. The plan foresees the division of the infrastructure (that will continue being administrated by AFE) from the train operation (SLF operating company) and adds a Dirección de Transporte Ferroviario (Direction of Rail Transport) that acts as a regulator. The presentation is enclosed as Annex 7.

The delegation of Peru commented about the National Rail Plan predicted for 15 years. The present network has 2015 operating km, from which only 258 km are privately operated. In Peru the planning is done from the perspective of service and in this system the 57 most important logistic chains in the country were analyzed, which represents around the 85% of the freight that is mobilized. In this new context the National Rail Plan was proposed in two phases: (i) strategies and policy guidelines; and (ii) formulate the plan itself. At the present time the first phase is finished, for which the rail system was specified, demand scenarios for freight and passengers were analyzed, regulatory aspects were reviewed and the proposal was formulated. It is recognized that it is an effective and economic way to transport freight and new networks will be planned based on a section by section analysis of demand. The presentation is enclosed as Annex 8.

The delegation of Paraguay said that there are currently no rail lines in operation in the country. There are projects in profile and in pre execution stages, some of the latter form the COSIPLAN Portfolio and the API. There is no national plan for rail development but in the Master Plan of Transportation an investment program accompanied by institucional strengthening and regulatory measures, and improvement of financial management is presented. The program proposes the construction and improvement of multimodal infrastructure within 10 years, including the Paraguayan section of the Bi-oceanic Corridor that connects Paraguay to Argentina and Brazil. The presentation and the video are enclosed in Annexes 9 and 10.

In Ecuador rail development is quite incipient. It is currently conducting a pre-feasibility study for the implementation of a rail electric network for freight transportation that integrates the main centers of current and future production of the country with Pacific Ocean ports and border connections with Peru and Colombia. The presentation is enclosed as Annex 11.

The delegation of Colombia represented by an official of its Embassy in Uruguay committed herself to ask for the rail plans to be sent to the presidency of this WG and be shared with the rest of the countries.

In Chile there are three different concepts on rail: (i) develop the connections with metropolitan areas for passenger transport especially in Santiago, Valparaiso and Concepcion, which means an investment of 800 million dollars for the next 10 years; (ii) develop long distance passenger transport in the south of the country and (iii) optimize international connections. There were two connections with Argentina that have been deactivated resting only connections in the north of the country: (a) section Tacna-Arica managed by Peru; (b) section Mejillones-Antofagasta-Oruro-La Paz of 1.500 km; (c) section operated by Ferronor from Antofagasta-Los Vilos (1.380 km) with the section Antofagasta-Socompa with connection to Salta by Belgrano Cargas and (d) section Arica-La Paz with Bolivia. In Chile the modernization plans for freight rail are developed by the companies that operate them.

The railroads in Brazil were concessioned to the private sector. There are near 30.000 km of operating roads which means between the 25 and 30% of the freight transport in the country. The passenger train has an important role in metropolitan areas and is operated by the government of the States. The program of rail transport has the objective to rescue the network as a logistics alternative, the bankruptcy of the monopoly in the supply of rail services, and the reduction in rates. Therefore, they are working in the growth of the network, having axes of higher capacity, broad gauge and integrated to the other modes of transport. At present the load network is concentrated in the south of the country and it is being extended with a north –south dorsal connection and west-east connections that serve areas of agricultural and mineral production, areas of domestic consumption and coast and marine ports for cabotage and exports. The international connections are by one hand with Bolivia and Paraguay, and on the other with Argentina and Uruguay. These new sections are in work and are part of the PAC. Concerning the model of administration and operation, the rail system is awarded to the private sector. The government decided to implement the vertical separation and create the figure of the independent rail operator from the manager of rail infrastructure. This program is part of a strategic plan of the Ministry of Transportation that aims to achieve a more balanced transport matrix in Brazil. The presentation is enclosed as Annex 12.

The delegation of Argentina commented that they are working on a paradigm shift towards a system of integrated logistics. Logistics is a key link in the value chain, so it is necessary to consider a system that supports the production model of the country as of the identification of the load demand. Therefore, value chains of different products are studied and the best transport system is analyzed to move the load, taking in consideration the operation in load transfer and port terminals and the State's role as a link between the different actors. At the moment, the rail mobilizes the 5% of the charge of the country and is in concession but it is owned by the State. The presentation is enclosed as Annex 13 and the presentation about the rail Belgrano Cargas and Logistics is enclosed as Annex 14.

The Working Group of Rail Integration presented the Terms of Reference for the realization of a consultancy with the aim of having elements with technical support that can cooperate in the definition

of a Working Plan that will facilitate rail integration in the area, as well as improve participation of the mode in the multimodal transport. The Terms of Reference will be sent to the countries within 10 days. By the other hand, possible financing sources for the realization of the study will be analyzed.

Finally, the conclusions of the meeting are summarized as follows:

1. The elaboration of the cartography of the South American rail network is part of the working plan of the WG about SIG and the web page of COSIPLAN. It is expected to have the railway layer developed for the end of the present year.
2. The descriptors and result indicators agreed will be incorporated to Information System Project of COSIPLAN by the Secretary of CCT up to June 30. As of that date the countries can load the information with the following time limits:
 - 2014: API Projects and Anchor Projects in Pre-Execution and Execution stage (August 18)
 - 2015: COSIPLAN portfolio projects in Execution stage
 - 2016: COSIPLAN portfolio projects in Pre-Execution stage
3. The Terms of Reference of the study will be commented by the countries and the final version will be approved at the meeting of the Coordinator Committee that will be held in June 26 in Santiago de Chile. In that opportunity the alternative sources of financing will be submitted.

List of Annexes

- Annex 1: Agenda of the meeting
- Annex 2: List of participating delegations
- Annex 3: Presentation of the World Bank on Rail Integration in South America
- Annex 4: Presentation of the cartography of the existing rail network
- Annex 5: Presentation of the descriptors for the rail sub-sector
- Annex 6: Presentation of National Plan of Venezuela
- Annex 7: Presentation of the National Plan of Uruguay
- Annex 8: Presentation of the National Plan of Peru
- Annex 9: Presentation of the National Plan of Paraguay
- Annex 10: Paraguay's video on the bi-oceanic rail corridor
- Annex 11: Presentation of the National Plan of Ecuador
- Annex 12: Presentation of the National Plan of Brazil
- Annex 13: Presentation of the National Plan of Argentina
- Annex 14: Presentation on Belgrano Carga by Argentina