

## GUATEMALA NEWS WATCH

The Guatemala News Watch (GNW) is a monthly electronic publication of the Guatemalan Development Foundation (FUNDESA). Available in hard copy from 1986 to 1998 and in the Web since 1996, the GNW offers contemporary information on changes ongoing in Guatemala presented in concise, easy-to-read non-editorialized pieces that address a variety of issues.

TOP NEWS IN THIS MONTH'S ISSUE

JUNE, 1997

### Guatemalan Railroad Company (FEGUA) Concessioned

*The Railroad Development Corporation was awarded a 50-year concession to operate Guatemala's railroad network*

Guatemala's Minister of Communications, Transport and Public Works, Fritz García Gallont announced June 6 the adjudication of the 50-year concession for development and use of the Guatemalan Railroad Company's (FEGUA) right-of-way in favor of the Railroad Development Corporation (RDC). García Gallont announced that the adjudication is for the right-of-way exclusively and does not include FEGUA's rolling stock nor grant the operator special fiscal considerations. RDC will pay a five percent royalty on gross income during the first five years of the concession and ten percent for the rest of the concession period. RDC outbid competitor Agenda 2000, a Guatemalan subsidiary of Venro Petroleum Consortium.

Guatemala's railroad network covers 512 miles of narrow gauge track and links the country's ports on the Caribbean Sea with those in the Pacific Ocean. An additional line feeds to destinations on the Mexican and Salvadoran borders. The network incorporates 399 bridges, the longest spanning 740 feet, and 14 tunnels.

Begun over one hundred years ago, completion of Guatemala's trans-oceanic railroad was hindered by the country's rugged terrain and mountainous topography until 1908, after Costa Rican based railwayman and banana grower Minor Keith of the United Fruit Company (UFCo) completed the El Rancho-Guatemala City leg. As a result UFCo's subsidiary, International Railways of Central America (IRCA), received a 99-year concession to operate the country's railroad network and was virtually assured the exclusive use of Puerto Barrios, the country's only seaport in the Caribbean Sea that could service ocean-going vessels at the time. Keith also had built the steep Escuintla-Guatemala City leg in 1882 and had formed the UFCo in 1899 incorporating the company in New Jersey.

IRCA gave up the railroad concession voluntarily in 1968 and the Guatemalan Government nationalized the railroad. The rolling stock at the time of nationalization included 28 steam locomotives, 8 diesel-electric locomotives, 1915 freight cars and 113 passenger cars.

Since nationalization, neglect and incompetent administrations doomed the railroad. Passenger service was discontinued in 1995 and cargo service halted in 1996. FEGUA has not operated since 1996 and has been under receivership.

RDC, a joint venture between the local finance and investment firm Capitales e Inversiones S.A. and Pittsburgh-based Railroad Development Corporation, announced it will spend nearly US\$10 million during the first phase to reactivate cargo service 6 days a week between Guatemala City and the Caribbean Coast where Guatemala's main export ports are located. The total reactivation of the railroad network will take nearly 5 years to complete and contemplates 7 phases according to RDC officials.

CONSTRUCTION OF GUATEMALA'S RAILROAD NETWORK	
Year Completed	Leg
1880	Puerto San Jose — Escuintla
1881	Puerto de Champerico — Retalhuleu
1882	Escuintla — Guatemala City
1892	Puerto Barrios — El Rancho
1908	El Rancho — Guatemala City
1923	Zacapa — Anguiatú

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