

Entrepreneurial Rail Management

THE erudite Mr Henry Posner III, chairman of the US-based Railroad Development Corporation (RDC), is clearly a man un-daunted by a challenge. RDC recently beat six other bidders (IRJ June p10) for a 50-year concession to run the 788km, 914mm-gauge Guatemala Railway (Fegua). The main problem at the moment, however, is that Fegua is totally defunct and has been so for the past two years.

The country has been torn by three decades of civil war which thankfully ended last December with the signing of a peace treaty. This paved the way for a government programme which invited the private sector to help rebuild Guatemala's infrastructure and modernise other parts of the economy.

Road and rail are the first areas to benefit, and Posner plans initial investment of about \$US 10 million to get the first trains running again by next year in the core corridor linking Guatemala City with the Atlantic ports of Puerto Barrios and Puerto Tomas. Initial services will be for maritime containers, but Posner is also eyeing fuel, cement, coffee, sugar, bananas, steel, and scrap as potential money-spinners. He may also exploit the right-of-way for pipeline, electricity transmission, and fibre optic projects.

The network also consists of a line to the Pacific port of Champerico with a branch to the Mexican border, and an abandoned link with the El Salvador Railway. The once-continuous Atlantic-Pacific link is currently severed west of Guatemala City, but Posner has promised much more investment in the years to come to revive the rest of the network as he develops import and export traffic.



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Posner, whose company also operates the 889km Iowa Interstate Railroad in the USA, and the 5254km Buenos Aires al Pacifico and 2739km Mesopotamico railways in Argentina, wants to take on highway traffic head on, and is aiming for lower tariffs and greater security for consignments travelling by rail.

The overall challenge, however, also has a social dimension because parts of the railway corridor have been taken over by thousands of families living in shanties. The government has promised to hand over a shanty-free railway—but the people do not want to go. Posner is nevertheless confident that a solution will be found, that he can restore the rotting infrastructure, and run profit-making trains.

In addition to his erudition, Posner is also a man of vision and while he clearly has no illusions about the difficulties of reopening a completely closed railway system, he is certainly taking the long-term view.

Who knows, if he can re-establish the coast-to-coast line he could even compete with the Panama Canal. His competitiveness would be much enhanced and his business opportunities expanded if the line, and the connection with the standard-gauge Mexican network, were at some stage converted to standard gauge. But as he says about phase one of the exercise, "A substantial amount of capital will be invested before we can run the first train, and only then will we learn whether our assessment of the market was correct." An entrepreneur indeed.

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