



North and Latin American Regions

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North America: Global economic context

✓ Economic growth:

- -2.6 % in 2009 (start of the crisis)
- 3 % in 2010
- 1.8 % in 2011
- 2.8 % end 2012
- 1.9 % in 2013
- **2.8 % in 2014 (FMI forecast)**

✓ World economic growth

- 3.7 % in 2013
- **3 % in 2014 (FMI forecast)**
- **3.9 % in 2015**

✓ World trade:

- USA: world's largest importer and exporter of goods in 2012 (World Bank)

✓ Population:

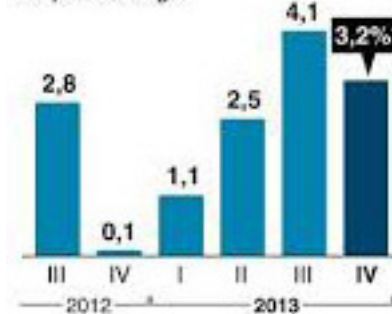
- **317 million in 2013**, + 0,7 % (+1.1 % in the world)
- 339 million in 2020
- 409 millions in 2050
- 500 millions in 2100 (**United Nations forecast**)

- **Rate of urbanisation:** over 82 % of people live in cities in 2013

La croissance américaine

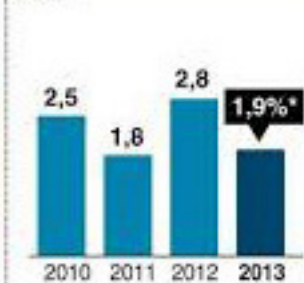
Évolution trimestrielle du PIB

En pourcentage



Évolution annuelle

En %



Political/economic context:

American Recovery & Reinvestment Act, 2009

-> strategic investment of **10 billion \$** to:

- Provide rail access to new communities
- Improve the reliability, speed and frequency of existing lines

-135 billion Americans (44% of the population): near a rail corridor ready to receive significant investment

-Investment at 3 levels:

* **Express Services** of frequent trains (125-250 mph): most populated regions

* **Regional Services** (90-125 mph): between medium and large towns

* **Emerging Services** (up to 90 mph): linking communities to the rail transport network for the future development of corridors

-> Strategic approach of President B. Obama's vision:

Provide 80% of Americans with access to high speed within the next 25 years



Transport sector in the USA/Canada



HIGH-SPEED INTERCITY PASSENGER RAIL PROGRAM Federal Investment Highlights

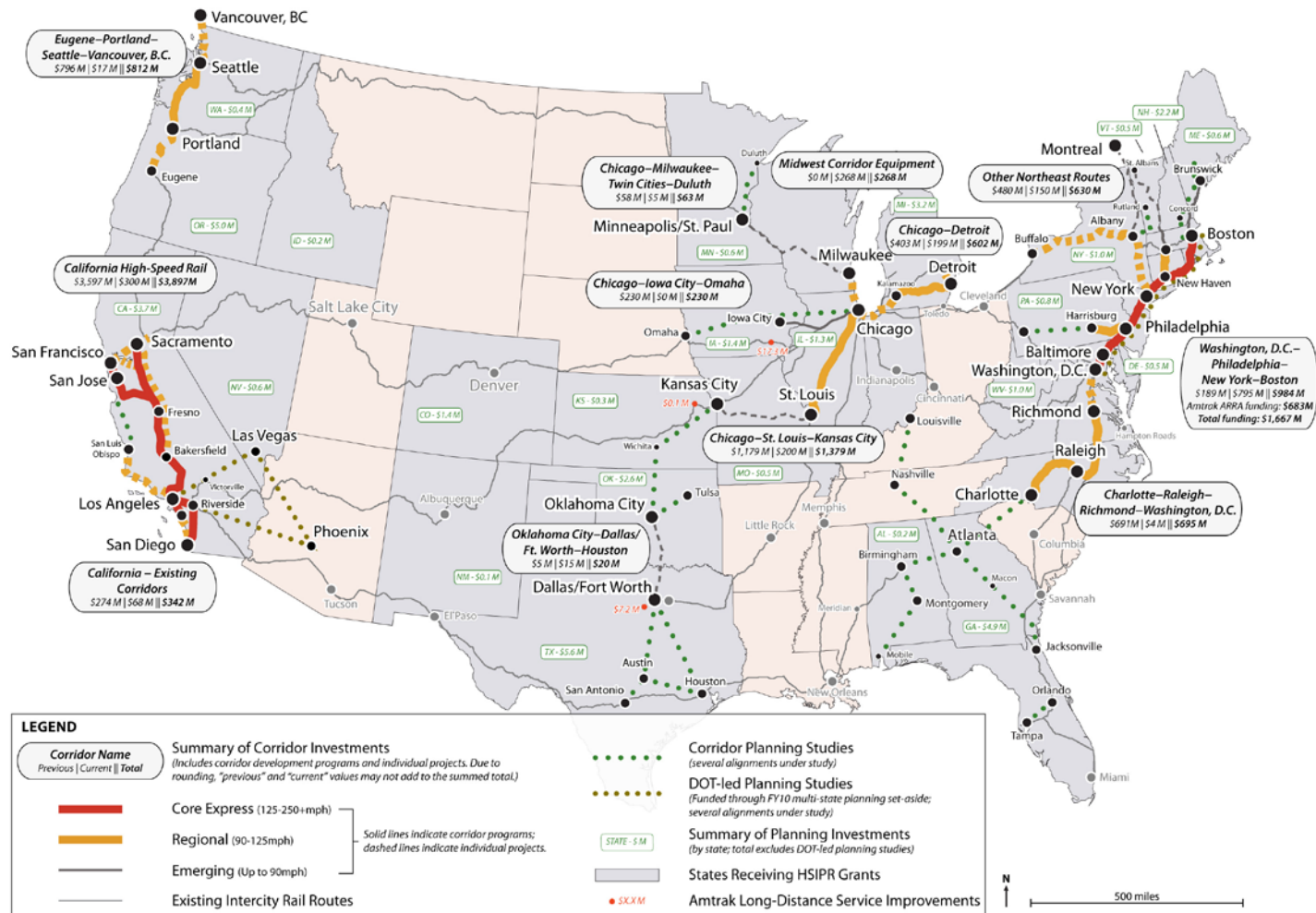


Transport sector in the USA/Canada



HIGH-SPEED INTERCITY PASSENGER RAIL PROGRAM

Summary of Federal Investments



Current as of Mar. 4, 2013



Transport sector in the USA/Canada

✓ UIC Members:

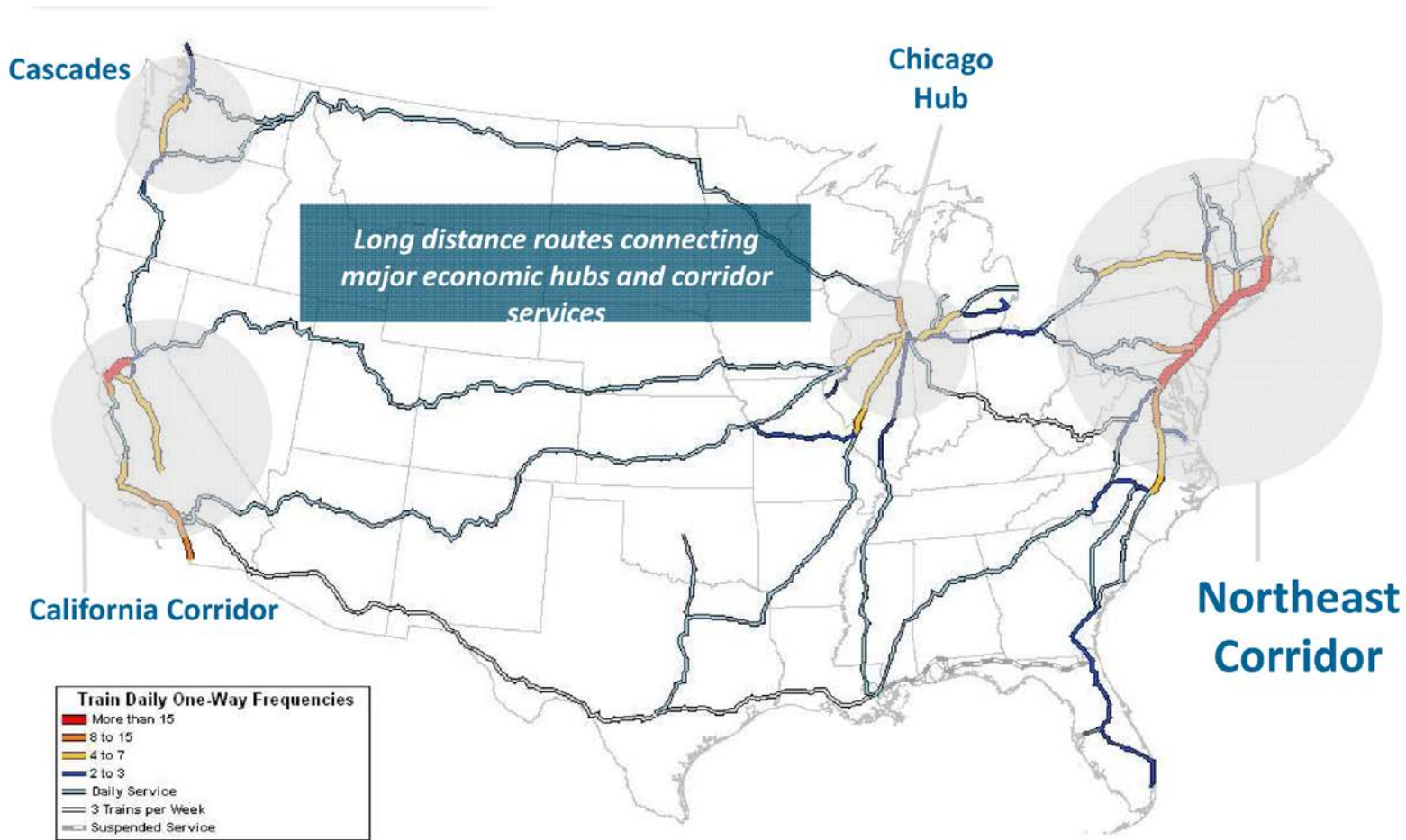


✓ Figures:

- 34 000 km of lines in the USA, 12 500 km in Canada
- 300 trains / day (AMTRAK), 20 000 employees; 500 trains / week in Canada
- 31.6 million passengers in 2013 in the USA



Transport sector in the USA/Canada



Amtrak Northeast Corridor Infrastructure



UIC action

HIGH SPEED: CHSRA

- By 2029, the system will connect San Francisco to Los Angeles in 3 hours at a speed of 200 miles per hour (320 km/h)
- Possible extension towards Sacramento and San Diego: 24 stations, 800 miles (1287 km)



Action by UIC Members

FREIGHT: AAR

- Aligning rail freight industry with transport needs
- Improving rail productivity and safety

RESEARCH: TTCI

- Subsidiary of AAR, research body
- Finding new technological solutions for the rail industry
- Research carried out on tracks, bridges to improve productivity

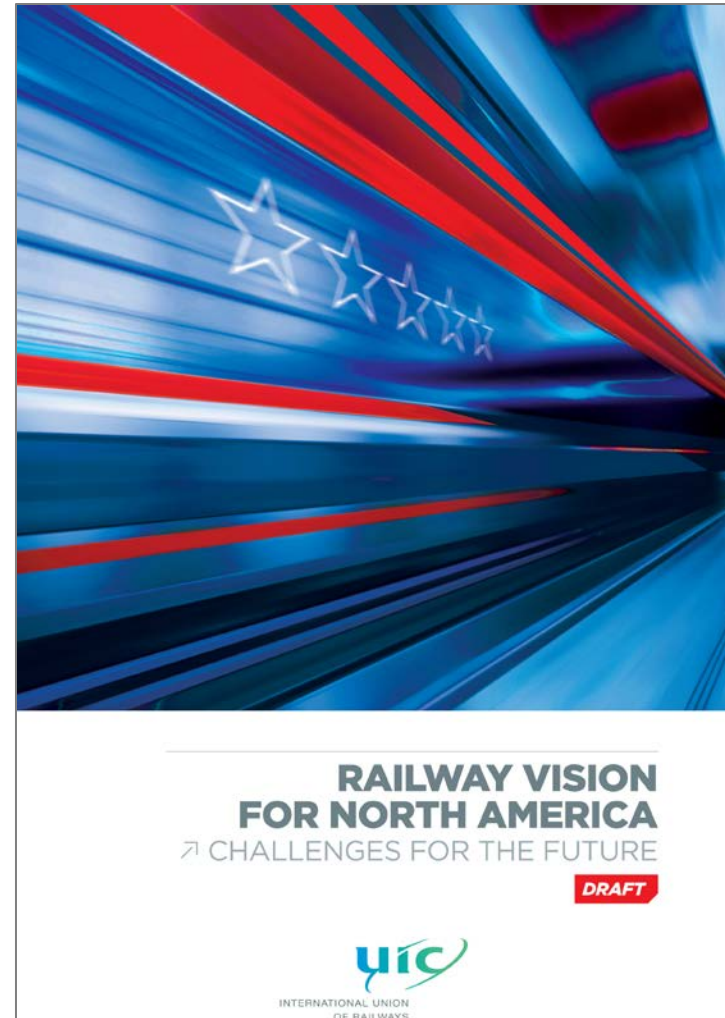
FRA:

- Enactment of safety regulations
- Leading Research and Development projects
- Support to the government to rehabilitate the NEC Corridor, ..



Preparing the NORTH AMERICAN vision

Publication: March 2014



Latin America



Latin America: Global economic context

✓ Economic growth:

- 7.2 % in 2010
- 2.8 % end 2012
- 3 % in 2013
- **3.6 % in 2014 (forecast)**

✓ Slow down of world trade in 2012 affecting all countries

✓ Population:

- **581 million in 2013** (source: World Bank), **+1.2 %**

✓ Record rate of urbanisation:

- over 80 % of people live in cities in 2013,
- 90 % in 2050

✓ Transport and access to the city: key question for South Americans



Latin America: Global context

- Gradual **phasing out of the rail transport mode** which no longer met the needs of mobility and impact of various economic crises
- We are currently witnessing a **railway revival**, which is mostly on an **intra-urban** level (Sao Paulo, Bogota, ..) before finding the necessary investments to develop **inter-city projects**



Facts & Figures for the Latin American Region

- Difference in economic, political, social and industrial conditions
- Differences in the design of rail systems
- 7 different track gauges
- Few electrified lines, few double tracks
- Few international connections, no concept of continental network
- **65 000 km of lines**
- **445 million passengers**
- **500 million tonnes of goods**



Railway landscape of Latin American Region, privatisation, concessions

- From the 1990s, Argentina started a process of privatisation according to the principles that inspired the transformation of railways in Europe (Directive 91/440)
- Other countries are following similar processes, each depending on its history, its market features, the political and administrative context
- Some countries (Venezuela) have started to develop railways. Others (Paraguay) have practically shut them down



Railway landscape of Latin American Region, Process of Privatisation

- After 20 years the results of this process and the role of the private sector are very varied, but we can conclude:

Freight:

- A mainly positive result
- But no real concept of international traffic or continental network
- Limited development of intermodal freight

Passengers:

- Traffic practically shut down on main lines
- Development of urban and suburban services
- Feeble rail industry



Role of UIC

- **UIC Members**

4 Members + other freight and passenger companies wishing to join



- **Role of UIC, objectives**

- Promote the advantages of rail in Latin American countries, raise awareness among political and economic stakeholders
- Improve competition between railways and industry – promote interoperability

Main results expected from this cooperation:

- Sharing of information on railway technology
- Promoting technical development and know-how
- Encouraging members to adopt best practice



Brazilian impetus



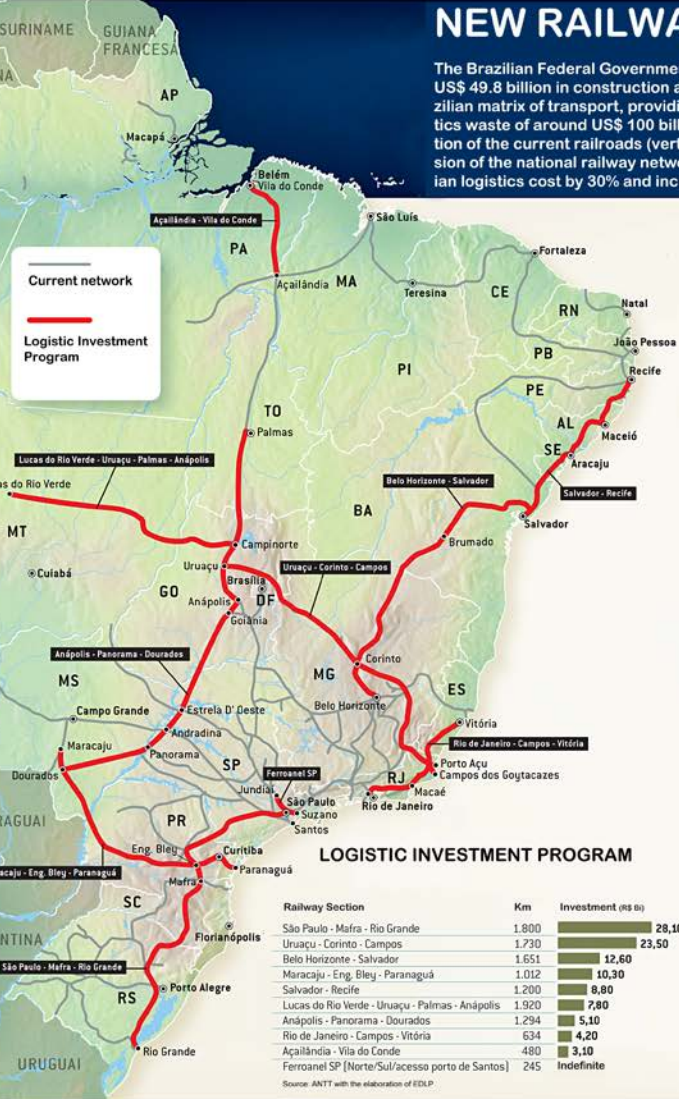
**In December 2012,
Dilma Rousseff stated in front of all UIC Members
that she had complete faith in the future role of railways in her country
and on the South American continent**



Brazilian impetus

NEW RAILWAY

The Brazilian Federal Government launched the Logistics Investment Program. The program foresees investments of US\$ 49.8 billion in construction and the concession of over 10,000 km of rail lines. The objective is to balance the Brazilian matrix of transport, providing a competitive environment in rail transport, reducing the costs and avoiding logistics waste of around US\$ 100 billion per year. For this reason, the Government has created a mixed model for operation of the current railroads (vertical) and the future ones (horizontal). The plan represents the largest effort of expansion of the national railway network already done by Brazil. The objective of the Government is to reduce the Brazilian logistics cost by 30% and increase the competitiveness.

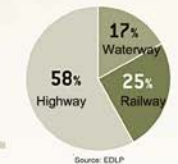


LOGISTIC COST

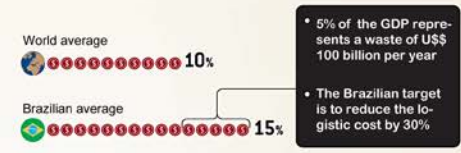
In 1000 TKU (Ton per Km)



CURRENT MATRIX



LOGISTICAL COSTS COMPARED

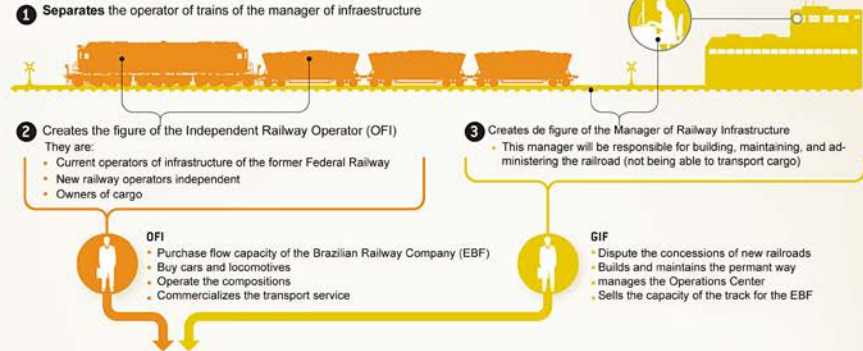


- 5% of the GDP represents a waste of US\$ 100 billion per year
- The Brazilian target is to reduce the logistic cost by 30%

VERTICAL MODEL



HORIZONTAL MODEL



LOGISTIC INVESTMENT PROGRAM

Railway Section	Km	Investment (R\$ bi)
São Paulo - Mafra - Rio Grande	1.800	28,10
Uruaçu - Corinto - Campos	1.730	23,50
Belo Horizonte - Salvador	1.651	12,60
Maracaju - Eng. Bley - Paranaguá	1.012	10,30
Salvador - Recife	1.200	6,80
Lucas do Rio Verde - Uruaçu - Palmas - Anápolis	1.920	7,80
Anápolis - Panorama - Dourados	1.294	5,10
Rio de Janeiro - Campos - Vitória	634	4,20
Açailândia - Vila do Conde	480	3,10
Ferroatel SP (Norte/Sul/acesso porto de Santos)	245	Indefinite

Source: ANTT with the elaboration of EDLP

BRAZILIAN RAILWAY COMPANY (EBF)

- Purchase 100% of the capacity of the manager (GIF) with 15% in advance
- Sells the capacity to the Independent Operators
- Should guarantee the track rights to the OFIs in all railroads (horizontals and verticals)

FINANCING CONDITION

- Interest: TJLP + 1,0%
- Shortage: up to 5 years
- Amortization: up to 25 years
- Leverage: 65% up to 80%

CONCESSIONAIRE'S REMUNERATION

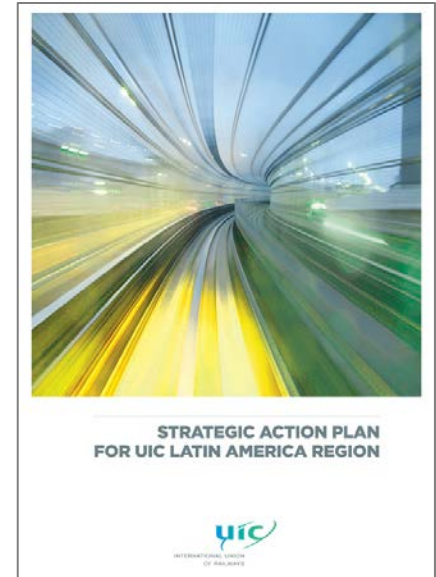
- The concessionaire will have two rates, one called Tariff for the Operational Capacity Availability and the other called Entitlement Tariff.

A EDLP é associada à ADTrem



Latin American Vision

- Publication of the Vision in **November 2013**
- In cooperation with the various financial partners (World Bank, BIRD, etc.), **several actions planned** to help UIC members to develop their concept of transport, their company, and promote sustainable transport in the region through developing a **concept of a modern railway system**



Points to discuss in **future debates**

- Report by the World Bank:
 - How to spend more and better on infrastructure?
 - How to get private investors involved in infrastructure projects?





Thank you for your attention



ONCF

UIC

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March 6th 2014

50
years