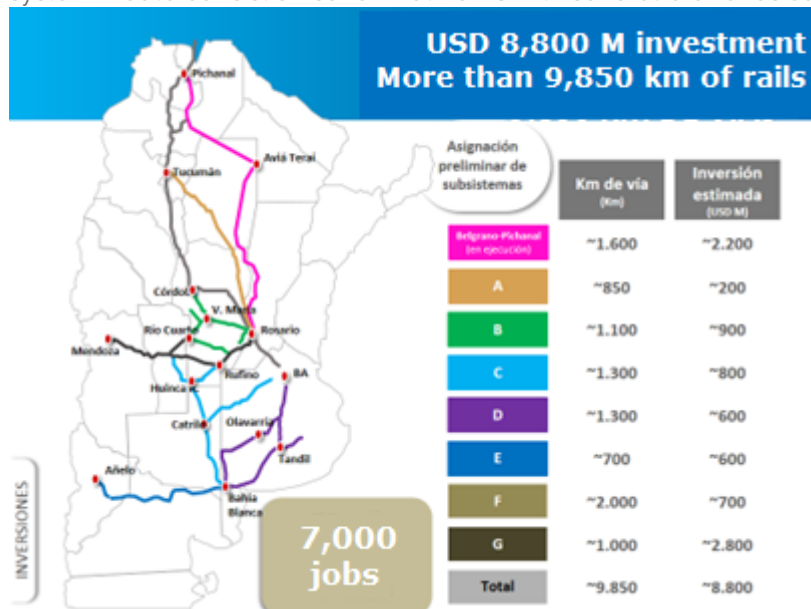


The keys to develop cargo transport and logistics system in Argentina in the next 6 years. Part 2: railroads.

JULIO CALZADA - ALFREDO SESÉ

Since the railroad privatization in Argentina (1989 and 1990), there are three rail concessions operated by private companies. As these concessions end in the next five years, therefore is time for Argentina to define a new rail freight system. In May 2018, Argentina announced the adoption of an "open access" rail freight system, which aims to lower logistic costs and boost regional economies' development. The Minister of Transport of Argentina, Guillermo Dietrich, estimated that a US\$ 8.8 billion investment is required to renovate the target 9,850 km of railroads. The new freight rail system would consist on seven networks with several branches each.



The "open access" system consists in two parts: one in charge of railroads infrastructure, and one that operates trains and is in charge of the commercial activity. The company in charge of railroad infrastructure must carry out the redevelopment of the railroads, maintenance works and traffic controls. On the other hand, operating companies will own the trains to transport their cargoes. They will be responsible for the mobility of trains, and they will be able to provide their transportation services to other companies. In order to use the railroads, operating companies will have to pay a fee. By September 2018, however, the government has not yet defined the operating structure within the "open access" system. The project is a transcendental issue for Argentine farmers and for the entire agro-industrial complex, as it might considerably reduce logistics and transport costs. Producers that would benefit the most from an efficient railroad network would be those that are far from the core productive area of the country, especially farmers from northern Argentina. Truck transportation generates remarkably high costs to producers from the north. Due to the vast national territory, distance is often a real obstacle for numerous farms located in the north of Argentina. Therefore, the country needs a strong reconversion of its railroad system, which in the last decades has lost a great extension of its railroads and



BOLSA
DE COMERCIO
DE ROSARIO

BCR Weekly News

Mercados

transported loads. Argentina reached a maximum railroad extension in 1953 with 44,000 km. At that time, Argentina was in the the third place in the Americas and the tenth in the world in terms of railroad network, as it held 3.2% of the total world extension. Currently, and after decades of regression, only 19,000 km of railroad network are operated in Argentina.



BCR

DIRECCIÓN
DE INFORMACIONES
Y ESTUDIOS ECONÓMICOS

PROPIETARIO: Bolsa de Comercio de Rosario

DIRECTOR: Dr. Julio A. Calzada

Córdoba 1402 - S2000AWV Rosario - ARG

Tel: (54 341) 5258300 / 4102600 Int. 1330

iyee@bcr.com.ar - www.bcr.com.ar

@BCRmercados