

# OVERVIEW OF THE MEXICAN RAIL SECTOR

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**Meeting of the National Grain Car Council**  
**Thursday, September 10, 2020**

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Head of the Rail Transportation Regulatory Agency of Mexico



**GOBIERNO DE  
MÉXICO**

**COMUNICACIONES**  
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# Overview of The Mexican Rail Sector

## INDEX

1. Mexican Rail Network
2. Facts & Figures
3. Scheme & Regulation
4. Current situation
5. Challenges
6. Path Forward
7. ARTF: Who we are?








# The Mexican Rail Sector: The Network

## TRACK TYPE DISTRIBUTION 2019

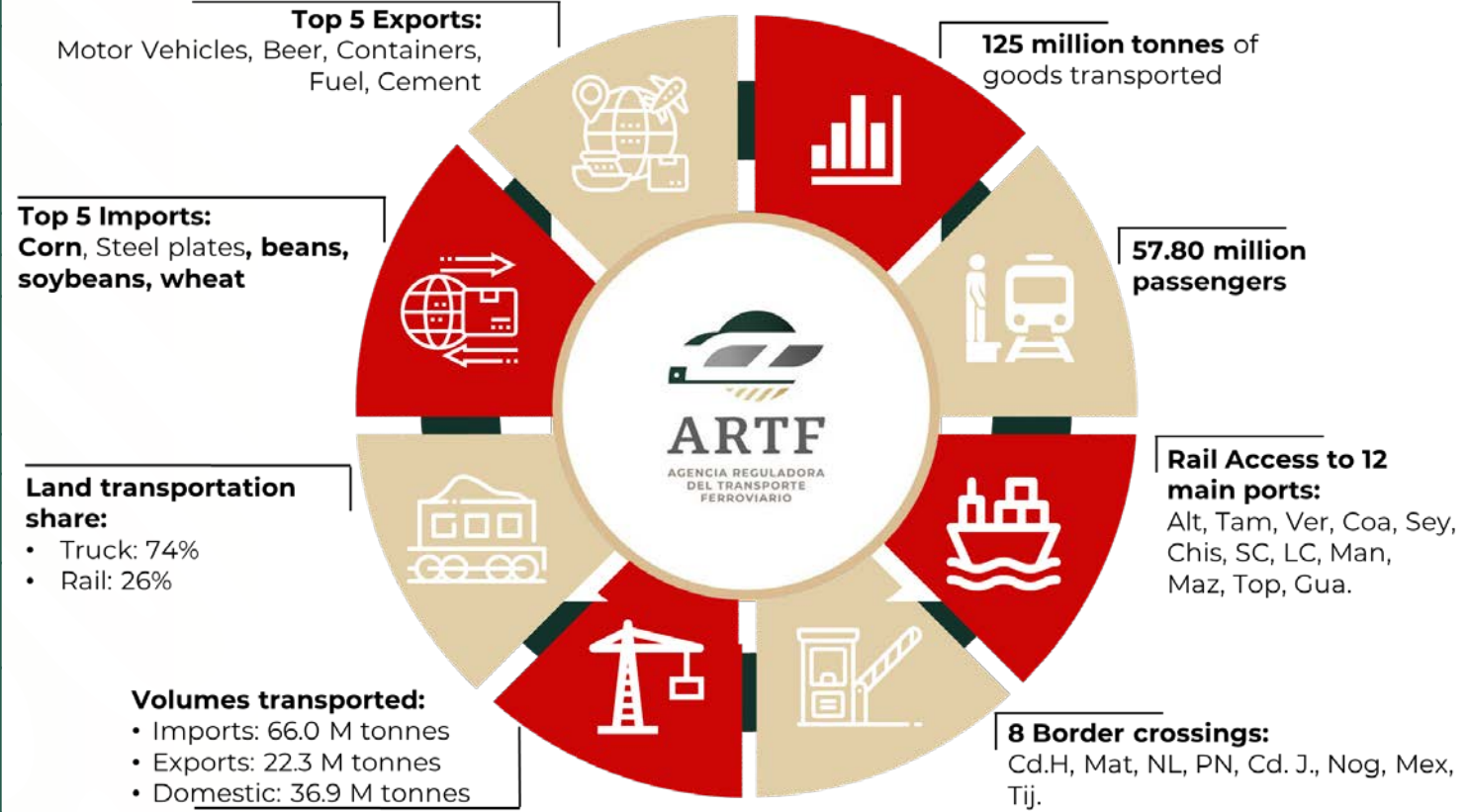
Type of Track	Length (mi.)	%
Concessioned Main and Secondary Track	10,850	74.2%
Auxiliary Track (Yards & Sidings)	2,796	19.1%
Private Track	972	6.7%
<b>TOTAL (Operational Track)</b>	<b>14,618</b>	<b>100%</b>
Out-of-operation Main and Secondary Track	2,203	
<b>TOTAL</b>	<b>16,821</b>	



# The Mexican Rail Sector: Facts & Figures

FREIGHT TRANSPORT CONCESSIONS			
Concessionaire		Concessioned Track	Miles Of Track
 Grupo México TRANSPORTES	Ferrocarril Mexicano, S.A. de C.V. (FERROMEX)	Pacífico-Norte	4,286
		Ojinaga-Topolobampo	589
		Vía Corta Nacozari	200
 KANSAS CITY SOUTHERN DE MÉXICO	Kansas City Southern de México, S.A. de C.V. (KCSM)	Noreste	2,656
 Grupo México TRANSPORTES	Ferrosur, S.A. de C.V. (FERROSUR)	Sureste	978
		Vía Corta Sur	26
 FERROCARRIL DEL ISTMO DE TEHUANTEPEC, S.A. DE C.V.	Ferrocarril del Istmo de Tehuantepec, S.A. de C.V. (FIT)	Vía Troncal del Istmo de Tehuantepec	1,142
		Vía Corta Oaxaca	136
 COAHUILA DURANGO	Línea Coahuila-Durango, S.A. de C.V. (LCD)	Vía Corta Coahuila-Durango	623
 FTVM FERROVALLE	Ferrocarril y Terminal del Valle de México, S.A. de C.V. (FTVM)	Valle de México	179
 ADMICARGA ADMINISTRADORA DE LA VÍA CORTA TIJUANA-TECATE	Gobierno del Estado de Baja California. Administradora de la Vía Corta Tijuana-Tecate (ADMICARGA)	Vía Corta Tijuana-Tecate	44

## Basic Facts & Statistics 2019





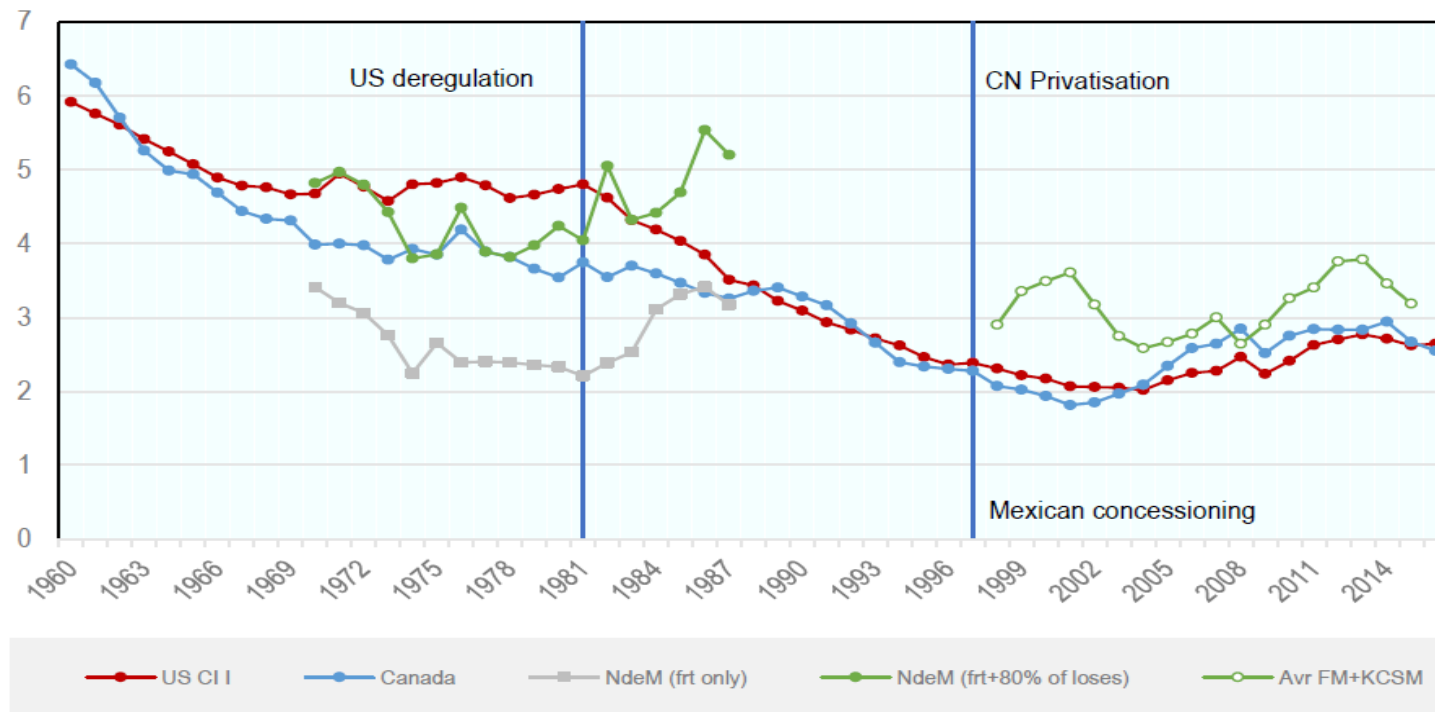
# The Mexican Rail Sector: Scheme & Regulation

- State-owned company from 1908 to 1995 – Ferrocarriles Nacionales de México.
- 1995, complete restructuring: Concession model. Vertically integrated. Regional market power.
- Main objectives met and significant progress so far, but challenges still ahead.
- Investment over 8.5 billion USD in 23 years.
- **2015 law reform, creation of ARTF. Duties: technical & economic regulation, safety, registrar, rail law enforcement.**
- Economic regulation in exceptional cases. Intervention must be preceded by investigation and ruling by the Federal Competition Commission.



# The Mexican Rail Sector: Current

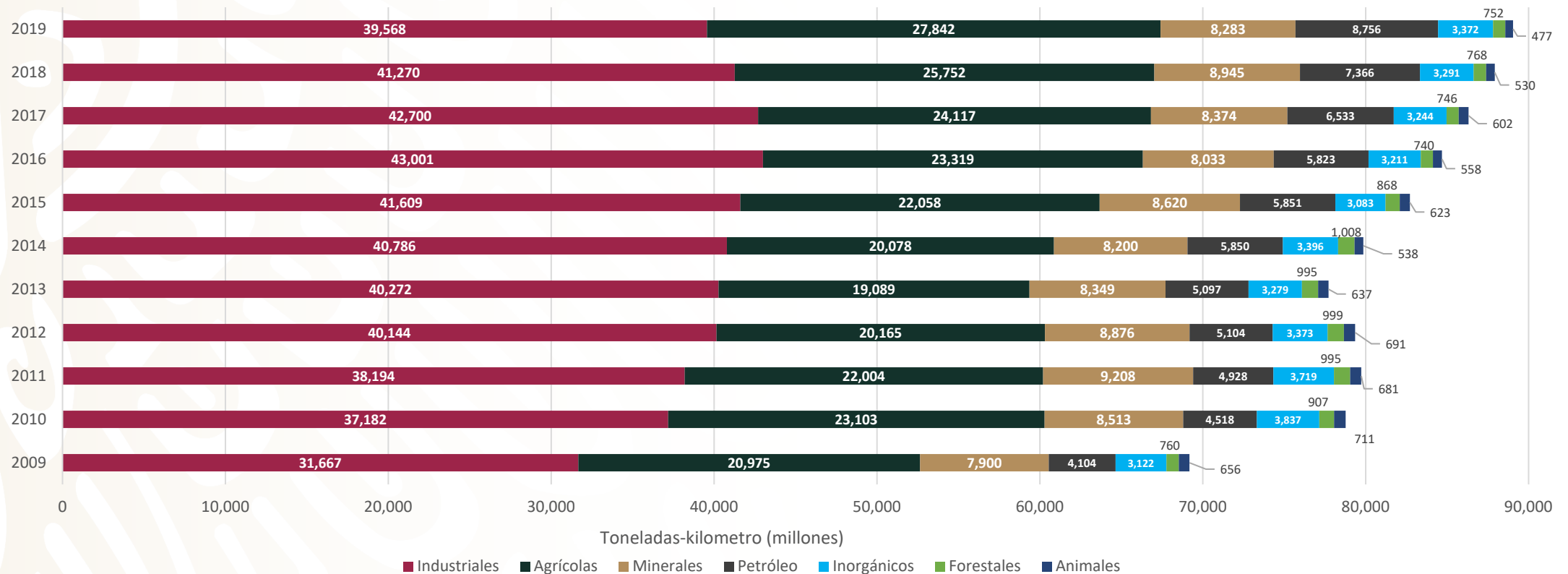
- Enormous unbalance between freight and passenger services, that were cancelled due to strong policy against subsidies.
- Volumes have been growing at a higher rate than GDP.
- **International trade is the main vocation of the Mexican Rail System. Competitive rates in comparison with Canada & US.**



Graph credit OECD-ITF. 2012 USD cents/tonne-km

# The Mexican Rail Sector: Current

- Modal share: Rail won significant share of Surface transportation in the first 10-12 years of concession. Stalled since then.
- Main product segments: Industrial products (autos & parts, consumer goods), agricultural, minerals. **GRAIN!**



# The Mexican Rail Sector: Challenges

- Passenger service limited to one commuter line (Mexico City) and two touristic services.
- Competition against road transportation: uneven ground.
- **Density of traffic: continuous improvement in the past 20+ years, but capacity is still available. Bottleneck is now terminals.**
- Better information = better regulation: New system of Rail KPI's.
- ARTF consolidation, created 4 years ago, many regulatory tools still in development: network model, economic regulation tools. Budget constraints.
- Short trackage rights could improve access and competitiveness.





# The Mexican Rail Sector: Path Forward

- Long-term (50 year) prospective study in progress. (first time!)
- Increase freight railway modal share to 40%.
- Bring back Passenger service considering a scalable interoperable network. (medium-size projects\*)
- Safety & security: level crossings, external factors. Safety regulation.
- Post-COVID-19: strong position.
- **USMCA: Railways are a key factor in North-American supply chains.**
- Freight conversion from truck to rail.



# ARTF: Who we are?

- The Rail Transportation Regulatory Agency of Mexico is a deconcentrated administrative body of the Secretariat of Communications and Transportation established Aug. 2016.
- 70 staff plus trainees and interns.
- \$6.2 million average yearly budget.
- Duties: Technical and economic regulation, safety, statistics, registrar, inspections, promotion, emerging projects, controversies and sanctions.
- Recent developments:
  - First regulated rates case
  - **New KPI's, Yearbook, Altas of the MRN**
  - Great Vision Study of the Mexican Railway Sector
  - **Waze alerts, Grade crossing projects**
  - **Online inspection platform**
  - Issuing of four new technical official norms



# AGENCIA REGULADORA DEL TRANSPORTE FERROVIARIO



[www.gob.mx/artf](http://www.gob.mx/artf)



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