

Guatemala, Wednesday 11th of July 2007

Ferrovías will decelerate operations in October

Government maintains position and dismisses importance to the announcement of the railway company that acquired rights over FEGUA.

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Ferrovías Guatemala announced that it will suspend operations in October because Railroad Development Corporation (RDC), company owner of the enterprise, decided to withhold most of its capital due to the legal actions undertaken by the Government by declaring that the concession of Railroads of Guatemala (FEGUA) was harmful.

Against this situation, President Oscar Berger dismissed its importance and declared: "I do not believe that they will leave; they are trying to get us to pay damages and losses to them. We are possibly going to arbitration".



Henry Posner III, RDC owner, in an interview to the *Los Angeles Times* newspaper, published yesterday, indicated: "It is enough. It is clear that at every level of Guatemalan society there is, at best, a lack of respect and, at worst, a strong hostility to everything that we have been trying to accomplish." Also he asserted that the company invested \$15 million (Q115.5 million) to revive the railway line.

On this matter, Berger said: "They shouldn't be considered as investors; they have not invested one cent, rather have badly used a concession that I had the obligation to declare harmful." He also said he had the impression that it (FEGUA) was given in concession to a company without financial capacity. "We would like a true means of transportation, an alternative to our highways, as train transportation should be," he concluded.

It will be in October

Juan Pablo Carrasco, lawyer who represents Ferrovías Guatemala in the legal litigation, assured that what is being eliminated is the economic aid that RDC provided to cover the losses with which the company has been operating, after the declaration of lesividad (harmfulness).

"Transportation will be suspended, until we find the necessary mechanisms to sort out the harmfulness and revitalize their operations," he indicated. Also he said that this will be as of October, once the commitments to move steel loads are fulfilled.

Meanwhile, the Government continues exhausting its legal resources in pursuit of its rights.

REQUEST FOR RECONSIDERATION

The Office of the Solicitor General of the Nation (PGN) requested to First Court of Appeals of the Supreme Court of Justice, where legal litigation is taking place, that it again consider the suspension of the contract while the legal process lasts, that they freeze their bank accounts and dictate prohibition to leave the country against their legal representatives, which was previously denied last February.