

GUATEMALA, 7 SEPTEMBER 2007

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[ENGLISH TRANSLATION]

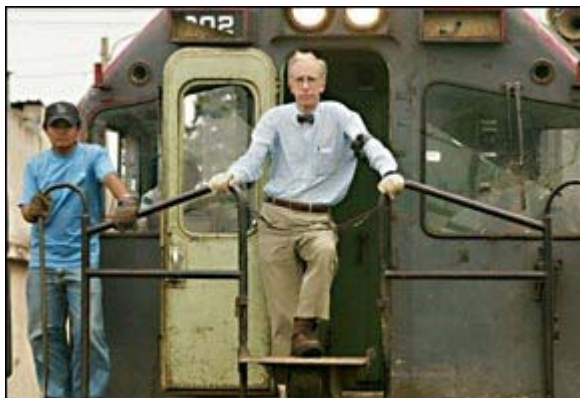
“The system will not change, because of private interests”

Chairman of RDC, that sued the State for US\$65 million, rode the last cargo train

Chairman of Railroad Development Corporation (RDC), Henry Posner III, arrived this week in the country to initiate the closing of cargo operations of Ferrovías.

In locomotive 902, the majority shareholder of Ferrovías, which handles the trains system in the country, finished yesterday a three days' trip, from the station of Puerto Barrios to El Rancho, and then towards the capital.

Using a black handkerchief on his left arm in a sign of mourning, due to the cease of operations, and interrupted several times by the whistle of the train, Posner III, agreed to an interview with *Free Press*.



At the front of locomotive 902, Posner III accompanied the process by closing of operations of load of Ferrovías.

Photo Prensa Libre: Erlic Castillo.

When will the cargo operations be closed totally?

The last loaded wagons will be arriving at their destination between Monday and Tuesday of next week, although it is very difficult to define the last trips. For me this was the last train with cargo that came out of Puerto Barrios. Then we will still have locomotive moves, some from Zacapa.

It is a sad day, because we lost the opportunity to contribute to the economy of the country in terms of costs, the environment and road security. But most important for the country it is the perception of Guatemala to the international investor.

What is the perception?

It is like what was published in *The Wall Street Journal*; it is an injustice that after 10 years the Government forced to us to stop operations due to private interests.

To what interest do you refer?

I cannot mention names, but it is very clear that the reasons of the harmfulness declaration are the private interests that want the right of way. Anywhere in the world the right of way is more valuable than the operation of the railroad, and in the case of Guatemala, it is useful for distribution of electricity and the use of the train stations.

Are there interested sectors in handling the railway system?

There are no sectors interested in handling the train, but there are interests in the right of way; at this moment there are private companies that use it for distribution of electricity and other services, without paying. Also it is being used, without paying, like an industrial highway for trucks.

With the declaration of harmfulness the possibility of generating income has been eliminated, because there is no company interested in signing contracts.

After the suspension of cargo operations, will RDC retire from Ferrovías?

No. We are in charge of protecting the machines and railroad goods, and have 60 Guatemalan shareholders. We will continue as shareholders, and we have several years to follow the legal process of our claim at the International Center for the Settlement of Investment Related Disputes (ICSID), to obtain justice.

Do you think you can operate again the cargo train in Guatemala?

The possibility of restoring service exists; nevertheless, the system will not change, because there are private interests and of the State in the right of way, that will not allow us to be successful.

I am a man who naturally has hope, but do not have hope in the system; the Government changes, but the system doesn't. That is not going to change with a new government.

The sugar sector would be interested in the route to the Pacific?

Historically there have been conversations with all sectors, including the sugar one. The private sector wants the railroad business to be resolved, but there are no agreements. There are intentions, but results did not occur.

The Government accuses you of not having rehabilitated the routes on the established dates of the contract. What is your opinion in this regards?

We invested US\$15 million more or less; the possibility exists of investing more, but at this moment there is no environment to invest; we need to have confidence in the system.

Positions: Process

The company sued the State for US\$65 million due to the declaration of harmfulness against the contract of railway equipment.

The State indicates that the company did not comply due to failing on the rehabilitation of the railroad routes.

Ferrovias complains about the State not evicting the squatters.

Original webpage in Spanish: <http://www.prensalibre.com/pl/2007/septiembre/07/181695.html>

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