

15. The evolution of freight conveyed by the North-South railroad system is shown in Table III:

TABLE III
CARGO FREIGHTED BY RAILROAD NORTH-SOUTH NETWORK
-tons thousand-

Year	Agricultural Products	Sea&Forestry Products	Mining Products	Livestock	Foodstuff & Manufactures	Total
1986	603	1.926	9.811	39	492	12.871
1987	574	1.927	3.469	18	470	6.458
1988	578	1.787	3.080	18	450	5.913
1989	508	1.564	3.564	21	523	6.180
1990	385	1.776	2.056	13	500	4.730
1991	463	1.866	1.843	5	502	4.679

Source: Boletín Mensual Banco Central de Chile

16. As a consequence of its loss of competitiveness against road freighting, the railroad system decreased the cargo conveyed between 1986 and 1991 by two thirds.

17. However, railroad transport offers good possibilities to freight export products. The route Valparaiso-Puerto Montt is electrified as far as Temuco (877 km.) and most of the sea-ports have railroad networks which make access of cargo by train possible.

18. There is a law recently enacted (Law No. 19,170 of 1992) which creates the possibility for private investors to take over an important share of the transport of cargo and eventually of passengers. The privatization of cargo operations is part of the railroad triennial development plan which aims at modernizing the infrastructure and equipment of the company as well as improving management and its financial status. FEPASA (Ferrocarriles del Pacífico), the cargo branch of the State owned railroad company EFE (Empresa de Ferrocarriles del Estado), will sell (by October 1994) 51% of the company's shares to the private sector at an estimated nominal value of US\$ 43 million. 10 companies (7 Chilean and 3 foreign) are interested in this bid and it is expected that by October 1994 a decision will be taken with respect to the new major share holder of FEPASA.

19. The law No.19,170 does not allow the privatization of railroad passenger transportation yet. President Frei's government is studying the profitability of a US\$ 350 million-5 year investment plan allowing the installation/replacement of rails between Santiago-Chillán to reach a speed of 150 kms/h; Chillán-Temuco to reach a speed of 120 kms/h; San Rosendo- Concepción, 90 kms/h. So far, passenger transportation has not been a profitable business; EFE registers a deficit in the range of US\$ 80 million making privatization of this area less attractive to the private sector. It is expected that the Government will reach a decision on the improvement of passenger service by October 1994.