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Gulf Shipper column

Can Transportation Come Up to "Snuff" in the CAFTA Countries?

At the recent USAID Regional CAFTA Conference in Guatemala City, the "Stakeholder's" panel covered issues of unifying and improving the transportation network if the region was to fully realize the benefits of the Central America Free Trade Agreement. The transportation infrastructure, it was felt, had to be brought up to a level to handle increased trade flows. Some suggested bypass roads or dedicated highways outside of main urban centers to relieve pressure. However, this was easier said than done. The topography of the region conspires against this, i.e., mountainous terrain with many streams make road construction expensive, steep mountain passes make trucking an extremely slow option and frequent heavy rains wash out unpaved roads and deposit debris on paved roads, with periodic earthquakes breaking up road and bridge structures.

Both the highways and railroads have a basic east-west orientation when a north-south orientation would provide linking between the countries. In studying transportation problems, it is important to note that the region is plagued with frequent tectonic and volcanic activity. Along the spine of South America the Andes form the longest and highest mountain range in the world, extending on up through Central America and Mexico. From the United States border down through Central America, Colombia, Venezuela, Ecuador, Peru, Bolivia and Chile they dominate the land and divide each country into high peaks and low valleys. Some railways reach a height of over 15,000 feet less than 100 miles from the coast (Bolivian railway conductors customarily pass out oxygen canisters to passengers.) The only sections of Latin America favorable to the construction of transportation facilities are the Great Plains of southern Brazil, Argentina, Uruguay and Paraguay and the relatively level section of land in some of the Caribbean countries.

Currently, only the Pan-American Highway, passing along the Pacific foothills achieves any linking between the Central American countries (stopping temporarily at the Darien Gap in Panama - being a former breakaway province of Colombia, the Panamanians think this is just fine.) Thus a large number of port facilities are required. This is extremely problematic when most of the productive agricultural areas are on the Pacific littoral with the bulk of the population (and manufacturing capability) in the adjacent highlands. The swampy, tropical Atlantic side is for the most part dedicated to the cultivation of bananas. Few of the narrow gauge railroads connect between the countries and most were built to serve the banana plantations in the late 19th century, running to the east coast. There are but a few railroads that connect between the capital cities and ports on the east coast. Many have steep grades and are subject to disruptions from earthquakes (the Andean fault line running directly through all the Central American capitals up to the Texas-Mexican border.) And none are used to any great extent to transfer cargoes from overburdened highways and streets (with the possible exception of the Salvadoran railway which, at times, has carried up to 25% of the country's exports from the interior to the port of Acajutla on the Pacific.) Given the tendency to run from the highlands to the coast by the shortest route, it has been necessary to provide a large number of port facilities. Some years ago at the time of the creation of the Central American Common Market it was expected that the port of Puerto Cortes would become a load center port for the region, providing efficiencies in transport and reducing overall costs. However, with the outbreak of the "soccer war" between Honduras and El Salvador that plan never developed.

Thus, upgrading the transportation infrastructure to handle increased trade flows will be a monumental undertaking and the question arises as to its cost/benefit. Would future generations be impoverished by "white elephants?" Can sufficient trade be generated to make this a going proposition?