

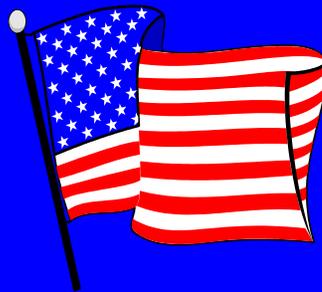
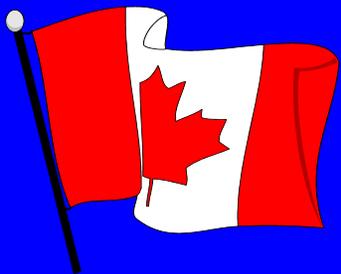
RAIL SAFETY

&

NAFTA

Presentation to RSAC

September, 22, 2004
Washington, D.C.

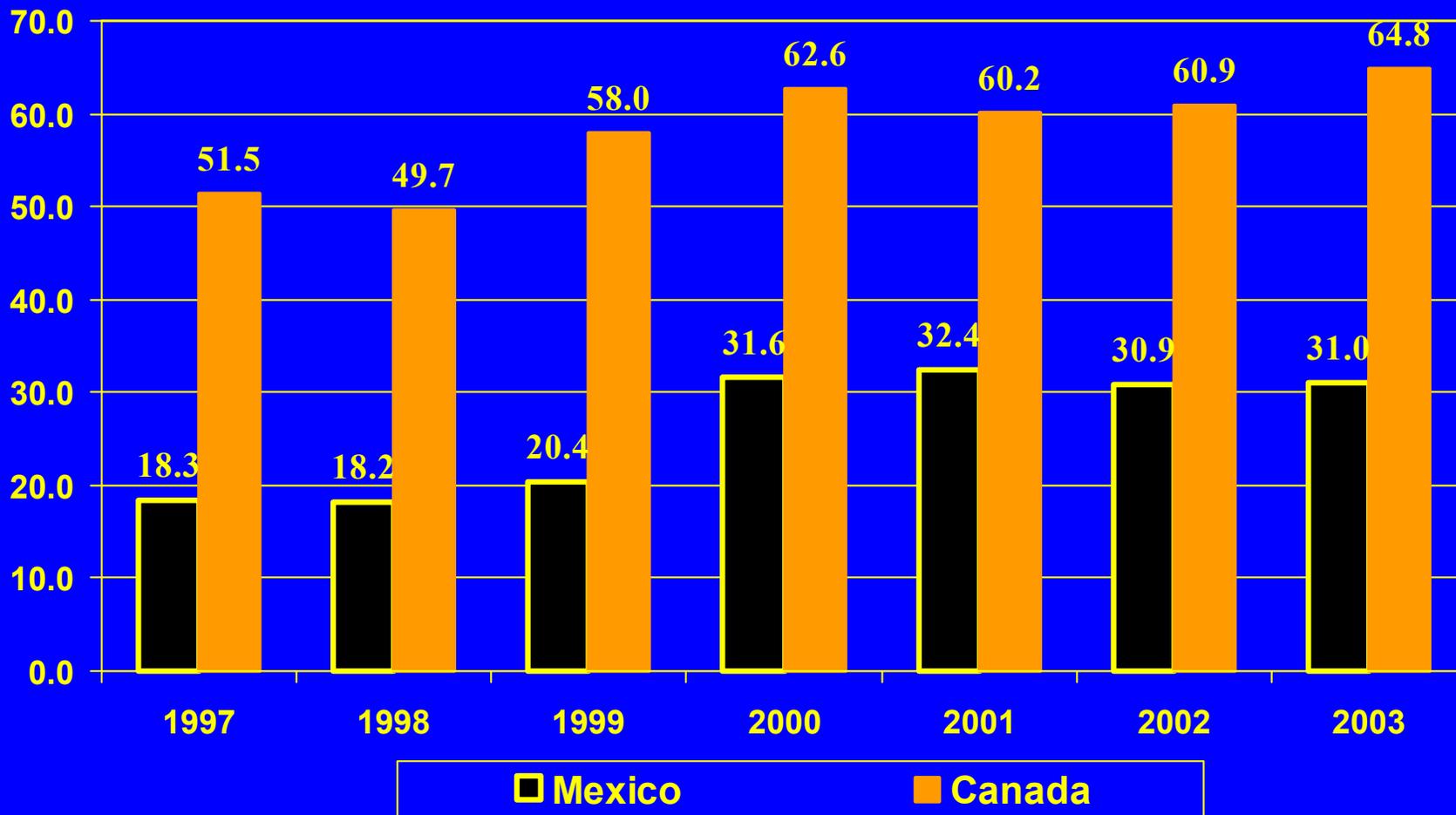


NAFTA TRADE -- 2003

(BILLIONS US \$)

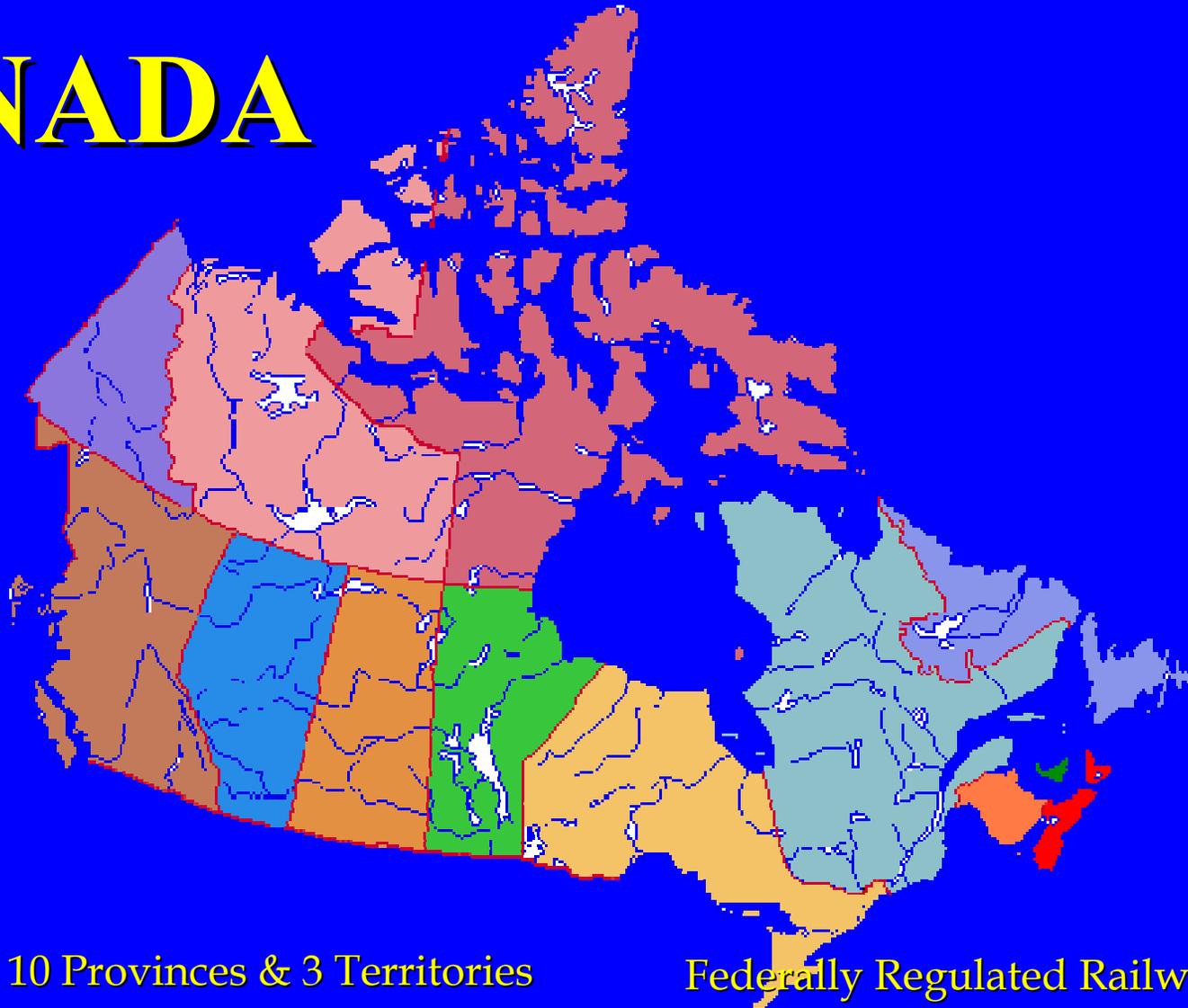
	Surface Only	All Modes
US-Canada	\$362.3*	\$393.7*
US-Mexico	200.4*	235.6*
Canada- Mexico	NA	10.3**

U.S. Trade With Canada & Mexico by Rail 1997-2003 (Billions US\$)



Source: USDOT, Transborder Surface Freight Data.

CANADA



Canada = 10 Provinces & 3 Territories
Transport Canada = HQ + 5 Regions
Several Provinces using Federal regime

Federally Regulated Railways - 34
Provincially Regulated Railways - 50
RAC Member Railways - 60

Canada's Railway System



Federally regulated railways	34
Provincially regulated railways.....	50
Miles of track	38,892
Motive power units	3,293
Freight cars.....	112,000
Passenger cars	1,000
intercity only.....	424
<u>Crossings:</u>	
Public	23,000
Private	26,000
Grade separated.....	3,000

MEXICAN RAILWAY SYSTEM



Trunk Lines (Kms)

—	F.C. del Noreste (TFM)	4,283
—	F.C. Pacífico Norte (Ferromex)	7,164
—	F.C. del Sureste (Ferrosur)	1,479
■	F.T. Valle de México (TFVM)	297

Short and Surplus Lines (Kms)

—	Tijuana-Tecate	71
—	Nacozari	320
—	Ojinaga-Topolobampo	943
—	Coahuila-Durango	974
—	Chiapas-Mayab	1,550
—	Oaxaca y Sur	597
—	Istmo de Tehuantepec (FIT)	207
—	54 Líneas Remanentes	2,804

Areas of Relevance

■ Rail Lines Concessioned and Awarded:

17,288.2 Km. of main line

■ Estimated Loads Moved:

78'141,000 Tons
48,916 Millions/Ton.- Km.

■ Freight Traffic through the Northern Border:

Imports 19,291 Thousands of Tons
Exports 6,828 Thousands of Tons
Total 26,119 Thousands of Tons

■ Passengers Transported:

360,000 Passengers
82 Thousands of Passengers/Km

■ Rolling Stock Equipment:

Motive Power 1,600 Locomotives
Cars 35,000 Cars

■ Investments in Infrastructure, Equipment and Operating Systems:

13,315 Millon Pesos
In the period between 2001 - 2006

■ Concessionaires:

- ◆ TFM
- ◆ Ferrocarril Mexicano (Ferromex)
- ◆ Ferrosur
- ◆ Línea Coahuila – Durango
- ◆ Compañía de Ferrocarriles Chiapas-Mayab
- ◆ Ferrocarril y Terminal del Valle de México
- ◆ Ferrocarril del Istmo de Tehuantepec
- ◆ Administradora de la Vía Corta Tijuana-Tecate

Verification Functions

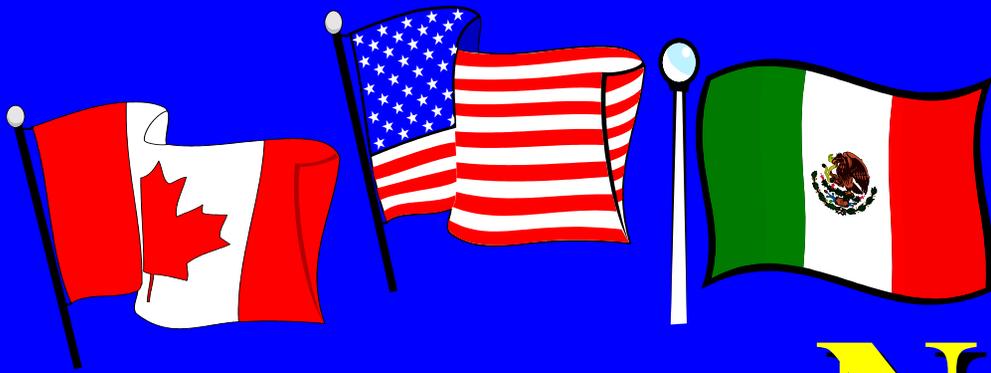
- **Verify compliance with the law, regulations and other requirements related to railway issues.**
- **Conduct verification of crews and dispatching centers.**
- **Verify the general maintenance conditions of tracks, structures and facilities of the railway network.**
- **Verify compliance with rolling stock maintenance programs.**
- **Formulate opinions or judgements of rail accidents.**
- **Address complaints and suggestions from the users and forward them to the respective authorities, as necessary.**

Functions

- **Regulate Rail Transportation.**
- **Develop Railway Services in Mexico.**
- **Safety.**
- **Verify Compliance with Standards.**

Action Items

- ◆ Update Standards; validate standardization with U.S. and Canada; develop official Mexican Standards.
- ◆ Assemble agreements with three levels of government and concessionaires to improve relationship between railways and cities.
- ◆ Determine criteria for qualifications and requirements to obtain Federal Railway License. Sistematize dispatching processes .
Analyze cause of accidents
- ◆ Supervise the proper development of railway services.

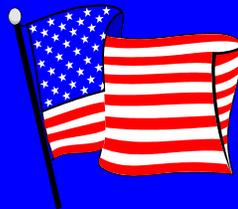


NAFTA

- NAFTA came into force in January 1994
- Land Transportation Standards Subcommittee (LTSS) established to consider compatibility of transportation standards for all modes
- Goal: Harmonization where feasible; no compromise on safety

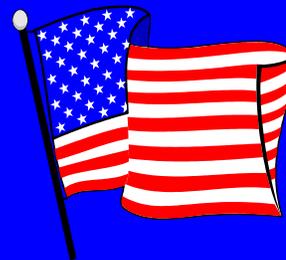
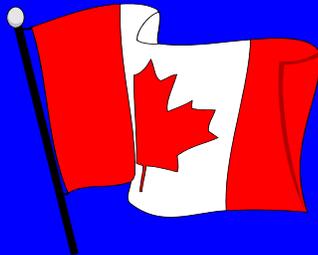
LTSS and Rail

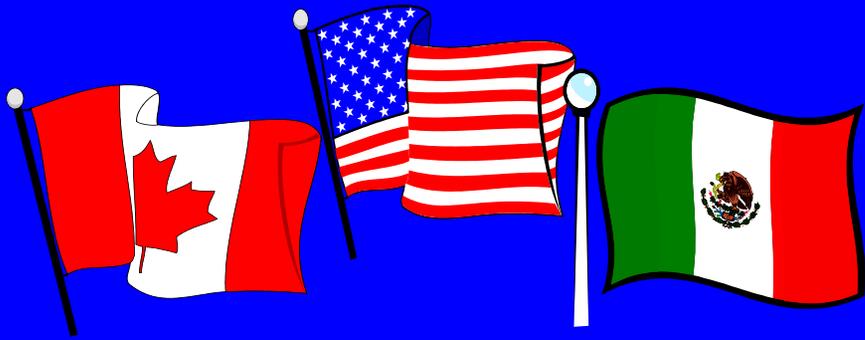
- Trilateral Rail Working Group established
- Evaluated existing Mexican, Canadian, US regulations
- Conclusion: Three regimes basically compatible; no need for major changes
- Additional harmonization could make cross-border operations more efficient



TRANSPORTATION CONSULTATIVE GROUP

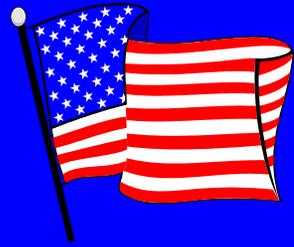
- Further exploration of harmonization
- Forum for discussion of proposed regulations
- Joint efforts on improving border efficiency
- Venue for resolving cross-border problems





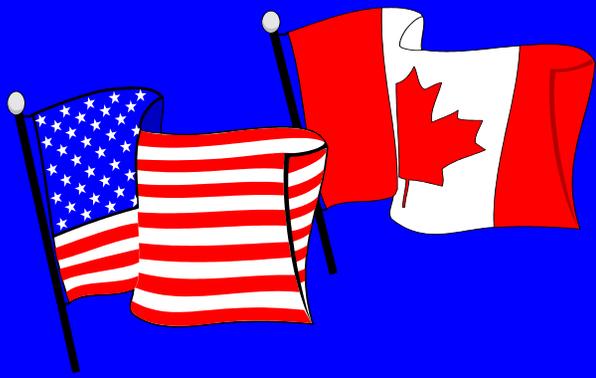
International Regulatory Options

- **HARMONIZATION**
- **RECIPROCITY**
- **EXEMPTIONS/WAIVERS**
- **BILATERAL-MULTILATERAL**



LTSS Bilateral Initiatives

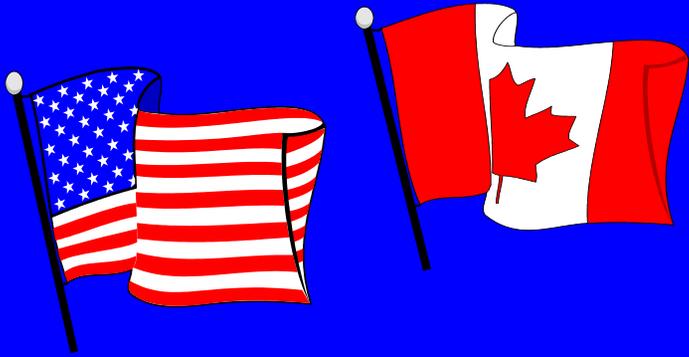
- **Canada/US jointly developed process to review compatibility of respective regulatory regimes**
- **Three main operational issues identified**
 - **Crew Qualification Standards**
 - **Hours of Service Rules**
 - **Occupational Safety and Health Regs**



FRA-TC

Response

- **Closer FRA-TC working relationship was established 1995**
(both management & day-to-day operations)

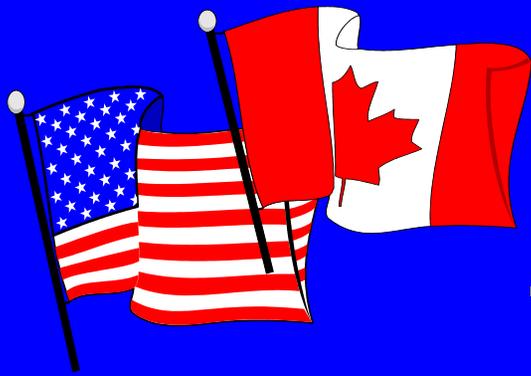


TRWG

- **Joint FRA-TC Technical Review Working Group (TRWG) set up**
- **Involved U.S./Cdn HQ & Regions**
- **Joint FRA-TC Cross-border field inspections conducted**

(Mexico invited as observer)

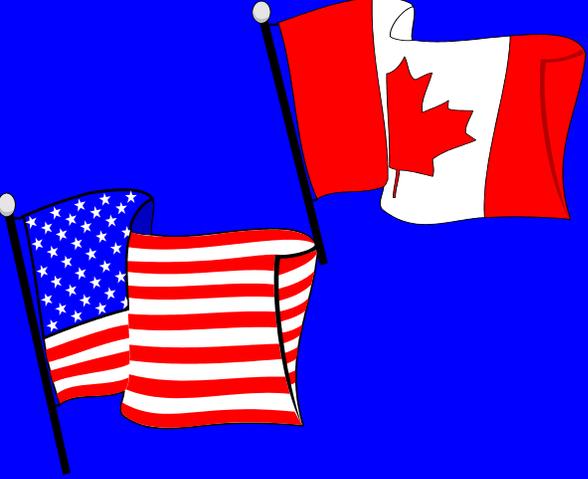




Canada-U.S. CROSS-BORDER ISSUES

TC / FRA jointly reviewed following -

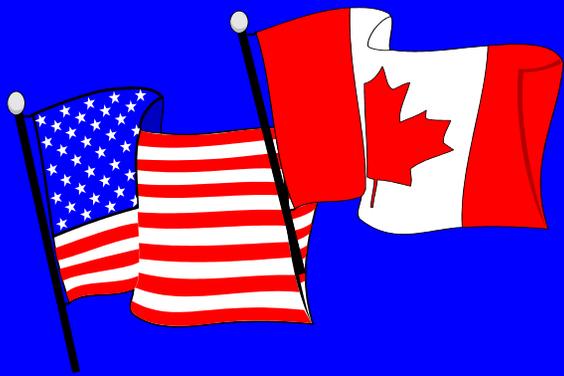
- **Operating rules & practices**
- **Control of Alcohol & drugs**
- **Railway communications**
- **Rear End marking devices**
- **Accident/Incident Reporting**
- **Hours of Service**
- **Occupational Safety & Health**
- **Locomotive Engineer qualifications**



TRWG FINDINGS

*...neither the current regulations
nor existing railway **operating
practices** appear to impede the
flow of goods and traffic under
NAFTA.*

Joint FRA-TC Report, 1997



FRA-TC Initiatives

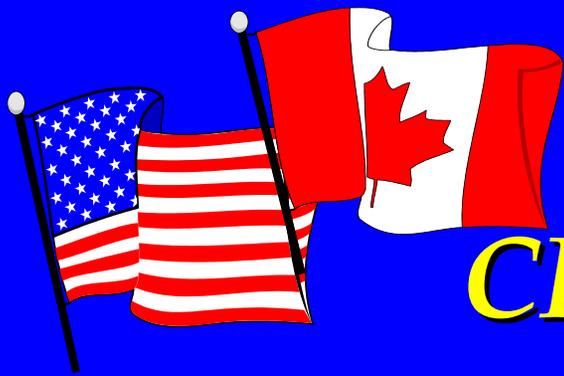
Proposed ACTION PLAN included-

- *Annual Senior Management Meetings*
- *Increased Consultation (Regs & Policy)*
- *Data Sharing (eg. acc/incidents-safety issues/concerns)*
- *Joint Inspections*

Drug & Alcohol Issue

Example of system working

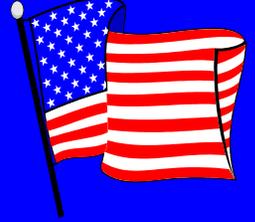
- Identified in TC-FRA Operating Practices review
- Joint discussions with Canadian Railways in late 90's
- Extensive TC-FRA discussions (including diplomatic levels)
- Concerns raised & considered by both sides
- Resulted in modified Final U.S. Rule



Ongoing **CROSS-BORDER ISSUES**

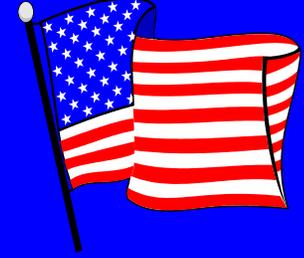
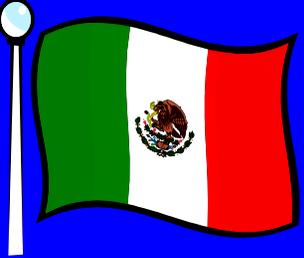
TC / FRA continue to work together on issues such as

- **Fatigue and Human Factors**
- **Regulatory Harmonization whenever possible**
 - **Reflectorization**
 - **Event Recorders**
- **Accident/Incident Reporting**
- **New Technology (eg.PTC;R&D; Stds)**



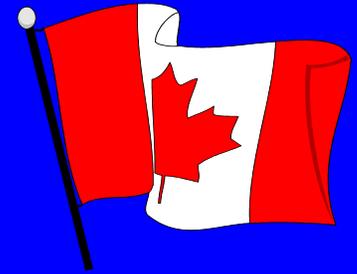
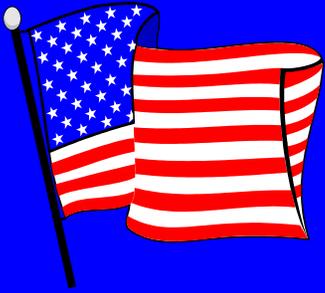
FRA-SCT INITIATIVES

- Longstanding cooperation on emergency orders
- 2000 Memorandum of Cooperation on Safety
- LSTSS/TCG as forum on regulatory initiatives
- Joint hazmat inspections



NEW FRA/SCT INITIATIVES

- FRA-SCT Senior Management meeting in November, 2004
 - Canada invited as observer
- SCT-FRA border staff meeting agreed
- Expansion of joint inspections



“Working Together”

- ➡ Better Understand Respective Regulatory Needs
 - ➡ Earlier Consultation & Co-operation
 - ➡ Learn From Each Other’s Best Practices
 - ➡ Smart Regulations
 - ➡ Instrument of Choice

Progressive Regulator

Facilitate SAFE Cross-border Trade

Thank You

