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SCHEDULED SERVICES OF TOURIST TRAINS IN LATIN AMERICA: A GROWING MARKET

Trains in Latin America and the Caribbean mainly serve as a means of mass transit, bearing passengers along local and suburban routes of cities and transporting freight beyond. Non-urban passenger trains almost disappeared during the last few decades of the twentieth century. In the new emerging markets, however, demand is based on the train itself or the scenery *en route* rather than a wish to arrive at a given station as in the past.

The new tourist trains, which are often well-restored historical engines, are expensive to operate and their special characteristics make it difficult to integrate them with mass transit railway services. However, some may be profitable when run privately and others may have a social justification, based on the boost they can provide to economic development in the often isolated and relatively depressed areas where they tend to operate.

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Trains bound for tourism. It is no exaggeration to state that tourism is the purpose of all trains that manage to survive, as is the case of all buildings and infrastructure constructed by humankind. Constructions also vanish once the original reason for their existence has disappeared, except in a few cases such as the pyramids of Egypt or the fortress-citadel of Machu Picchu, which have become tourist attractions. Some railways in Latin America, and even more so in more developed countries such as the United States or the United Kingdom, have dedicated themselves exclusively to tourism. A growing number are incorporating tourist services into their mainstay activities, which tend to be linked to freight transport. Although the tourist market is still very limited in absolute terms, the sector seems to be becoming increasingly important for many railway enterprises in Latin America and to attract an ever-higher number of market participants.

Origin of tourist trains. Since railways first existed, tourists have always travelled in trains.

However, they tended to use trains as a means to arrive at an attractive tourist destination without considering the train itself as part of the attraction. The discontinuation of services and lack of investment in passenger trains throughout most of Latin America and the Caribbean gradually contributed to train journeys being associated with a romantic or adventurous youth, particularly for the often financially comfortable over 40s. This helped to transform the train itself into a tourist attraction. A large proportion of the passengers who took the train from Santiago to Temuco in Chile until September 2003 did not choose that option to save time or money (it was 33% slower than the bus and the fare higher than many bus companies), but for the pleasant and romantic feeling of travelling in a sleeper car built 74 years previously.

The discontinuation of almost all scheduled passenger trains and the modernization of some of the few surviving ones meant that most tourists, many willing to pay increasingly high prices, were unable to travel by rail. Hence the demand, still uncatered for to a large extent, for trains designed specifically for them. These trains fall into two categories:

- The main attraction of **Type 1** trains is the scenery *en route*. Examples include Argentina's **Tren a las Nubes** (train to the clouds), Brazil's **Serra Verde Express** and the services offered some weekends between Lima and Huancayo in Peru. These services are operated by concession-holders, some that also operate freight trains and other that are entirely dedicated to tourism. They usually run the services as commercial activities but sometimes also aim to promote a good public image.
- The main attraction of **Type 2** trains lies more in the physical characteristics of the train itself than the scenery during the journey. The types of trains used tend to be old and are often steam engines. In a few cases in the region, the agedness is more reproduced than authentic, such as Ushuaia's **Tren del fin del mundo** (train at the end of the world) that is operated by a business whose owners have a sentimental interest in trains and reinvest profits in the railway, as is also the case in Colombia's **Turistren**. Other services, such as those in Uruguay or those that operated in Chile for ten years from the mid 1980s, are organized by train enthusiasts. In some instances, as illustrated by the train of the **Brazilian railway conservation association**, enthusiasts manage to establish their services as part of the tourist trail and make the activity fairly professional. In other examples, like the partially operational **Trochita** (Spanish for "narrow-gauge train") in Argentinean Patagonia or the **Tren del Vino** (wine train) to be launched in Chile, public or private entities supported by the State sector use Type 2 trains to encourage demand for additional services or generally boost economic activity in the area covered.

Although there is a demand for rail travel per se, passengers' willingness to pay increases if the train destination is an interesting location. The features of the **Turistren** in Colombia are almost optimal: (i) availability of wagons and various steam engines that are either operational or relatively easy to repair; (ii) departure from a city of seven million inhabitants; (iii) main destination is in a traditional tourist area including old salt mines with an underground cathedral some 65 km away from the station of departure; and (iv) an itinerary covering flat ground requiring little tractive effort.

The region's tourist trains. Table 1 provides an overview of trains currently in operation in South America and targeted at the tourist market. The situation in some cases is uncertain, hence the service details are more indicative than definite. Type 2 trains are shaded, although some services have characteristics of Type 1 and Type 2. The number of services available is on the rise, and the next few months could see Type 1 services operating in the north of Chile and the east of Bolivia. The table does not include non-scheduled trains such as those chartered by special groups.

Markets for tourist trains and their respective private earning power. The four different market segments for tourist trains are as follows:

- Group A: inhabitants of the areas served by the train;
- Group B: Upper-middle or upper class residents of a country's business or administrative centres and foreign tourists in general;
- Group C: Foreign train enthusiasts, normally coordinated by a tourist agency;
- Group D: Advertising agencies, film and television producers, etc.

Between these segments, there are considerable differences in requirements of customers and what they are willing to pay (see table 2).

TABLE 1: SCHEDULED TOURIST RAIL SERVICES IN SOUTH AMERICA				
COUNTRY	NAME/PLACE	DESCRIPTION	OPERATOR	COMMENTS
Argentina	Train to the end of the world	Steam engine on its own track	Private rail company	Built at beginning of 1990s
	Patagonian train	Diesel intercity tourist train running on track leased to the provincial government	Provincial government enterprise	Also serves the local transport market
	Bariloche	Steam engine on track leased to the provincial government	Provincial government enterprise	
	La Trochita	Steam engine on track leased to provincial governments	Provincial government enterprise	Only operates on the part of the track in the province of Chubut. The section in the province of Río Negro might be reactivated.
	Train to the clouds	Diesel train on State-owned track leased to a union	Private enterprise	Possible new call for tenders
Bolivia	Eastern railway company	Diesel train (steam engines may be chartered) on leased tracks (State-owned)	Concession-holder of the eastern rail network	In process of being launched (uncertainty as to whether it will operate regularly)
Brazil	Brazilian railway	Steam engine running on track leased to the	Association of enthusiasts	

	conservation association (Campinas)	operating association		
	Brazilian railway conservation association (Sta. Catarina)	Steam engine running on State-owned track leased to a private enterprise	Association of enthusiasts	
	Bento Gonçalves - Carlos Barbosa	Steam engine running on State-owned track leased to a private enterprise	State government enterprise	
	Serra Verde Express	Diesel train on State-owned track leased to a freight enterprise	Private enterprise	
Colombia	Turistren	Steam engine running on State-owned track leased to a private enterprise	Non-profit private enterprise	
Chile	Wine train	Steam engine (diesel backup planned) on track owned by a State enterprise	Non-profit private corporation	To be launched in March 2004
	Valdivia - Antilhue	Steam engine on track owned by a State enterprise	Association of enthusiasts	Operates sporadically
Ecuador	Several unconnected routes including Quito - Cotopaxi	Diesel train (steam engines may be chartered) running on three routes	National rail company	Some routes also serve the local transport market
Paraguay	Jardín Botánico - Ypacaraí	Steam engine running on track owned by a State enterprise	Paraguayan railways or concession-holder	Due to be launched in the first half of 2004

Peru	Between Cusco and Aguas Calientes (Machu Picchu) and Puno	Diesel train running on leased tracks (State-owned)	Perurail (Sea Containers), the concession-holder of south and south-eastern networks	Targeted at foreign tourists. Machu Picchu is a special case.
	Lima - San Bartolomé, Lima - Huancayo	Diesel train running on leased tracks (State-owned)	Central Andean railway	Mainly targeting the local market. Trains chartered to foreigners at a premium.

Source: As stated.

Local inhabitants are the least demanding group and the group willing to pay least. It has been found that, even in countries with relatively high per-capita income such as Chile, local inhabitants are unwilling to pay more than about US\$ 12 for a day excursion (round trip) in a steam engine to a tourist destination some 200 km away. It is difficult to cover the train's running costs at those prices, and attempts to establish such services as part of the tourist trail have failed in several countries including Guatemala and Chile itself. Passengers from this group have a limited interest in paying for extras such as lunch in typical places or local art and crafts.

People in group B are prepared to pay as much as US\$ 40, but they demand a high quality service in return. The price of a trip on the **Tren a las Nubes** in Argentina is over US\$ 60 and Chile's **Tren del Vino** is expected to cost about the same (including the main steam engine trip plus the suburban trip from and back to Santiago, lunch, museum entrance and local transport). Although it might be possible to offer two types of ticket to cater for groups A and B in the same train, it could be difficult to reconcile the two.

Train enthusiasts (group C) have very particular characteristics as they are actually more interested in photographing the train than travelling in it. If they hire a train, they want it to be at their disposal. For example, they want to be able to disembark at photogenic locations, ask the driver to reverse and then take photographs of the train coming towards them. In exceptional cases combining all the requisite features (steam engine, old wagons, attractive scenery and technically interesting features), they are prepared to pay up to US\$ 25,000 per day to have a train at their disposal as offered by the Ferrocarril Central Andino (central Andean railway) in Peru.

Advertising agencies, television producers, etc. (group D) also ask for the train to be at their disposal, but their demands are usually more extreme than group C's such as painting the engine and wagons in the style of the American far west or any other atmosphere they wish to create. For this privilege they are sometimes willing to pay even higher prices.

The market that is growing the most is group B, followed by group D, which are fortunately the most potentially profitable.

Group or type of attraction	Type 1: Scenery	Type 2: Train itself

A: Local residents	Market virtually nonexistent	Up to US\$ 12 per day per person
B: City residents and foreigners	US\$ 60 or more per day	Up to US\$ 40 per day per person
C: Rail enthusiasts	Market virtually nonexistent	Up to US\$ 10,000 per day per train**
D: Films, television programmes and advertisements	Up to US\$ 10,000 per day per train approximately	Up to US\$ 30,000 per day per train
<p><u>Notes:</u> * Price estimates do not include extras such as lunch, transfer, etc. in addition to the train journey itself.</p> <p>** Up to US\$ 25,000 in exceptional circumstances.</p> <p><u>Source:</u> Own estimates.</p>		

Tourist trains have special characteristics that are very different from the features of the freight and suburban passenger trains that make up the Latin American railway market. Such trains have specialized requirements that are difficult to meet and their small scale of operation also tends to inflate running costs. Old trains that have been restored are extremely expensive to operate. For a four-wagon steam engine covering 120 km a day at weekends, the daily running costs alone are between US\$ 1,500 and US\$ 1,750, and that does not include marketing expenses such as ticket sales, advertising, etc. The main costs are fuel, periodic engine repair (to ensure long-term operation), engine maintenance, drivers and crew, periodic wagon repairs and the use of rail infrastructure. Costs may sometimes be lowered by using voluntary labour in the form of train enthusiasts who work or study during the week and work for train operators free of charge at weekends. Such arrangements are very common in more developed countries.

The special characteristics of tourist trains make it logical for them to be operated by a specialized entity rather than a freight rail company or suburban passenger train company. Even if the service is run by such a specialized entity, there is no guarantee of profitability.

Social benefits of tourist trains. The social benefits of tourist trains in Latin America have not been quantified. However, these benefits are acknowledged and sometimes result in local government contributions to running costs. Social benefits include job creation in rural areas that are often economically disadvantaged. Jobs are created at various levels of specialization: some are directly linked to running and marketing the train service and others are linked to the production and sale of additional services such as arts and crafts and traditional food.