

**8/29/2011 www.ajot.com**

**Union Pacific Railroad Builds Capacity in New Mexico** *The $400 million Santa Teresa, New Mexico rail project stands to improve cross-border rail capacity with Mexico. But, as Robert Wallack writes, the project has benefits beyond cross border trade.*

**By Robert L. Wallack, *AJOT***

Union Pacific Railroad begins constructing a $400 million Santa Teresa, New Mexico rail project in August that will facilitate more international trade with the Far East and cross border to Mexico for national intermodal cargo. Transportation congestion will be eased along the Sunset Corridor by adding the new capacity in south New Mexico, and a 23.6-mile long diesel fuel pipeline and a 6-mile long connecting highway to the new rail facility will bring the total investment by Union Pacific to $468.7 million.

The site of the new facility is west of the Santa Teresa, Dona Ana county airport on 2,200 acres and will include four components. The first are fueling facilities, the second are crew change buildings to serve employees on long-haul trains out of the area; and both of these two operations will move from El Paso, Texas facilities. The third component is an intermodal block swap/switching yard for consolidating and grouping rail cars with the latest engineering techniques for improved efficiency and throughputs. The fourth part of the new Santa Teresa rail facility is an intermodal ramp to permit both local and regional businesses immediate access of freight trains to transfer containers from rail to truck and from truck to rail. The new facility will provide Union Pacific customer’s eastbound and westbound trains to reach all major United States cities.

**Benefits of the new facility**
The benefits of this new facility will ripple not only throughout New Mexico, but across to Mexico, the Far East and across the North American continent. Businesses using the Sunset Route will find reduced costs from improved distribution in their supply chains and from energy efficiency by using rail instead of road transport. There is an estimated $500 million in economic impact in New Mexico from warehousing, jobs, and tax revenues. “The construction of the Santa Teresa facility will permanently position southern New Mexico as a crucial component of the historic “Sunset Route,” one of the oldest and most critical rail corridors in American history,” according to Union Pacific Railroad reports.

Rail traffic on the Sunset Corridor is quite busy based on the increasing volumes of cargo of all kinds from the Far East and from traffic across the border with Mexico. Union Pacific also has an independent project to double track the Sunset Corridor. In addition, New Mexico is planning an intermodal rail bypass project to improve transport across the border with Mexico. New Mexico Border Authority reported total value of imports and exports processed through Santa Teresa of $13.1 billion in 2010 of which $8.5 billion were imports. Union Pacific revenue for 2010 was $17 billion, a 20 percent increase over 2009 and intermodal traffic increased 19 percent and international volume increased 20 percent over the 2009.

The composition of the trade is varied at the Santa Teresa facility dealing across the border with Mexico at Jeronimo, Chihuahua and along the Sunset Corridor with the Los Angeles seaport for Far East trade. The cross border trade is with the Santa Teresa three major industrial parks producing consumer electronics, wind turbines and automotive components. At the border, only a fence separates Santa Teresa from the new primary tenant, Foxconn and their 1.5 million square foot electronics production facility in Mexico. Currently, containers are shipped to Foxconn from China through Los Angeles/Long Beach, then by rail to El Paso, Texas, then by truck to Santa Teresa. Outbound cargo from Mexico to China is comprised of chilies, onions and scrap metal. In addition, “bulk and expensive items are shipped from Far East producers for distribution throughout the U.S.A. by rail,” said Jim Creek, Project Manager, New Mexico Border Authority, State of New Mexico in a May visit by the American Journal of Transportation to the border. The new Santa Teresa rail facility will bring more efficiencies for these shipments.

The significance of the Santa Teresa rail facility project is best viewed in terms of Union Pacific growth and productivity capital outlays and intermodal terminal annual lifts. The Santa Teresa project is part of a $3.2 billion investment strategy in 2011 to improve the 32,000-mile rail network. By the end of 2014, Santa Teresa will handle 250,000 annual lifts for intermodal shipments, which compares with 2010 annual lifts of 224,000-450,000 at the four Union Pacific Los Angeles intermodal terminals. “Our new facility in Santa Teresa will improve overall throughput along the Sunset Corridor, particularly in and around El Paso, Texas,” said Aaron Hunt, Director, Corporate Relations and Media, Union Pacific.