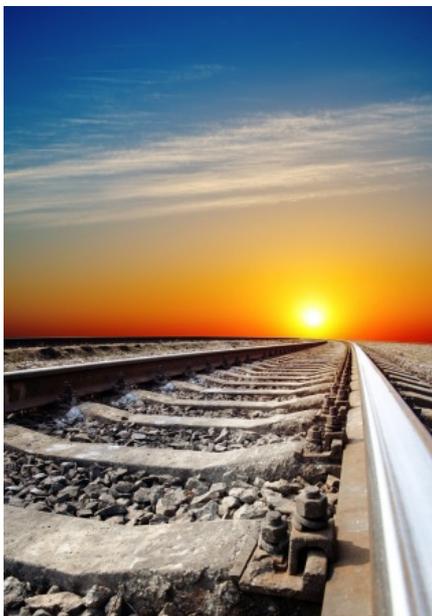




# RAIL INFRASTRUCTURE IN EGYPT

**“A contract will be signed with the Franco-Egyptian alliance to carry out the final phase of the third metro line. The cost of constructing the final phase amounts to EGP 11 billion [\$1.4 billion] and will be funded from the state treasury.”**

**Hany Dahy**, Minister of Transportation for Egypt



Egypt's economy has experienced sustained growth in the last four years due in large part to the increasing stability of its government and its commitment to investing in ambitious large-scale infrastructure projects such as the development of the Suez Canal Zone and other mega projects of this nature.

As Egypt's economy and population both expand, the shortcomings of its national and urban transport networks are being addressed with the same enthusiasm and dedication that saw the SCZ development delivered in record time.

At the latest Egypt Economic Development Conference, Minister for Transport Hany Dahy announced a list of projects in various transportation sectors for the coming 15 years with investments worth US\$13.5 billion.<sup>1</sup> The railway sector is a key component in improving Egypt's transport network. The minister said they are seeking to maximise the role of railways in the transportation of freight and passengers, with three projects at a combined investment level of over \$1 billion for freight development and over \$5 billion in high-speed rail lines.

Not only will the new rail projects help alleviate urban mobility issues and freight operation inefficiencies, they are also designed to improve efficiency and safety of the existing rail network through automation, improved signalling and communications.

## Major Rail and Metro Infrastructure Projects Underway in Egypt

### Cairo Metro Line 3 Extension Works

**Investment level:** \$2.7 billion

**Project initiation date:** 2007

**Estimated project completion date:** Early 2022

**Key project benefits:** Expansion of Cairo Metro capacity to 1.5 million daily passengers

**Project details:** With over 22 million inhabitants, Cairo is one of the most heavily populated cities in the world and as it expands further it requires greater public transport coverage and efficiency in order to keep it moving. According to recent surveys, only 14% of Cairo residents own a private car, meaning that the majority of the burden of urban mobility falls on shared taxis and buses.<sup>2</sup> However, the Cairo metro system is one of the most popular modes of public transport as it is affordable, reliable and fast.<sup>3</sup>

The Cairo Metro already has 78km of track along two fully operational lines, with a third that is being completed and opened in separate stages. Work on the 33km-long Line 3 began in 2007 and respective phases of the final extension works are underway:<sup>4</sup>

“A contract will be signed with the Franco-Egyptian alliance to carry out the final phase of the third metro line. The cost of constructing the final phase amounts to EGP 11 billion [\$1.4 billion] and will be funded from the state treasury.” – Hany Dahy, Minister of Transportation for Egypt<sup>5</sup>

Line 3 is estimated to be completely

<sup>1</sup> *Egypt Independent, Transport Minister: ministry prepares list of investment projects worth of \$13.5 billion till 2030, 15/03/2015*

<sup>2</sup> *Dr. Iman Mohammed Wafaei Ramadan, Towards achieving Sustainable Urban Mobility in Egypt: An Integrated Transport Approach, 2014*

<sup>3</sup> *Dr. Iman Mohammed Wafaei Ramadan, Towards achieving Sustainable Urban Mobility in Egypt: An Integrated Transport Approach, 2014*

<sup>4</sup> *Technical Review Middle East, Alstom signs US\$204mn railway contract with Egypt, 10/11/2015*

<sup>5</sup> *Daily News Egypt, High-speed train, metro lines 5 and 6 priority for transportation ministry's investment projects: Hany Dahy, 25/11/2015*

constructed and ready for operations in early 2022. This will add a full 15 stations and 17.7km of track to the network's coverage, increasing Line 3's capacity to 1.5 million daily passengers.<sup>6</sup>

Along with Line 3, lines 4, 5 and 6 are already in their planning stages, with tenders for pre-preparation work for Line 4 already underway. By 2020, Egyptian National Railways analysts predict that the expanded Cairo Metro network will comprise of all six operational lines that will carry up to 5 million passengers every day.<sup>7</sup>

## Future Planned Rail and Metro Projects

### Cairo Metro Line 4 Phase One

**Current investment level:** \$3.6 billion

**Project initiation date:** Q4 2015

**Estimated project completion date:** TBC

**Key project benefits:** Increased metro network capacity. Better Cairo public transport coverage.

**Project details:** As work in Line 3 draws to a close, phase 1 of Line 4 is due to begin very soon. The first phase of the line envisages 18km of track with 16 stations to be constructed between Remaya square up to El-Malek El-Saleh station of Line 1. The line will also intersect with Line 2 at the Giza station for optimal coverage and convenience for metro users.<sup>8</sup>

While \$2.4 billion of the financing for this project will come from the Egyptian Government, the Japan International Cooperation Agency (JICA) has also indicated significant

interest in providing investments too, with a contribution of \$1.2 billion for Phase 1 of the line. JICA has also intimated that a similar level of funding may be available for future construction phases.<sup>9</sup> This is just one example that aptly demonstrates the wide international investment appeal of Egypt's ongoing public infrastructure projects.

### Alexandria and Aswan High-Speed Rail Project

**Estimated investment level:** \$10 billion

**Project initiation date:** TBC, currently in preparation and investment phase

**Estimated project completion date:** Section 1 operational by 2017, 5-year execution for Section 2, 8-year execution for Section 3.<sup>10</sup>

**Key project benefits:** Fast, safe and efficient transport between Alexandria and Aswan through Cairo. First high-speed rail line to be implemented in Egypt.

**Project details:** *"The aims of the Alexandria-Aswan rail line are to link the north Delta with the Nile Valley with high-speed trains that travel up to 350km/h. The line will be constructed on an elevated path on a bridge and will be completely isolated from both sides to ensure the highest levels of safety and security. Five stations will be constructed for the line – in Alexandria, in Giza, Assiut, Luxor and*

***"The aims of the Alexandria-Aswan rail line are to link the north Delta with the Nile Valley with high-speed trains that travel up to 350km/h. The line will be constructed on an elevated path on a bridge and will be completely isolated from both sides to ensure the highest levels of safety and security. Five stations will be constructed for the line – in Alexandria, in Giza, Assiut, Luxor and Aswan."***

**Hany Dahy,** Minister of Transportation for Egypt



<sup>6</sup>The National, Orascom Construction-led consortium awarded Cairo Metro contract, 11/11/2015

<sup>7</sup>Railway Technology, Cairo Metro, Egypt, 12/11/2014

<sup>8</sup>Zawya, Works on Cairo Metro 4th Line-Phase I to start this Sept, 14/07/2015

<sup>9</sup>IFP Info, Egypt to begin phase one of Cairo Metro Line 4 soon, 05/10/2015

<sup>10</sup>Infra PPP World, MegaProject 234: Egypt plans to build \$10b high speed rail through IPO, 27/05/2014

Aswan.”<sup>11</sup> – Hany Dahy, Minister of Transportation for Egypt

Shelved for years due to political instability and conflicting economic priorities, the plans for Egypt’s first high-speed rail line are well and truly underway as a solid feasibility and investment plan for the Alexandria-Aswan Line have been established.

The high-speed line is expected to be accomplished in three separate sections. Section 1 involves establishing a Cairo-Alexandria line, accommodating 10 to 18 million passengers per year. Section 2 will be implemented over a period of 8 years and involves a Cairo-Luxor line that accommodates 25 to 30 million passengers a year. Section 3 encompasses the Luxor-Aswan line; with an expected construction time of five years and an annual capacity of 25 to 30 million passengers.<sup>12</sup>

Once completed, this advanced high-speed rail link will make it possible to travel from Alexandria to Aswan in just 3-4 hours, a massive improvement on the current average journey time of around 12 hours.<sup>13</sup>

The project represents a significant investment opportunity as Egypt’s Ministry of Transportation has announced plans for an initial public offering (IPO) to finance its construction. The Government intends to supply 20% of the labour, local materials and executive oversight, whereas the project’s required \$10 billion funding will mostly come from Private Public Partnership (PPP) agreements made through the IPO.<sup>14</sup>



## Cairo Super Tram

**Estimated investment level:** \$435 million

**Project initiation date:** TBC, feasibility studies underway

**Estimated project completion date:** TBC

**Key project benefits:** Relieving congestion in Greater Cairo area. Encouragement of sustainable urban transport.

**Project details:** Along with plans to further extend the Cairo metro network, in mid-2014 the French Agency for Development also signed an agreement with the Egyptian Ministry of Transport to finance a Heliopolis-New Cairo super tram. The tram line will be designed to replace the aging Ramses Square – Heliopolis tram, with improved efficiency, signalling and safety equipment being high priorities for the project’s implementation.

The tram line will provide a convenient but sustainable rapid mass transit option for Cairo residents, as it will link up to Line 4 of the Cairo Metro network. Timings and exact costings for the project may be some way off as the World Bank is currently at the pre-feasibility and tendering stage of development.

<sup>11</sup> Middle East Construction News, Rail: Egypt’s fast track to recovery, 11/02/2015

<sup>12</sup> Daily News Egypt, High-speed train, metro lines 5 and 6 priority for transportation ministry’s investment projects: Hany Dahy, 25/11/2015

<sup>13</sup> The Cairo Post, Egypt’s high-speed train project in progress: Minister, 14/03/2015

## 10th Ramadan – Ain Shams Passenger and Freight Railway

**Investment level:** \$700 million<sup>16</sup>

**Project initiation date:** Q4 2015

**Estimated project completion date:** TBC

**Key project benefits:** Increased national rail freight capacity. Improved transport capabilities between Cairo and Ain Shams.

**Project details:** Barely 1% of Egypt's total freight transit operations are conducted via train, leaving the overwhelming majority of freight haulage to be done by truck. This places a huge strain on Egypt's road network, increasing congestion, maintenance costs and accident levels.<sup>17</sup>

The Ministry of Transport's overarching goal is to raise the share of Egypt's rail freight operations up from 1% to 10%, in order to markedly improve efficiency and make a sizeable dent in the problems affecting the road network. The proposed railway to link the residential and industrial area of the 10th of Ramadan City to Cairo's Ain Shams is a vital part of this strategy.

The line will consist of both a passenger and freight link that runs for over 72km and encompasses 17 stations.<sup>18</sup> A proposed second phase of this project will connect 10th Ramadan city and central Cairo with the New Capital Cairo project to the East of Cairo.

## Putting Egypt's Transport Capabilities on Track

Egypt is investing heavily in the overhaul and expansion of its rail and metro infrastructure in order to secure a wide range of socio-economic benefits. These include: improved urban mobility, heightened national freight and passenger transport capacity, better safety and improved efficiency of maintenance and ongoing operations.

As the rapidly expanding range of key rail and metro projects demonstrates, Egypt is looking for both domestic and international investors to turn their transport ambitions into a reality. Either through direct contract tendering or investment in Public Private Partnerships (PPPs), these forecasted rail and metro projects will deliver vastly improved transport links as well as heightened freight efficiency across the country.

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<sup>14</sup> *Infra PPP World, MegaProject 234: Egypt plans to build \$10b high speed rail through IPO, 27/05/2014*

<sup>15</sup> *All Africa, Egypt: France to Finance Fourth Stage of Third Metro Line, 17/05/2014*

<sup>16</sup> *Oxford Business Group, Multibillion-dollar plans to upgrade and expand train network*

<sup>17</sup> *The Cairo Post, Egypt's high-speed train project in progress: Minister, 14/03/2015*



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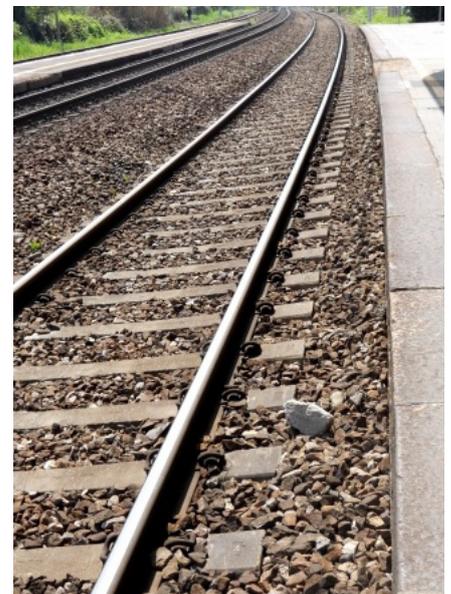
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# FUTURE RAIL AND METRO

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