

EGYPT NEWS REPORT



Egypt: Easing Congestion

For years, a booming population has led to increasingly crowded streets, but new government initiatives may finally ease some of Egypt's traffic problems. With more than 16m inhabitants in the greater Cairo area, the erection of new buildings and the rising number of cars, the density of the capital has left little space for road construction and expansion. To address these issues, projects that offer alternatives to road transport, such as metros and high-speed trains, are being explored, while efforts to expand national thoroughfares have finally begun to move off the drawing board, with the aim of reducing congestion and improving transit times.

The biggest development in Egypt's public transportation sector in recent months is the official launch of the second phase of Cairo's new metro line. At a ceremony in late June, the government announced that a \$140m contract was awarded to a consortium of firms headed by Orascom Construction Industries (OCI) for the civil and electromechanical work on the project. The consortium includes Vinci, Arab Contractors, Bouygues, Colas Rail of France, Alstom and the Thales Group. OCI and Eurovia Travaux Ferroviaires have also been given a separate \$24m contract for the railway construction component of phase two.

That there are a significant number of French companies is unsurprising,

given the longstanding cooperation between the two governments on the project. The French minister of foreign trade, Anne-Marie Idrac, who was at the launch ceremony, told local press that since the start of the metro project 30 years ago, France has committed \$1.4bn in concessional loans. For this new segment, the French government is supplying \$280m in loans to the French companies involved in the plans. Total investments for phase two stand at \$600m.

This second phase will see the construction of four new metro stations: Cairo Fairgrounds, the Stadium, Koliyat Al Banat and Al Ahram Street, which are expected to open in October 2012. This construction is part of the larger Line 3 metro system, which has been under construction since July 2007. It will extend 34.2 km from Imbaba in the west to Cairo International Airport in the east, and is expected to ultimately accommodate 4.5m daily commuters. The third line itself is part of a larger master plan for Cairo's metro system, which calls for the construction of six lines by 2022.

Rail projects are a significant component of the long-term plan for overhauling Egypt's transport infrastructure. In late September, the results of a two-month Egyptian-Italian feasibility study for a high-speed railway line between Cairo and Alexandria will be available, according to Mohamed Mansour, Egypt's transport minister. Egyptian technical staff and the Italian state-owned railway company Ferrovie dello Stato are studying a range of factors, including capacity, cost and possible routes. He said that if the \$775,000 study finds that the train is a realistic possibility, Egypt will release a public tender for construction and operation.

This new plan comes in the middle of the Ministry of Transport's four-year refurbishment programme, which began in mid-2007 and which will see \$1.48bn directed towards infrastructure needs for the world's second-oldest railway network, through 2011. International organisations have added their support to the upgrades, which came after a number of fatal crashes at the beginning of the decade. In early August the minister of transport, Mohamed Lotfi Mansour, confirmed the World Bank's loan of \$270m to support the project, following negotiations that lasted 30 months.

While the expanded metro and rail plans will reduce road congestion and improve safety, Egypt has also been taking measures to deal with the ever-rising number of cars on the street. While the number of cars sold has declined in the wake of the global financial crisis, down 36.3% year-on-year in June 2009 according to officials at the Automotive Marketing Information Council, in total, the number of cars in Egypt has increased some 400% over the past 25 years, making the expansion of the country's road network a vital step.

To this end, a number of roads and projects are in the planning and construction phases. The Cairo-Alexandria Highway aims to transform the current road into a 231-km-long freeway. Another major project is the Mediterranean Coastal Highway, which runs 562 km from Port Said to Marsa Matrouth along the northern coast of the Mediterranean. The two roads are estimated to cost \$546m and \$269m, respectively. The two remaining large-scale highway projects are those connecting Shoubra to Banha and Kafr El Zayat to Alexandria. The latter, which is intended to relieve

congestion bound for Alexandria from the Delta region, will stretch 110 km and cost an estimated \$273m. The Shoubra-Banha Highway, which is projected to accommodate 125,000 vehicles a day, is expected to cost about \$129m.

Still, while these projects should significantly expand the roads, the growing number of cars poses serious structured and environmental challenges. For a more sustainable solution, the government needs to maintain its commitment to public transport and draw in sufficient private investment to create a modern and efficient transportation network for its citizens.

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