



An Introduction to the Railways of the I.R.Iran

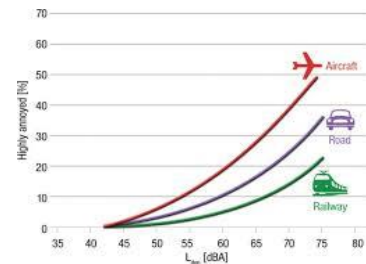
Strategic Plans



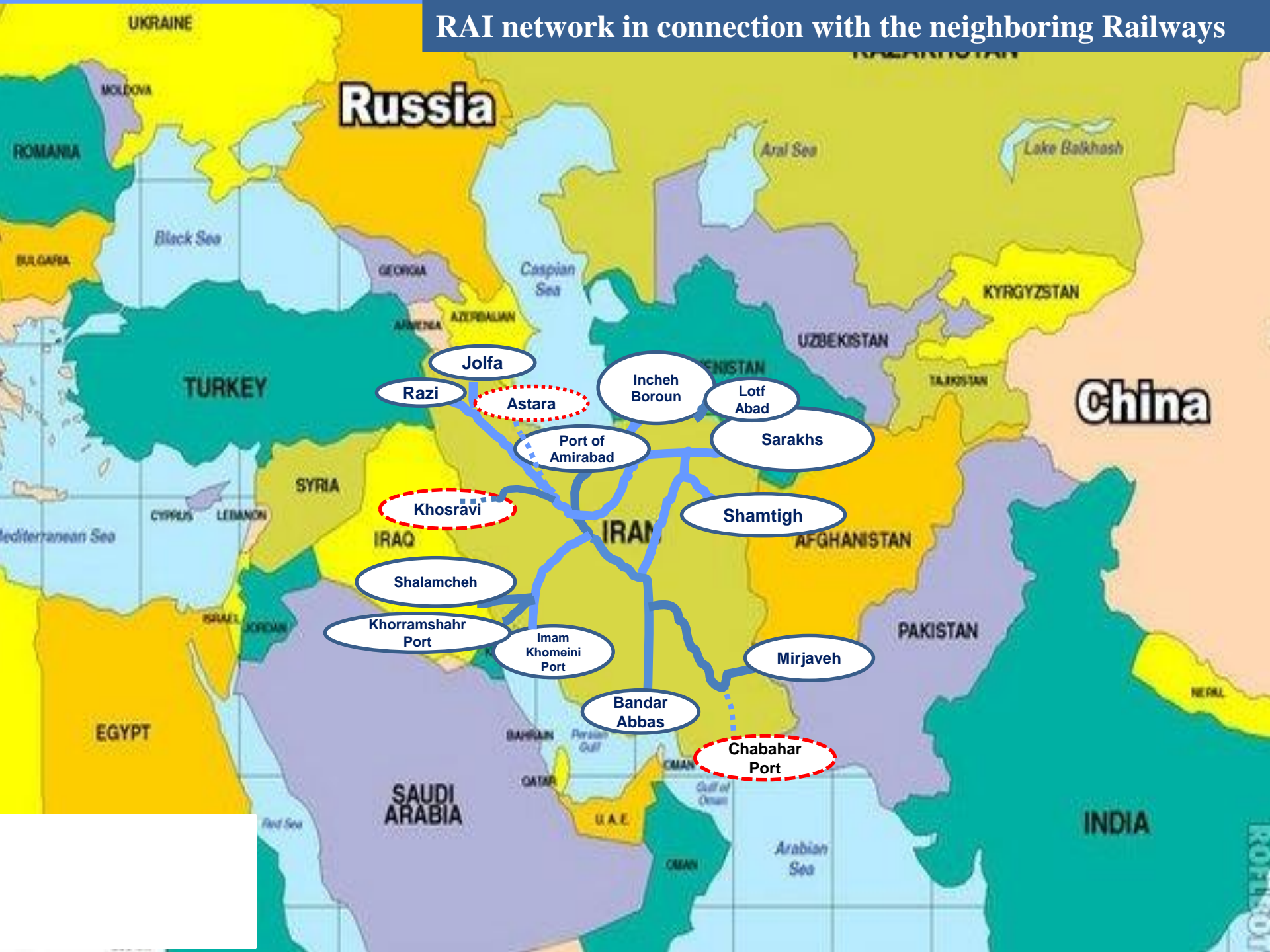
Tehran- November 2017

The Railways of I.R.Iran at a glance (2016)

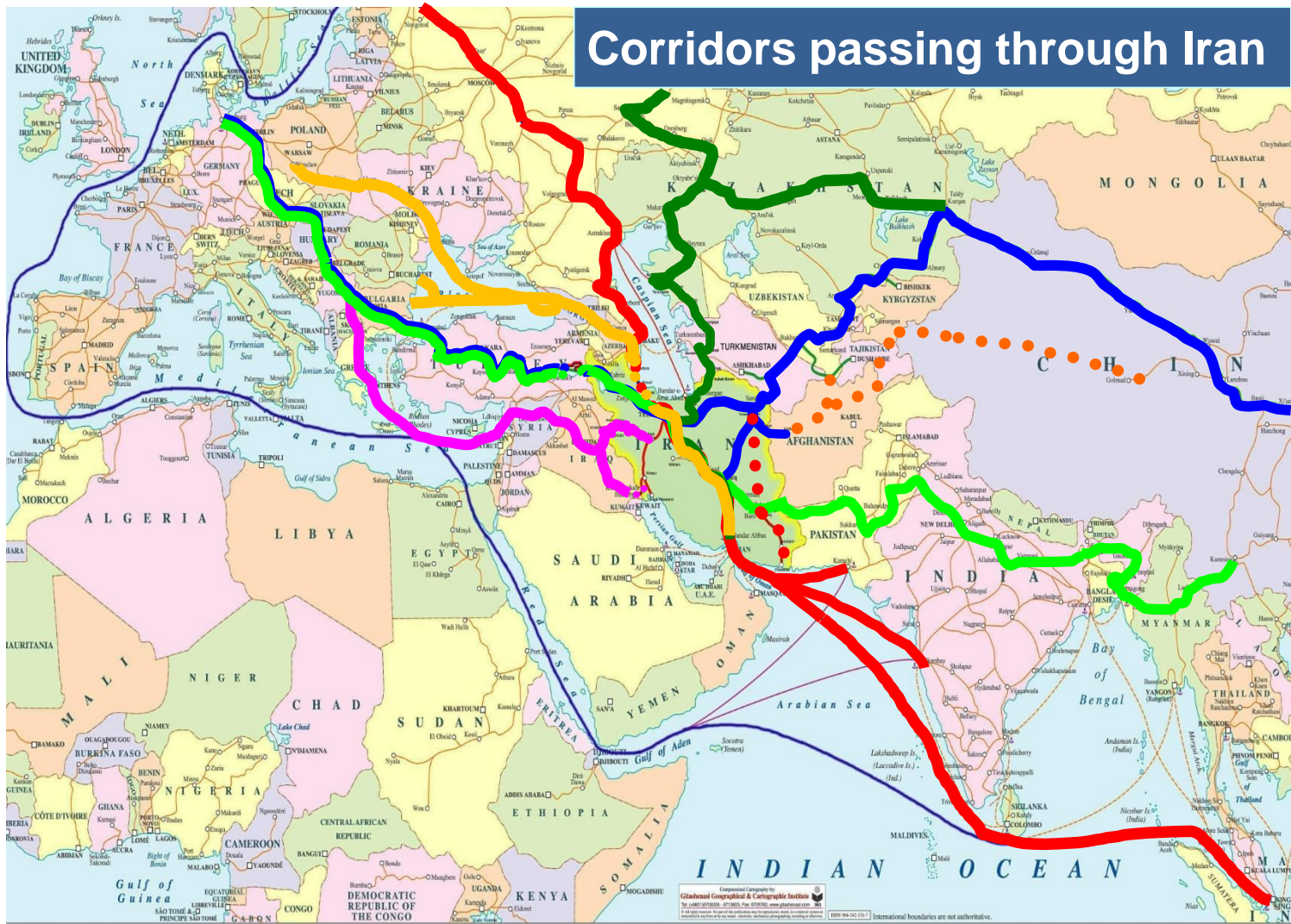
- Number of Personnel: 10 000
- Length of the lines: 10 500 km
- Number of Locomotives: 556
- Number of Freight Cars: 24 000
- Number of Passenger Cars: 1900
- Tone carried: 40 Million Tons
- Passenger carried: 23 Million passengers
- Railway share in freight transport: 12%
- Railway share in passenger transport: 8%



RAI network in connection with the neighboring Railways



Corridors passing through Iran



Geographical Concepts by
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Trade volume from Asia to Europe in 2014

Asia

MERCHANDISE TRADE

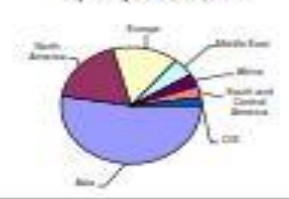
	Value, m. \$	Share		Annual Percentage Change		
	2014	2010	2014	2010-14	2013	2014

Merchandise exports f.o.b.	5 977 254	100	100	8	2	2
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Exports by destination ^a

By region	Value, m. \$	Share 2010	Share 2014	Annual % Change 2010-14	2013	2014
Asia	3 093 100	52	52	8	2	0
North America	1 094 629	17	18	7	-4	6
Europe	809 730	17	15	3	0	6
Middle East	301 521	4	5	11	-4	11
Africa	206 646	3	3	13	7	10
South and Central America	194 945	3	3	8	-3	-3
CIS	126 582	2	2	10	8	-1
By economic grouping						
Developed Economies	2 424 167	43	41	5	1	3
Developing Economies	3 326 375	54	56	7	3	2
LDC (Least developed countries)	194 572	2	3	14	12	11

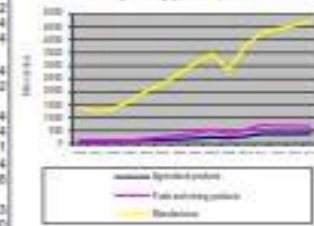
Exports by destination, 2014



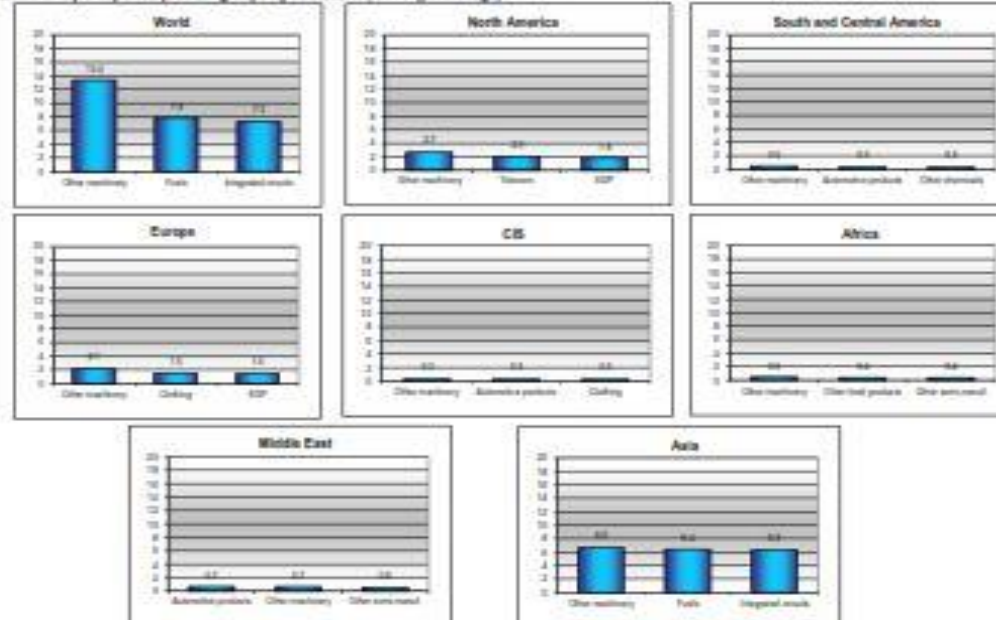
Exports by product ^b

By major product group	Value, m. \$	Share 2010	Share 2014	Annual % Change 2010-14	2013	2014
Agriculture products	395 675	6	7	8	2	-2
Fuels, mining products	856 500	11	11	5	0	-4
Manufactured goods	4 735 290	79	80	8	3	4
Agreement on Agriculture	295 970	4	5	8	2	4
Industrial goods	5 621 284	96	95	8	2	2
By product group						
Other machinery	790 846	13	13	6	1	4
Fuels	465 096	8	8	7	-1	-4
Integrated circuits	434 017	8	7	5	14	1
Other chemicals	427 915	7	7	7	2	-4
Telecom.	415 451	6	7	8	9	8
Fastest growing product group in 2014: Iron and steel	177 712	3	3	8	-5	13
Since 2005: Misc. manuf.	365 401	5	6	12	2	10

Exports by product, 2014



Share of top 3 exported product groups by destination, 2014 (percentage)



^a Excludes unspecified destinations and other products, not classified elsewhere.

^b Excludes other products, not classified elsewhere.

Trade volume from Europe to Asia in 2014

October 2015

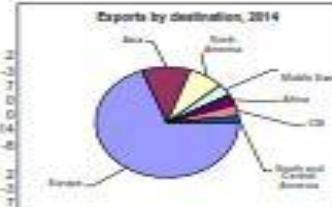
Europe

MERCHANDISE TRADE

	Value, m €	Share	Annual Percentage Change			
	2014	2013	2014-13	2013	2014	
Merchandise exports F.o.b.	6 852 487	100	100	5	3	0

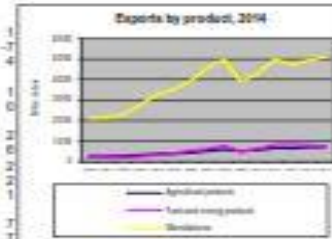
Exports by destination a

By region	Value, m €	Share	Annual Percentage Change			
	2014	2013	2014-13	2013	2014	
Europe	4 685 313	71	69	4	4	-2
Asia	738 444	9	11	9	11	-3
North America	539 582	7	8	7	2	7
Middle East	228 552	3	3	8	8	0
Africa	221 485	3	3	6	8	-14
CIS	218 212	3	3	5	3	-8
South and Central America	119 157	2	2	5	4	1
By economic grouping						
Developed Economies	5 152 824	78	76	4	4	-2
Developing Economies	1 380 613	18	20	8	10	-3
LDC (Least-developed countries)	51 247	1	1	10	8	2

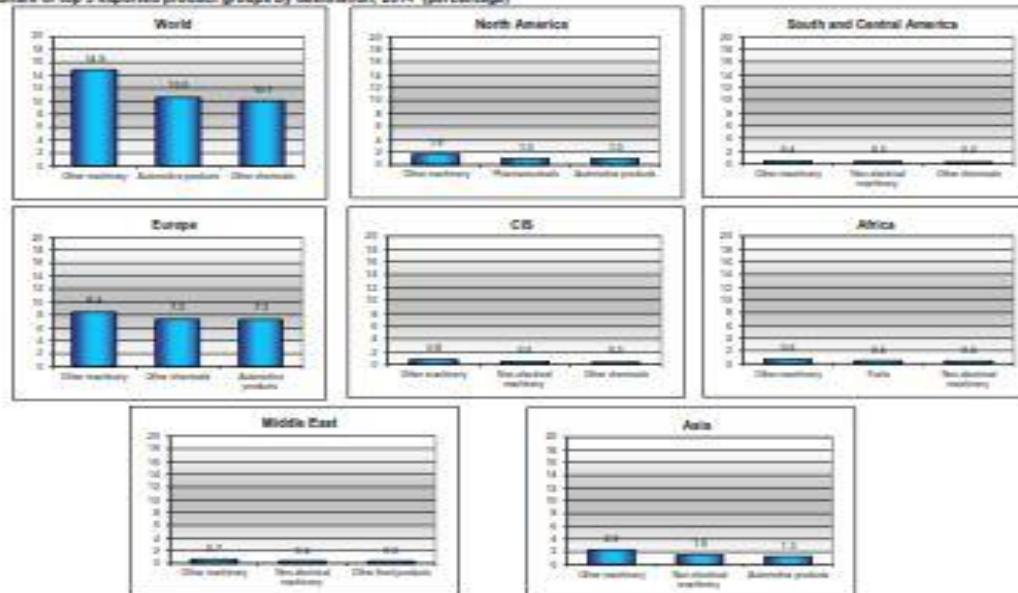


Exports by product b

By major product group	Value, m €	Share	Annual Percentage Change			
	2014	2013	2014-13	2013	2014	
Agriculture products	719 497	10	11	8	5	1
Fuels, mining products	758 705	11	11	5	-2	-7
Manufactured goods	5 025 954	78	75	4	4	-4
Agreement on Agriculture	623 271	9	9	8	8	1
Industrial goods	8 173 990	91	91	5	4	-1
By product group						
Other machinery	1 011 744	15	15	5	4	2
Automotive products	718 198	10	11	6	7	-1
Other chemicals	885 280	10	10	4	4	2
Non-electrical machinery	595 335	9	9	5	3	2
Other food products	576 827	8	8	6	8	1
Fastest growing product group						
In 2014: Personal and household goods	143 979	2	2	7	9	-2
Since 2005: Personal, household goods	143 979	2	2	7	9	-2



Share of top 3 exported product groups by destination, 2014 (percentage)



a. Trade includes unspecified destinations and other products, not classified elsewhere.
 b. Trade includes other products, not classified elsewhere.

Strategic Goals of the Railways of I.R.Iran

- 1- Plan to increase railway share in freight transport: from current 12% to 30% (195 Million Tons/ year by 2021);
- 2- Plan to increase railway share in passenger transport : from -10% to 20% (103 Million passengers/ year by 2021);
- 3- Offering competitive advantages to increase transit via rail network of Iran and achieving 40% share in transit market.



Rail Transport Development Plans

Infrastructure		Unit	Number
Linking the center of provinces to the railway network		Number	8
		Kilometer	1555
Construction of new suburban lines		Kilometer	680
Linking of industrial and commercial centers		kilometer	250
Electrification of the railway network		kilometer	2580
High-speed train	track	Kilometer	2169

Rail Transport Development Plans

Fleet	Unit	Number
Freight locomotive	-----	1389
Shunting locomotive	-----	297
Passenger locomotive	-----	294
Passenger Car	-----	2500
Freight Car	-----	46120
Self-propelled car (commuter)	-----	656
Self-propelled car (high-speed)	-----	176
Second lines	-----	2600
Trucking	-----	3500

Incentive package for more contribution of private sector to finance and invest in the Railway

A) Making the necessary legal basis for supporting investment in the railway contains:

- 1- The possibility of ensuring purchase of services by the railway company (long-term purchase of traction services);
- 2- The possibility of issuing payment guarantee by RAI for the investment done by the private sector in the railway;
- 3- The possibility of ensuring risk coverage for the fluctuation of the exchange rate by RAI;
- 4- The possibility of covering general risks of foreign investment by RAI.

Incentive package for more contribution of private sector to finance and invest in the Railway (cont'd)

B) Decreasing rail network access charge and eliminating VAT:

- 1- Access charge decrease from the average figure of 57% to the average figure of 23% (in 3 years);
- 2- Exempting investors supplying new freight cars from access charge payment (for 4 years);
- 3- Exempting passenger cars from access charge payment;
- 4- A 50% reduction in the access charge for transit cargos moving via Iran;
- 5- Access charge elimination for container transport;
- 6- VAT elimination for rail sector.



Incentive package for more contribution of private sector to finance and invest in the Railway (cont'd)

C) Subsidy payment possibility

1- Subsidy payment to the commuter trains;

2- Subsidy payment for fuel saving to the investors up to the principal and total interest of the investment by the Ministry of Petroleum (1.3 cent per ton km and 0.7 cent per passenger km)



Incentive package for more contribution of private sector to finance and invest in the Railway (cont'd)

D) Financial contribution:

- 1- Allocating 500 Million USD from National Development Fund resources to establish Rail Leasing Company with preferential conditions;
- 2- Allocating 300 Million USD from National Development Fund resources to supply working capital for domestic rail fleet manufacturers;
- 3- Allocation of other resources from National Development Fund with private sector partnership for rail investments with foreign financial contribution being in priority;

Incentive package for more contribution of private sector to finance and invest in the Railway (cont'd)

D) Financial contribution (cont'd):

4- Possibility to finance through stock market under railway monetary support;

5- Ensuring part of partnership projects by the railway (around 30%);

6- Reduction of financial costs through preferential currency and financial resources for rail investment.

Thank you for your kind attention