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

- Jolfa
- Port of Amirabad
- Shalamcheh
- Imam Khomeini Port
- Khorramshahr Port
- Shamtigh
- Mirjaveh
- Chabahar Port
- Astara
- Razi
- Khosravi
- Lotf Abad
- Sarakhs
- Incheh Borou
- Bandar Abbas
- Chabahar Port
- Port of Jolfa
- Port of Khorramshahr
- Port of Astara
Corridors passing through Iran
Trade volume from Asia to Europe in 2014

### MERCHANDISE TRADE

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (in $)</th>
<th>Share</th>
<th>Annual Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>5,671,254</td>
<td>100</td>
<td>100%</td>
</tr>
</tbody>
</table>

#### Exports by destination

- **Asia**: 3,030,100
- **North America**: 1,394,299
- **Europe**: 727,759
- **Middle East**: 304,121
- **Africa**: 200,049
- **South and Central America**: 184,043
- **CIS**: 126,500

#### Exports by economic grouping

- **Developed Economies**: 2,424,167
- **Developing Economies**: 3,528,375
- **LDCs (Least Developed Countries)**: 44,572

#### Exports by product

- **Agriculture products**: 390,675
- **Fuels, mining products**: 459,530
- **Manufactured goods**: 4,725,296
- **Agricultural products (agricultural value added)**: 220,070
- **Industrial goods**: 3,521,234

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

- **World**: 30%
- **North America**: 35%
- **South and Central America**: 25%

#### Sources:
- WTO Secretariat
Trade volume from Europe to Asia in 2014

- **Merchandise Trade**

  - **Exports by destination a**
    - **Europe**: 4,485,313
    - **Asia**: 736,444
    - **North America**: 529,562
    - **Middle East**: 228,552
    - **Africa**: 211,458
    - **CIS**: 210,212
    - **South and Central America**: 115,157

  - **By economic grouping**
    - **Developed Economies**: 5,152,604
    - **Developing Economies**: 1,380,613
    - **LDC (Least developed countries)**: 51,347

- **Exports by product b**

  - **By major product group**
    - **Agriculture products**: 710,497
    - **Fuels, mining products**: 750,703
    - **Manufactured goods**: 5,985,954
    - **Agricultural goods**: 623,271
    - **Industrial goods**: 5,173,180

- **Share of top 3 exported product groups by destination, 2014 (percentage)**
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.
<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Unit</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linking the center of provinces to the railway network</td>
<td>Number</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Kilometer</td>
<td>1555</td>
</tr>
<tr>
<td>Construction of new suburban lines</td>
<td>Kilometer</td>
<td>680</td>
</tr>
<tr>
<td>Linking of industrial and commercial centers</td>
<td>kilometer</td>
<td>250</td>
</tr>
<tr>
<td>Electrification of the railway network</td>
<td>kilometer</td>
<td>2580</td>
</tr>
<tr>
<td>High-speed train</td>
<td>track</td>
<td></td>
</tr>
<tr>
<td>Fleet</td>
<td>Unit</td>
<td>Number</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>------</td>
<td>--------</td>
</tr>
<tr>
<td>Freight locomotive</td>
<td>-----</td>
<td>1389</td>
</tr>
<tr>
<td>Shunting locomotive</td>
<td>-----</td>
<td>297</td>
</tr>
<tr>
<td>Passenger locomotive</td>
<td>-----</td>
<td>294</td>
</tr>
<tr>
<td>Passenger Car</td>
<td>-----</td>
<td>2500</td>
</tr>
<tr>
<td>Freight Car</td>
<td>-----</td>
<td>46120</td>
</tr>
<tr>
<td>Self-propelled car (commuter)</td>
<td>-----</td>
<td>656</td>
</tr>
<tr>
<td>Self-propelled car (high-speed)</td>
<td>-----</td>
<td>176</td>
</tr>
<tr>
<td>Second lines</td>
<td>-----</td>
<td>2600</td>
</tr>
<tr>
<td>Trucking</td>
<td>-----</td>
<td>3500</td>
</tr>
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</table>
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.
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.
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)
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;
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