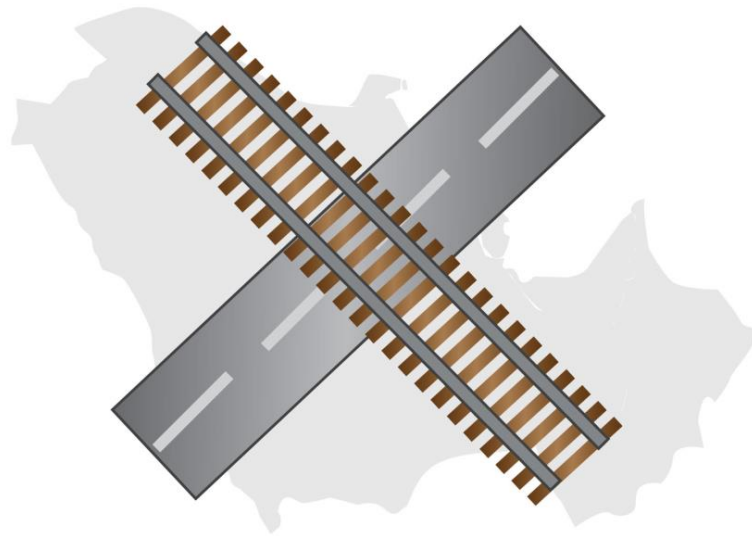


Marmore Infrastructure Reports 2016

Saudi Arabia Roads & Railways

Seeking alternative transportation



Research Highlights

Examining and analyzing the status of Saudi Arabia Roads and Railways sector highlighting the demand, supply and investment trends. The report also presents growth drivers and key learning points.

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1. Executive Summary

In December 2015, Saudi Arabia's government announced plans to asphalt 24,000 Kms of roads at a total cost of over USD7.4 Bn.

Constant inflow of expats into the country has resulted in development of interior parts of the country. Linking the provinces with major cities in the country has been a catalyst that has increased investments in building new roads as well as developing existing ones. In December 2015, Saudi Arabia's government announced plans to asphalt 24,000 Kms of roads at a total cost of over USD7.4 Bn and set aside plans for asphaltting 60,000 Kms of road in the future.

Expenditure on the transportation sector in Saudi Arabia has primarily been focused on road networks. Larger land area and higher density of vehicles per Km are one of the important factors behind the increased investments in transport and infrastructure over the years.

Saudi Arabia stands first among the GCC nations, when compared on the grounds of investments made in road sector. Of all investments made in GCC in road projects, 46% of the investment share comes from Saudi Arabia followed by Kuwait and UAE at 28.4% and 18.8% respectively.

Huge investments are being made into the sector both in maintenance and to cater to new demands. From 1990 to 2015, the total length of asphalted and paved agricultural roads implemented by Ministry of Transport has grown by a CAGR of 10% from 21,000 Kms to 205,199 Kms in 2015. In 2015, total length of asphalted roads stood at 134,498 Kms, which forms approximately 65% of the total road network in Saudi Arabia.

From 1990 to 2015, the total length of asphalted and paved agricultural roads implemented by Ministry of Transport has grown by a CAGR of 10% from 21,000 Kms to 205,199 Kms in 2015.

The budget for 2016 has allocated a sum of USD 6.45bn for Infrastructure and Transportation sector, a decrease of 63% from previous year. Oil price decline has forced the government to cut down spending on key infrastructure projects marking a biggest shakeup in the economic policy of the country.

Railways never really made inroads in the GCC; in fact, most countries do not even have railway networks. However, the region's growing population is increasing the demand for transport infrastructure. Moreover, congestion on roads and increasing trade has spurred a demand for an alternative. Saudi Arabia aims to change it by constructing a vast array of

Railway network in the Kingdom of Saudi Arabia extends for a total length of 1,412 Kms and it links Eastern Province and Riyadh.

railway station at important cities – Riyadh, Makkah, Medina and Jeddah. Some large railway projects that are being planned or executed in Saudi Arabia are the Land Bridge, the Haramain High Speed Rail Project, ADA - Riyadh Light Rail Transit (Riyadh Metro), MOT-Jeddah Metro: Orange & Blue Line, Medina Municipality - Medina Monorail, SAR - Minerals Railway

Railway network in the Kingdom of Saudi Arabia extends for a total length of 1,412 Kms and it links Eastern Province and Riyadh. Riyadh is home to 40% of the country's population and 50% of the economic activity. The trains carry annually more than 1.3 million passengers and 350 thousands containers. Over 80% of the containers are directed to Riyadh Province through Dammam Port, and two million tons of ordinary movable goods which need about 500 thousands trucks to be shipped on the road. Passengers carried by Saudi's railways increased from 714,000 in 2002 to reach 1,317,000 in 2015 increasing at a CAGR of 4.82%. Passenger numbers are expected to go up on completion of the Haramain High Speed Rail (HHSR).

The culture of travelling in train is something that is relatively new to the region unlike in the EU or Asia.

The challenge for railways in the region is to attract patrons. The culture of travelling in train is something that is relatively new to the region unlike in the EU or Asia. Shifting citizens to travel by trains is essential for the government's long term plans of shifting away from oil-based economy. With oil prices already forcing Saudi government to cut down on its expenses it might also be a good time for laying the foundation for acceptance of large-scale public transport among the citizens.

Cost of the full report: \$350

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