

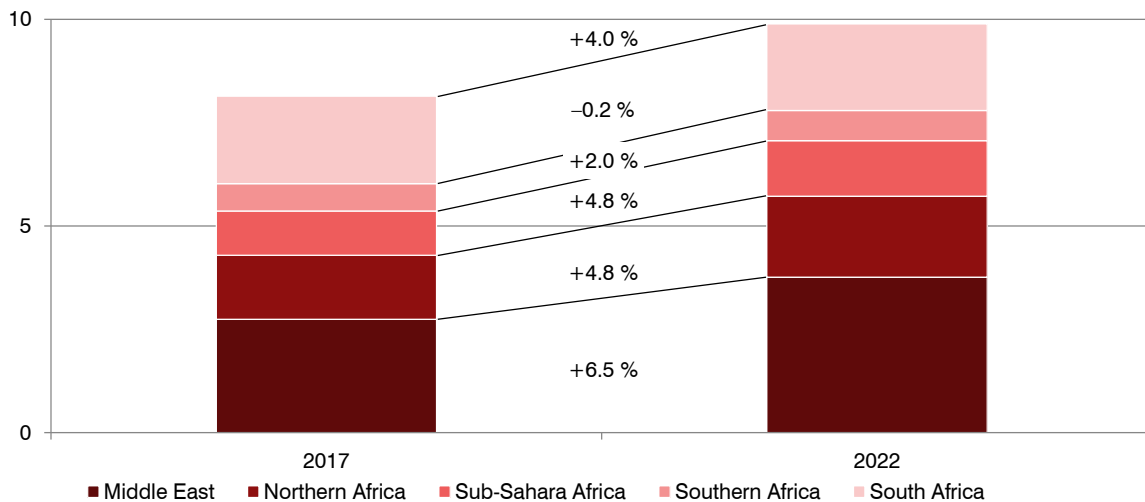


**Rail Business in Africa and the Middle East: China Promotes Passenger Transport**

New Regional Market Study by SCI Verkehr

The market for railway technology products and services in Africa and the Middle East is forging ahead. By 2022, an average annual growth of 4% is expected, compared to 2017. Recently, passenger transport has become a significant factor in the market. Metro and light rail networks in the region will almost quadruple up to 2022, the market volume of their rolling stock is to grow by an average 9% p.a., and those of the mainline railways' passenger rolling stock by more than 11 % p.a.. This is shown in the latest market study "The Railway Market in Africa and the Middle East" by SCI Verkehr GmbH.

Africa / Middle East: Average Market Volumes 2017 and 2022 [EUR billion]



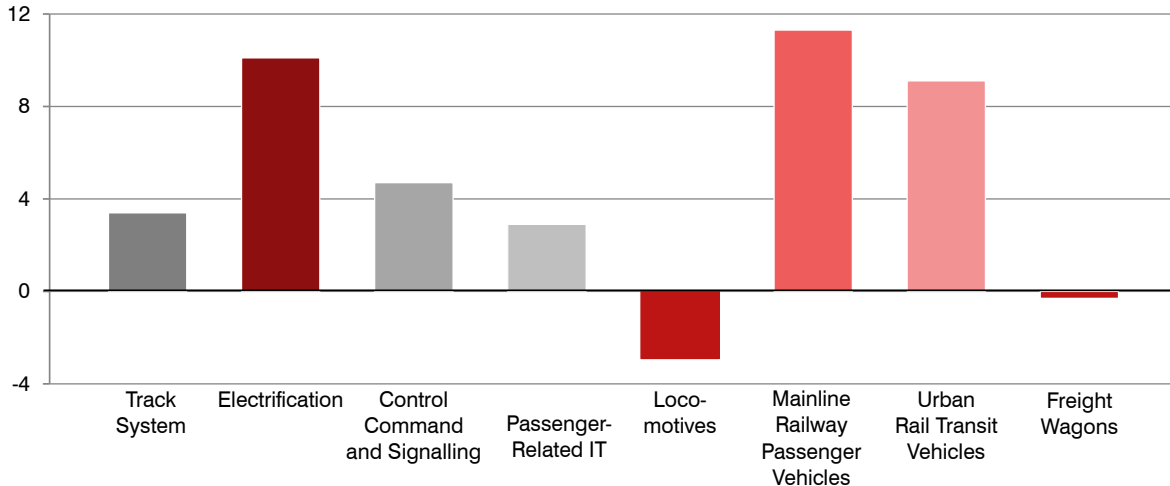
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Out of the region' total market volume of slightly more than EUR 8 billion, approx. one third is accounted by the Middle East. In this area an above-average market growth (+6.5% p.a.) is expected. In a more extensive way than its neighbours, Iran advances ties between its seaports and the national railway network as well as to the international trade corridors between Asia, Russia and Western Europe. These initiatives are clearly determined by recently deepened economic and political relations between Tehran and Beijing.

Africa and the Middle East still lack sufficient rail infrastructure. After the downturn on the global commodity markets between 2014 and 2016, numerous projects to explore resource deposits still await realisation.

However, the nations in the region managed to keep alive the contractor appetite of their predominantly Asian partners and redirect it to new targets. "With increasing urbanisation, a mobile population is becoming increasingly a determinant of economic prosperity and social stability", states Maria Leenen, CEO of SCI Verkehr.

## Africa / Middle East: Compound Annual Growth Rates (CAGR) 2017–2022 by Product Group [%]



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Both inside and between the economic centres, passenger rail transport is on the rise. Mainline passenger rail vehicles are expected to see market growth of more than 11% p.a. Numerous projects for new and extended metro and light rail networks have the market for rolling stock in this segment increase by another 9% p.a. Furthermore, in this segment and in the mainline railway networks of the Middle East and Northern Africa, a period of enhanced electrification is expected for the future. Locomotives and freight wagons, which for a long time have been leading products in the market, will see decreasing market volumes. In particular this applies to South Africa, where after comprehensive procurements and modernisation in the recent past, approx. one quarter of the regional market is likely to stagnate.

China is not at all the sole active international partner in the region. Traditional relations of some countries to Russia, the USA or former European colonial powers, however, are clearly inferior to the number and scope of projects developed with Chinese and Indian support in the Middle East, Eastern and Southern Africa.

Concerns that the Chinese side could be slowing down its involvement against the background of the development on the commodity markets have proven largely baseless", Leenen concludes. "Investment keeps paying off, just the reasons have changed. For the future of the market itself as well as its political and economic environment, this does not have to be a disadvantage."

The MultiClient Study "[The Railway Market in Africa and the Middle East](#)" is available now (in English) from SCI Verkehr GmbH ([www.sci.de](http://www.sci.de)). Please also find more information about our latest offer of [the data annex in Excel-format](#), which will be available for all upcoming study publications.

The logo for SCI/Verkehr, featuring the letters 'SCI' in a large, bold, red font, followed by a red slash and the word 'Verkehr' in a smaller, black font.

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