



# THE RAIL MARKET IN SOUTHEAST ASIA - 2016



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# INTRODUCTION

Underpinned by an expanding regional economy, Southeast Asia's rail market is a vibrant and fast-moving sector. Numerous projects are continuing in every country across the region as governments respond to pressing requirements to improve railway infrastructure across nations and major cities, many of which have never had an effective transportation system.

Indonesia, Thailand and Vietnam continue to be the countries that are progressing some of the most significant long-term rail and mass transit projects, many of which are valued at tens of billions of dollars. Countries such as Malaysia, the Philippines, Myanmar, Cambodia and Laos are also pursuing ambitious network upgrades that seek significant input from international vendors.

Additionally, rail projects in Southeast Asia have increasing emphasis on international connections, especially those that lead to China. The programme to construct the regional segments of the Trans Asian Railway network is also starting to take shape with major projects linking regional neighbours under way and scheduled to be operational within the next decade.

With no notable railway industry in the region itself, major rail contractors from across the world are competing to implement the expansion projects, which represent both significant opportunities and challenges for new entrants in the market.

This report from Brooks Market Intelligence reviews the scope of this rail network expansion and highlights opportunities for investment and project participation.

The report provides a comprehensive review of current principal main line, metro, rapid transit and light rail projects in 10 Southeast Asian countries, providing insights into rail and related development in the region. The features of each project are summarised and where possible its current status is highlighted. Links are also provided for the organisations responsible for project implementation and management.

December 2015

### NATIONAL RAIL NETWORK

Keretapi Tanah Melayu Berhad (KTMB) is Malaysia's state-owned national railway operator, responsible for a 1,658 km metre gauge network running from the border with Singapore to that of its northern neighbour, Thailand. Recent extensive modernisation has seen track-doubling and electrification of lines radiating from the capital, Kuala Lumpur. KTMB was corporatised in 1992 and is overseen by the Ministry of Transport. The Railway Assets Corporation is a government agency set up at the time KTMB was corporatised to assume responsibility for railway assets and historic debts, and to lead redevelopment of the country's rail network. Since 2007 the government has approved the construction of several new lines and track rehabilitation projects and is also pursuing the development of a Malaysia-Singapore high-speed rail link.

KTMB – KEY FACTS	
Operational network	1,658 km of 1,000 mm gauge
Electrification	339 route-km at 25 kV AC
Passenger traffic	51 million passenger journeys (2014)
Freight traffic	7.1 million tonnes (2014)
Fleet	89 diesel locomotives; 85 EMUs; 230 passenger coaches; 3,157 freight wagons (2014)
Employees	6,088 (2014)

Sources: Ministry of Transport; KTMB

KTM Komuter electric suburban services around Kuala Lumpur account for some 90% of the company's passenger traffic, with day and night intercity trains accounting for the rest. Containers and cross-border traffic exchanged with the Thai system dominate freight activities, with cement, fuel and food products also carried in significant volumes.

KTMB operates Peninsular Malaysia's primary railway – a 787 km line from Singapore north through the capital Kuala Lumpur (KL) to Butterworth, one of Malaysia's principal seaports on the west coast.

## Upgrading and new line projects

The 10th Malaysia Plan (2011-2015) identified several rail networks in Peninsula Malaysia for improvement as part of the Malaysian government's commitment to upgrade national infrastructure and enhance access and connectivity throughout the country. These projects encompass:

- **Malaysia-Singapore high-speed rail link:** A high-speed link between Kuala Lumpur and Singapore has been proposed several times since 2005, although in 2012 the plan gained traction with the Malaysian government confirming that it was evaluating its construction. In late 2012 Malaysia's Land Public Transport Commission (LPTC) undertook a detailed alignment and preliminary engineering study of the project and in February 2013 the governments of Singapore and Malaysia agreed to build the 340 km line, with a target completion date of 2020. However, the scale and complexity of the project has caused delays. In 2015 both governments agreed that the 2020 deadline was over-optimistic and that issues such as land acquisition have been problematic. Design of the link continued in 2015 with pre-tender invitations issued to industry in October 2015 before the expected issuing of tenders in 2016. As of 2015 a new deadline for the project has not been announced but it is likely to be the early 2020s. The cost of the project is a reported MYR40 billion (USD10.5 billion).
- **Gemas—Johor Bahru electrified double-tracking:** This project – a 197 km line linking Gemas in central Peninsular Malaysia to Johor Bahru on the border with Singapore in the far south – is valued at USD2.6 billion and was originally scheduled to start in 2013 and be complete by 2018. However, the project has been delayed by funding constraints and by October 2015 had not commenced. The government has indicated that the project is likely to be included in 11th Malaysia Plan (2016-2020). Once complete, the link will mark the conclusion of a double-tracking project throughout Peninsular Malaysia from the border with Thailand at Padang Besar to the Singapore border.
- **Ipoh—Padang Besar electrified double-tracking:** This USD4 billion project covering 330 km commenced in 2008 and was officially completed in July 2015. Construction work, which included boring a 3.3 km tunnel at Bukit Berapit and constructing a 3.5 km marine viaduct at Bukit Merah, was undertaken by a joint venture between investment company MMC and infrastructure developer Gamuda.
- **Seremban—Gemas electrified double-tracking:** This project was completed in November 2013. Construction of the 98 km line was undertaken by Ircan International Ltd, a subsidiary of Indian Railway. Work started in January 2008 and was costed at USD1.1 billion.
- **Iskandar—Singapore rail link:** In 2015 the government of Malaysia was progressing a private sector proposal to construct a 100 km commuter line between Iskandar Malaysia in Johor and Singapore. The project proposes rehabilitating a line between Pasir Gudang and Pelabuhan Tanjung Pelepas and the construction of 21 stations. It is being developed by Metropolitan Commuter Network Sdn Bhd (MCN), a 60:40 joint venture project between Malaysia Steel Works Bhd (Masteel) and investment holding company KUB Malaysia Bhd. Construction of the line was initially expected to commence in 2014 but was delayed due to funding and design issues. However, in mid-2015 the JV was reported to be discussing with the Malaysian transport ministry a 37-year operating concession. The joint venture has outlined an intention to submit the project for government funding later in 2015 with a possible start for construction in 2016. The project is reportedly valued at MYR1.23 billion, with MCN providing the lion's share of funding.