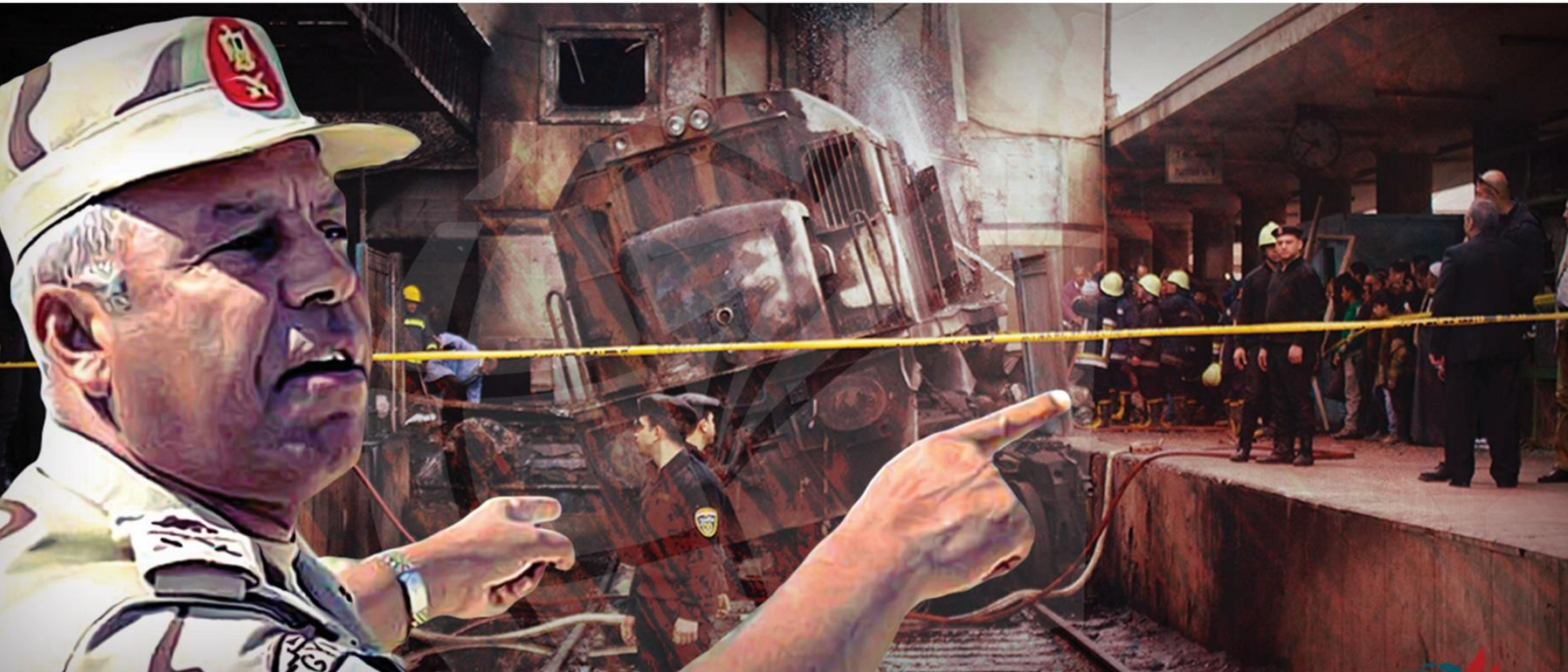


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# **Egypt Trains Crises: Problems, Priorities and Alternatives**

**Omar Samir Khalaf**



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## Egypt Trains Crises: Problems, Priorities and Alternatives

Omar Samir Khalaf

Over the past decades, hardly a year goes by in Egypt without occurrence of a tragic accident on Egypt's railways. Since the 1980s, the Egyptian government has addressed railways, means of mass transport and their related bodies as economic enterprises, while most countries all over the world consider railways, public transport and the infrastructure associated with them as public services that are not subject to profit and loss accounts, and seek to expand them with environmental considerations linked to decarbonization, public health, and reduction of road accidents.

Egypt's railways are among the oldest railways in the world, extending for 9570 km. But the number of accidents and victims on Egypt's railways is also among the largest in the world, which requires a comprehensive radical change. In fact, successive governments since the January 2011 revolution up till now have sought solutions to this problem, but unfortunately to no avail. The railway accidents have been associated with creation or accumulation of waves of rage over the past two decades, starting from the Ayyat train accident (Upper Egypt) in 2002, the worst in the history of Egypt's railways, that left at least 350 victims and was classified among the ten worst train accidents in the world<sup>1</sup>, followed by hundreds of accidents on an annual basis, albeit less tragic. These accidents have long been used by the Egyptian street and opposition forces in mobilization against regimes, being objective reasons for invoking anger. Major train accidents over the past period were behind dismissal of several ministers of transportation, but they all passed without real accountability. The recent tragic railway accident of the collision of passenger Train No. 157 and Train No. 2011 at the village of Al-Sawamiya, Sohag, Upper Egypt, left about 22 dead and 185 injured, according to the latest statement of the Ministry of Health.

This paper attempts to explore the policy crisis that led to the current situation, the double standards in addressing the recent train accident compared to similar past accidents, and the Egyptian government's plan to develop railways. The paper also introduces some recommendations and alternatives for solving the problem, as follows:

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<sup>1</sup> Railway Technology, The world's worst train disasters, 1 January 2014, <https://bit.ly/3cBxOA9>

## Crisis of funding, distribution and spending:

A recent study by the Egyptian Initiative for Personal Rights (EIPR), based on declared official data, has indicated that the real spending on railways, excluding debt service, decreased in the last twenty five years, i. e. between FY 1990/1991 and FY 2015/2016 by 39%. This decline was not only due to the austerity policies and successive spending cuts, but also because of the fact that users of the service have sharply decreased, both in terms of total kilometers achieved, that decreased from about 57 million in 1990/91 to 42 million km in 2015/2016, i. e. by 25 per cent; or in terms of the number of passengers, that decreased sharply from about 613 million per annum in 1990/1991 to about 236 million in 2015/2016. However, the decline in the number of passengers is linked with deterioration of the service and lack of expansion in proportion to the increase in population and urban expansion. Although Egypt's population has nearly doubled, and the urban area has dramatically increased in recent periods, the number of kilometers traveled by trains have sharply declined. This coincided with a significant expansion of the private irregular mass transport means between cities, which passengers resorted to as an alternative to using Egypt's railways, exposing their lives at greater risk by traveling on roads that lack the most basic safety factors, especially agricultural roads in Upper Egypt. In 2013, more than 28 people died on a daily basis in road accidents in Egypt, according to WHO statistics.<sup>2</sup>

The problem is not related to limited resources as much as it is related to mismanagement and misallocation of these resources, and poor prioritization of their spending. Due to expansion of borrowing accompanied by austerity requirements, the Egyptian National Railways (ENR) debt service accounts for nearly half of its actual spending according to the ENR closing account for FY 2016/2017. Meanwhile, investments that are aimed at the development and expansion of the service and raising its efficiency are estimated at only 15%. This situation has not improved much over the past five years, as the ENR debts have escalated to the point that most, if not all, of the ENR activities are financed through domestic or external borrowing:

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<sup>2</sup> Egyptian Initiative for Personal Rights (EIPR), Up to the "train disaster" ... Real spending on railways has declined by about 40% in a quarter of a century, accessed 19 March 2021, <https://bit.ly/3dbM2qo>



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ENR Domestic Debts: There is no accurate estimate of the domestic debts of the Egyptian National Railways (ENR), whether to the National Investment Bank (NIB) or to the Ministry of Finance. Hisham Arafat, the former Minister of Transportation, had confirmed that the ENR debts amounted to 60 billion Egyptian pounds, despite the fact that the ENR owes the National Investment Bank EGP 35 billion and the Ministry of Finance owes another EGP 35 billion. At the same time, Ahmed Ibrahim, the former official spokesman for the Ministry of Transportation, said that the ENR debts amounted to 100 billion Egyptian pounds.

ENR External Debts: The Egyptian National Railways obtained a series of major loans between 2006 and 2019, and it is still on the path of borrowing from several international parties, to the extent that its debt service is close to 50 percent of its expenditure, which is deducted from terms of the actual investment on maintenance of old lines as well as safety and security factors.

The Central Auditing Organization (CAO) report of 2017 revealed that the Egyptian National Railways failed to benefit from the loans it had obtained, as those loans were linked to covering the deficit and corruption of the ministry officials. Because of the accumulation of debts and the ENR failure to repay them, the ENR seeks to value several assets to use for paying off part of the debt. The value of some ENR assets has reached 22 billion Egyptian pounds, which will be sold to pay off part of the debt due to the National Investment Bank (NIB),<sup>3</sup> or to the Ministry of Finance, as the ENR is considered an economic body, where the state budget does not offer any support to it.

The ENR financing crisis is linked to another crisis, that is the periodic ticket price rises, targeting complete price liberalization, which appears to be a government policy that it has been preparing for years through amendment of some laws and promotion of the idea that the situation in the ENR cannot be reformed without involving the private sector in managing and owning part of its assets. However, liberalizing the ENR train tickets prices did not contribute to reducing the number of accidents and deaths, amid absence of any significant improvement in the ENR performance in terms of safety and security standards.

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<sup>3</sup> Amgad Hamdi, Development of the Egyptian National Railways: Crises and Obstacles, Egyptian Institute for Studies, 8/16/2019, accessed 20 March 2021, <https://bit.ly/39mARtS>

The current minister, Kamel Al-Wazir, was appointed following the Cairo's Ramses Railway Station disaster, which killed 22 people at the end of February 2019, raising questions about the policies that contributed to the deterioration of the railways and caused a long series of train disastrous accidents, especially that the accident at that time was in the central station (Ramses) in the heart of the capital, was considered one of the most tragic train incidents, and received direct international coverage from many TV channels.

The problems and accidents of the Egyptian railways are escalating year by year, affecting almost all Egyptian governorate through which railways trains pass. Ironically, the only two years in which railway accidents declined were 2011 and 2012, despite the political unrest and continued protests, which refutes the government's use of the revolution as an excuse for covering its mistakes.

| Train Accidents (2006-2018) |       |       |       |       |       |       |       |       |       |       |       |       |       |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Year                        | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  |
| Number                      | 1,118 | 1,231 | 1,293 | 1,577 | 1,057 | 0,489 | 0,447 | 0,781 | 1,044 | 1,235 | 1,249 | 1,793 | 2,044 |

**Source:** Central Agency for Public Mobilization and Statistics (CAPMAS)

Since transformation of the Egyptian National Railways (ENR) into an economic body within the economic openness policies according to Law No. 152 of 1980, services related to transportation are treated as commodities that are subject to profit and loss, cost and return, regardless of any other objectives. It is striking that the ENR losses, according to such logic, doubled from EGP 6.3 billion to EGP 12.3 billion between 2016/2017 to 2018/2019, according to the Ministry of Finance reports<sup>4</sup>, taking into account that this was before the impact of the COVID-19 pandemic that struck the whole world. In 2020, most surprisingly, the ticket price hikes and the increase in collection of fines, according to new policies adopted since 2017, did not reduce the number of accidents.

Since 2018, in parallel with the austerity measures and the economic reform plan that Egypt followed in late 2016 in cooperation with international financial institutions, specifically the International Monetary Fund, there is a trend for reducing expenditures on public utilities, and privatizing the Egyptian National Railways, among other government-owned bodies to cover its deficit and get rid of

<sup>4</sup> Egyptian Ministry of Finance, Financial Indicators for Economic Bodies for the Period from 2016-2017 to 2018-2019, p. 78, <https://bit.ly/31uNe2Q>

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its indebtedness, by amending laws to be in line with recommendations of these international institutions under the heading of enhancing partnership between the public and private sectors. In March 2018, the Egyptian parliament proposed amendment of the ENR law to allow such partnership, following the recommendations of the head of Egypt's mission to the International Monetary Fund, to establish an independent transportation regulation body in June 2018, which may be an introduction to privatizing parts of Egypt's public transport. These amendments stipulate the involvement of the private sector in the management, operation and maintenance of infrastructure projects, and the ENR networks across the country, marking the liberalization of train ticket prices<sup>5</sup>.

The current crisis of the two train collision at Sohag comes only two years after Lt. General Kamel Al-Wazir assumed his position as Minister of Transportation, where enormous resources have been allocated for his ministry to implement plans, most of which were plans prepared by previous ministers but delayed for lack of funding. Kamel Al-Wazir then pledged that by June 30, 2020, Egyptian railways will be safe and developed, and that train collisions will be completely over. Kamel Al-Wazir allocated 46.8 billion Egyptian pounds to develop and modernize signal systems, while Sisi had previously refused to allocate only 10 billion pounds for the same purpose demanded by the former Minister of Transportation. But all this huge money that was allocated to Al-Wazir did not prevent the tragic Sohag train collision accident on March 26, 2021. The strange thing is that Al-Wazir has not recognized existence of a real crisis, where on the same day, he spoke to the media about his achievements and plans for development, and he only apologized to the families of victims, saying that he was a combat soldier and would not evade responsibility in a preemptive signal to prevent Sisi from dismissing him or pushing him to resign.

Among the key dimensions of the current crisis is the absence of accountability and double standards in dealing with officials under the same regime. In the aftermath of every train collision over the past two decades, the press, the media, the public opinion, and more recently the social networking sites, have been practicing pressure to hold those officials accountable, and the ordinary result was dismissal of the minister or the official without real accountability for those responsible for causing loss of citizens' lives. As for the recent incident, (given the fact that Kamel Al-Wazir is a former army

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<sup>5</sup> Ahmed Zikrallah, Difficult Economic Measures in Egypt, Egyptian Institute for Studies, 2 May 2018, <https://bit.ly/3ft6buP>

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commander) the Egyptian media, owned by the sovereign bodies and regional countries, gave the minister the opportunity to express his view and throw accusations in anticipation of any likely investigation. Media professionals in Parliament and outside it, as well as those active on social media, praised the achievements of Al-Wazir. In addition, the young man who filmed online videos of the accident was accused of being a terrorist, a Takfiri, and belonging to Muslim Brotherhood, which are pretexts that no longer convince the majority of Egyptians.

The Egypt Projects Map website states that the government allocated 360 billion Egyptian pounds to high-speed train lines, most notably the Alamein-Ain Sokhna project with a length of 460 km, with recommendation of immediately starting its execution<sup>6</sup>. Although the plan of the former minister and the ministers preceding him gave priority to developing signaling systems over other projects, which is evident from the contracts concluded before the term of Lt. General Kamel Al-Wazir, the latter pushed towards giving priority to the Alamein-Ain Sokhna project, given that Sisi prefers execution of giant projects aimed at political propaganda. However, the priority should have been for the parallel line between Luxor and 6 October city, Giza, that would definitely serve more Egyptians.

In addressing the recurrent crises related to railway accidents, the highest standards of safety and security must be observed in order to save lives of passengers; but to follow such standards while developing the railways according to the current reality, there are several paths that can be adopted:

The first scenario is that the Egyptian government maintains its plans of radical development of the railways based on the approach of maintaining revenues together with speed of achievement based on the current priorities, but at the expense of safety and health standards of all Egyptians. This is likely to allow continuation of accidents, due to human and technical errors, albeit at likely lower rates. Therefore, the regime should exclude this scenario because it threatens the lives and interests of Egyptians, and even the regime itself.

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<sup>6</sup> Egypt's Projects Map, The Alamein- Ain Sokhna Electric High-Speed Train, accessed 20 March 2021, <https://bit.ly/3fr04Y3>

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The second scenario is maintaining development with the option to stop work on the train lines that are undergoing development processes only. However, the government excludes this scenario because it would lead to a decline in the ENR's already declining revenues.

The third scenario is maintaining development according to the current plans, with the approval of the Automatic Train Control (ATC) system, the suspended GPS devices, as well as other safety systems. Anyway, Minister of Transportation Kamel Al-Wazir, after the recent incident, promised to follow this scenario.

## Conclusion

The current policies are in urgent need for re-prioritization of the railway lines and related projects. It is unreasonable to extend the duration of signal systems modernization, despite their low cost, until 2024, while the execution duration of the administrative capital's monorail or the Alamein-Ain Sokhna electric high-speed train is much less time although their cost is twice the cost of the signal systems modernization. In fact, these policies are provocative to Egyptians from all political leanings.

Any public policies targeting development of the Egyptian railways and transportation in general should take into account the need for strong internal public transport networks and an alternative intercity transportation network capable of bearing and simulating the movement of Egyptians by reconciling work and income information, transportation rates, movement and the interlocking relationships of Egyptians across cities and governorates.

It does not make sense to focus modernization and development on the expensive high-speed train lines, in terms of the income of most Egyptians. Therefore, the ticket price of the under-establishment express train lines should be in line with the affordability of the majority of passengers, otherwise such major national projects will be almost void of passengers for decades, as it is the case in some new cities.

No success is expected for development projects through subjection to requirements of privatization and selling assets or offering them on the stock exchange in their current loss-making conditions. The appropriate alternative is to activate the companies affiliated with the ENR (eight), rely on them, and create mechanisms to dispose of or settle their debts, either by repayment to international financial bodies or by scheduling them; and also rescheduling the domestic debts due to the Ministry



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of Finance and the National Investment Bank, even by zeroing the interest rate and repayment by installments the principal debt over years apart, or even writing them off as a matter of support provided by the state and those bodies to the ENR in order to enable it to increase its real spending, expand local manufacturing, and reduce its debt burden.

The fact that the ENR or the ministry senior officials are not usually held criminally or politically accountable, and the failure to inform the public of the outcome of investigations into train accidents makes absence of justice and impunity a recurring pattern, which pushes people to lose confidence in the state and judiciary.

