



INVESTOR ALERT

Issue

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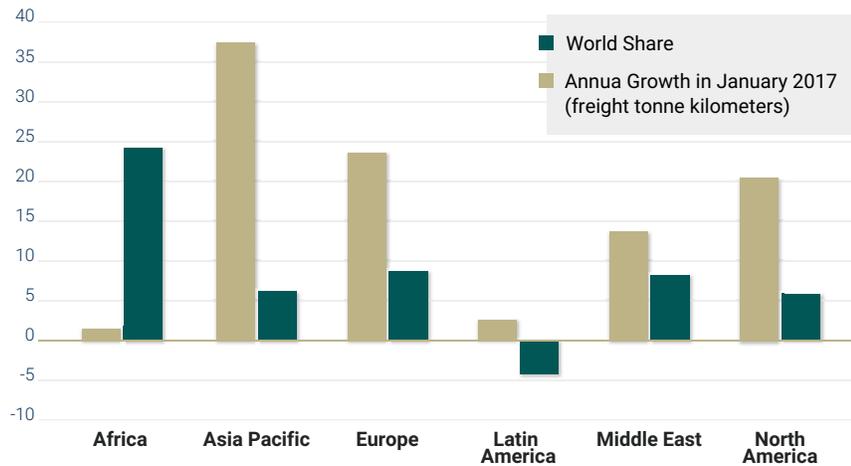
With a raft of high-profile deals and varied investments across the region, it has been an industrious week for the Middle Eastern transport sector. Such policies seek to further the region's growing prominence in the transport industry and pave the way for growth. In this Investor Alert, we cover the latest, most promising developments in the sector.

In recent years, the Middle East has combined its geographic advantage, as a key gateway to numerous global markets, with national investment, to bolster its role in international transport and trade. Recent investment in Oman exemplifies this ambition, with bold goals to transport a small fishing town into a major superport. The Omanese town of Duqm, until recently a small local fishing economy, has become a leading shipping industry hub thanks to well-targeted national investment. An \$8 billion extension to the city's port will increase its international role. Contracts for a new bulk liquid berth terminal, due to be **completed by 2020, will massively increase its cargo capacity.**



The air cargo transport sector is also on the up in 2017. According to data from the International Air Transport Association (IATA), **total global air freight** (in terms of freight tonne kilometers) **grew 6.9% in January 2017**. The rise was driven by steady demand for export orders, especially consumer electronics shipped by air, likely to boost freight through key supply chains in the Middle East.

Middle Eastern air cargo, which makes up 14% of the total global industry, **increased by 8.4% annually to January 2017**, outperforming the worldwide average. The figures reflect a thriving regional air sector, driven by a number of high performing airports, such as Qatar's Hamad International Airport, recently ranked sixth best airport in the world by Skytrax.



Another exciting transport development in the Middle East, initial pictures of the world's first operational Hyperloop were released last week. The **Hyperloop**, a proposed mode transport which propels a pod-style vehicle through a pressurised tube, is being developed by Middle East Rail, although the testing is taking place in the US. The 500-meter long 'Devloop' is only in prototype phase, but with the capability to travel faster than airline speeds; the CEO of Middle East Rail has claimed the new technology could transform transport across the Gulf Cooperation Council (GCC) by providing a faster, more efficient and cleaner system of mobility. If top speeds are utilised, the technology would allow travel between Abu Dhabi and Dubai in just 12 minutes.



While the **Hyperloop** remains a future prospect, a more immediate technological advancement was also unveiled in Dubai last week. CRRC Corporation Ltd., China's largest rail equipment manufacturer, showcased a generation of bullet-trains which are likely to be rolled out across the Middle East, with high investment spread across Iran, Saudi Arabia, and Abu Dhabi. The new bullet trains will be able to travel at least 50 kilometres per hour faster than the previous generation.

In recent weeks, a number of ambitious deals have sought to strengthen the Middle Eastern transport sector. Prominently, in a positive move to welcome trade, King Salman of **Saudi Arabia** and the **Chinese** Premier met last week to sign an investment memorandum. Overall, the commitments are valued at **\$65 billion, spread over 35 separate investment fields** from energy and aerospace to culture. Saudi Arabia is currently the largest supplier of crude oil in the Middle East, and strengthening ties with state-owned China Petroleum & Chemical Corp should unlock fruitful further trade corridors through China's One Belt-One Road strategy, and significantly increase shipping trade between the two nations.



\$65 BILLION
35 INVESTMENT FIELDS



In another promising move for Middle Eastern trade, the Oman Shipping Company raised **\$227 to purchase 10 new cargo liners**. Each of the 10 medium-range tankers, to be built by Hyundai Heavy Industries - the world's largest shipbuilder - will have a capacity of 50,000 deadweight tonnes, and are likely to support Oman's aims to diversify into new, dynamic areas of the shipping sector.

Earlier, Dutch Tech Company 2GetThere was awarded the contract for a new driverless vehicle scheme in Dubai, to link the city's metro stations and the popular waterfront Bluewaters district. With a capacity of 5,000 passengers per hour in each direction, the network is yet another example of national ambition to modernise transport. The move is a major step forward in the UAE's aims for autonomous vehicles to provide 25% of all journeys by 2030. According to a report by Terrapin, the **Middle Eastern** region is one of the most active in the world in terms of transport investment. The total **value of current projects under construction is estimated to be over \$240 billion**. In terms of total expenditure on rail, Saudi Arabia is the largest spender.



Meanwhile Chinese market is surprising with new deals from week to week. Two large-scale infrastructure projects, from China and Singapore have been confirmed to expand transport links between central China and Southeast Asia. The plans are part of 10 commercial pacts known as the Chongqing Logistics Development Platform and the Multi-Modal Distribution and Connectivity Centre (DC), a logistical hub for river, rail, air and road transport. The value of the 10 deals has been estimated at about \$1.4 billion.

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