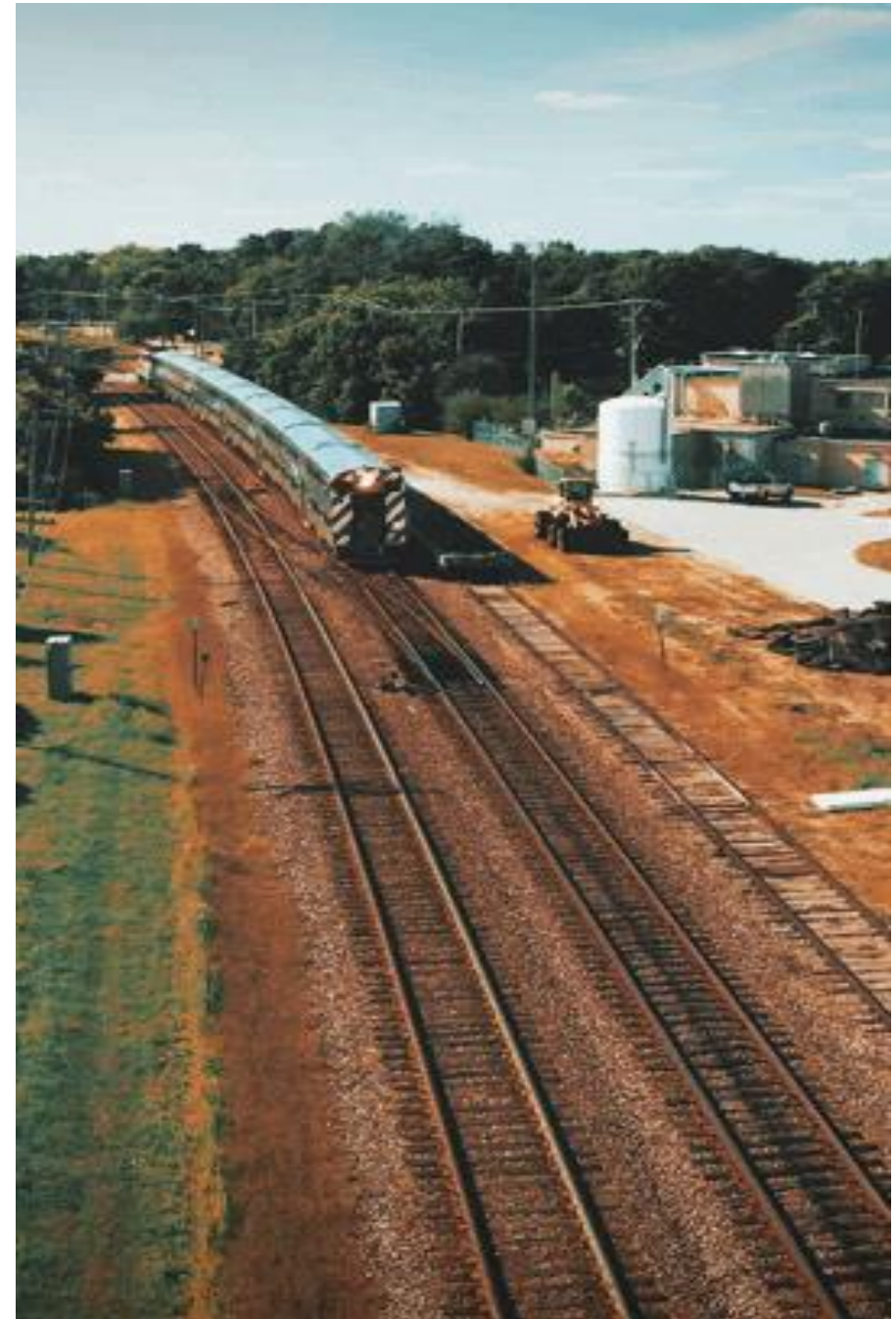


Pakistan's Railway Sector: Part I

PIDE Webinar Series – Pakistan Railways or
Pakistan's Railways (Part I)

November 17, 2020
Amer Z. Durrani

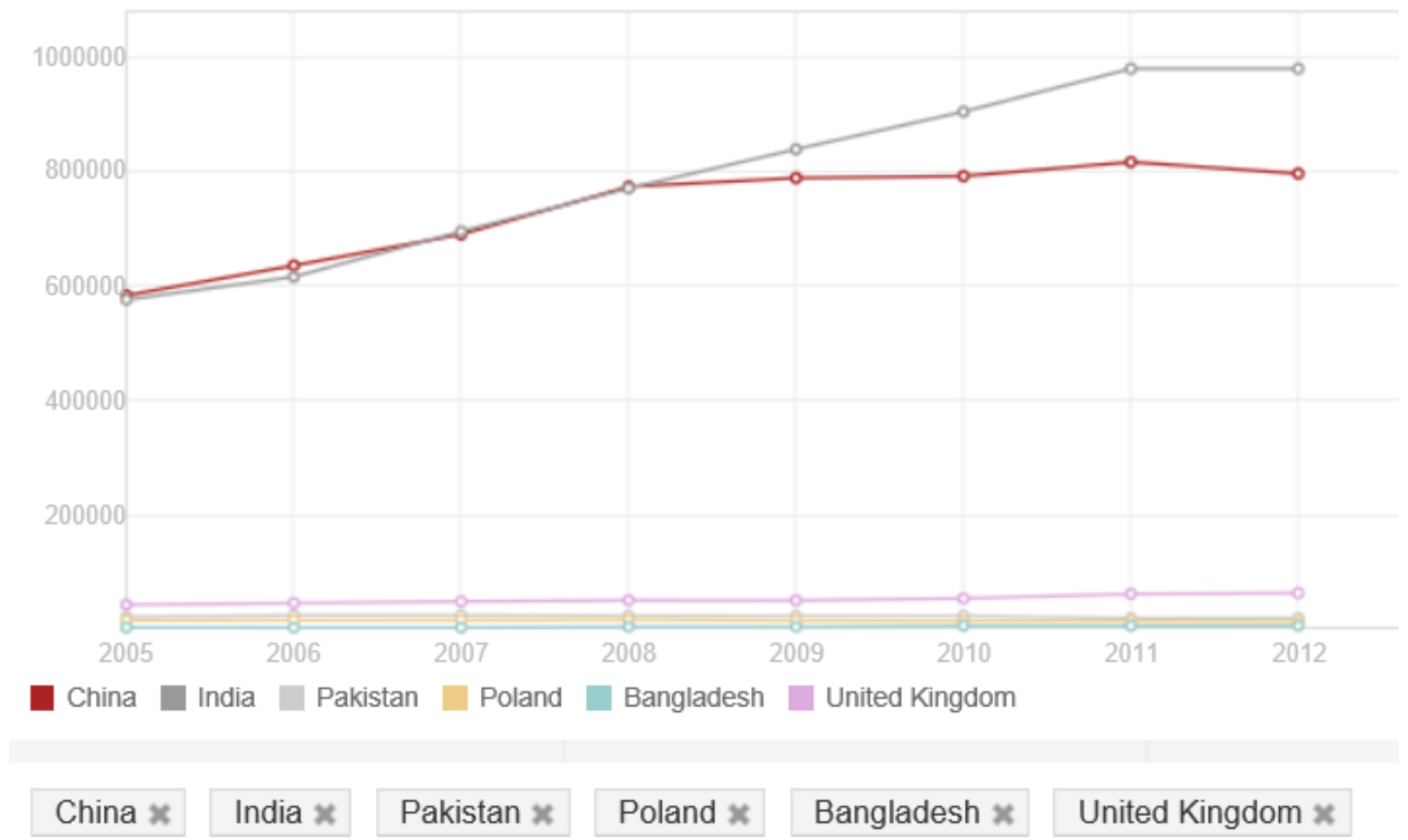




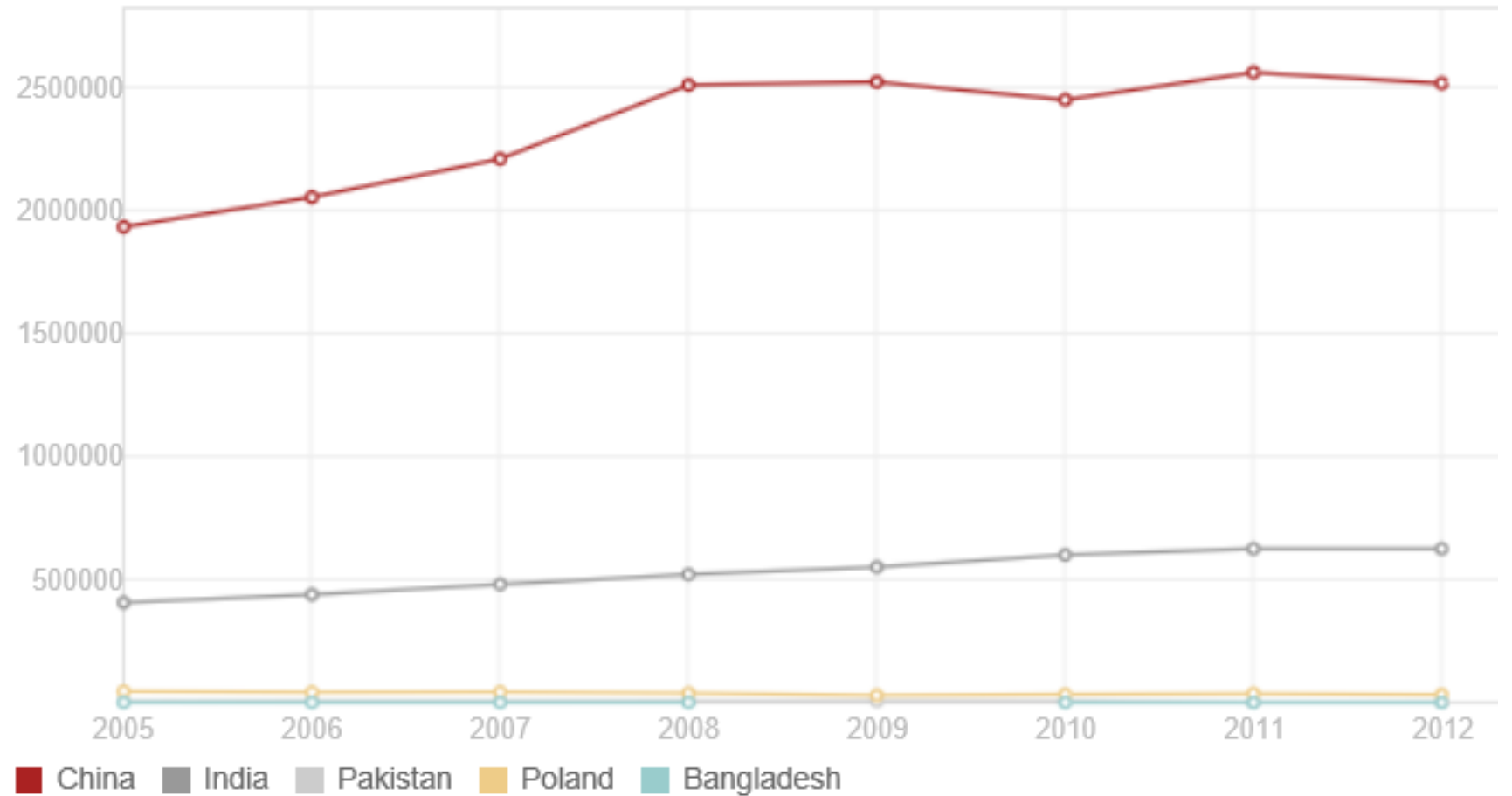
GLOBAL RAILWAYS BUSINESS TRENDS

Clean economical viable mode for passenger and business travel, when in the hands of the private sector and properly regulated by public sector

Most Railways have seen an increase in or steady passenger traffic



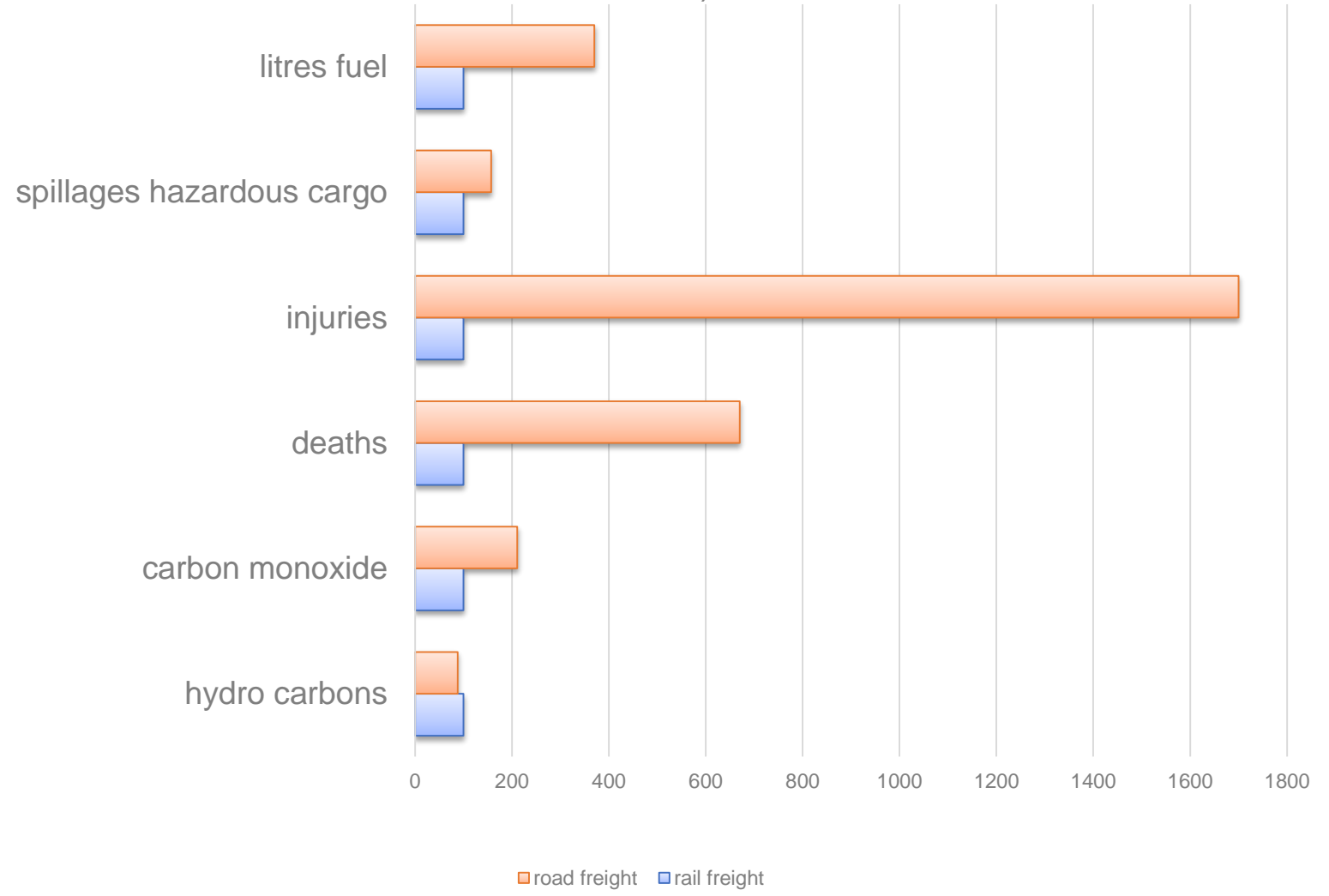
Most Railways have seen an increase in or steady Goods traffic



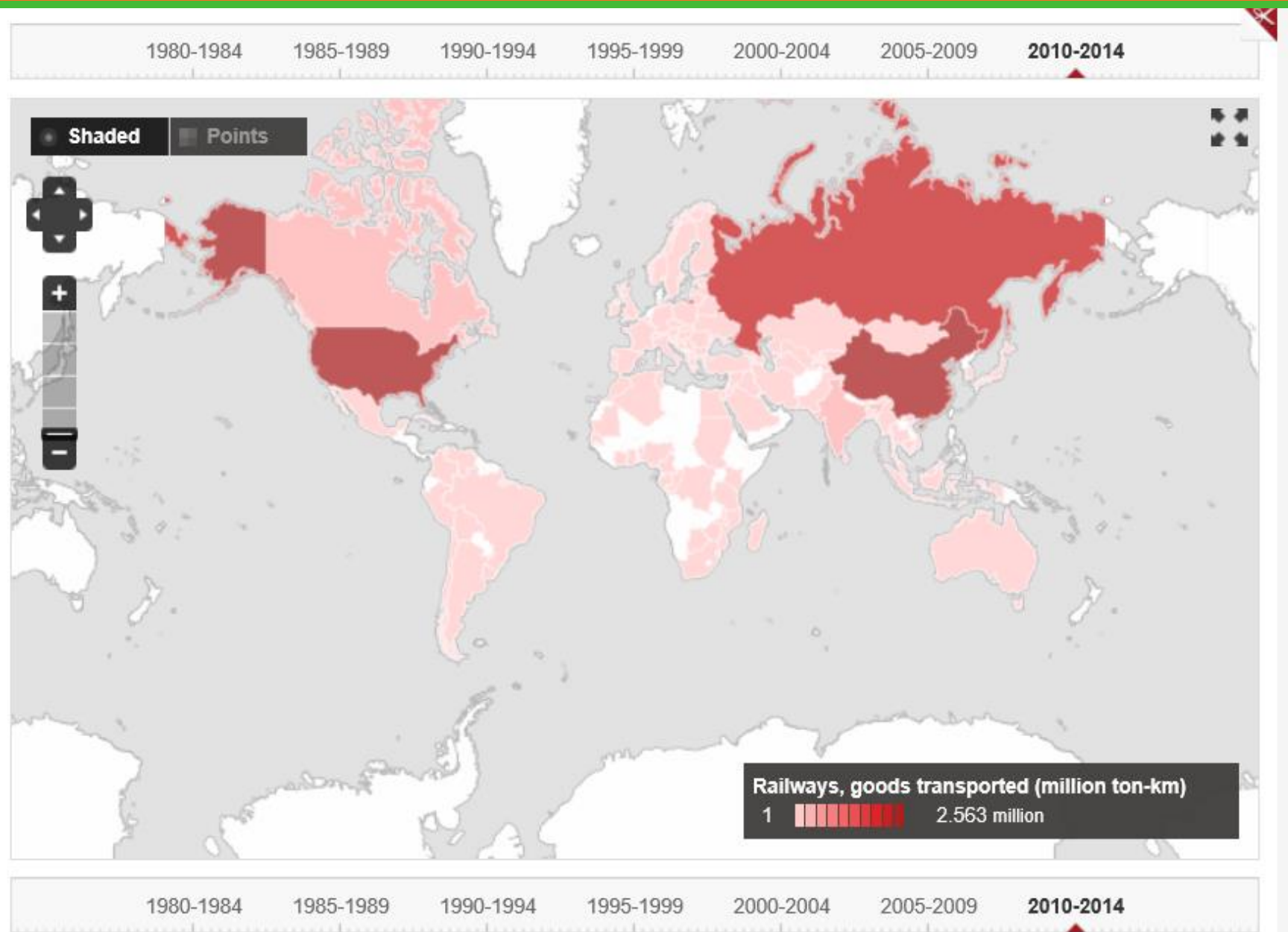
China ✕ India ✕ Pakistan ✕ Poland ✕ Bangladesh ✕

Railways is far more efficient has fewer external impacts than road transport

Indices of impacts rail and road freight/tonne-km USA (rail freight = 100)

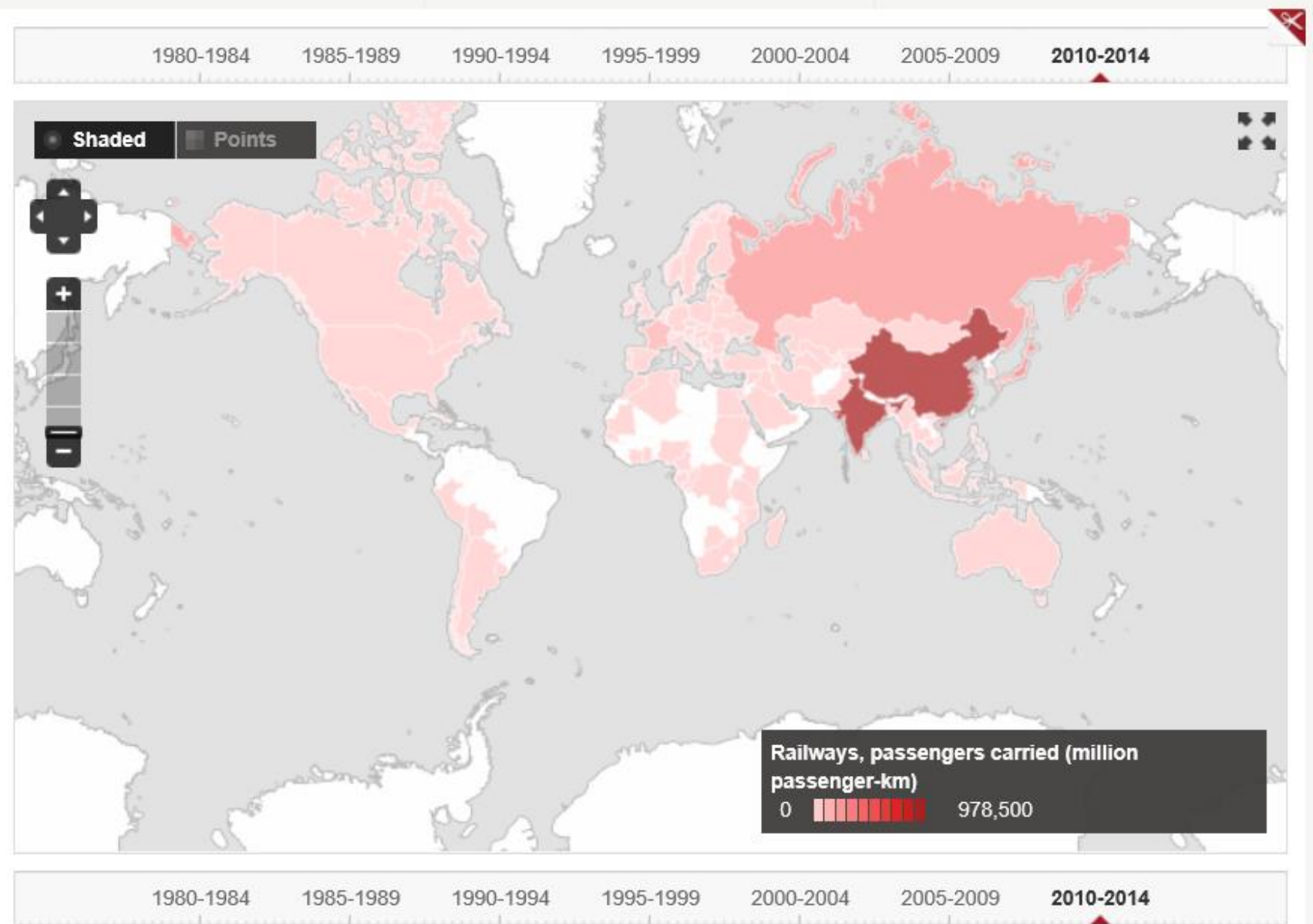


Railways in
China, USA,
and Russia
carry the most
t-km



The maps displayed on the World Bank web site are for reference only and do not imply any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.

China and
India Railways
carry the most
PAX-km



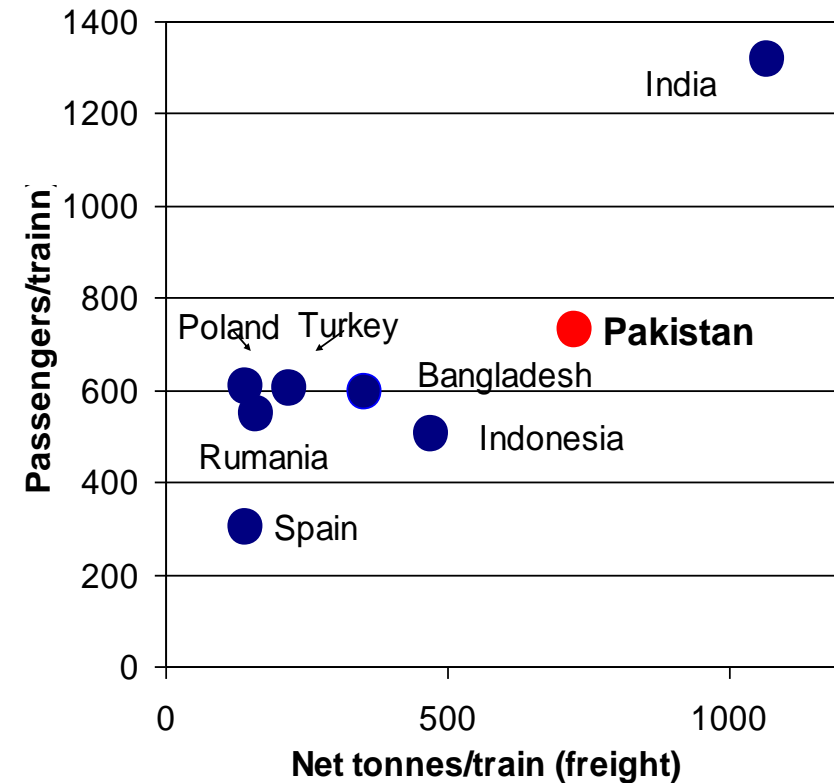
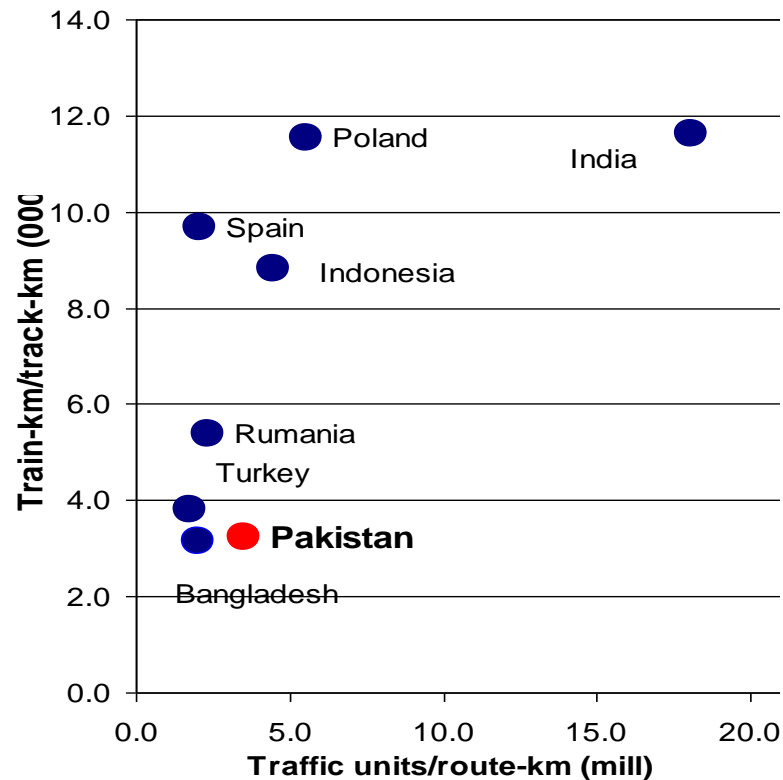
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PAKISTAN RAILWAYS NOT “ON RAILS”

The Downward Spiral

Some Causes

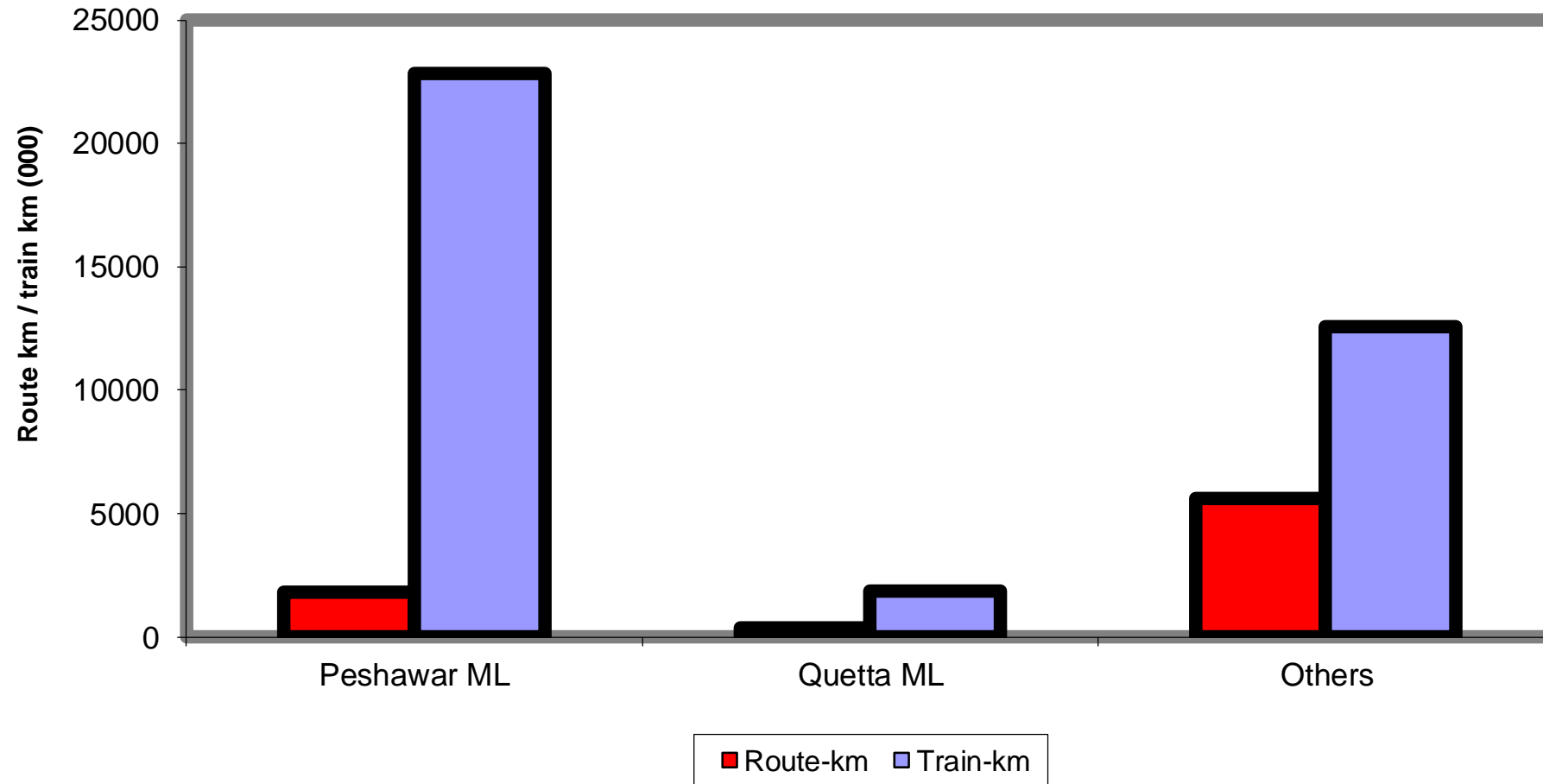
Pakistan Railways was (2009/2010) a medium sized railway by global standards



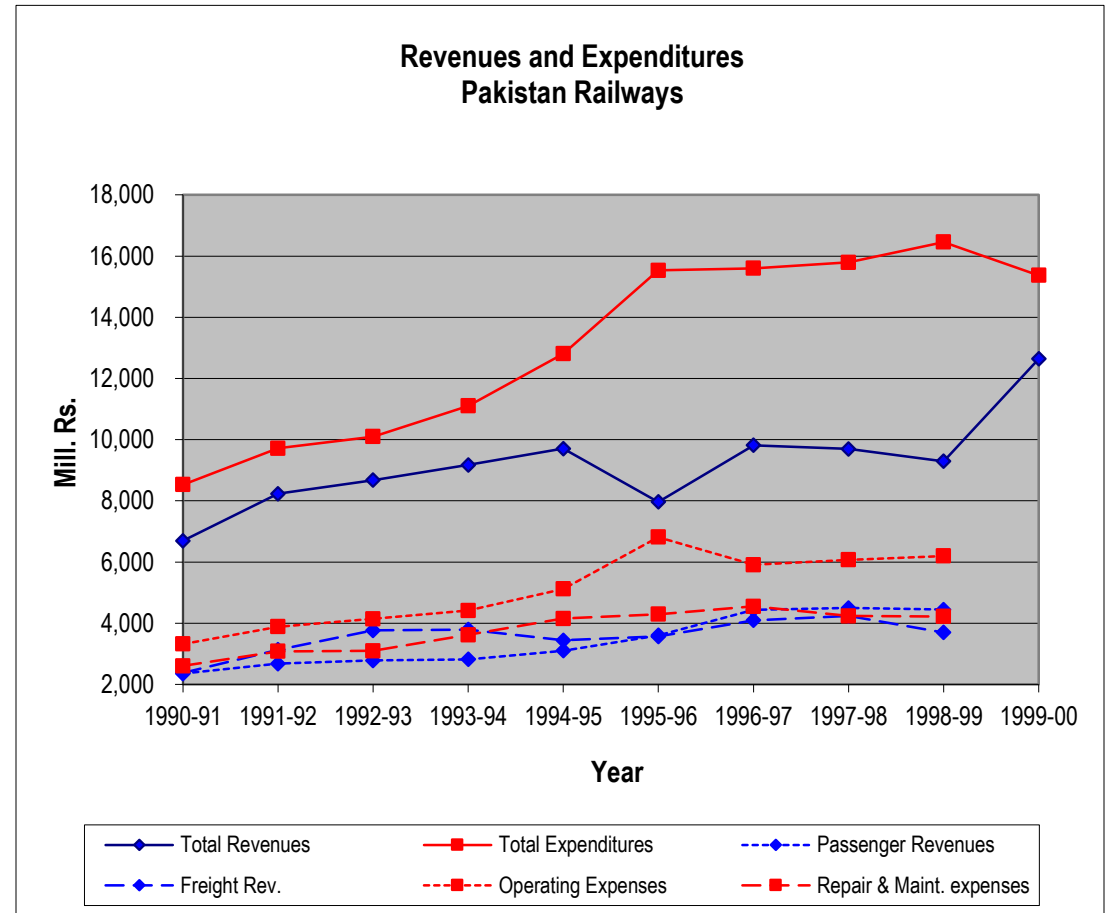
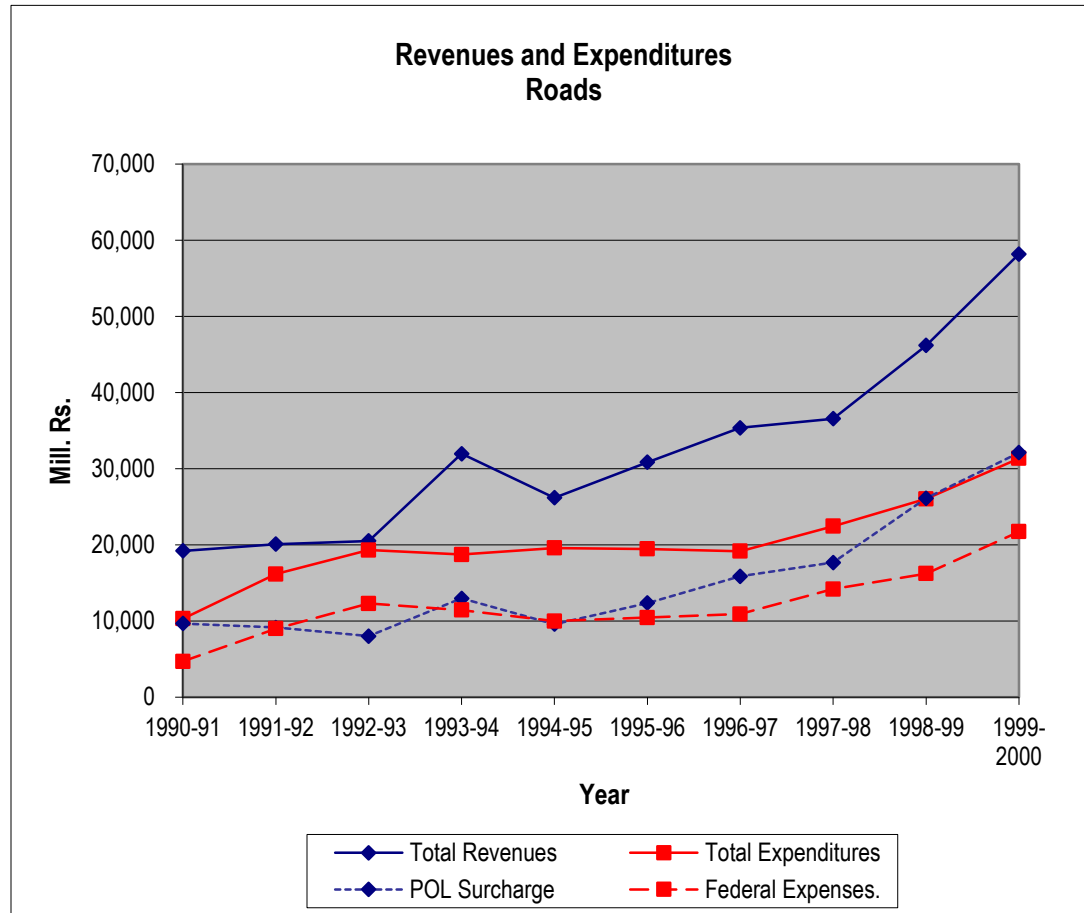
Traffic units (passenger-km plus net tonne-km) is a common measure of traffic density.
Train km/track-km measures train frequency p.a.

PR carries more traffic in both passenger and freight trains than many European railways - operational efficiency in this regard is good

But, concentrated on the Karachi – Peshawar corridor—
with little traffic on branch lines



Under-investment in Railways started in the late 80s and has continued since...with parallel decline in traffic shares



Monopoly, aging fleet, archaic law, public systems dragging opportunities presented by demand, network...

..going against

Monopoly + public management

19th century railways

Age of locos and fleet

Overstaffed for so few train units

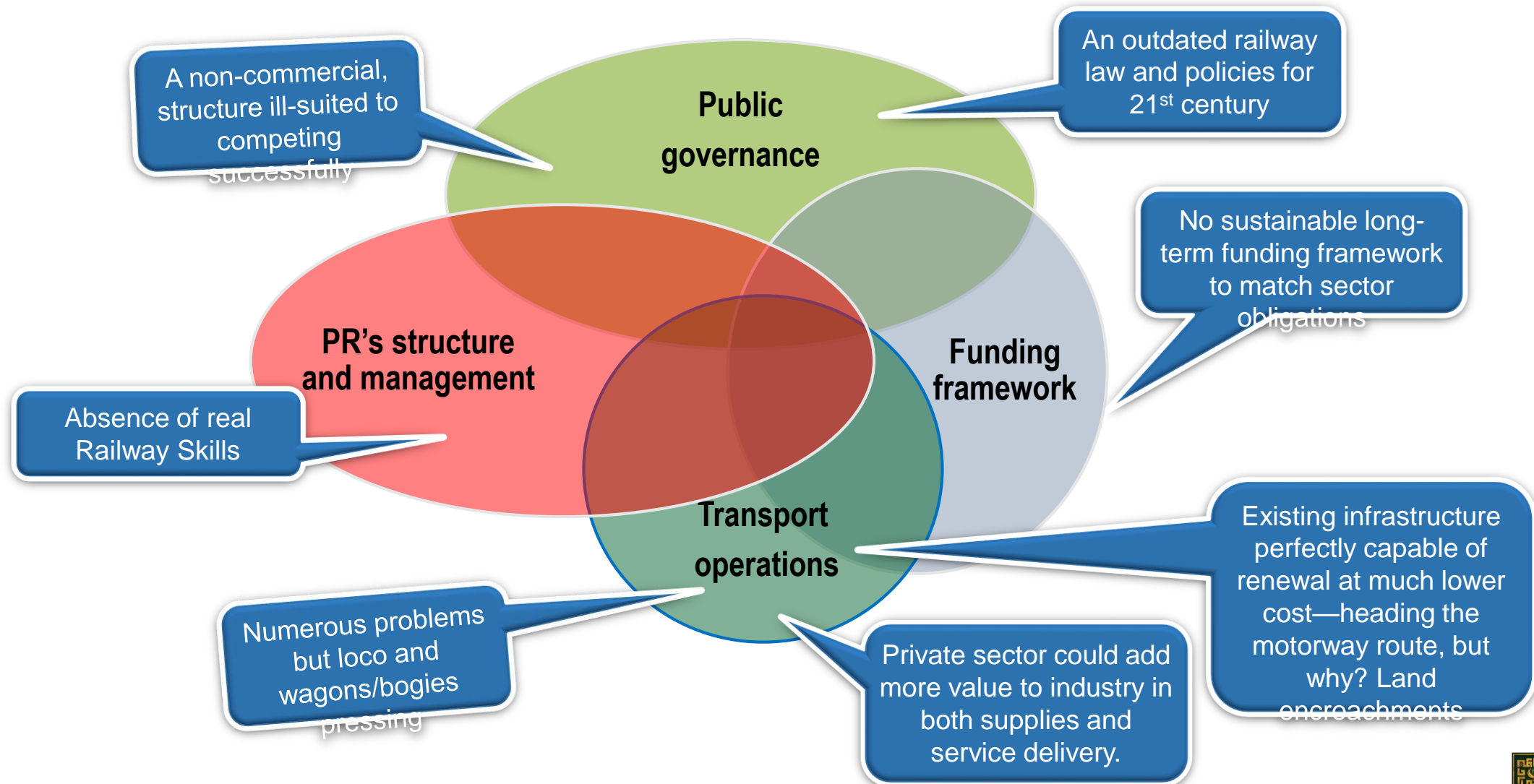
..going for

Demand and network

Infrastructure

Skilled ??? Railways Workers + Walton

A 19th century rail sector architecture struggling... with 21st century challenges



...despite, Pakistan being a natural railways' corridor

- Pakistan's National Trade Corridor (1800 Km) is endowed with a robust railway network
- The Ports of Karachi are linked to the hinterland of Sindh, Baluchistan, Punjab, KPK
- The border towns of Torkham and Chaman for Afghanistan, Taftan for Iran, Wagah and Khokhrapar for India are connected by rail
- Prospects of future linkage of Gwadar to Western China—ML1 and beyond
- Future linkage of PR to Afghanistan and Central Asian countries in the north west

Internal Goods/PAX movements supportive and therefore demand—**Railways, natural Forex-Saver**

- PR is ideally suited for long haul and bulk transportation of passenger and goods
 - 150 km and beyond for passenger travel
 - 300 km and beyond for freight traffic
- Potential demand for long distance freight and passenger traffic exists
- **Railways is a safe, efficient, cheap and environmentally friendly means of transport -1/6 cheaper than road**

Passenger railways can lower per PAX-km costs to economy—one caveat though

- Passenger railways can perform a valuable economic and social role in dense inter-city (long-distance) corridors, and also as part of well-integrated suburban and regional passenger transport systems in densely populated areas.
- The economics of passenger rail operations also mean that low service quality does not necessarily mean low costs—why we see steady rising PAX fares despite low service quality

Freight railways can increase Pakistan's trade competitiveness—**instead...**

- The rail freight industry can be either an enabler of or constraint on economic growth.
- Freight railways can also deliver external community benefits
- **Yet freight fares have stayed stagnant or increase slowly = false competition and “latching onto few commodities”**
 - including the new earning from coal—exchange of “wooden dollars”; economy loose and PR earns a few above rail pasias
 - Why have they not managed to profit from real traffic on large northern projects—containers (at least) for Sukki K and Dassu for starters
 - ..

Decay – Sector? Competition? Roads/Railways, Railway “Plotistan”, ‘failure to go on a diet’ ...

- Railways never treated as a sector—always about saving PR
- No competition
- Over investment (public) in roads over even upgrading the main-line
- Railway runs an informal real-estate business
- Inability to deal with Provinces—18th Amendment: an opportunity lost—both for land and for rail operations
- Muddled up in federal, provincial and city priorities—PR sent running every where—progress befuddled by tradition



QUESTIONS?

Next time we will talk about steps to get out of this mess!

