

---

## Chinese may build railway line from Mashhad to Chabahar

Thursday, 10 Sep, 2009

MEED reported Tehran negotiates with state owned companies over USD 2 billion project to build line from Mashhad to Chabahar. It is in negotiations with 2 Chinese companies to build a 1,100 kilometers long railway in eastern Iran at a cost of up to USD 2 billion.

As per report, if the talks are successful, the state owned China Railway Engineering Corporation and Citic Group will build a rail link from the northwestern city of Mashhad along Iran's eastern border to the port of Chabahar on the Arabian Sea.

The source that "The Chinese are eager to finance this line. We believe they are close to an agreement. There has only been a conceptual study of the project completed so far, so the Chinese will carry out a full study of their own when an agreement on financing is reached. They will decide on the necessary scope of the project."

Iran Rail wants to build rail lines across the border into Pakistan, Afghanistan and Turkmenistan opening new trade routes for these countries and beyond to the former Soviet Union states that now make up the Commonwealth of Independent States. Iran plans to use its rail network to establish the country as a trade hub for the Caucasus and Central Asia. It wants to build a new container terminal at the port at Chabahar to complement the eastern rail link.

The Tehran source said that "Developing Chabahar is one of the government's main priorities and there is currently no railway to the port. Integrating Chabahar into the rail network creates many new business opportunities in the eastern region. The line from Pakistan will meet the eastern line at Zahedan. From here, goods can be transported to Turkey via Iran."

Tehran has struggled to secure funding for its major infrastructure projects because of inter national sanctions and a scarcity of engineering resources. Western banks are unwilling to finance projects in the Islamic Republic, forcing Tehran to prioritize individual schemes though most of the rail network is in need of investment and modernization.

One Dubai based industry source said that "We expect China to win a lot of infrastructure work in Iran, particularly on the railways. They are making a lot of moves in Iran and have the expertise and money to build these major infrastructure projects."

(Sourced from MEED)

For more news visit at [www.steelguru.com](http://www.steelguru.com)