



**ISRAEL PORTS**  
Development & Assets Company Ltd.

# Israel's Southern Gateway



# Israel's Container Trade is Haifa/Ashdod Dependent



**The Southern Gateway has yet to realize its potential**



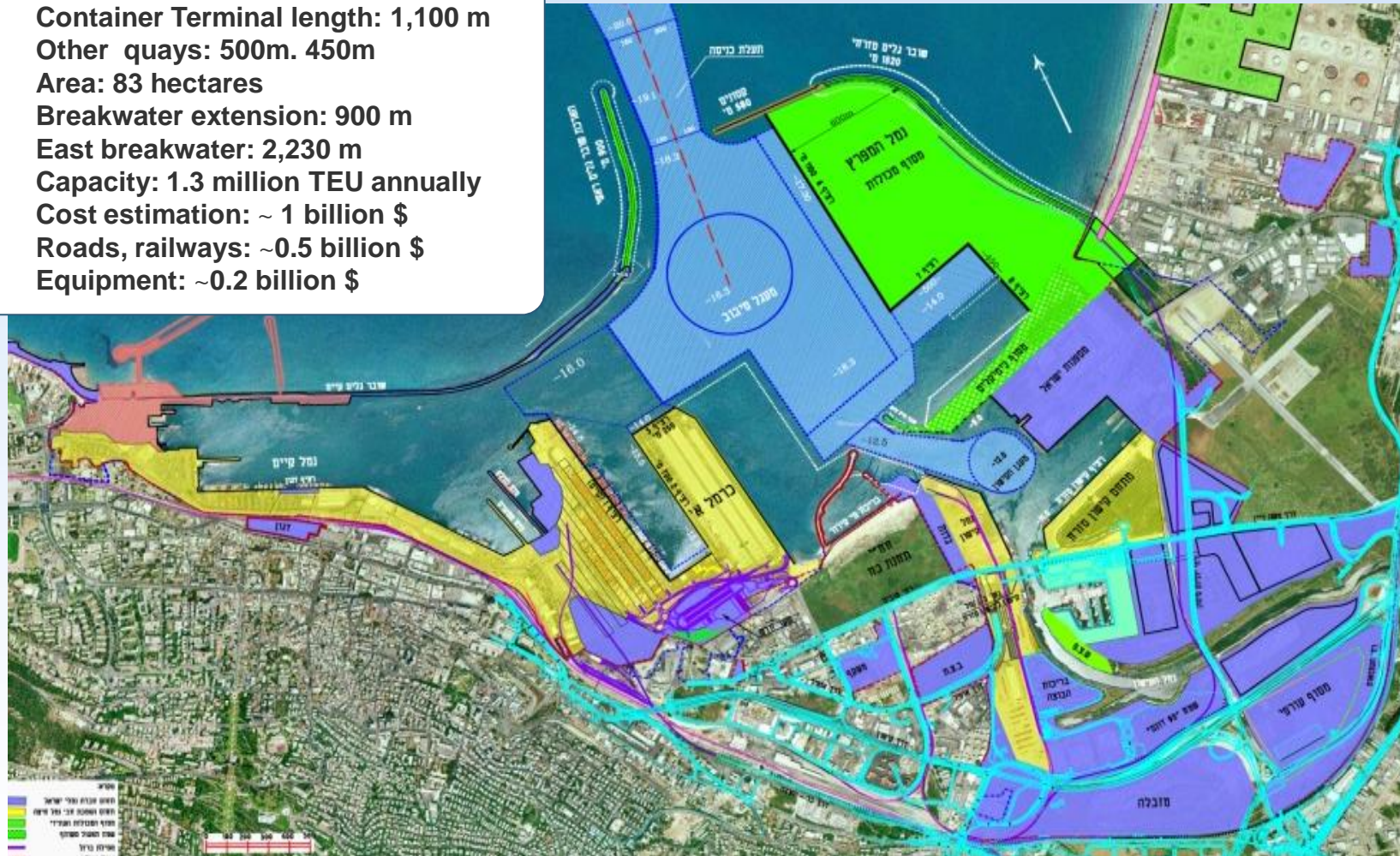
# Development Plans

## “Hamifrats” terminal - Haifa



### “Hamifrats” terminal

- Container Terminal length: 1,100 m
- Other quays: 500m. 450m
- Area: 83 hectares
- Breakwater extension: 900 m
- East breakwater: 2,230 m
- Capacity: 1.3 million TEU annually
- Cost estimation: ~ 1 billion \$
- Roads, railways: ~0.5 billion \$
- Equipment: ~0.2 billion \$





# Development Plans

## “Hadarom” terminal - Ashdod



### “Hadarom” terminal

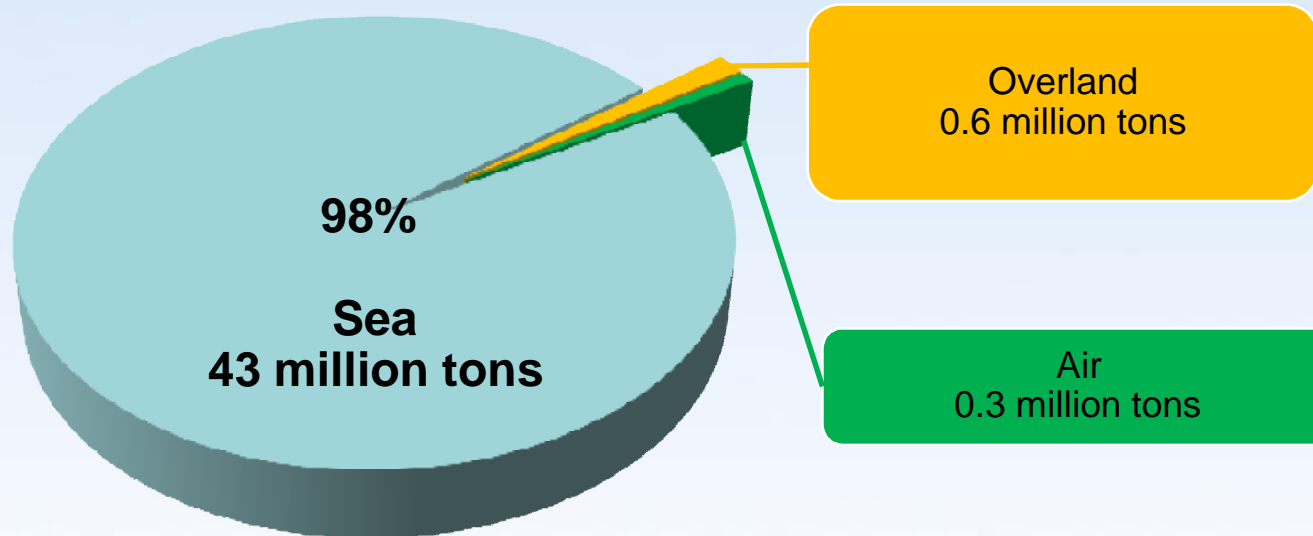
- Container Terminal Quay length: 1,100 m
- Area: 78 hectares
- Breakwater extension: 600 m
- Lee breakwater: 1,500 m
- Capacity: 1.3 million TEU annually
- Cost estimation: ~ 1 billion \$
- Roads, railways: ~ 0.5 billion \$
- Equipment: ~ 0.2 billion \$



# Israel's Trade is Port Dependent

98% of Israel's import and export traffic is by sea

## Israel's Foreign Trade Traffic



\*as of 2011

Israel's economy is entirely dependant on sea trade and Israel's ports

# 25% of Israel's Foreign Trade is with the East & Moves Via the Suez Canal

Israel's 2011 trade with the East was approximately 500,000\* TEUs



§ **High costs of overland transport from Eilat is an economic hurdle for the Southern Gateway**

§ Truck haulage costs are expensive (~\$1300 Eilat to Ashdod) making shipping via the red sea uneconomical

§ All containers are received via Israel's Mediterranean ports

§ **Utilization of Southern Gateway may:**

q Reduce shipping duration by 1-3 days

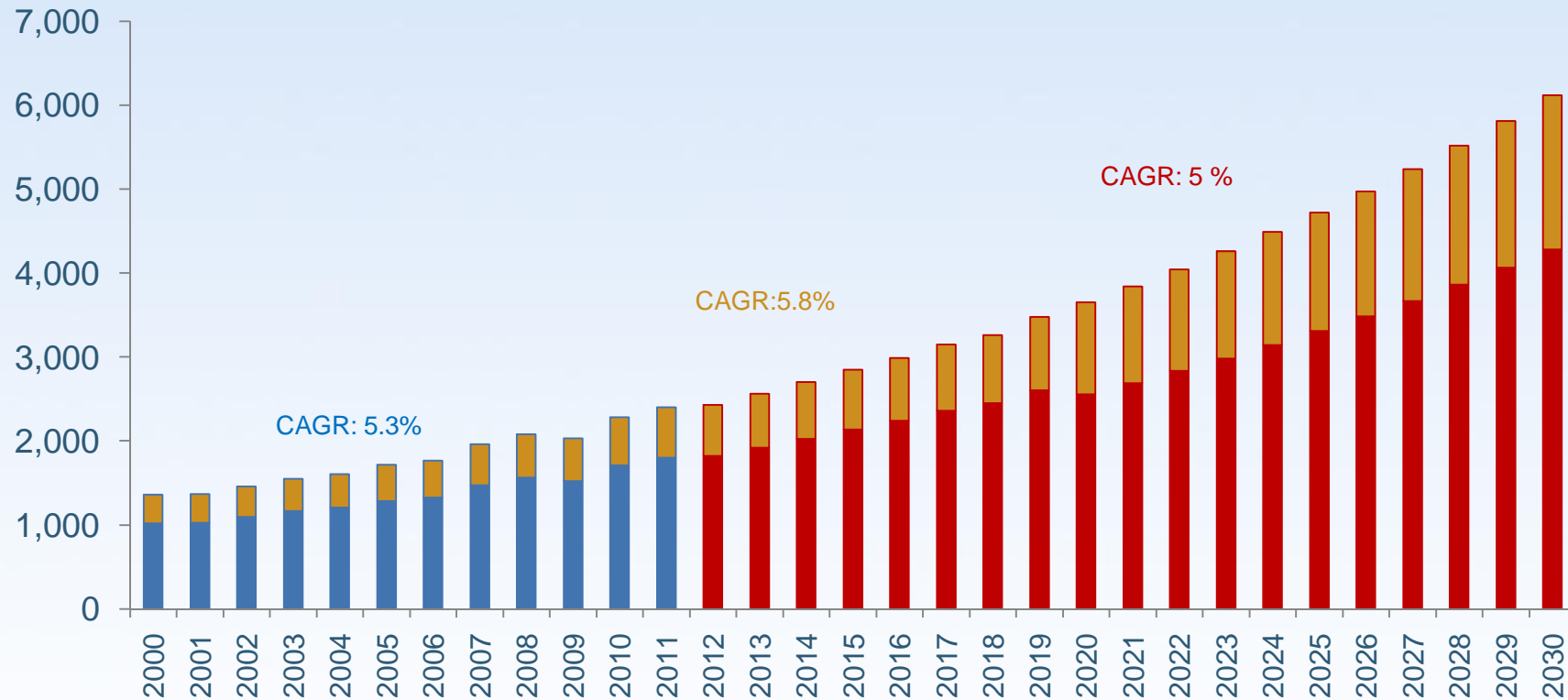
q Reduce maritime shipping costs

**The Southern Gateway is uneconomical due to high overland transport costs**

# Israel's Container Traffic is Projected to Grow to 6m TEU by 2030 with 30% Asia/Far East Related

1.8m TEUs will be dependent on the Suez Canal by 2030

TEU, thousands



\* Includes natural transshipment of 13% & empty containers, excludes new transshipment and transit  
Based on Financial Models traffic projections

**Justification for the Southern Gateway is clear, provided overland transport costs are reduced**

# 200 km Railway Extension to Eilat by 2019

Planned railway connection to Eilat will significantly reduce overland transport costs

- § Overland transportation costs substantially reduced with railway
- § With Eilat railway, the Southern Gateway will become an economically viable option for Israeli trade with the East



The railway extension will create economic justification for Eilat as a gateway



# Insufficient Development Potential at Eilat Port

The port has limited growth potential due to its size and location

## A Small port by international standards

- § Water depth: -12 m
- § Berth length: 520 m
- § Maximum container capacity: 150k TEU

## Located adjacent to touristic and recreational sites

- § Limits port's growth possibilities
- § Impacts on urban development
- § Conflicts with tourism/nature/environmental priorities
- § Coral reefs limit ability to accommodate container ships



The port is surrounded by urban developments which limit growth availability

# Development of Eilat region for a viable Southern Gate

6 core Southern Gateway development constraints to be addressed by a 3 phased solution

## Constraints to be resolved

- § Water depth
- § Port connection to Rail
- § Container capacity
- § Land availability
- § Need for logistic services
- § Hotel strip requires additional coastline



The above constraints may be resolved by the following 3 phases

# Phase 1 – 2013-2015 Eilat Port fully privatized

## Projected TEU

Israel's Total Trade	2.6M
Expected trade W/East	650k
Southern Gate Demand **	>50k

\*\* Requirement in Eilat Privatization  
Tender





# Phase 2 - 2019 Railway to Eilat

Projected TEU	
Israel's Total Trade	3.5M
Expected trade W/East*	1M
Southern Gate Demand	>100K





# Phase 3 – 2025 Southern Gateway / Canal Port

## Projected TEU

Israel's Total Trade	4.7M
Expected trade W/East*	1.4M
Southern Gate Demand	>500K

Eilat Port activities relocated to the Canal Port



# 3 phased solution resolving existing constraints

## Phase 1 Privatization 2013- 2015

- § Eilat port is fully privatized
- § Beginning of container capacity utilization



## Phase 2 Railway 2015-2019

- § Railway to Eilat
- § Logistics Terminal
- § Ring road for Eilat port

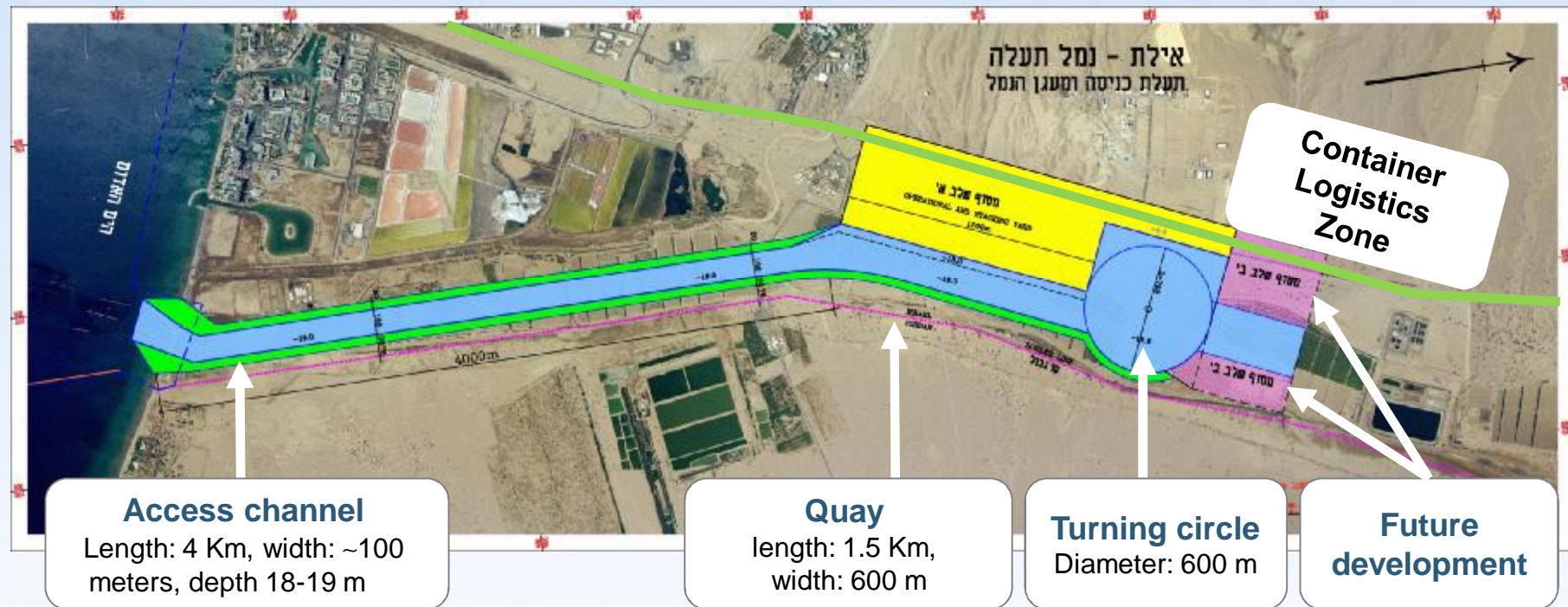


## Phase 3 Canal Port 2019-2025+

- § Logistics Terminal expansion
- § Canal Port development
- § Relocation of Eilat Port

# Canal Port Features

The Canal Port would be designed based on the latest international standards



§ Capacity: 3M TEU

§ Design vessel: Suezmax 12,500 TEU

§ Quays: Containers – 1.5 Km, Bulk- 600 m, Ro-Ro – 150 m

# The Canal Port can also function as a Red-Med Land Bridge

Red-Med: Red Sea and Mediterranean sea land bridge as an addition to the Suez Canal



- § The Land Bridge is not intended to compete with Suez Canal
- § May provide alternative opportunities under certain situations:
  - § Congestion in the Suez Canal
  - § Shipping cost escalation
  - § TPL services in the Eilat (as a future free zone)

The Canal Port may serve a niche market for global trade



# World trade is highly dependent on the Suez Canal

39 million TEU passed through the Canal in 2011



Even as a niche market, potential Red-Med Land Bridge traffic can be substantial

# The Canal Port Addresses a Variety of Issues

## A national project with potential international impact

1. Fulfills Israel's vision of a Southern Gateway for its Far East trade
2. Complements the Eilat Railway development plans
3. Provides a solution to Eilat city development needs
4. Provides a solution to existing port limitations at Eilat Port
5. Allows for a partial alternative to Israel's Mediterranean Ports' future congestion
6. May function as a land bridge connecting the Red Sea and Mediterranean Sea

Toda Raba  
Thank you

