RAILROAD SECTOR

Cupica – Uraba Project

Cupica – Uraba Proyect			
Thematic focus	Railroad	**Entity/Area**	Agencia Nacional de Infraestructura ANI – VICEPRESIDENCIA DE ESTRUCTURACIÓN UPIT (Actualmente)
Sector	Transportation, rail mode	**Location**	Projected rail corridor between the municipalities of Cupica (Choco) and Turbo (Antioquia)
Budget	$28 billions COP capture scenario $76 billions COP Potential scenario constant from December 2023	**Investment**	Capex: $28 billions COPcapture scenario Opex: $28 billions COP Potential scenario Capex: $76 billions COP Potential scenario Opex: $70.8 billions COP Potential scenario constant from December 2023
Contributory partner	Consult with the entity in charge.		
Project Name	Cúpica – Urabá		
Project Description	The study focuses on analysing route alternatives for the Turbo - Cúpica Interoceanic Rail Corridor project, with the objective of identifying the most efficient solution in terms of investment and operating costs for the transport of maritime containers over a period of 60 years. The proposal includes the construction of a 198.6 km double railway line, with specific gauge, track and rolling stock standards. Infrastructure such as tunnels and viaducts are planned to minimise environmental impact and allow for the natural flow of local wildlife. In addition, the construction of a specialised port in the Bay of Cúpica is envisaged to facilitate exclusive maritime container operations. The operation of the corridor will be carried out by direct transfer of containers between ships and trains at the ports, using efficient technologies and high-capacity equipment. Two demand scenarios are projected: "Capable" and "Potential", considering different levels of growth and operational capacity over the years. These scenarios are based on the existing supply of rail and port infrastructure, as well as the costs associated with the construction and operation of the corridor.		
Investment Opportunity	The reported Capex and Opex costs were derived from technical and economic analyses carried out in the project profile phase. However, these costs could be updated at the Prefeasibility stage, once the design is finalised, according to the technical and economic analyses corresponding to that phase of the project.		
Market Analysis	Major shipping lines, such as Maersk, MSC and CMA CGM, have increased their container ship fleet by more than 1.2 million TEUs in the last 3 years. The world container fleet is 6,644 units, carrying more than 27.3 million operational container units. This trend highlights the need for efficient operations to minimise downtime, especially considering the long waiting times in the Panama Canal, which can reach up to 8 days.		

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	The cost of waiting for access to the canal can exceed USD 25,000 per day per vessel, representing a significant cost overrun for cargo. Port congestion, exacerbated by the pandemic, has affected 37% of the world's container fleet. Despite this, shipping is projected to grow by 2.1% annually over the next five years, albeit at a slower rate than in previous decades. The Turbo - Cúpica Interoceanic Rail Corridor project foresees mobilising up to 2.47 million TEUs per year in the catchable scenario, increasing to 3.38 million/year at the end of the 60-year horizon. In the potential scenario, 191 million tonnes are expected to be transported in the first 15 years and 206 million tonnes by the 30th year of operation, competing directly with the Panama Canal.
Financial Projections	Projected revenues for the project's captable scenario over 60 years amount to COP 85.4 billion, with an operating cost (Opex) of COP 28 billion, representing 33% of revenues. In the potential scenario, revenues are estimated at COP375.7 billion, with an Opex of COP70.8 billion, equivalent to 19% of revenues over the same period. The financial analysis in the pre-feasibility stage should delve deeper into demand and revenue scenarios, considering possible changes in tariffs and volumes due to factors such as the reduction of Panama Canal capacity, competition from inter-oceanic projects, and global maritime market trends. The public-private partnership strategy and possible state participation in the economic benefits should also be evaluated, as well as the socio-economic and environmental analysis of the construction of the rail-port infrastructure in the Darien Region and the Bay of Cúpica.
Sustainability and ESG considerations	A total of viaducts with a total length of 132.2 km were planned, the longest being 119 km, with the main objective of minimising the environmental impact and protecting the ecological environment along the rail corridor. This is aligned with the objective of preserving ecosystems and reducing the effects on wildlife and natural habitats in the intervened areas, thus ensuring the sustainability of the project.
Risk Assessment and Mitigations	Given the considerable investments required for both scenarios, both captable and potential, and the importance of having resources in place during the pre-operational phase, the participation of both the private and public sector is crucial to ensure the viability of the mega-project. Although the project is currently in the profiling stage and no estimates have been made, risk assessment and mitigation are being carried out in accordance with the policies established by CONPES and the methodologies defined by the MHCP and the DNP.
Project Team and Experience	Professionals from the Vice-Presidency of Structuring for the development of the project at the profile level.
Additional Information	Currently, the rail corridor has been transferred to the Transport Planning Unit for development of the pre-feasibility stage.