

# Alstom is preferred bidder for coach deal

By [Nicky Smith](#)

7 Dec 2012

The Passenger Rail Agency of South Africa (Prasa) said Wednesday (5 December) that it is partnering with Gibela Rail Transportation for a R51bn contract to build passenger coaches in South Africa.



It said the contract would be an enormous boost for the rail engineering sector. The selection of the consortium, led by French power and transport giant Alstom, is seen as an important milestone in South Africa's efforts to use state procurement to re-industrialise the economy.

Gibela Rail Transportation is a consortium comprising Alstom and local electrical engineering firm Actom.

Alstom has been operating in South Africa mainly in the electricity sector as a supplier of technology for Eskom's new coal-fired power stations.

It was one of seven companies that submitted a proposal to design, manufacture and maintain coaches for Prasa.

Competing bidders included Canada's Bombardier, Spain's *Construcciones y Auxiliar de Ferrocarriles* and China North Rail.

Prasa chief executive Lucky Montana said of the seven bidders, only three were able to meet the full technical requirements of the bid. He said Alstom performed well on its commitments to business development and job creation. The programme would create about 8,000 jobs.

Alstom will be required to manufacture 3,600 coaches between 2015 and 2025 and maintain them until 2033.

Montana said the bid had been hugely competitive. The initial estimate for each coach had been between R12m and R16m, but Alstom will provide them at R9m.

The programme allows for the production of two types of six-car trains - one designed to carry a maximum of 1,346 passengers and the other a maximum of 1,186 passengers.

Yvan Eriau, managing director of Alstom Transport in South Africa, said the project was the largest the company had won in 10 years. The tender was one of the most competitive and well-run processes in which he had participated.

The first test trains would be delivered in the first quarter of 2015. A new factory would be built within a year to manufacture the trains and coaches in South Africa.

Transport Minister Ben Martins made the announcement of the preferred bidder in Johannesburg. "This process is much more than just trains. We are reviving our rail engineering sector, contributing to skills development and job creation among other bigger objectives," Martins said.

Montana said the Treasury had allocated R40bn for the programme. Prasa would negotiate with the Treasury, the Department of Trade and Industry and the Department of Transport to secure the additional R11bn required.

Montana said he was confident the additional funding would be secured but should negotiations fail, fewer coaches would be built and fewer jobs created.

In its bid, Alstom said it would exceed the 65% minimum local content threshold within the second year of the contract - reaching 69%. It undertook to spend R32.8bn on sub-contracting to black empowered companies.

Further, R5.3bn would be sub-contracted to qualifying small- and medium-sized firms and some micro-enterprises. About R1.6bn would be spent on sub-contracting to companies owned by black women.

The next phase of the procurement programme will see Prasa finalising its selection of broad-based black economic empowerment companies which will participate in the rail acquisition deal.

Montana said this had been scheduled for completion by the end of next month.

For more, visit: <https://www.bizcommunity.com>