

## Developments in the expansion of the JLR network: The J-Net project

Update | November 2022

The Jerusalem Light Rail (JLR) network is a large-scale Israeli transport infrastructure project connecting large settlement blocks in occupied East Jerusalem to the center of the city and its western side, creating territorial continuity and easing settler movement on both sides of the Green Line.

The JLR is part of a comprehensive transportation plan for Jerusalem that includes a public transportation network and the construction of external ring roads around the city and in occupied East Jerusalem,<sup>1</sup> The JLR project is contingent on the expropriation of Palestinian land and the further territorial fragmentation of Jerusalem's Palestinian neighborhoods.

Operational since 2011, the JLR network is currently composed of three main axes – the red, green and blue tram lines – that will be used to develop eight further railway lines in various stages of development and planning.<sup>2</sup>

Carried out through public-private partnerships, the JLR project depends on the participation of Israeli and multinational companies for its implementation, garnering huge profits for the companies involved.

Following on from Who Profits' previous updates including [Spanish multinational CAF and Israeli Shapir win tender to expand the Jerusalem light rail](#); [Infrastructures of Dispossession and Control: Transport Development in East Jerusalem](#) and [Tracking Annexation: The Jerusalem Light Rail and the Israeli Occupation](#), the current update presents the latest developments in the expansion of the JLR network carried out by Spanish company [CAF \(Construcciones y Auxiliar de Ferrocarriles\)](#), Israeli public company, [Shapir Engineering and Industry](#), and the involvement of additional international and Israeli companies.

Prior to publication, Who Profits contacted all companies mentioned in this feature to share information presented here and requested a response. By the time of publication, none had been received.

---

<sup>1</sup> Who Profits. (2021, January). [Infrastructures of Dispossession and Control Transport Development in East Jerusalem](#). Who Profits. <https://www.whoprofits.org/flash-report/infrastructures-of-dispossession-and-control/>

<sup>2</sup> Gamish, Rafi. (2022, May 6). [The significant progress this week in the light rail project in Jerusalem](#). *Kol Ha'Ir*.

## The J-Net Project

Estimated at a cost of NIS 11 billion, the J-Net project includes the extension of the Red Line, operational since 2011, the construction of the new Green Line and the operation and maintenance of both lines for periods of 15 years (with the option for an additional 10 years), and 25 years, respectively.<sup>3</sup> The project includes the construction of 27 km of new track lines, 50 new stations and the design and production of over 100 train cars.

In 2019, Spanish multinational company [Construcciones y Auxiliar de Ferrocarriles](#) (CAF) and Israeli public company, [Shapir Engineering and Industry](#), won a tender from the Ministry of Finance, the Ministry of Transportation and the Jerusalem Municipality<sup>4</sup> to carry out the J-Net project through their jointly owned consortium CFIR Light Rail Ltd. (formerly TransJerusalem J-Net Ltd.).<sup>5</sup>

In 2022, the CFIR Light Rail consortium received NIS 102,073,186 from the Ministry of Transportation for the Green Line project. In 2021, the consortium received NIS 102,702,185 for the Green Line project and NIS 806,062 for the provision of light rail public transport service in Jerusalem. In 2020, CFIR consortium received an additional NIS 70,909,395 for the Green Line.<sup>6</sup>

CAF and Shapir each hold 50% shares in LAVI Light Rail O&M Ltd. (formerly J-Net O&M Ltd) - the operation and maintenance contractor for the JLR project.<sup>7</sup>

In a clear sign of the project's strategic importance to the Jerusalem Municipality, and striving to accelerate its completion, in April 2022 the municipality signed an agreement with CAF and Shapir to reward the companies with NIS 10 million for each month where work has advanced on the Green Line. The agreement stipulates that for every month that the company is ahead of schedule, it will receive NIS 5 million plus all income from the purchase of tickets, which is estimated at an additional NIS 5 million.<sup>8</sup>

Framed as a Jerusalem transport project, in practice, the JLR network infrastructure extends far beyond Jerusalem's municipal boundaries, facilitating the integration, not only the settlement blocs that encircle Jerusalem, but also settlements in the occupied West Bank. This is the case with the Ma'ale Adumim settlement transportation plan, promoted as part of the expansion of Jerusalem's transportation master

---

<sup>3</sup> Port 2 Port. (2019, August 8). [TransJerusalem J-Net LTD won the light rail tender in Jerusalem](#). Port 2 Port.

<sup>4</sup> Ministry of Finance. (2019, August 7). [TransJerusalem J-Net LTD was selected as the winner of the JNET tender for the light rail in Jerusalem](#) [Press release]. [הברית TransJerusalem J-Net LTD נבחרה כזוכה במכרז ה-JNET | משרד האוצר](#) [של הרכבת הקלה ביחשלים](#) | [www.gov.il](http://www.gov.il)

<sup>5</sup> Construcciones y Auxiliar de Ferrocarriles. (2022). [CAF Annual Report 2021](#). CAF.

<sup>6</sup> The Budget Key. (2022). [State budget item - infrastructure/transportation](#). OBudget. <https://next.obudget.org/i/budget/0079/2022>

<sup>7</sup> File with Who Profits. *Israeli Corporations Authority report: LAVI Light Rail O&M Ltd*. Retrieved: August, 2022

<sup>8</sup> Sade, Yuval. (2022, April 3). [Starting a light rail to the Knesset: the Treasury will budget for the infrastructure](#). *Calcalist*.

plan, even though the settlement is located in the occupied West Bank and is outside of Jerusalem's municipal boundaries.

Significantly, the proposed plan includes a future JLR line connecting the settlement to the Red Line at the Ammunition Hill station (Giv'at Hatahmoshet) north of the Sheikh Jarrah neighborhood in occupied East Jerusalem. The plan states that the planned line is destined, "first and foremost for the benefit of Ma'ale Adumim."<sup>9</sup>

### The Red Line

The Red Line, JLR's first operational line, connects the settlement of Pisgat Ze'ev in occupied East Jerusalem to Mount Herzl, passing through the city center.

The Red Line is currently being extended north to service the settlement of Neve Ya'akov. The complete extended route will stretch for about 21 km and will service 23 further stations, passing through the settlement neighborhoods of Neve Ya'akov, Pisgat Ze'ev, French Hill, Givat HaMivtar, Ramat Eshkol and Ma'alot Dafna. The extension work began in August 2021 and is expected to be completed by the end of 2023.<sup>10</sup>

The Red Line extension includes the expansion and establishment of two large depot centers in settlement neighborhoods. The first is the expansion of the existing depot at the French Hill settlement neighborhood, the light rail maintenance compound is set to include the addition of a new superstructure, parking rails and a bypass.<sup>11</sup> The second is the establishment of a new 150,000 m<sup>2</sup> depot in the Neve Yaakov settlement neighborhood to include two buildings, a technical operations building with an underground and an upper floor, a building to park both cars and trains, and the addition of bus terminals.<sup>12</sup>

In November 2021, CAF and Shapir carried out construction work for the J-Net project in the settlement neighborhoods of Pisgat Ze'ev and Neve Ya'akov, as well as the construction of the new depot in the

---

<sup>9</sup> Transport Master Plan Team. (Hebrew). [Quarterly status - 2020 summary](#).: Jerusalem Transport Authority.

[https://jet.gov.il/wp-content/uploads/2021/01/%D7%90%D7%99%D7%92%D7%A8%D7%AA\\_%D7%A1%D7%98%D7%98%D7%95%D7%A1\\_%D7%93%D7%A6%D7%9E%D7%91%D7%A8\\_2020.pdf](https://jet.gov.il/wp-content/uploads/2021/01/%D7%90%D7%99%D7%92%D7%A8%D7%AA_%D7%A1%D7%98%D7%98%D7%95%D7%A1_%D7%93%D7%A6%D7%9E%D7%91%D7%A8_2020.pdf)

<sup>10</sup> Sade, Yuval. (2022, June 30). [Delays in the expansion of the light rail in Jerusalem: the red line will only start operating at the end of 2023](#). Calcalist. [עיכובים בהרחבת הרכבת הקלה בירושלים: הקו האדום יחל לפעול רק בסוף 2023 | כלכליסט \(calcalist.co.il\)](#)

<sup>11</sup> Jerusalem Light Rail Network. (2022). [Depot complexes](#). Jerusalem Light Rail. <https://j-lrt.co.il/depo/>

<sup>12</sup> Ibid.

Neve Ya'akov depot.<sup>13</sup> In January 2022, the company began laying the track between the Pisgat Ze'ev and Neve Yaakov settlement neighborhoods in East Jerusalem.<sup>14</sup>

## The Green Line

The Green Line will be the second line of the JLR and is expected to begin operating in June 2025.<sup>15</sup>

The Green Line route will connect the Gilo settlement neighborhood to Mt. Scopus, passing through the city center and the settlement neighborhoods of Ramat Eshkol, Ma'alot Dafna and French Hill,<sup>16</sup> significantly easing access between the settlements and the western part of the city.<sup>17</sup> The line will stretch for about 21 km and will service 41 stops<sup>18</sup> - of which 17 are located in settlement neighborhoods - with 23 active trains, each of which can accommodate 500 passengers. The project also includes the establishment of a depot in the Gilo settlement.

In July 2022, the Ministry of Transportation and the Jerusalem Municipality announced the beginning of work in the Gilo settlement neighborhood as part of the Green Line route.<sup>19</sup>

## **Corporate Complicity**

The publicly traded Spanish company, [CAF \(Construcciones y Auxiliar de Ferrocarriles\)](#) (BMAD: CAF) which holds a 50% stake in the J-Net consortium, is the supplier of tram cars for the Green Line and the refurbishment of the existing Red Line trams.<sup>20</sup> CAF will provide 57 electric trains (114 tram wagons) for

---

<sup>13</sup> Shapir. (2021). [Jerusalem Light Rail Video](#) [Video]. <https://www.youtube.com/watch?v=4pJOPBf15JI>

<sup>14</sup> File with Who Profits. *Notice on the execution of infrastructure works for the purpose of extending the light rail route, the track laying phase*. Who Profits. Retrieved: January 2021.

<sup>15</sup> Sade, Yuval. (2022, June 30). [Delays in the expansion of the light rail in Jerusalem: the red line will only start operating at the end of 2023](#). *Calcalist*. [https://www.calcalist.co.il/local\\_news/article/h1vsvjcq](https://www.calcalist.co.il/local_news/article/h1vsvjcq)

<sup>16</sup> Srugim. (2021, October 24). [These are the names of the new railway stations](#). *Srugim*. <https://www.srugim.co.il/610435-%D7%AA%D7%9B%D7%99%D7%A8%D7%95-%D7%90%D7%9C%D7%94-%D7%A9%D7%9E%D7%95%D7%AA-%D7%94%D7%AA%D7%97%D7%A0%D7%95%D7%AA-%D7%94%D7%97%D7%93%D7%A9%D7%95%D7%AA-%D7%91%D7%A8%D7%9B%D7%91%D7%AA-%D7%94%D7%A7%D7%9C>

<sup>17</sup> Ir Amim. (2019). [Settlement Watch: Settlement-Related Developments across East Jerusalem](#). Ir Amim. <https://www.ir-amim.org.il/en/node/237>

<sup>18</sup> Jerusalem Transport Authority. (2022). [The Jerusalem light rail project](#). Jerusalem Transport Authority. <https://jet.gov.il/light-rail/>

<sup>19</sup> Transport Master Plan Team. (2022). [Changes to public transportation routes in the Gila neighborhood](#).: Jerusalem Transport Authority. <https://jet.gov.il/news-94/>

<sup>20</sup> CAF in the world. [Jerusalem Tram](#). CAF. <https://www.caf.net/en/soluciones/proyectos/proyecto-detalle.php?p=307#:~:text=CAF%20is%20the%20tram%20supplier,are%20bidirectional%205%2Dmodule%20units>

the J-Net project at an estimated cost of EUR 3 million per train, totaling around NIS 1.2 billion,<sup>21</sup> and will supply signaling, energy and communication systems and project integration.<sup>22</sup>

In October 2020, following the J-Net tender, CAF signed an offset agreement with the Israeli Industrial Cooperation Authority of the Ministry of Economy for the mutual procurement of NIS 663 million from 35 Israeli companies, including hi-tech and cyber companies. The agreement includes procurement from Israeli industry, procurement of services from Israeli suppliers and joint research and development (R&D) activity with Israeli technology companies.<sup>23</sup> Under Israeli law, foreign companies that win national tenders are obliged to make purchases or reinvestments in Israel at a rate of between 20% and 50% of the amount of the tender they won as a means of strengthening the Israeli economy.<sup>24</sup> According to the CEO of CAF Israel, the company has cooperated with Israeli companies to integrate advanced Israeli cyber technologies in the railway industry.<sup>25</sup>

### Involvement of international and Israeli corporations in the J-Net project

As the leader in the consortium for the JLR project, CAF has opened the door to contracting additional international companies - mainly Spanish - to become involved in the project.

Spanish transport and logistics services company, [Salvat Logística](#), has been selected by CAF for the maritime transport of 114 CAF tram wagons for the JLR project.<sup>26</sup> Salvat Logística is the co-manager for the transport of 57 electric trains (114 tram wagons) from the CAF factory in Zaragoza in Spain over a period of four years. In May 2022, two CAF new model URBOS100 trains arrived from the CAF factory in Spain to the port of Ashdod and from there were delivered to the depot in the French Hill settlement

---

<sup>21</sup> Sade, Yuval. (2022, April 25, 2022). [The Spanish CAF transfers the Jerusalem light rail cars to Israel](https://www.calcalist.co.il/local_news/article/s1meui4s5). *Calcalist*. [https://www.calcalist.co.il/local\\_news/article/s1meui4s5](https://www.calcalist.co.il/local_news/article/s1meui4s5)

<sup>22</sup> CAF in the world. (2022). [Jerusalem Tram](https://www.caf.net/en/soluciones/proyectos/proyecto-detalle.php?p=307#:~:text=CAF%20is%20the%20tram%20supplier,are%20bidirectional%205%2Dmodule%20units). CAF. <https://www.caf.net/en/soluciones/proyectos/proyecto-detalle.php?p=307#:~:text=CAF%20is%20the%20tram%20supplier,are%20bidirectional%205%2Dmodule%20units>

<sup>23</sup> Zomer, Navit. (2020, October 20). [A Spanish railway manufacturer will spend NIS 663 million on procurement from Israeli companies](https://www.ynet.co.il/economy/article/r1cL7GjvD). *Ynet*. <https://www.ynet.co.il/economy/article/r1cL7GjvD>

<sup>24</sup> Levi-Weinrib, Ela. (2022, April 10). [Mutual procurement in government tenders: 1,100 factories and businesses in Israel benefited from billions of shekels last year](https://www.globes.co.il/news/article.aspx?did=1001408725). *Globes*. <https://www.globes.co.il/news/article.aspx?did=1001408725>

<sup>25</sup> Ministry of Economy and Industry. (2020, December). [The Foreign Investment and Industrial Cooperation Authority Annual Summary](https://ica.gov.il/SiteCollectionDocuments/ICA%20Annual%20Report%2C%20December%202020.pdf). Ministry of Economy and Industry.

<https://ica.gov.il/SiteCollectionDocuments/ICA%20Annual%20Report%2C%20December%202020.pdf>.

<sup>26</sup> El Canal. (2022, May 12). [Neptune y Salvat Logística, seleccionados para el Proyecto Jerusalén](https://www.diarioelcanal.com/proyecto-jerusalen/). *El Canal*. <https://www.diarioelcanal.com/proyecto-jerusalen/>.

neighborhood.<sup>27</sup> Additional trains arriving will be absorbed into the new depot in the Neve Ya'akov settlement neighborhood.<sup>28</sup>

In April 2021, CAF contracted Spanish company, [GMV Innovating Solutions](#) to provide an Automatic Vehicle Location System and Depot Management System to be installed in 160 trains and at 76 stations of the JLR over a 4.5 years-long project.<sup>29</sup> GMV will supply both systems on the extension of the Red Line and the Green Line.<sup>30</sup> The systems will include precise fleet tracking, driver communications and information for passengers onboard and in the station, and will be combined with other upgrades, such as automatic train operation, dynamic route establishment, crossway priority requests, automatic flange lubrication and tunnel lighting. GMV's fleet management systems will be integrated both in the control center and onboard to facilitate the line's service operation.<sup>31</sup>

In December 2020, Shapir contracted Portuguese company, [Steconfer](#) to provide track installation work for the J-Net project,<sup>32</sup> as well as the construction of two new maintenance depots and an extension of the depot located in the French Hill settlement neighborhood in occupied East Jerusalem.<sup>33</sup> This is a five-year project, with work ongoing from 2020 until 2025. The company will install 125, 000 m of rails, 85, 000 twin block concrete sleepers and 242 turnouts, in addition to providing concrete.<sup>34</sup>

In February 2020, the private Israeli company, [Shoham Engineering and Development](#) won a tender issued by the Moriah Jerusalem Development Corporation to carry out infrastructure work on the Green Line.

In 2019, the company, [Shikun & Binui](#) was awarded a contract for construction work on the Green Line route.<sup>35</sup>

In 2019, the company, [Y.D Barazani](#) won a tender issued by Moriah Jerusalem Development Corporation to carry out infrastructure, construction, paving and development work in two sections of the Green

---

<sup>27</sup> Metro Report International. (2022, May 10). [Jerusalem tram delivery](#). *Railway Gazette*.

<https://www.railwaygazette.com/light-rail-and-tram/jerusalem-tram-delivery/61584.article>

<sup>28</sup> Port2Port (2022, May 26). [Ashdod Port: Two new trains were delivered to CAF in favor of the light rail](#). Port2Port.

<sup>29</sup> GMV. [GMV touches down in Jerusalem](#). GMV. <https://www.gmv.com/en-es/node/5649/printable/print>

<sup>30</sup> Spencer, Ben. (2021, April 23). [GMV applies tech to Israeli light rail project](#). ITS International.

<https://www.itsinternational.com/its7/news/gmv-applies-tech-israeli-light-rail-project>

<sup>31</sup> GMV. [GMV touches down in Jerusalem](#). GMV. <https://www.gmv.com/en-es/node/5649/printable/print>

<sup>32</sup> Stenconfer. (2020, December 28). [News: Jerusalem LRT Network \(J-NET\)](#).

Stenconfer.<https://www.steconfer.com/en/media/news/jerusalem-lrt-network-j-net>

<sup>33</sup> Stenconfer. [Projects/Ongoing: Jerusalem LRT Network \(J-NET\)](#). Stenconfer.

<https://www.steconfer.com/en/portfolio/project/728/jerusalem-lrt-network-j-net>

<sup>34</sup> Ibid.

<sup>35</sup> Tender with Who Profits

Line, one of which is in the Gilo settlement neighborhood, and next to the Sharfat Palestinian neighborhood in East Jerusalem.<sup>36</sup>

### Financiers of the project

Infrastructure and transportation projects are profitable, not only for the executing companies, but also for the institutions financing them.

In 2020, a consortium led by [Hapoalim Bank](#) with the [First International Bank of Israel](#) and [Migdal Insurance and Financial Holdings](#) awarded CAF and Shapir NIS 3.5 billion for the J-Net project.<sup>37</sup> Hapoalim Bank also financed the establishment of the Red Line in a joint financing agreement together with [Leumi Bank](#) for approximately NIS 2 billion for the JLR's previous franchise, the Citypass Group.<sup>38</sup>

In 2020, the Israeli state bought back the JLR Red Line concession from its previous constructor and operator, the CityPass Group for NIS 1.6 billion to enable its handover to the CFIR consortium. The selling of Citypass made a profit of around NIS 1 billion for the [Ashtrom Group](#), [Harel Insurance Investments and Financial Services](#) and the Israel Infrastructure Fund. The Ashtrom Group and Harel announced that they are expected to gain approximately NIS 630 million and NIS 280 million from the sale, respectively.<sup>39</sup>

The French multinational company, [Alstom](#), which led the construction consortium and provided a fleet of trains, systems, infrastructure and signals for the Red Line project, and held shares in the project contractor company as well as full ownership of the maintenance contractor, gained NIS 95 million from the CityPass sale.<sup>40</sup>

---

<sup>36</sup> Y. D. Barazani. [Projects - Infrastructure: Dov Yosef segment 22](#). YDB. <https://ydb.co.il/he/projects/5>

<sup>37</sup> Bank Hapoalim. (2020, November 8). [Press release: Shapir Engineering and Spanish CAF completed a financial closing led by Bank Hapoalim for the financing of the J-Net franchise project in Jerusalem](#) [Press release]. Bank Hapoalim. [שפיר הנדסה וכסף](#) [בירושלים](#) [הספרדית השלימו סגירה פיננסית בארגון בנק הפועלים למימון פרויקט הזכיינות](#) (bankhapoalim.co.il)

<sup>38</sup> The Marker. (2006, January 24). [The financing agreement for the light rail in Jerusalem was signed in the amount of about NIS 2 billion](#). *The Marker*. <https://www.themarker.com/misc/2006-01-24/ty-article/0000017f-def2-d856-a37f-fff22c2c0000>

<sup>39</sup> Yeshayahu, Kobi. (2020, February 13). [The tide in infrastructure: a profit of about one billion shekels for the Ashtrom group, Harel and Israel Infrastructure Fund from the sale of the light rail franchise in Jerusalem](#). *Globes*. <https://www.globes.co.il/news/article.aspx?did=1001318399>

<sup>40</sup> Azran, Eran. (2020, February 12). [NIS 1.6 billion: the state purchases the Red Line project in Jerusalem from Ashtrom and Harel](#). *The Marker*. <https://www.themarker.com/markets/2020-02-12/ty-article/0000017f-db11-db5a-a57f-db7b42370000>

## Planned Developments of the Jerusalem Light Rail

### The Blue Line

The JLR Blue Line is to be the third and longest main axis of the JLR network. The line route stretches 31 km from the Ramot and Ramat Eshkol settlement neighborhoods in the north, to the Gilo settlement neighborhood in the south with 53 stations and a depot and maintenance facility in the Ramot settlement neighborhood.<sup>41</sup> Infrastructure work on the line began in 2020, it is expected to be completed in 2027 and fully operational in 2029.<sup>42</sup>

The tender for the construction, financing, operation and maintenance of the line is currently in the final bidding stages and the concession will be for 25 years.<sup>43</sup> The financial scope of the tender for the first section of work is estimated at NIS 183 million, and the total financial estimate of the Blue Line is around NIS 10 billion.<sup>44</sup>

According to media reports, the CAF and Shapir consortium is among the final five consortia competing for the tender.<sup>45</sup>

Who Profits will continue monitoring this and publishing relevant developments.

---

<sup>41</sup> Ministry of Finance - Accountant General. (2022, July 28). [Jerusalem light rail - Blue line](https://www.gov.il/he/departments/general/project-light-rail-jerusalem-blue-line). Ministry of Finance. <https://www.gov.il/he/departments/general/project-light-rail-jerusalem-blue-line>

<sup>42</sup> Transport Master Plan Team (2022). [The light rail](https://jet.gov.il/light-rail/). Jerusalem Transport Authority. <https://jet.gov.il/light-rail/>

<sup>43</sup> Lieberman, Guy. (2021, August 3). [5 groups approved for Jerusalem light rail blue, purple line tender](https://en.globes.co.il/en/article-5-groups-approved-for-jerusalem-light-rail-blue-purple-line-tender-1001380503) *Globes*. <https://en.globes.co.il/en/article-5-groups-approved-for-jerusalem-light-rail-blue-purple-line-tender-1001380503>

<sup>44</sup> Fondminsky, Kathy. (2021, February 11). [From Ramot to Gilo: the blue line of the light rail is on its way](https://jerusalem.mynet.co.il/local_news/article/HJxuZ6G11d). *Mynet Jerusalem*. [https://jerusalem.mynet.co.il/local\\_news/article/HJxuZ6G11d](https://jerusalem.mynet.co.il/local_news/article/HJxuZ6G11d)

<sup>45</sup> Sade, Yuval. (2022, January 3). [The Blue Line in Jerusalem is headed for another delay - because of the noise](https://www.calcalist.co.il/local_news/article/r1oe4dyhy). *Calcalist*. [https://www.calcalist.co.il/local\\_news/article/r1oe4dyhy](https://www.calcalist.co.il/local_news/article/r1oe4dyhy)