

Canadian construction company builds Cross-Israel Highway



CANADIAN HIGHWAYS INTERNATIONAL

In addition to the usual construction problems, workers on the Cross-Israel Highway face the danger of being hit by bullets.

A project under the gun

BY JAMES PASTERNAK

A construction crew works under the watchful eye of the police force, the army and heavily armed private security guards, but it's not some sort of chain gang. It's highway building in Israel, and for Toronto-based Canadian Highways International Corp., it's a typical day on the job.

"There are a couple of parts of the job that run close to the West Bank," said CHIC vice-president Bruce Simpson. "Since the trouble started last fall, there have been several incidents that included gunfire. We've had a few people hurt, but no one killed."

"In a job of this size, with a lot of activities going on, the security problems are a small part of it."

The Cross-Israel Highway is a US\$1.1-billion, 86 km long project that will traverse the tiny country. The Israelis had heard about CHIC's Highway 407 toll route, which runs from east to west just north of Toronto, and asked the company to make a bid. CHIC, through a local subsidiary, is in partnership with two Israeli companies, Africa Israel Investments Ltd. and its subsidiary Danya Cebus and Housing and Construction Holding Company Ltd. and its subsidiary Solel Boneh. The companies have agreements to maintain and collect tolls on the

highway for 30 years.

When the bidding process started, Israel was in desperate need of a major highway. Israel's roads are among the most congested in the world, with more than 80 vehicles per kilometre of road. It has one of the highest vehicle growth rates and has a high automobile fatality rate. In 1992, the Israeli government declared the need for the Cross-Israel Highway was a national priority.

Workers broke ground in November, 1999, but the project didn't really get moving till the spring of 2000. Over the past year, the workforce has doubled to about 1,500, including 140 members of the consortium staff, 300 external design consultants, and about 1,100 labourers and machine operators. It took 21 months after the contract was awarded to put all the 40 subcontract agreements in place.

The project will involve the construction of 88 bridges and the removal of 20 million cubic metres of earth. It is in the 22nd month of a 54-month contract, with about 60 kilometres of the 86 km road under construction. The highway is expected to be in partial use by March 2002, with the tolling apparatus in operation about two months later. The entire highway is expected to be operational by November 2003.

According to Mr. Simpson, the nature and number of construction site accidents are on a par

with similar projects in Canada. But road construction crews in Canada don't have to worry about being shot at.

During an incident in June, an Israeli worker was wounded in the leg. And in August, a vehicle belonging to the construction consortium came under fire from a nearby Palestinian village. Private security guards working for CHIC returned fire.

In addition to the shootings, the most recent cycle of Middle East violence has affected the project's labour pool. Originally, construction planners were counting on Palestinian temporary workers arriving daily from the West Bank. However, since the West Bank is now sealed off, workers from Romania, Ukraine and Thailand are filling the void.

"A lot of the construction workers in Israel had been Palestinians. But because of the trouble over the last 9 or 10 months, the Palestinians have not been allowed to enter Israel for work," said Mr. Simpson.

While the Cross-Israel Highway work continues, CHIC continues to scour the landscape for projects. Greece is seeking a company to build six concession roads for different highways. CHIC has submitted pre-qualification documents on three of the six roads, projects that range in value from US\$550-million to US\$1.1-billion. On one project, CHIC would be required to finish off the last 20

km of a highway through mountain tunnels.

Another intriguing project is an estimated US\$800-million to US\$900-million toll highway project in Texas from San Antonio to Austin. CHIC management accompanied Ontario officials on a trade mission to the state in June, 1999.

Previously, Texas officials had visited Ontario to examine the work done on Highway 407. CHIC along with its American partners qualified to bid for the project last year and are waiting on the request for proposal documents, after which a decision will be made on whether to bid.

"I'm not much of an expert on Chrétien and Bush, but there seems to be an excellent relationship between the U.S. and Canada and Texas and Canada," said Mr. Simpson.

But while obtaining a large highway construction contract is crucial to CHIC's success, and getting it completed on time is key, the bottom line must also be there. On the Cross-Israel Highway there is cautious optimism that the numbers are looking good.

"The job's been going pretty well. From a schedule viewpoint we're in good shape. From a cost viewpoint we're in pretty good shape, though we're only 30% finished. It's a little too early to get bullish on it, but we're quite encouraged by the numbers so far."

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