# China opens another rail 'Great Project'

by Mary Burdman

On Sept. 1, service began on the latest of China's "Great Projects," the just-completed Beijing-Kowloon railroad. This railroad, 2,536 kilometers long, takes a direct north-south route to connect China's capital with the Pearl River delta, the most rapidly developing area in China. The railroad was first proposed by then-Rail Minister Teng Daiyuan in 1958, and was endorsed by Mao Zedong, but construction only began in 1992. The new route is the third north-south line in China. Two older lines connect Beijing with Shanghai, China's biggest industrial city, and with Guangzhou (Canton), the largest city in China's southeast. Not only is the new route vital for relieving congestion on the old routes, but it also has great political importance.

At present, service only goes to Shenzhen, the Chinese city on the border with Kowloon, Hongkong; this will be the case until July 1997, when the present British Crown Colony rejoins China. Hongkong, despite its reputation as a free-trade financial center, and associations with the international drug trade, is also one of the largest container ports in the world. When tied into the growing Chinese economy, it can have a more productive future.

The construction of the Beijing-Kowloon railroad has been an enormous engineering achievement. It included building 1,045 bridges, totalling 183 kilometers in length, including one over the kilometer-wide Yangtze, and digging 150 tunnels, which total 56 kilometers in length. The entire vast project was built in record time, three years, a full two years less than originally planned, by a force of over 100,000 workers at a time. Modern signalling systems, computerized engines, and advanced communications make the line one of the most advanced in the world, for standard-speed railroads.

The project cost 40 billion yuan (about $5.3 billion). Funding came in part from the national budget, and in part from state banks, including the Peoples Construction Bank and the State Development Bank, which was founded for such purposes in April 1994. Railroads remain firmly a state domain in China, although there is great interest in overseas investment in advanced rolling stock and telecommunications, especially for joint development. Privatization of the railroads, with their strategic importance to China, is not thinkable.

The new rail line traverses a region inhabited by 70 million people, producing 15% of China's industrial and agricultural output, and intersecting 20 other major rail lines. One of the purposes of the new line, is to develop the surrounding regions, approximately 400 kilometers inland. Although resources, including minerals, are plentiful, some of these areas remain extremely backward.

While the central government's Ninth Five-Year Plan, 1996-2000, will focus on bigger projects, such as large power plants, oil refineries, and chemical plants, to be built in the region, local goverments are being encouraged to use the advent of the railroad to improve their own infrastructure, including roads, cities, and energy. To ensure funding, projects requiring large investment and long recovery periods will be granted more favorable terms.

## Big development plans

China's transportation bottleneck, especially in rail, is recognized by the government as a critical problem for the economy. Rail transport now, overall, can only accommodate 60% of demand for both passengers and freight. Handling capacity of older lines, such as the Beijing-Guangzhou railroad, was only 40% of demand. The overall rail network is still severely limited for a nation of China's size: China has 60,000 km of railroads, 20% electrified, which is still only what the United States had in 1861.

Priority is being given to ten "key national projects," linking cities in China's southeast and northeast with its central rail net. In all, China will have another 10,000 kilometers more rail lines in operation by 2000, Railway Minister Han Zhubin announced in March 1996. With a total rail length of 70,000 km by the turn of the century, the nation should be able to meet the basic demands for freight transport, which, it is estimated, will reach 1.8 billion tons per year.

Total investment for the current Five-Year Plan (1996-2000) will amount to 250 billion yuan ($33 billion), with another 80 billion yuan needed to purchase engines and trains. Projects include increasing the speed of passenger and freight trains. The targetted speed for passenger trains will be 140-160 kilometers per hour, compared with present (maximum) of 100-110 kph. Negotiations are also under way to build a 1,300 km-long, state-of-the-art 250-kph railroad from Beijing to Shanghai. Germany, France, and Japan all have proposals for participating in building this project.

In October 1995, Minister of Railways Han Zhubin announced that China had prepared a 15-year plan to bring its railway system up to 1990s international standards. The plan calls for heavy-loading cargo transportation, modernization of safety technology, wide use of electric and diesel locomotives, automation of controls, and mechanization of maintenance and loading operations.

By 2000, China will focus on creating a secure transport safety system, raising speed on passenger lines, upgrading the quality of both passenger and freight rolling stock, espe-

cially for heavy loading and high-speed runs. Minister Han said China's policy was to combine independent development of its own new technology with import of advanced foreign technology.

## Recovery from China's 'dark ages'

In the 1950s, China built 10,000 km of rail, especially in the southwest, but under most difficult conditions. The outbreak of the Cultural Revolution in the 1960s and 1970s, brought rail construction, along with every other aspect of the economy, grinding to a halt. Over the 1980s, construction began again, with one great achievement being building rail lines into China's vast western interior, especially the 4,700-km Chinese stretch of the "Transcontinental Eurasian Land-Bridge," which opened rail transport from the Pacific coast to Europe in 1992.

In autumn 1992, the Chinese Ministry of Railways announced that the country would be investing 120 billion yuan ($22 billion) in rail construction by 1995. The national government determined that completing the Beijing-Kowloon line in record time, was a project of "strategic" importance for China's economy, both to relieve the total congestion on the other rail lines, and to create an economic boom in the areas, including some very impoverished ones, through which the railroad passes. The ministry set up a special office to oversee this "unprecedented" project.

In January 1993, the Ministry of Railways announced that increased rail construction was essential to keeping China's economic development going. This was part of a national commitment to focus the rapidly growing economy on basic infrastructure and "intensive," rather than "extensive," growth, including determination, from the highest government levels, to protect China from the massive financial speculation plaguing the world economy.

The new rail program called for building almost 7,000 km of track in two years, with focus on two national priorities: to speed up completion of the Beijing-Kowloon line, and to double-track the Lanzhou-Urumqi section of the Transcontinental Land-Bridge, by two full years. The Beijing line, already then ahead of schedule, was allocated an extra 2 billion yuan ($267 million).

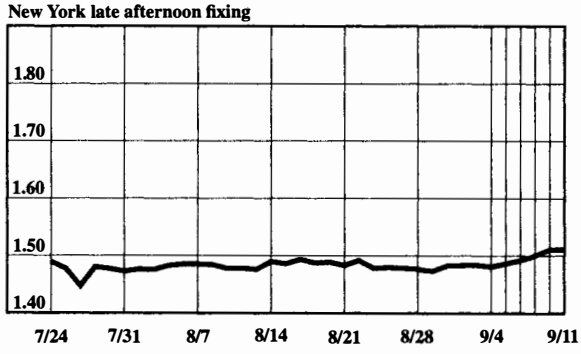
Next, 1994 was another record in rail history, with 3,346 kilometers of new track and double track laid. Among achievements was the opening of the Guangzhou-Shenzhen "quasi-high-speed" (160 kph) line, which, although covering only a short distance, was designed and constructed entirely by Chinese.

Even more important, discussion began in earnest on construction of the high-speed Beijing-Shanghai line, which would cut travel time between the two cities from 17 hours to 7. Chinese officials visiting Germany that year said they hoped to make this a project which would involve all three nations that already operate high-speed rail, Germany, France, and Japan.

# Currency Rates

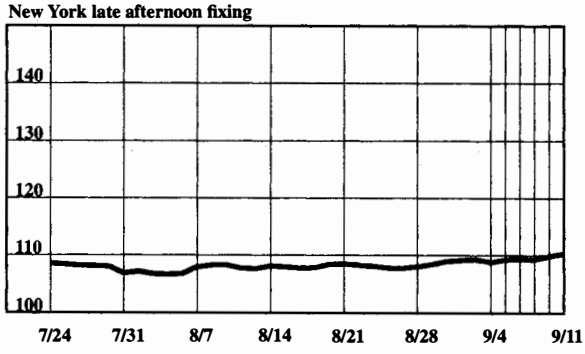
### The dollar in deutschemarks

New York late afternoon fixing



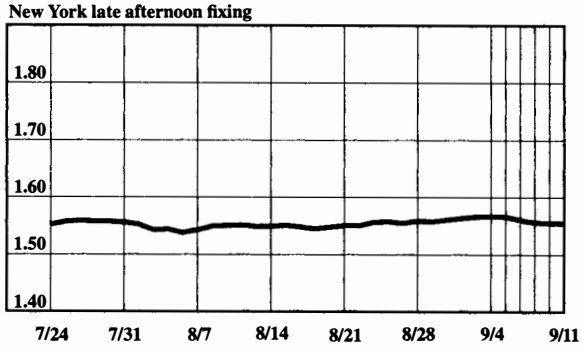

### The dollar in yen

New York late afternoon fixing




### The British pound in dollars

New York late afternoon fixing




### The dollar in Swiss francs

New York late afternoon fixing