The Transportation Center Sandhouse Gang presents……

High Speed Rail in China .... On or Off the Track?

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3:00 – 5:00 pm

Location:
Transportation Center – Ruan Conference Center Chambers Hall – 600 Foster, Evanston, IL

Abstract: Since 2003 China has been constructing a network of high-speed Railway Dedicated Passenger Lines (DPL). With the emphasis on their amazing speed, technology complexity and stimulus to domestic investment, the lines are being developed at an incredibly fast pace. While their construction usually is under budget and ahead of schedule, there is a trend to overestimate the traffic volume and revenue. The justification focus is more on short-term than on long-term social and economic sustainability. Simultaneously, accumulated debt is almost totally deleted from the construction feasibility report. So it is very important that transportation policy estimate the financial viability through scenario modeling and explain it with theories of transportation economics.

Our research shows that, without a change in government policy, DPL will push the Chinese Railway onto the verge of bankruptcy around 2015, and will then force the railway industry to struggle for cash-flow and cost-revenue balance. Decisions for DPL construction violate theoretical transportation laws and create an enormous cost that will be needed to offset the undesirable consequences.

The presentation will review the current program for constructing Dedicated Passenger Lines in China and attempt to show its economic impact, particularly with emphasis on the financial impact to the railway.

Bio: Dr. Hongchang Li has been engaged in transportation economics for more than 15 years, and teaches Western transportation economics, regulation economics, managerial economics, and research methodology for economics, at the well-known Beijing Jiaotong University. He is often called upon to comment on the China railway network and on railway economic research. He is retained as an expert for China International Engineering Consulting Company. He has written a number of books and papers published in China and internationally. In addition, he has undertaken research for the Ministry of Railways, Ministry of Education, National Development and Reform Committee, and the World Bank. Currently he is on a 6 month sabbatical at the University of Texas, Dallas.