Beijing reviews high-speed rail plans
By Jamil Anderlini in Beijing
Published: November 7 2010 19:56 | Last updated: November 7 2010 19:56

China’s Ministry of Railways is conducting a review of the country’s ambitious high-speed rail proposals after an influential state-backed think-tank raised questions about the affordability and practicality of the planned network.

In a report submitted by the China Academy of Science to the State Council, experts urged a rethink of the emphasis on massive infrastructure investment, particularly the bullet train expansion programme.

One of the concerns expressed in the report is the unsustainable level of debt that has propelled rail building projects across the country, particularly since the government launched its stimulus package in late 2008 to combat the effects of the global economic crisis.

The report found that the acceleration of infrastructure investment triggered by the stimulus package had caused a lack of integration between transport services across the country, leaving highways, subways, train stations and airports not properly connected.

Wen Jiabao, China’s premier, has seen the report and asked for further discussion of current high-speed rail plans, say people familiar with the matter.

The review – and possible scaling back – comes as provincial officials appear to have caught bullet train fever. Local governments have between them asked for Beijing’s permission to expand the high-speed rail network by as much as 80 per cent above the already ambitious approved targets, according to analysts and Chinese media reports.

Under the current plan, the central government has authorised a high-speed network that will reach 16,000km by 2020 and service more than 90 per cent of the population.

But as part of the stimulus the government more than doubled its planned investments in railways for 2009 and 2010 and expected to have 13,000km of high-speed track by the end of 2012. That will give China more
high-speed rail capacity – trains that travel at more than 250km an hour – than the rest of the world put together, according to data from the International Union of Railways and Nomura, the investment bank.

But with dozens of new lines scheduled to open in the next two years, the high-speed connections already in operation are being carefully scrutinised.

Critics point out that bullet train services, such as the 1,000km Wuhan to Guangzhou connection that opened this year, are operating at less than half their full capacity and will never make enough money to repay the large bank loans used to build them.

*Additional reporting by Eliot Gao*

Copyright The Financial Times Limited 2011. Print a single copy of this article for personal use. Contact us if you wish to print more to distribute to others.