

RAIL:

More efficient transport will reduce logistics costs and boost trade

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China's high-speed trains have been sold to 102 countries and regions. \$18 billion worth of high-speed rail related agreements were signed last year alone, up 40 percent from a year earlier.

A big part of this push to build more state-of-the-art rail infrastructure is the result of the ambitious Belt and Road Initiative. One of the ways China is driving an upgrade of that sprawling trade route is by investing in big rail projects or working in their development by providing financing and expertise, or by doing both.

"Railways have the power to change the landscape of connection in Asia Pacific and beyond," said Pierre Chartier, chief of the transport infrastructure section at the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP).

Chartier believes a "one for all, all for one" approach is needed to develop the railway system across the region.

Supee Teravaninthorn, the director general of investment operations at the Asian Infrastructure Investment Bank (AIIB), agrees, adding that more infrastructure and better connectivity are needed to support ongoing growth in the region.

"There's still a big gap between the demand and supply of transport infrastructure in the region, especially as it becomes increasingly globalized," she said.

China's advances in railway technology, which Premier Li Keqiang once called the country's "golden business card", might just bridge that gap.

China's high-speed trains were launched a decade ago during the administration of then president Hu Jintao. Those trains were named Hexie or "harmony". The newest trains on China's fastest routes have been christened Fuxing, which translates as "rejuvenation". They are capable of traveling at up to 400 kilometers per hour.

One of the more notable Belt and Road-related transport projects is the Pan Asia Railway Network that will eventually connect Kunming to Singapore. Sections of the 3,900-km line are in various stages of development.

Construction began in late 2016 on the \$5.8 billion China-Laos line stretching 418 km. The trains, through 75 tunnels and 167 bridges, will be able to hit a maximum speed of 200 km/h.

In Thailand, construction of the first phase of a 253-km, \$5.5 billion high-speed rail project that will link Bangkok to Nakhon Ratchasima province — part of a railway link with Laos and China — should start by November after completion of



Indonesian President Joko Widodo (left) attending the groundbreaking ceremony of the country's first high-speed railway on Jan 21 last year. The 142-km railway will be built by a Chinese-invested consortium.

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Chinese firm to run Cambodia monorail

China Sky Railway Group, a privately owned company producing hanging trains that zip along an elevated monorail track at up to 65 kilometers per hour, will be operating a 10-km line in Cambodia from next May, its chairman said on Sept 26.

The line is designed to connect the Royal Palace and Phnom Penh International Airport in Phnom Penh, the Cambodian capital, to support its infrastructure, tourism and public service development, as well as the upcoming 2023

Southeast Asian Games. An unmanned train can carry a maximum of 144 passengers.

Unlike monorail trains in Germany and Japan powered by cable, the train made by China Sky Railway Group is powered by a lithium battery.

"It is cheaper than building a subway or urban railway in major cities in member economies of the Association of Southeast Asian Nations, as much land is in private ownership, and the government must pay handsomely to gain the right

to use it," said Tang Tong, the company's chairman.

The company based in Southwest China's Sichuan province signed a framework deal on Sept 26 with Beijing-based Third Cities Investment Group Co for financial support to further develop in the overseas and domestic markets.

The company has completed 15,000 km of test runs to acquire the highest standards in unmanned driving technology.

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environmental impact assessments. The project will require another 355-km link with Nong Khai on the border with Laos.

Slated for completion by 2022, the railway is expected to link Thailand to China through landlocked Laos. In July, Thai Prime Minister Prayuth Chan-ocha signed an executive order to get the project moving.

When all the various phases are complete, the trip from Bangkok to Vientiane, the capital of Laos, should take just four hours. It will also be possible to travel by rail from Bangkok to Kunming.

The grander plan is for the rail link to be eventually extended down south to Kuala Lumpur and Singapore.

Some projects have faced hurdles, such as the China and Myanmar line, stalled since 2014, that aims to link Kunming and the Myanmar seaport of Kyaukpyu. A proposed project between Kunming and Yangon is also held up.

Overall, however, China is driving the construction of huge rail infrastructure throughout the region.

"An example would be the East Coast Rail Link project in Malaysia, which will be built by China Communications Construction Company and is partially funded by the State-owned Export-Import Bank of China," said Gan at MahWengKwai and Associates.

"It will link the east coast of Malay-

sia to Port Klang, which is located on the Straits of Malacca, a major maritime route and hotspot for economic trade."

And there are other projects in the works throughout the region. When Chinese Premier Li Keqiang and Singapore's Prime Minister Lee Hsien Loong met in July during the G20 Summit in Hamburg, Germany, one of the many topics discussed was the Kuala Lumpur-Singapore High Speed Rail project.

Indonesia, for its part, is building its first high-speed railway across a 142-km stretch between Jakarta and Bandung. It will be built by a Chinese-invested consortium.

In May, a group of companies from

Indonesia and China signed a \$4.5 billion loan with the China Development Bank, which will cover most of the project cost. In July, Indonesia's State-Owned Enterprises Minister Rini Soemarno took part in a groundbreaking ceremony for the high-speed rail link's Walini tunnel.

UNESCAP'S Chartier said the Belt and Road Initiative provides a shared vision of development that ties projects together.

"The Belt and Road allows countries to align national initiatives with wider regional ones," he said. "It also allows better synchronization and rationalization of investments."

"Besides its railway expertise, China is also offering a source of funding through multilateral institutions, such as the Asian Infrastructure Investment Bank, to smaller countries which might not have the capital or capacity to contemplate such projects on their own."

Ben Simpfendorfer, managing director of consultancy firm Silk Road Associates, said China has "a major role to play upgrading the region's rail networks". But he said high-speed rail may not be the only option.

"Belt and Road countries can equally benefit from the upgrading of existing lines, such as through double-tracking or electrification. Thailand's plans for double-tracking and track strengthening are a great example of this and a real opportunity for China."

Teravaninthorn, at the AIIB, emphasized the importance of operations and maintenance planning, beyond building the infrastructure.

"In the long run, funding is less important than sustainability for any infrastructure project. Efficient and effective operations management is essential in ensuring that an infrastructure project is bankable to investors," she said.

"In certain countries, railways are run at a loss and only survive thanks to government subsidies. Not every country can afford that burden."

Belt and Road countries that invest in rail connectivity would also be wise to look at other areas such as power generation, said Simpfendorfer.

"Roads and bridges are also important, especially where they connect industrial parks to sea and airports," he added.

Still, more rail connectivity should drive trade and economic growth. Malaysia's new rail link is a case in point.

"With easier, faster and cheaper logistics, countries like Malaysia will see an increase in cross-border trade and investment," said Gan.

He said the economic growth that Malaysia gains from this cooperation is likely to be steady "since the Belt and Road Initiative focuses on sustainable development".

"The potential is truly limitless."