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Foreign funds for roads urged

The authorities are calling for more foreign investment in road and port construction next year, in line with plans to spur domestic demand in the sector, a transport official said Tuesday.

Road and port infrastructure projects will need 1 trillion yuan (\$147 billion) of investment next year, up from about 800 billion yuan needed this year, Li Xinghua, deputy director of the planning department of the Ministry of Transport, told a press conference Tuesday.



Workers at the construction site of a highway tunnel in Chaohu, Anhui province, in June. The authorities are aiming to expand the nation's transport network in the coming year. [China Daily]

"The gap in capital financing next year means more foreign capital is needed," he said.

Past road constructions have preferred domestic funds over foreign capital because they were said to offer "more favorable terms than foreign loans", Li said.

But the amount of foreign funds in road construction is "sure to exceed" that of the past, he said.

The country currently uses \$600 million to \$800 million of loans from the World Bank, Asian Development Bank and foreign governments each year for building roads, with the amount of funds expected to increase next year, Li said.

"From expressways to ports, all transport infrastructure projects are open to foreign capital as usual, and we have already established mature operational mechanisms for using the funds from past experiences," he said.

The foreign capital, as well as central and local government funds and domestic private capital, will together fund large-scale road and port construction next year, Li said.

The majority of investments next year will go to expressway projects, he said. About one-fifth will go to rural road projects, 70 billion yuan to coastal port projects and 20 billion yuan to inland port projects.

The exact amount of investment in expressways will have to be approved by the State Council, or the country's Cabinet, Li said.

The ministry's plans for the sector follow latest efforts of the State Council to fend off economic

slowdown by investing 4 trillion yuan in areas that also cover housing and rural infrastructure.

The focus on expressways also stems from the strong effect such projects have in spurring demand, seen in the late 1990s when the Asian financial crisis struck, Transport Ministry spokesman He Jianzhong said.

He cited studies saying that building 1 km of expressway will consume 1,000 tons of steel, 9,000 tons of cement and 1,900 tons of asphalt on average, and every 100 million yuan invested in the roads will create 1,800 jobs directly and 2,100 jobs indirectly.

These large-scale investments on the transport network will help boost plans for a 100,000-km national highway network, He said. The country had 54,000 km of expressways by the end of last year.

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