

ADB I Seminar

Public Policies and Quality of Life

An Overview and Outlook of China's Transport Infrastructure Investment

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01

Development of Transport Infrastructure Investment and Financing

Tables for Achieving the Goals of the 13th Five-Year Plan (2016-2020) for Transportation Infrastructure Development

Major Task Indicators of Transportation Infrastructure	2015	Planning Goal in 2020	Completion in 2018	Completion Rate of 13th Five-Year Plan
Operational mileage of railways (Ten thousand kilometers)	12.1	15	12.7	34.48%
Operational mileage of expressway (Ten thousand kilometers)	1.9	3.0	2.5	90.91%
Proportion of double line railway (%)	53	60	56.5	71.43%
Proportion of electrified railway (%)	61	70	68.2	100.00%
Mileage of highway (Ten thousand kilometers)	458	500	477.35	63.45%
Mileage of expressway (Ten thousand kilometers)	12.4	15	13.65	71.54%
Number of berths of 10,000 tons or above in coastal ports	2207	2527	2366	74.06%
Number of civil transport airports	207	260	229	52.83%
Rate of Administrative villages with tarmac and cement roads (%)	94.5	99	99.47	110.44%
Mileage of urban rail transit routes in operation (Ten thousand kilometers)	3300	6000	4484	91.15%

The Proportion of Highway Investment in GDP in China



Rank	Region	The proportion of highway investment in GDP	Rank	Region	The proportion of highway investment in GDP	Rank	Region	The proportion of highway investment in GDP
1	Tibet	46.5%	11	Inner Mongolia	3.0%	21	Jilin	1.7%
2	Qinghai	14.4%	12	Anhui	2.8%	22	Guangdong	1.5%
3	Guizhou	11.4%	13	Shanxi	2.8%	23	Shandong	1.4%
4	Yunnan	10.5%	14	Chongqing	2.7%	24	Heilongjiang	1.0%
5	Gansu	8.6%	15	Zhejiang	2.7%	25	Henan	1.0%
6	Ningxia	4.6%	16	Jiangxi	2.7%	26	Beijing	0.7%
7	Xinjiang	4.1%	17	Hubei	2.4%	27	Jiangsu	0.7%
8	Guangxi	3.8%	18	Fujian	2.1%	28	Liaoning	0.5%
9	Sichuan	3.8%	19	Hebei	1.9%	29	Shanghai	0.5%
10	Hainan	3.8%	20	Hunan	1.8%	30	Tianjin	0.3%
						31	Shaanxi	0.1%

The proportion of fiscal budget in highway investment in China

Rank	Region	The proportion of financial funds in highway investment	Rank	Region	The proportion of financial funds in highway investment	Rank	Region	The proportion of financial funds in highway investment
1	Shanghai	100.0%	11	Inner Mongolia	67.1%	21	Sichuan	46.8%
2	Hainan	99.5%	12	Henan	63.6%	22	Guangxi	45.2%
3	Heilongjiang	90.5%	13	Tibet	62.3%	23	Guizhou	41.9%
4	Liaoning	86.9%	14	Ningxia	59.9%	24	Shanxi	39.2%
5	Anhui	83.1%	15	Hunan	53.5%	25	Beijing	38.6%
6	Xinjiang	77.2%	16	Zhejiang	51.6%	26	Yunnan	36.2%
7	Tianjin	74.4%	17	Chongqing	51.0%	27	Shandong	30.5%
8	Jiangxi	72.6%	18	Hubei	50.0%	28	Hebei	29.2%
9	Fujian	70.5%	19	Gansu	49.6%	29	Guangdong	29.1%
10	Jilin	70.1%	20	Shaanxi	47.4%	30	Qinghai	28.9%
						31	Jiangsu	22.8%

Transport Infrastructure Investment and Financing in China

Sources of funds

Government Fiscal
Budget

01



02

Local Government
Financing Vehicles
(LGFV)



Public-Private
Partnership (PPP)

03



04

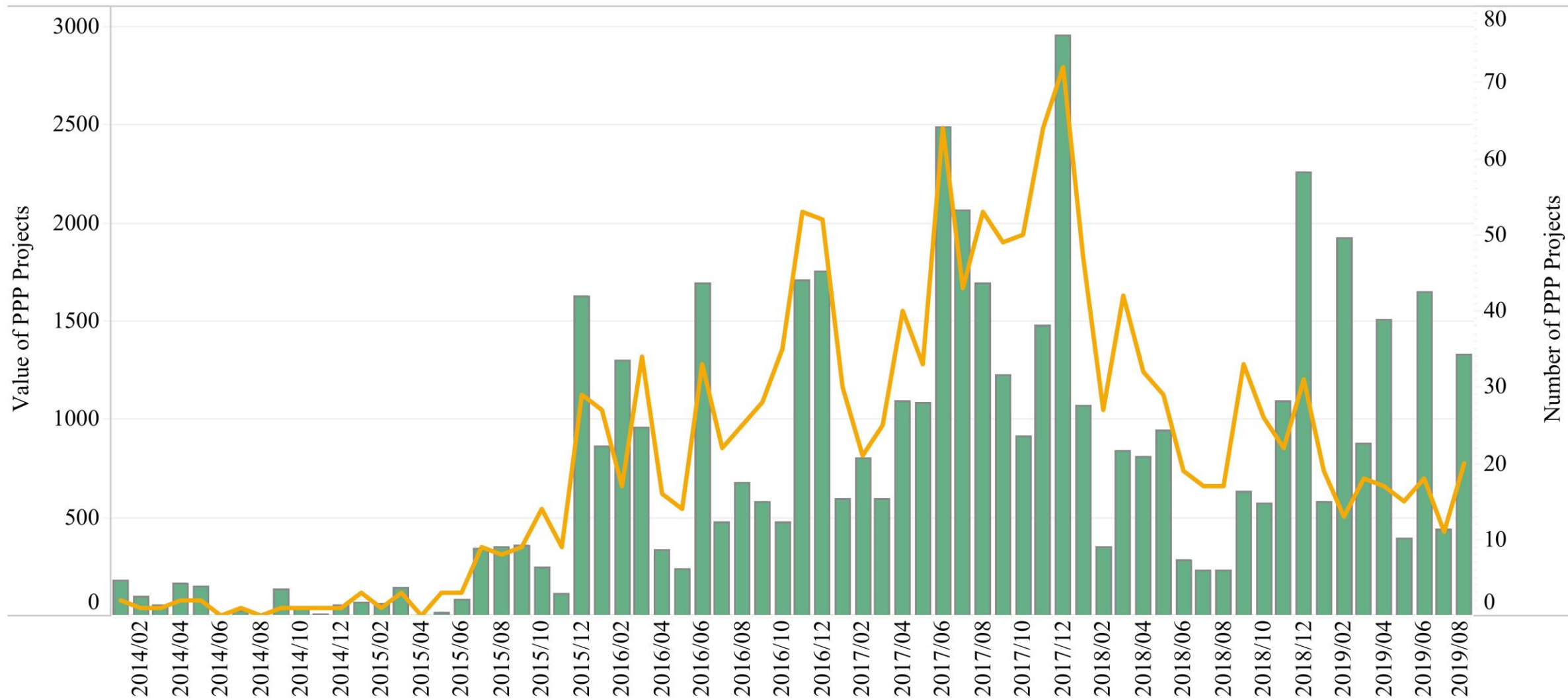
Municipal Bonds

Local governments have increased the scale of issuing bonds to raise funds.



Monthly Transaction of PPP Projects in Transport Sector

(CNY 100 Million)



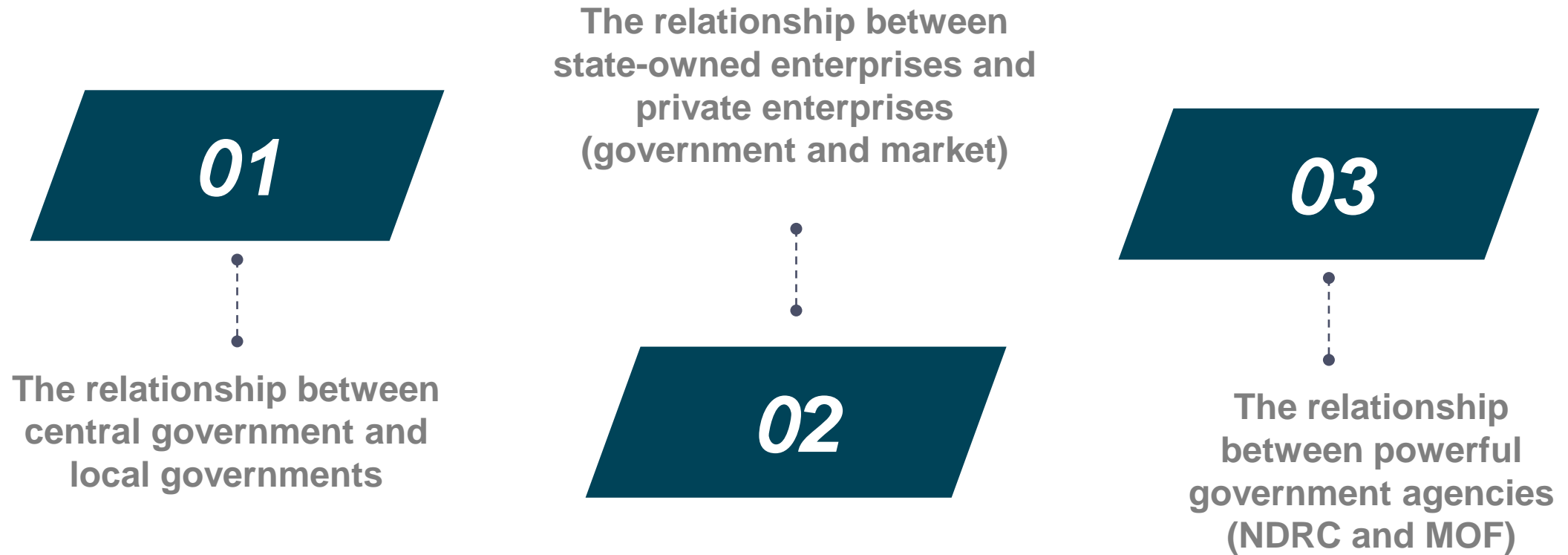


02

Three “Relationships” behind Public Policies

Three Relationships behind Public Policies

To better understand the infrastructure investment related public policies, the below three “**relationships**” should be fully aware.



Support Local Development and Regional Integration

- Yangtze River Delta Integration
 - Beijing-Tianjin-Hebei Integration
 - Yangtze River Economic Zone
 - Guangdong-Hong Kong-Macao Greater Bay Area
-
- *"Beijing-Tianjin-Hebei Transportation Integration and Key Points for the Construction of Comprehensive Transportation System in Xiongan New Area in 2018"*
 - *Work Program for Promoting the Integration of Higher Quality Transportation in the Yangtze River Delta Region*
 - *Implementing Opinions on Supporting Transportation Development in Guangdong-Hong Kong-Macao Greater Bay Area*

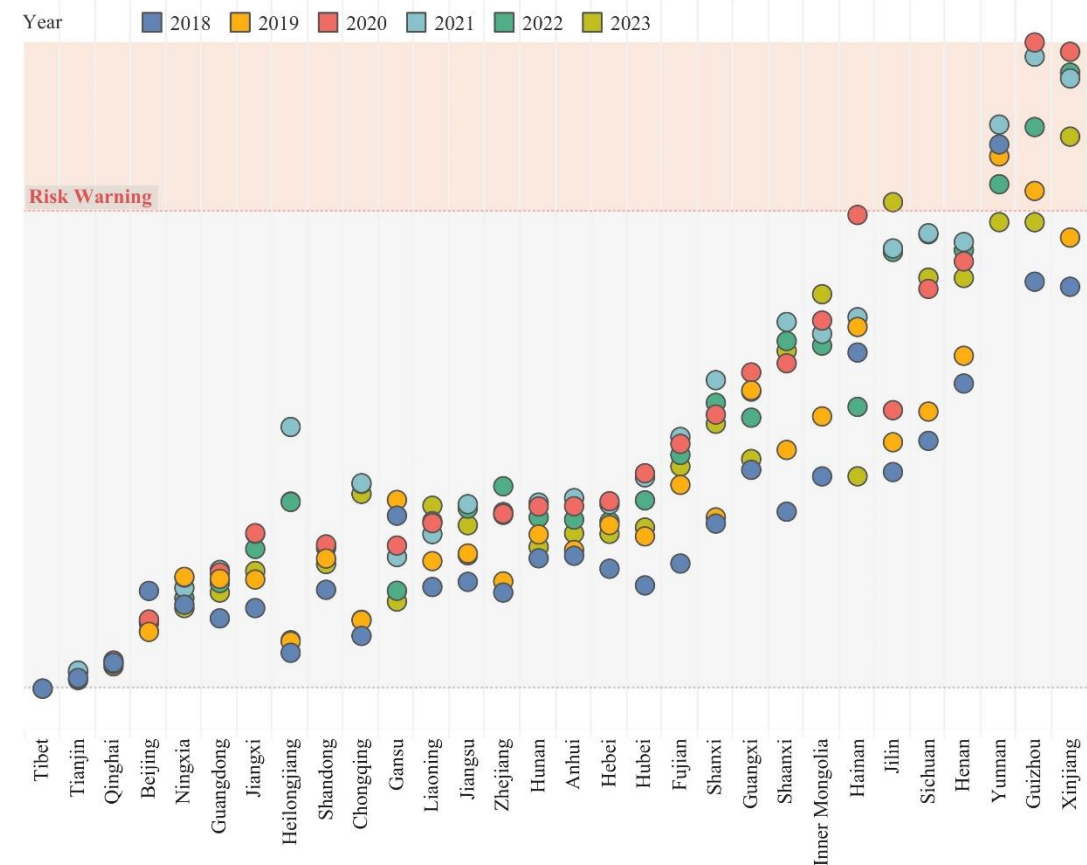
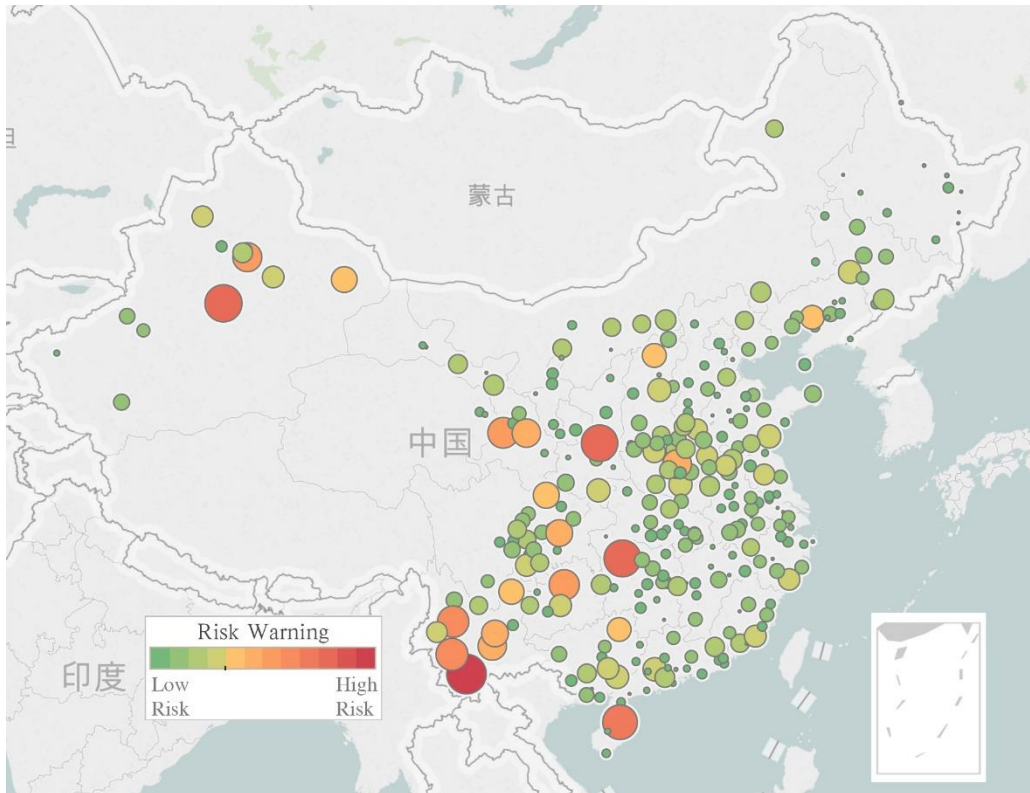
Prevent and Resolve the Risk of Local Government Debt

- *Notice on Further Regulating Local Government's Debt Financing Behavior [2017]No.50*
- *Notice on Resolutely Stopping Illegal Financing by Local Governments [2017]No.87*
- *Notice on Regulating the Management of PPP Integrated Information Platform [2017]No.92*
- *Opinions of the State Council of the Central Committee of the CPC on Preventing and Resolving the Risks of Local Government's Recessive Debt*
- *The Measures for Accountability of Local Government's Recessive Debt*



Financial Capacity of Local Governments for PPPs

The central government has issued a series of documents to supervise fiscal expenditure and resolutely prevent the new PPP projects where the commitment for expenditure in PPP exceeds **10%** of the local general budget.

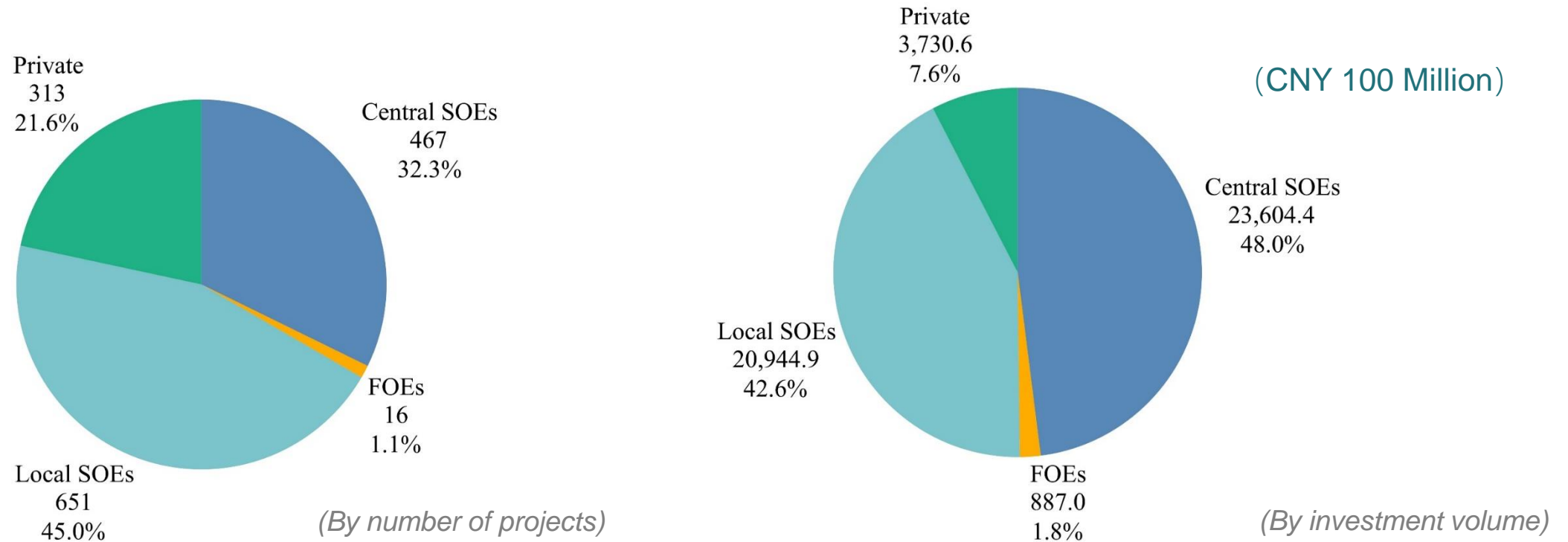


Performance of SOEs and Private Investors in Transport PPP Projects

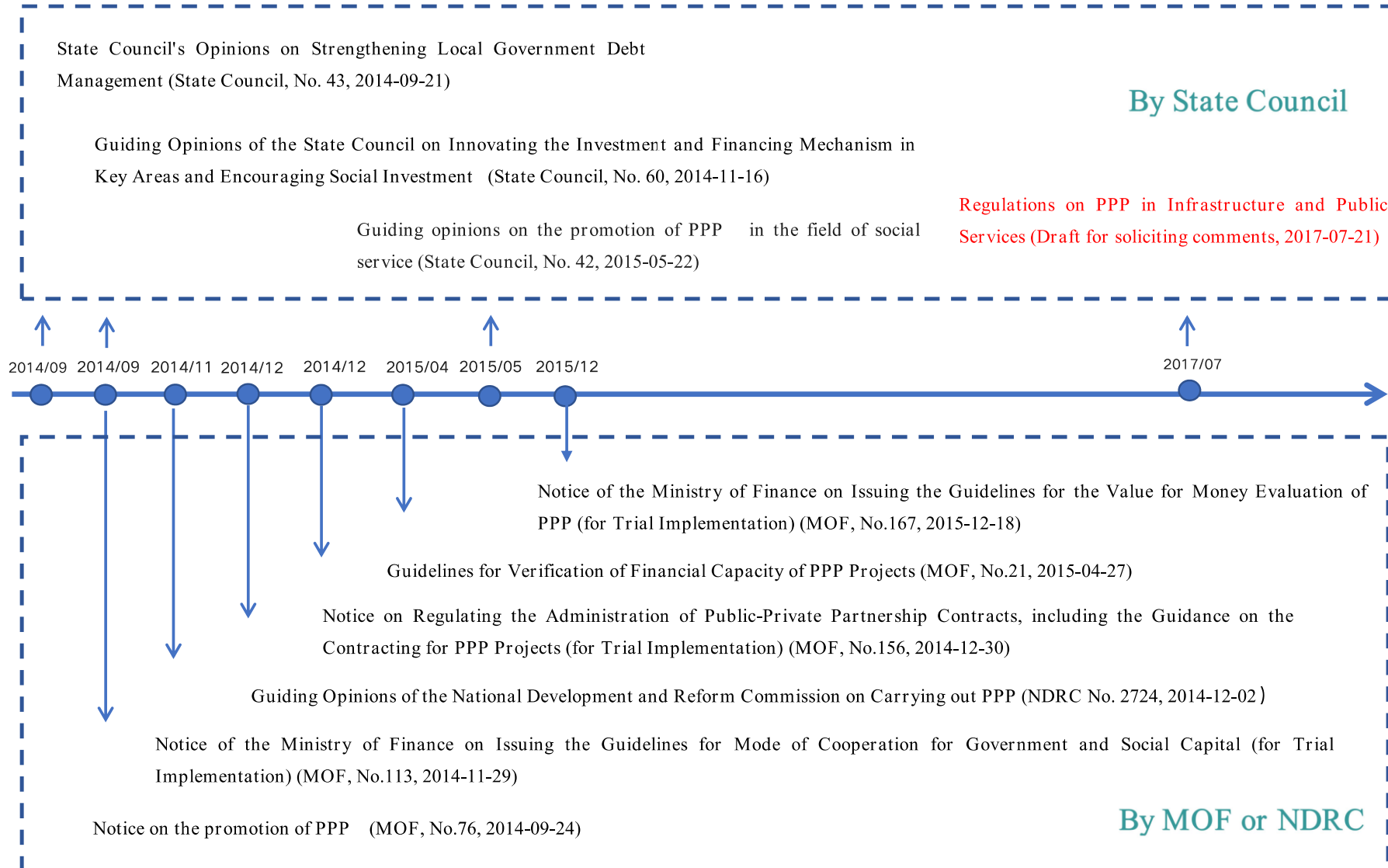
According to the PPP policies in China, the SOEs owned by local government or affiliated with LGFV are not allowed to participate in the same level government's PPP projects as private sector.

SOEs dominate transport infrastructure investment market in terms of both number of PPP project and investment volume.

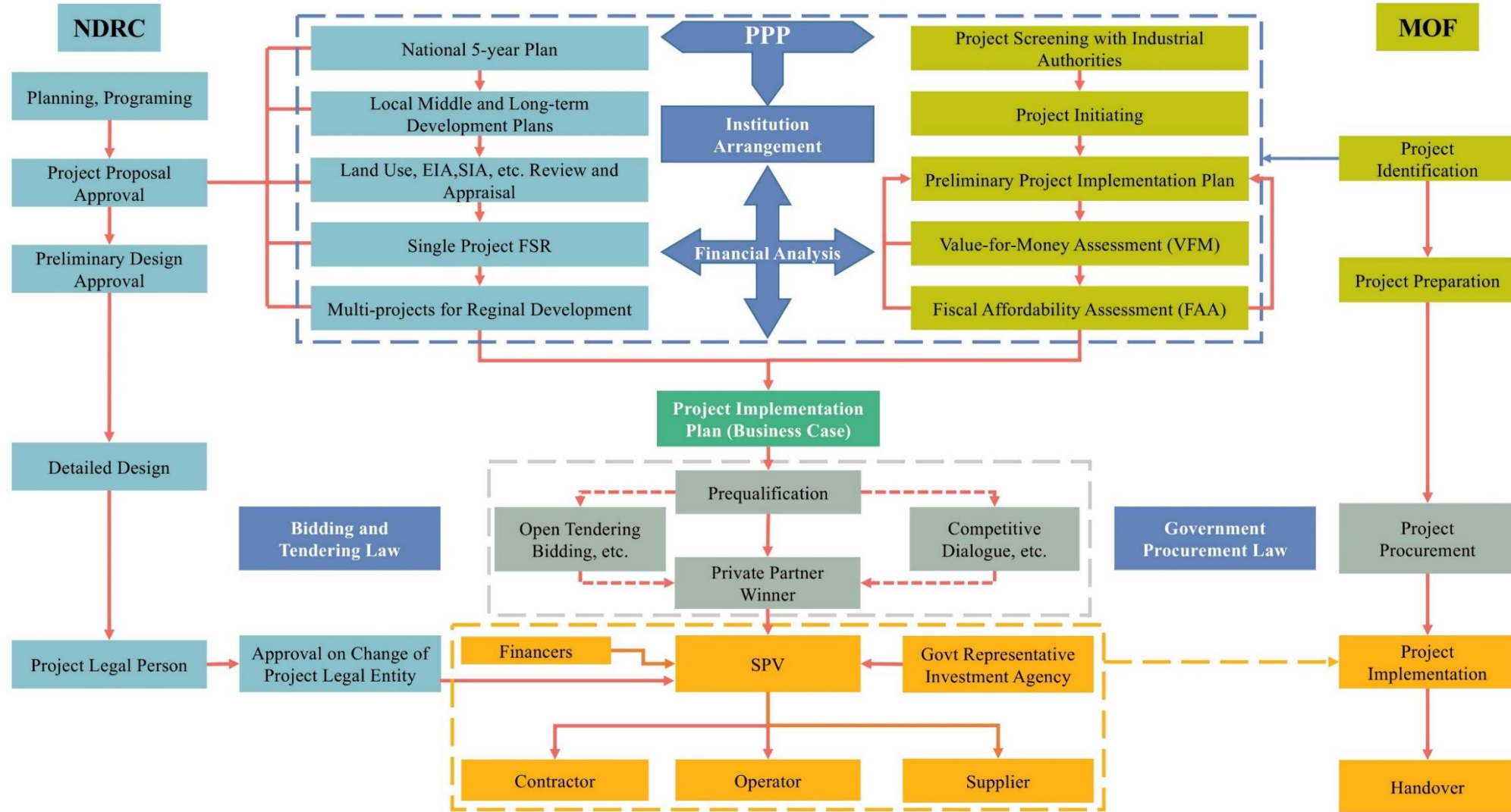
Private investors only have chances in some small-scale transport infrastructure PPP projects.



Key policies on PPP in China since 2014



Different roles of NDRC and MOF in PPP projects



Implementation Process of PPP in China



03

Improvement of Life Quality

Reducing logistics costs and increasing its efficiency

Quantitative measures reduced 98.1 billion yuan of the logistics costs in the whole year.

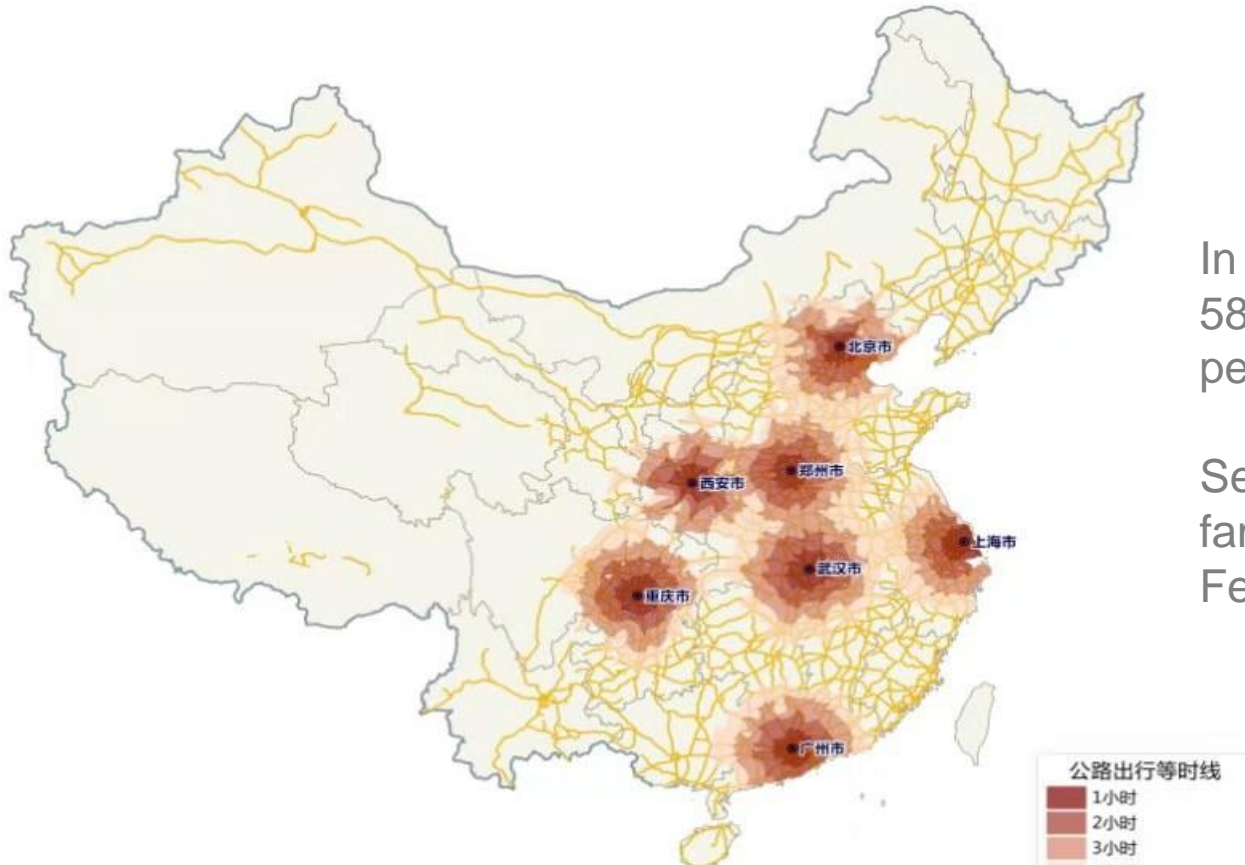
The ratio of total logistics cost to GDP is 14.8%, which is 1.2% points lower than that in 2015.

The annual transport cost is 6.9 trillion yuan, a growth rate of 4.3% which is lower than that of the same period last year.

The ratio of transportation costs to GDP was 7.7%, which is 0.3% lower from the same period last year.



Travel



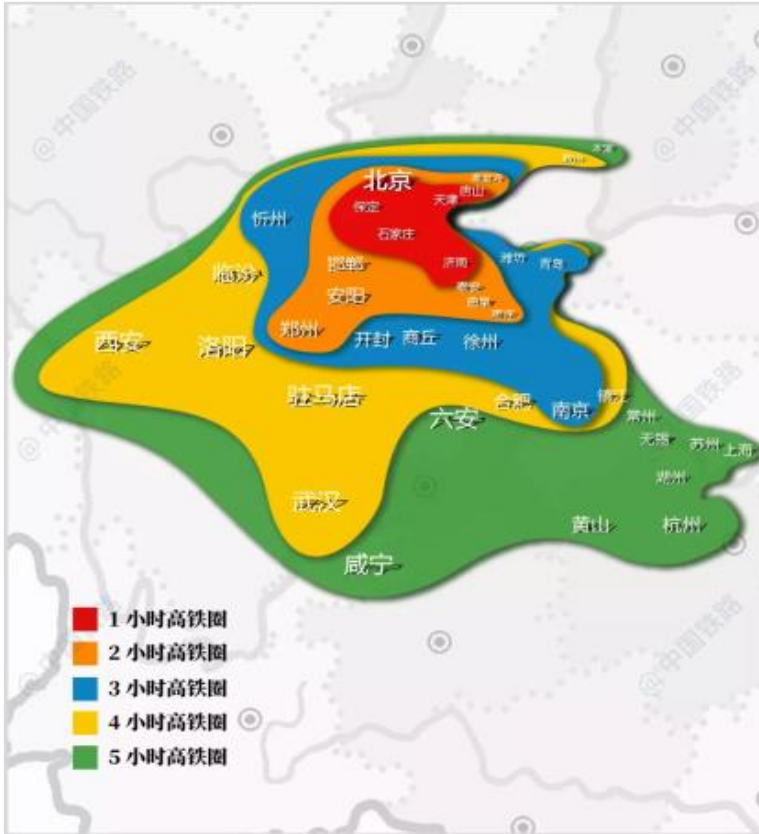
Highway hourly travel circles in main cities

In 2018, the number of self-driving trips in China reached 580 million, which is an increase of 35.6% over the same period 2017.

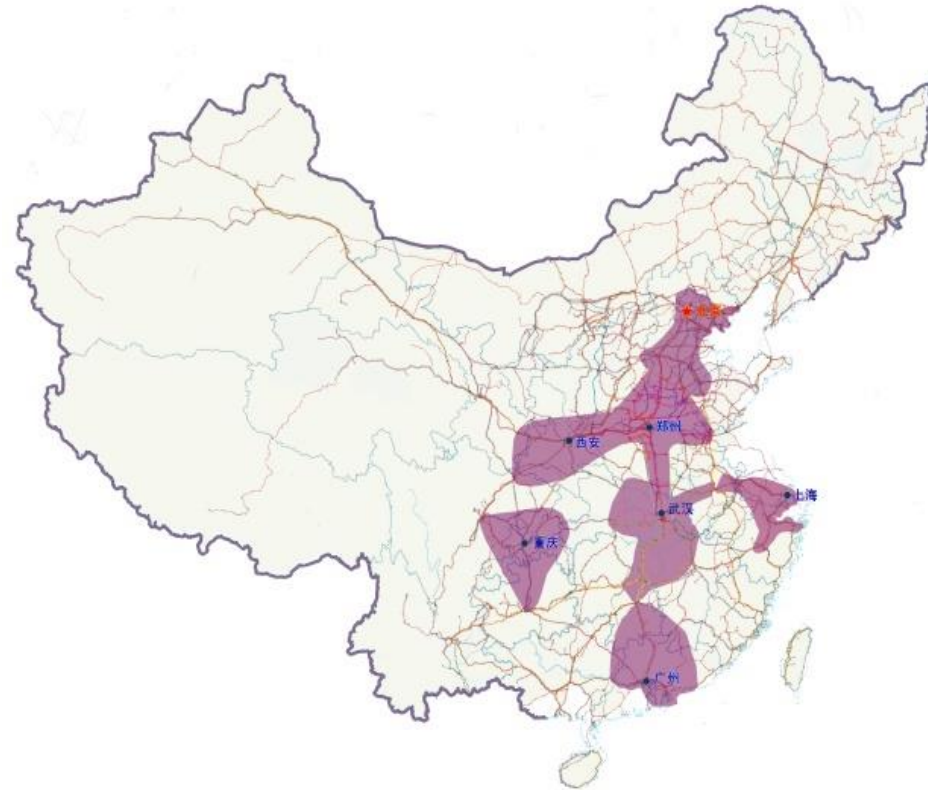
Self-driving trips has become the main way for Chinese families to travel, and the proportion during the Spring Festival is close to 50% in 2018.

Travel

The 2-hour traffic circles of Beijing, Shanghai, Zhengzhou, Wuhan, Xi'an, Chongqing and Guangzhou railway hubs cover about 51% of the population of mainland China.



Beijing High-speed Rail Travel Hour Circle



2-hour Traffic Circles of Main Railway hubs

Poverty alleviation

Strengthen planning guidance.



Improve transport infrastructure.



Improving basic public services for transportation.



Expand the new mode of poverty alleviation through transportation.



- In 2018, 86 towns and villages and 4,245 administrative villages in poverty areas have tarmac or cement roads.
- In 2018, more than 5,000 administrative villages have been built, and more than 96.2% are accessible by transportation.



04

Outlook of Transport Infrastructure

Outlook of Transport Infrastructure Investment



Private capital and foreign capital will continue to be encouraged in transport PPP projects but SOEs will keep dominating this sector.



To control local debt, the 10% cap of fiscal affordability for PPP projects will not be changed.



New technologies are being applied to full-life cycle transport infrastructure asset management.



A secondary market for PPP or infrastructure assets in China is coming soon.

Outlook of PPP in China in 2019



Please download the full report below
<http://www.bridata.com/report/detail?id=4837>

About BRIdata

BRIdata is the leading technology company by applying big data and digital technologies in infrastructure investment. With the largest infrastructure investment database in China, BRIdata provides services for government agencies, investors, and financial institutions.



PLATFORM

- PPP Project Database
- PPP Expert Database
- Infrastructure Investment Management Platform
- Infrastructure Asset Management Platform



TOOL

- Data Analysis
- Regional Investment Analysis
- Local Fiscal Affordability Assessment
- Project Credit Rating
- Project Financial Management



CONSULTING

- Transaction Advisory Service
- Life Cycle Project Advisory
- Performance Evaluation
- Quantitative risk analysis

Thanks

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