

JRJR

No. 11 (January 1997)

Editorial **Private or Public?**

Feature 1 **Big Project Financing**

Transportation Investment and Japan's Experience

Ryohei Kakumoto Former President of Transportation Economics Research Centre

The author explains how the success of the Tokaido Shinkansen created unrealistic expectations by the public, politicians, and JNR management. Consequently, JNR continued excessive investment heavily dependent on loans, resulting in its final collapse. It is important to confirm whether demand justifies large investment, and whether users or taxpayers are ready to bear the cost.

Editor's Desk **Battle over Shinkansen Funding—The Never Ending Story**

Role and Functions of Railway Development Fund

Akio Ono Director, Railway Development Fund

The author explains briefly how the Railway Development Fund was founded, and its role and functions.

Past, Present and Future Development of China's Railways

Cao Zhongyong Associate Professor, Shanghai Tiedao University

China's railway transport capacity is insufficient to cope with growing demand and an expanded network, increased speed, and improved efficiency are urgently needed. The author outlines the major projects and suggests possible ways of raising the massive funds required.

Financing French High Speed Network—Problems and Perspectives

Philippe Domergue Assistant Head of Strategy Department, SNCF
Emile Quinet Professor, Head of Economics and Social Science Department, Ecole Nationale des Ponts et Chaussées

France has been a leading European country in development of high-speed rail networks, but revision of the high-speed Master Plan became inevitable in the face of SNCF's financial difficulties. The rail infrastructure is to be separated from operations in accordance with EU directives, and a hot debate is underway about the next master plan.

Financing Rail Projects in Germany—Creating Modern Infrastructure

Heike Link Researcher, German Institute for Economic Research

The former East and West German railways were unified and became a state-owned joint-stock company; vertical separation of infrastructure and operations was introduced. The author gives a detailed explanation of the new rail investment programme and its funding. She also refers to the proposed Berlin-Hamburg Transrapid maglev project.

Bridging Scandinavia

Nils Francke PR Officer, Oresundskonsortiet and Great Belt A/S.

The author outlines the two big Scandinavian projects: the Great Belt rail tunnel and road bridges in Denmark, and the Oresund rail-road tunnel and bridges between Denmark and Sweden. These will be the last major transportation engineering works this century.

Financing Eurotunnel

Michael Grant Group Treasurer, Eurotunnel

As Treasurer of Eurotunnel, the author gives a brief presentation on the complex contractual structure between Eurotunnel, the contractors, intergovernmental authorities, etc. He explains how Eurotunnel raised the necessary funds, and how unforeseen cost increases and delayed construction work pushed Eurotunnel into difficulties. Finally, he outlines the recent debt restructuring agreed with major banks.

Feature 2 **Railway Diversification II**

Non-rail Business of Swedish State Railways—Cooperation between Parent SJ and Subsidiaries

Lennart Dahlborg Department Manager, Finance, Planning, and Control, SJ

The author presents a concise but comprehensive description of Swedish State Railways' policy of diversification, and explains various methods of controlling non-rail businesses and subsidiary companies.

Another Perspective A Railway Service Close to People's Lives

Zhang Ning General Manager, Planning & Finance Department, Sinorails Development Inc., China Railways

This article looks at Japanese railways and people's lives as seen by a young manager sent to Japan by Chinese Railways to study non-rail businesses operated by JR East.

Japanese Railway History 10 Railway Modernization and Shinkansen

Yasuo Wakuda Executive Vice-Chairman, Japan Air Charter Co., Ltd.

In the face of high economic growth, JNR pushed forward with electrification and introduced diesel-powered vehicles to replace old steam locos. It also made efforts to increase trunk line capacity by easing gradients and double-tracking. The construction of the Tokaido Shinkansen (opened in 1964) was a great success, and the shinkansen network was subsequently expanded. But by the time the nation's trunk line railways were finally joined by the completion of the Seikan Undersea Tunnel and the Honshu-Shikoku Bridges in 1988, JNR had been split up and privatized.

Topics **September to October 1996**

Photostories **Hokuriku Shinkansen Ready for Opening Akita Shinkansen Opened 22 March**