

S.C.M.P. 3 July 1986

\$10b boost for China rail link

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EXCLUSIVE

By **NICHOLAS WAY**

PLANS for a \$10 billion project at Hunghom Bay reclamation site will be put before the Kowloon-Canton Railway Corporation and the Government within the next two months.

The feasibility studies, commissioned by the KCRC in January, call for a project that would greatly boost Hongkong's rail network with China's vast and expanding transport infrastructure.

It involves a freight yard large enough to handle the expected upsurge in traffic, as well as an extension of the current Hunghom station to handle all China-bound passengers.

In addition, the plans will detail a massive development project above the railway yard, involving hotels, office blocks and 20,000 flats on the 39 hectare site which will dwarf nearby Tsim Sha Tsui East.

Among the high-powered consultants employed to undertake the studies were consulting engineers Maunsell Asia, Wong and Ouyang, accountants Coopers and Lybrand, realtor Jones Lang Wootton, URBIS and MVA Consultancy.

While the Government and the KCRC board can reject the consultants' plans, it is believed the plans reflect the Government-owned corporation's own development strategy for the site.

But the non-railway side of the project, which has already attracted interest from property developers, contains a potential time-bomb because of the Sino-British agreement which theoretically limits annual land development to 50 hectares.

Whether reclaimed land

falls into this category remains to be seen, but the KCRC would strongly argue that the project is in the long-term interests of not only Hongkong but China.

A consultant's report on harbour reclamation suggested a 15-hectare allocation to the KCRC for its expansion plans at Hunghom.

But the corporation is certain to push for a much larger area - possibly up to 30 hectares.

It will tell the Government the project is vital to ensure Hongkong's entrepot role in China's ongoing modernisation program.

China is increasingly emphasising the need to expand its 52,000 km rail network, with US\$10 billion (about HK\$78 billion) believed to be earmarked for the work.

In particular, China is only two years away from

linking Shenzhen to Beijing with a double line. There is a double line from Beijing to Hengyang in Hunan province, with the Shenzhen-Guangzhou double link to be completed this year.

This will leave the 500 km route from Guangzhou to Hengyang with a single line. Work on the second track will be slow because of the difficult terrain.

The KCRC's commercial director, Mr Abraham Razack, said completion of the double line would open up China's hinterland, offering Hongkong the opportunity to develop another aspect of its entrepot role.

Mr Razack said China transported 1.4 million tonnes by rail last year. By the year 2006 it is expected to be shifting between 10 million and 11 million tonnes.

A commensurate increase

in passenger traffic is also expected.

If Hongkong is to exploit this burgeoning rail system - Shenzhen also is developing modern freight yards - it has to expand its own freight facilities to give it the capacity to handle 1,500 waggons a day by the year 2006.

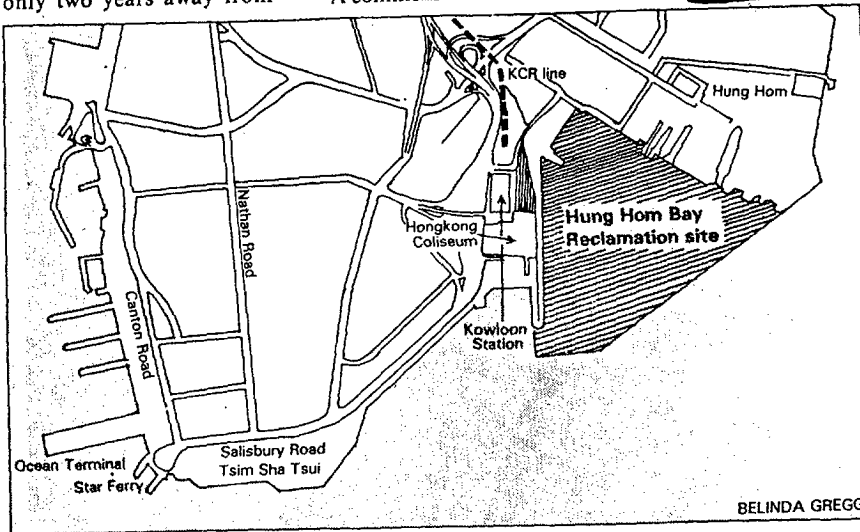
Currently Hongkong handles about 225 waggons a day, with about 180 at Hunghom, 24 at Sha Tin and 20 at Fotan. Mongkok comes on stream later this year with the potential to handle about 45 waggons a day.

Significantly, these estimates of future rail needs look to the next 20 years when Hongkong will be a Special Administrative Region of China.

As Mr Razack said: "We are building for the future to remain the gateway to China. Hongkong must keep developing its transport infrastructure."

Another aspect will be linking Hunghom with the

(Cont'd on Page 2 Col 1)



BELINDA GREGG

Map shows the proposed extent of the Hunghom reclamation.

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Kwai Chung container terminals, but this is unlikely before the turn of the century at the earliest.

Mr Razack said China's freight rail system is not yet geared to containers, a development which is a long way down the track.

But the KCRC is examining this option now, with the future possibility of linking up with terminals seven and eight.

At Hunghom, the corporation is likely to use the office-residential-hotel project above the rail terminal to help finance the freight yard scheme, similar to the Mass

Transit Railway Corporation's sale of sites above its stations.

Commercial paper is another finance instrument open to the KCRC.

The overall development, which would probably be the largest of its kind in the territory in the next decade, is believed to include plans for about four hotels and 19,000 to 20,000 flats averaging about 70 sq m geared to the middle-class Chinese market.

Dredging has begun, but the entire reclamation project itself is not expected to be completed until the early 1990s.