

It's a question of Infrastructure

As though the high-speed train between Hangzhou and Shanghai isn't fast enough – it is about to go a whole lot faster.

While most people know the mega cities of China such as Shanghai, Beijing and Guangzhou, not so many know of the second tier cities that are just as important to the future prospects of China as these metropolis's are. The likes of Hangzhou, Tsingtao, Tianjing and Suzhou are well known within the country but not so well known outside the country. One of the keys to China's future is the infrastructure the Chinese government is putting in place in these cities and in particular the links they are creating between these cities and some of the larger ones.

A case in point is Suzhou. This city now has a Siemens built high-speed train that runs at just over two hundred kilometres an hour and makes the travel time between Suzhou and Shanghai no more than 30 minutes. This doesn't sound like a big deal until you realise that the number one recipient of foreign direct investment (FDI) in China is Shanghai – and the number two is Suzhou. Further north there are the twin cities of Beijing and Tianjing. Neither is part of a province (like much of China) but are in fact cities/municipalities administered directly by the Central government. Where Beijing is the seat of government and the capital of the country, Tianjing is the port that sits alongside Beijing and houses much of the industry that complements Beijing's economy. Being over one hundred and fifty kilometres apart is merely a stone's throw when the train is travelling at 300km/s per hour and you are arriving in Tianjing, from Beijing, in less than thirty minutes.

Then there is Hangzhou. One of the jewels of China, it is famous as the destination of Marco Polo, the seat of government of one of the richest provinces in China and a favourite destination of Shanghainese looking to take a break from the 'Big Smoke'. Already boasting a Siemen's built fast train that travels nearly two hundred kilometres an hour that makes travel time little more than one hour, the central government has just announced the building of a new maglev line between Shanghai and Hangzhou. Only the second commercial Maglev line in the world (the other runs to the airport in

Shanghai from downtown), the train will travel at nearly 350km/s per hour and cut travel time to 30 minutes. At over US\$4Billion, it is the most expensive single infrastructure project ever undertaken by the Chinese government to date and certainly the most ambitious.

So what does this all mean? Ask yourself if your government is laying nearly 10,000 km's of high-speed rail over the next ten years. Ask yourself what this means in terms of comparative advantage in a time of high fuel costs. Reflect for a moment on transport hubs being created and the mobility this creates.

Then think: infrastructure = competitive advantage.