

The experience of Highway construction , investment and financing in China

**Transport Planning and Research
Institute Ministry of Transport**



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Achievements and
Functions of Highway
Development in China

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Introduction and Main
Experience of Highway
Investment and
Financing

1. Achievements of Highway Development

- China has created an outstanding transport system with Chinese characteristics, providing strong support for economic and social development.

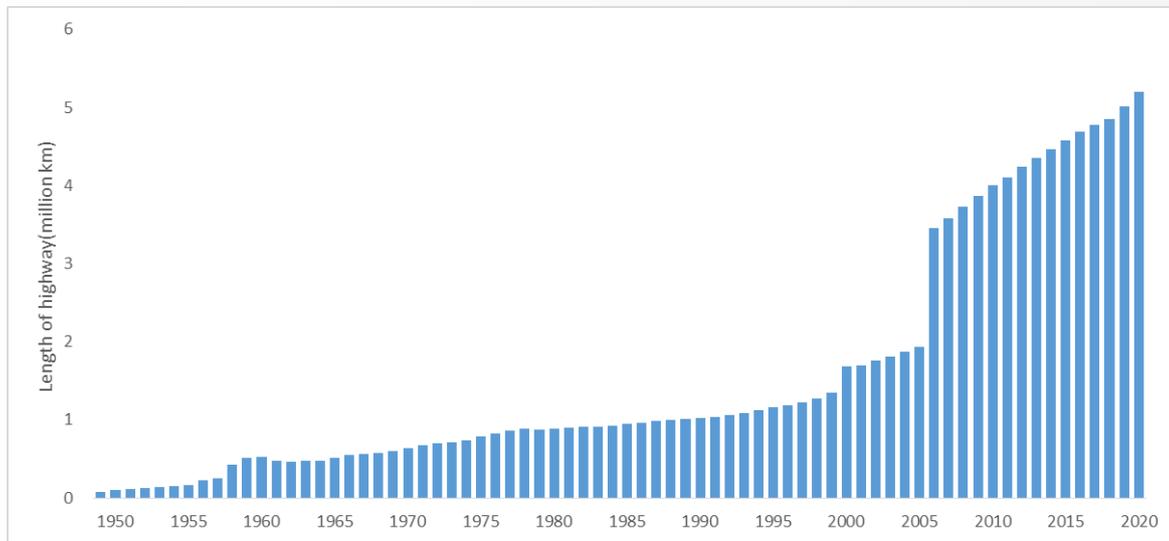


1. Achievements of Highway Development



- ◆ Bottleneck
- ◆ preliminary adaption
- ◆ Basic adaption to social and economic demand

1. Achievements of Highway Development



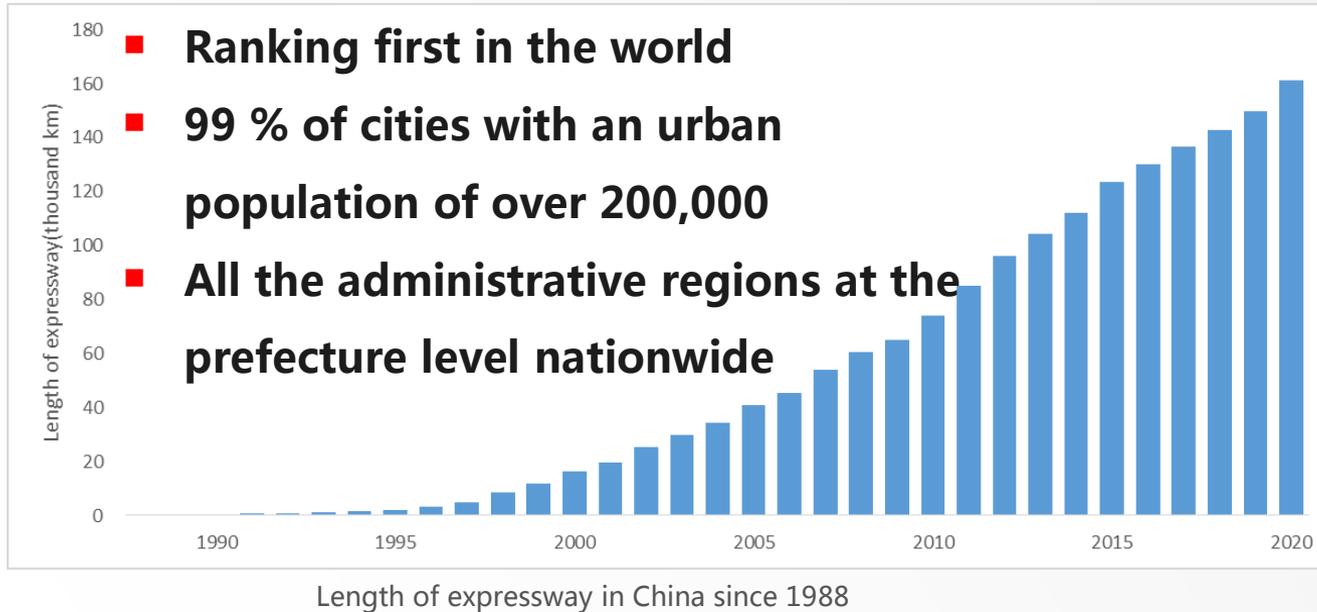
Length of highway in China since 1949

2020

- Length of highways: **5.2 million km**
- Ranking **third** in the world
- **97.6%** of towns and counties have roads of Grade II or above.

1. Achievements of Highway Development

2020



A highway network with wide coverage, high quality and good operation has taken shape.

2. The Role of Highway in Social and Economic Development

Energizing
national
economic
growth



Coordinating
regional
development



Improving
people's
well-being



Supporting
poverty
alleviation



Highway serves as the vanguard of economic and social development.

2. The Role of Highway in Social and Economic Development

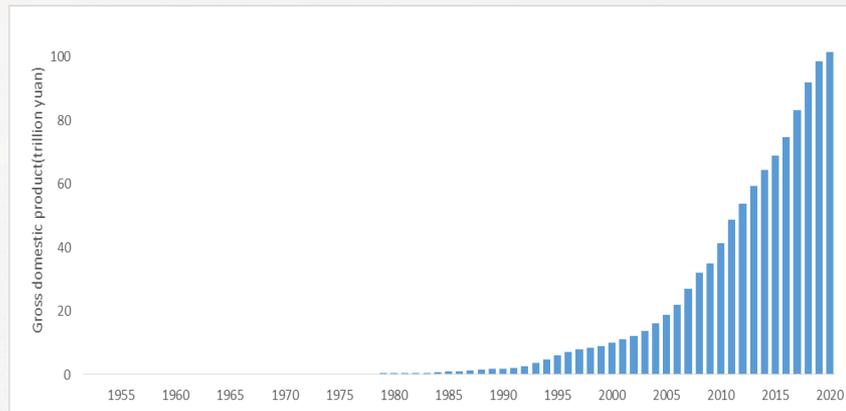
—Energizing national economic growth

Highway is the key field of fixed assets investment in China, which has significant effects on stimulating economic growth.

The proportion of investment in highway construction in China's GDP

	1978	1990-1998	1998-2000	2001-2005	2006-2010	2011-2015	2016-2020
Proportion	0.16%	0.48%-1.59%	2.45%	2.75%	2.73%	2.40%	2.40%

Investment in highway construction can not only increase current GDP directly, but also has a multiplier effect.



GDP changes over the years

2. The Role of Highway in Social and Economic Development

—Coordinating regional development



Fairness

- 7 Provinces
- 1,168 administrative villages
- 4000 natural villages
- 1.65 million people



changing cables to bridges



2. The Role of Highway in Social and Economic Development

—Coordinating regional development



Efficiency

China's provincial capital cities within **1,000 km** can be reached on the same day.



2. The Role of Highway in Social and Economic Development

—Supporting poverty alleviation

To be rich, build roads first

President Xi:

Transportation infrastructure construction plays a strong leading role, especially in some poverty-stricken areas, as replacing a slip line and building a section of road means opening a door for rural people to get rid of poverty and become rich.



2. The Role of Highway in Social and Economic Development

—Supporting poverty alleviation

Led by the goal of ‘winning the battle against poverty and securing a decisive victory in building a moderately prosperous society in all respects’ , the emphasis in supporting poverty alleviation in transport field has been put to rural roads construction.



2. The Role of Highway in Social and Economic Development

—Supporting poverty alleviation

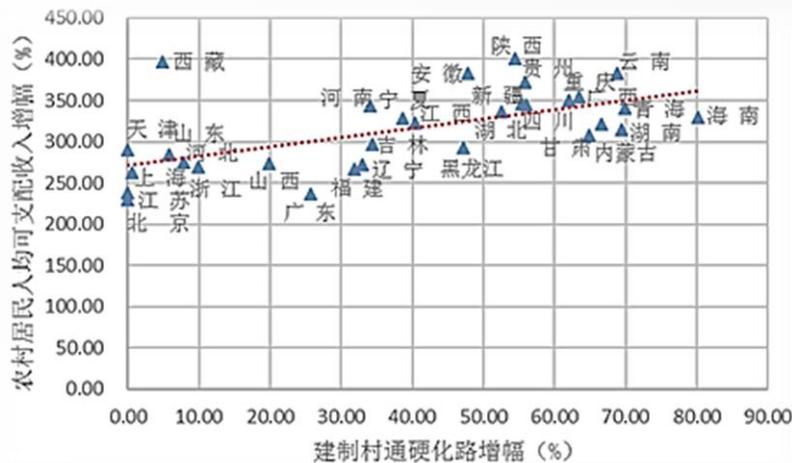
Since 2012 The rapid development of rural roads especially in poor areas

- **Central funds:1.46** trillion yuan
- **Account for:61.3** %
- **Investment:5.13** trillion yuan
- **Construction scale:2.086** million km



2. The Role of Highway in Social and Economic Development

— Supporting poverty alleviation



The relationship between the increase of paved road in administrative villages by provinces (municipalities) and the increase in per capita disposable income for rural residents in China from 2005 to 2017

On one hand, it has broadened channels of peasants' income and guaranteed the sustainable increase of revenue.



2. The Role of Highway in Social and Economic Development

—Supporting poverty alleviation

On the other hand, endogenous motivation of economic development has been enhanced relying on the ‘transport + characteristic industry’ model.

- 59,000 km of rural roads
- connecting with natural resources, scenic spots and industry zones



3. Main Measures in Investment and Financing



The guarantee of institution and policy



The importance of scientific planning



The importance of financial support

3. Main Measures in Investment and Financing

—The guarantee of institution and policy

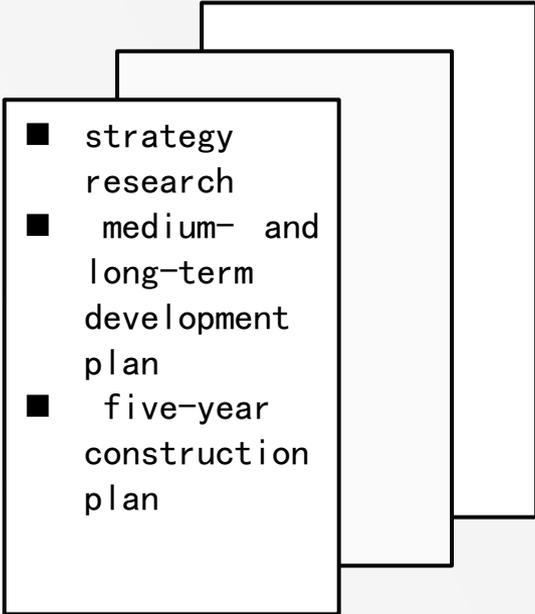
The most important reason of the achievements mentioned above is that the Chinese government has issued a series of policies, putting **people's demands** at the first place.



3. Main Experience

—The importance of scientific planning

The experience we got in highway development in China is that we make **scientific plan** and bring it into full play to guide practice.

- 
- strategy research
 - medium- and long-term development plan
 - five-year construction plan

3. Main Experience

—The importance of financial support

An institutional pattern of 'state investment, local collection, private financing and foreign funds utilizing' has been formed.



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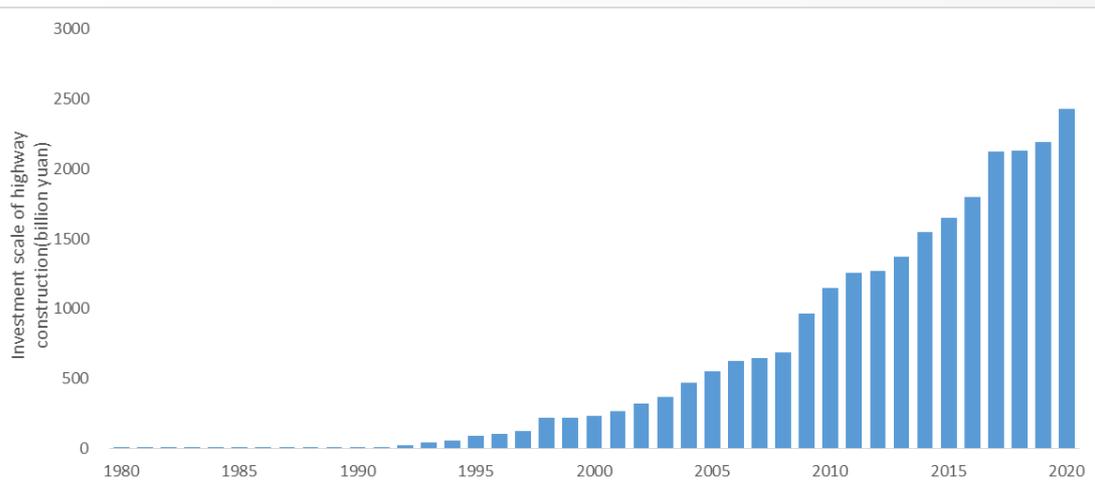
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1. Investment Scale of Highway Construction



Investment scale of highway construction in China

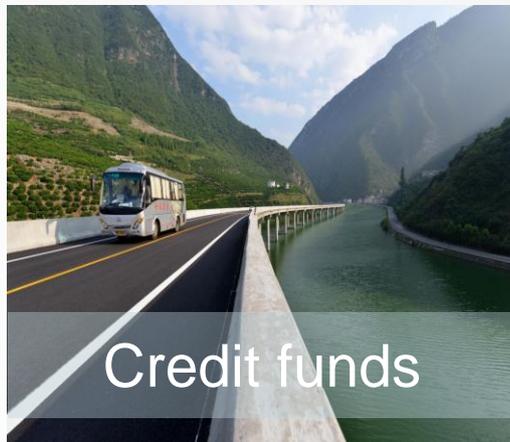
➤ **Chinese speed**

1978: 576 million RMB

2010: more than 1 trillion RMB

2020: 2.58 trillion RMB

2. Sources of Funds



2. Sources of Funds

—Government funds



Government funds include state budgetary funds, vehicle purchase tax and local government funds.

Since imposed in 1984, the fees collected by vehicle purchase tax was over **3.6 trillion** RMB.

2. Sources of Funds

—Credit funds

Bank loans have always been an important source of funds for highway construction in China.



The Jing-Jin-Tang expressway(the first expressway approved to construct by the State Council in 1993)

2. Sources of Funds

—Social capital



For years social capital has been involved in highway construction through various channels such as franchising, bonds or shares, of which the pattern of franchising is very diverse.

3. Main Measures in Investment and Financing



Giving full play to
the role of the
market

Giving full play to
the guiding role of
the central funds



Giving full play to
the initiative of
local governments

3. Main Measures in Investment and Financing

—Giving full play to the role of the market

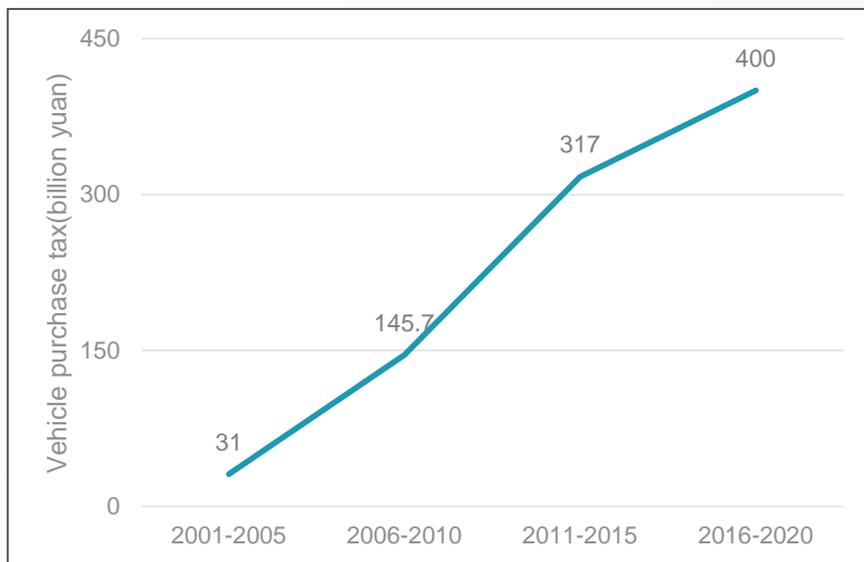
On one hand, China has broken the old ideas of only relying on government's financial investment to develop highways, and begun to make full advantage of market economy.

On the other hand, the PPP model was widely applied in highway construction.



3. Main Measures in Investment and Financing

—Giving full play to the guiding role of the central funds



Increase of vehicle purchase tax used in national rural highway construction during the 'Tenth Five-Year Plan' Period

Since 2000, the proportion of vehicle purchase tax used in less developed regions such as Western China is more than **50 percent**.

The investment scale of rural highway construction from 2016 to 2020 is **13 times** than that from 2001 to 2005.

3. Main Measures in Investment and Financing

—Giving full play to the initiative of local governments

From 2016 to 2020, the vehicle purchase tax is **1.6 trillion** yuan, which supported the total highway investment of more than **10 trillion** RMB.





- China will continue to implement the UN 2030 Agenda for Sustainable Development and strengthen international exchanges and cooperation on transport.

- Transport can play an important role in binding countries together and promoting economic growth during this difficult time.





Thank You !