

Beijing finds new way in financing transport system

The municipal government of Beijing has introduced new financing models to develop its metro and intercity transportation system.

The Chinese capital is currently building 20 metro lines across the city and six railways linking Beijing with nearby cities Zhangjiakou and Tangshan. The projects will cost approximately tens of billions of yuan.

The municipal government of Beijing introduced an ABO model (Authorize-Build-Operate) last year to finance the construction of the transport system, the first among Chinese cities to do so. The municipal government authorized Beijing Infrastructure Investment Co., Ltd. (BII) to bear responsibility for building Beijing's rail transit system.

Based on the agreement, the municipal government each year earmarks 29.5 billion yuan—about 40 percent of the total construction funds—to BII, while BII is responsible for the remaining funds.

BII has raised capital by bond financing, equity trusts, insurance funds and financial leasing, according to a company manager Zou Shunhua. The company has channeled social capitals for metro Line 14 and Line 16, which helped reduce 30 billion yuan of government funding.

BII is also responsible for the rail network in the Beijing-Tianjin-Hebei region. In late 2014, BII worked along with its counterparts in Tianjin and Hebei to establish the Beijing-Tianjin-Hebei Intercity Railway Investment Co., Ltd, which will build 24 railways in the region by the end of 2030.