

**DEVELOPMENT OF TRANSPORT
INFRASTRUCTURE IN
WESTERN CHINA**

YU Hong

EAI Background Brief No. 1060

Date of Publication: 16 September 2015

Executive Summary

1. Western China's vast expanses of rugged mountainous terrain and barren areas present accessibility problems that only an efficient and reliable transport network could overcome the costs of inter-regional transport and intra-regional and inter-regional connectivity.
2. Transport infrastructure development improves inter-regional connectivity and contributes to the spillover of benefits of China's economic growth to its underdeveloped western region. Promoting connectivity is the key to industrial catching-up and economic prosperity in western China.
3. The potential huge consumption market in the western region will become more appealing to investors if transport links are effective and cost-competitive.
4. To tap into the potential economic opportunities deriving from preferential state policies for western development and to increase the pace of inter-regional industrial transfer, the Chinese central authority has allocated the lion's share of its western development funding to finance large-scale cross-regional transport construction projects.
5. Although state investment has brought about improvements to the western region's transport infrastructure over the past decade, improving the physical accessibility of the vast western China region remains a challenging long-term task.
6. The lack of transport infrastructure is still impeding the economic performance of western China and preventing it from achieving rapid economic growth on the scale previously enjoyed by the eastern region.
7. Through involvement in the "One Belt, One Road" strategy, local authorities in the western region hope to accelerate local transport infrastructure construction and promote inter-regional trade and economic exchanges with neighbouring regions at home and abroad, thereby boosting local economic growth.

8. Since the announcement of the “One Road, One Belt” initiative, local governments in places such as Xinjiang, Yunnan and Guangxi have rushed to formulate plans and initiate fast-track proposals for transport infrastructure construction along the Silk Road.