

**HAS THE WENZHOU TRAIN CRASH
DERAILED CHINA'S HIGH-SPEED
RAILWAY PLAN?**

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Executive Summary

1. The high-speed train crash on July 23, 2011 in Wenzhou, eastern China, resulted in a death toll of 40, with 172 injured and economic losses exceeding US\$30 million. It is the most serious railway crash in China since the 2008 Jiaoji train crash which had 72 dead and 416 injured.
2. A report on this major accident was released to the public in the last week of 2011. The 50-page report aimed to win back public trust. It detailed operation flaws, with technical figures and diagrams, citing names and penalties.
3. The flawed engine and design, and sloppy management were blamed for the bullet train collision. The government admitted that it has expanded its rail-network too quickly and is revising its previous development plan. It will not however abandon its high-speed railway (HSR) development strategy or its construction investment this year.
4. Since the 1978 economic reform, railway development has lagged behind economic growth and is facing difficulties meeting the basic transportation demand of industries and the public. Railway development is also way behind other domestic transportation modes and international railway development level. The HSR plan is a quick solution to improving China's railway network.
5. HSR as a long-term development and sustainable form of transportation might be a better solution than airway and highway for China. First, HSR is safer, more reliable, and cheaper than air transport. Second, the electronic driven HSR train will release fewer pollutants and save more energy. Third, for short and medium distance travel, HSR is superior to highway and airway in terms of cost efficiency.
6. The 7.23 accident was a lesson to the over-ambitious Ministry of Railway (MOR). Policy changes including reducing train speed, conducting more

safety checks, reviewing construction plans, strengthening emergency response mechanism, improving long-term technical capabilities and management, developing new financing channels, and implementing structural reforms within the MOR have since been made.

7. The financing crisis has also slowed the construction pace of HSR trains. The MOR's debt-paying ability, especially after the train crash, is in doubt. After a series of economic tightening policies, the MOR faces serious financial difficulties and has to find new channels for its project investment and interest payment.
8. Nevertheless, the Wenzhou accident is unlikely to influence China's HSR plan. The 12th Five-Year Program (FYP) stipulates the building of four horizontal (east-west) and four vertical (north-south) HSR lines to narrow the economic disparity of western, central and eastern regions.