



China

20 Shenmu-Shuoxian Railway Construction Project (1)-(4)

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This project's objective was to construct an electrified single-track railway for transportation between Shenmu County in Shaanxi Province and Shuoxian County in Shanxi Province for the purpose of increasing the transportation of coal, etc., and thereby contribute to economic development through the increase in coal production from Shenfu Dongsheng Coalfield and coal supply to cities in Northern China and coastal cities.

Loan Amount/Disbursed Amount: 26,985 million yen/25,257 million yen

Loan Agreement: January 1991-August 1993

Terms and Conditions: Interest rate 2.5-2.6%; Repayment period 30 years (grace period 10 years); General untied

Final Disbursement Date: November 1996-February 1999

Executing Agency: Shenhua Group Corporation



External Evaluator: Yuko Kishino (IC Net Limited)

Field Survey: November 2004

Evaluation Result

In this project, construction of an electrified single-track railway between Shenmu and Shuoxian (Shenshuo Line) (including construction of tracks, roadbed, bridges, tunnels stations, substations, communications and signal equipment) was conducted almost as planned. The project period was longer than planned due to the time required to acquire the land for track construction, but the project cost was lower than planned.

Annual coal transportation on the Shenshuo Line, which was planned to be 20 million tons for 2000, achieved 47.18 million tons in 2002, well exceeding the planned figure. In addition, the Shuohuang Line connecting Huanghua Port in the coastal area to the Shenshuo Line was completed at the end of 2001, and double-tracking of the Shenmubei-Shenchi section was completed in 2003. As a result, coal transportation volume reached 71.02 million tons, accounting for 5% of coal consumption in China in 2003, which was 1.42 billion tons.

As a result of this project, coal production at the Shenfu Dongsheng Coalfield, one of the largest in China, substantially increased from 5.53 million tons in 1995 before the start of the project to 73.84 million tons in 2003. At the major 3 ports*1 from which coal is shipped to industrial zones in northern China and

coastal cities, the volume transported via the Shenshuo Line accounts for 36.1% (as of 2003) of the total coal shipment volume. The number of beneficiaries of this project is estimated at 65 million people*2.

There is no problem with the technical capacity and operation and maintenance system of Shenhua Group Limited Liability Company (state-owned company), and the financial status is good.

*1 Qinhuangdao Port, Tanggu Port, and Huanghua Port

*2 Estimation based on coal consumption and population of China as of 2003 (1.42 billion tons and 1.3 billion, respectively), and volume of coal transported under the project in 2003 (71.02 million tons).

Third-Party Evaluator's Opinion

This project helped increase railway transport capacity and contributed to development of the regional economy through increased coal production in the inland regions, establishment of a transport network, and improvement of technical capabilities.

Third-Party Evaluator: Mr. Jian Rong (academia)

Obtained a doctoral degree in transportation engineering from Beijing University of Technology. Presently holds the post of Professor at Beijing University of Technology. Specializes in traffic engineering, traffic impact analysis, and traffic planning.

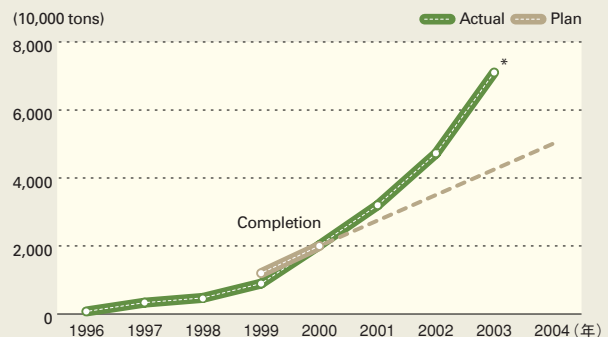
Outline of Shenhua Group Limited Liability Company

One of the major state-owned companies in the coal industry in China, holding 35 companies under its umbrella. Established in 1995 with capital of 2.58 billion yuan (approx. 36.1 billion yen). It owns the Shenfu Dongsheng Coalfield (with a reserve of 223.6 billion tons), one of the largest in China, and engages in comprehensive development and operation of that coalfield as well as related businesses such as railway, power plants, ports and transportation.



Shenfu Dongsheng Coalfield

Coal Transportation Volume on the Shenshuo Line



Source: JBIC's materials for planned figures and Shenhua Group for actual figures

*The actual result in 2003 includes transportation volume increased by double-tracking of the Shenmubei-Shenchi section.