

Title: Is Ryan Cohen warning us about even larger upcoming Chinese defaults? Title: China's high-speed rail system is a \$2 trillion waste that makes it harder to deliver freight and goods

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A few points made in the article (TLDR)

- \* Return on China's high speed rail investment is only about 2%, and the bulk of bond payments for loans are coming due over the next few years. "Cash flow from railway transportation revenue isn't enough to cover the operating costs, let alone the ability to pay the debt and interest."
- \* Local government debt levels are around 100%.
- \* "More than 85% of the funds raised through urban investment bonds are earmarked for repaying old debts with new ones.".....
- \* High speed rail can't transport heavy freight...
- \* High speed rail occupancy rate is only 30%, and is still too expensive for most Chinese to use.
- \* High speed rail construction has squeezed out much-needed construction of regular rail. "China's rail freight capacity can't meet market demand. China's market share of road freight turnover has risen rapidly to 49% market share in 2016." China rail has jacked up freight costs to make up for losses on high speed rail.
- \* China's freight trucks get overloaded all the time.
- \* China's containerized shipping accounts for 40% of global trade, but "the proportion of China's sea rail intermodal transport volume in 2017 was only about 2.5 percent." 84% of port containers go out by road.
- \* So why all the money poured into high speed rail? Opportunities for corruption. Officials see the high-speed rail project in which China is involved as a lucrative opportunity. China's former minister of railways, known as the father of high-speed rail, was sentenced to death for corruption.