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90% of the population concentrated in the West Corridor



Taiwan's High-Speed Rail: A Public-Private Partnership Hits a Speed Bump

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A rehabilitated project

Main Features of the THSR Project

- Length of the route: 345 km
- Speed of the train: 200km/h
- Capacity: 160 passengers
- Travel time: 40 minutes
- Stations constructed: 12 stations
- Cost: US\$ 10 billion
- Contract model: BOT

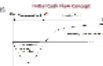
THSRC Shareholders

- Continental Engineering Corporation, Taiwan
- Pacific Electric Wire & Cable Co. Ltd., Taiwan
- Evergreen International Corporation Ltd., Taiwan
- TECO Electric and Machinery Co. Ltd., Taiwan
- Taipei Fubon Commercial Bank Company, Taiwan
- Siemens AG, Germany
- Gec Alstom International, France

Schedule and Budget

Total Cost: \$10.4 Billion
Private investment: \$3.5 billion
Government investment: \$1.4 billion
Cost overseas: \$5.5 billion

Schedule: March 2008 - October 2009
Project completion: January 2010
Project design: 18 months



Risks in Different Phases

Phase	Design	Construction	Operation
High	Low	Medium	Low
Medium	High	Low	Medium
Low	Medium	High	Low

LESSONS LEARNED

- Projects that are too important to fail or too expensive to default for the society are not good candidates for PPPs
- Do prepare in advance for large scale project default
- Opportunistic bidding behavior should be seriously considered for projects designed to meet the public needs
- Proper risk allocation is crucial for the projects that involve a partnership model
- Develop a legal and regulatory framework to facilitate the partnership strategy
- Partnership actors who get involved in joint projects should work on developing their capacity for collaboration

RECOVERY OPTIONS



Prevention measures

- Favorable Equity Debt Ratio
- Auxiliary loan provided by the government to guarantee minimum traffic volume
- Proper risk allocation
- Reserves the awareness of capital
- Prudent evaluation in early stage about planning
- Reduce design change to a minimum level
- Conduct a careful bidding process
- Domestically manufactured machines and equipment

CHALLENGES



Q&A

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Background



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PROBLEM



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SOLUTION

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OBJECTIVES



Fast and timely commuting service



Reduced congestion on highways



Connect major cities and counties

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Main Features of the THSR Project

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- Length of the route: 345 km
- Speed of the train: 300km/h
- Capacity: 989 passengers
- Travel time: 90 minutes
- Stations constructed: 12 stations 🍌
- Cost: USD 18 billion
- Contract model: BOT 🇵🇭

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Category	Value
Length of the route	345 km
Speed of the train	300km/h
Capacity	989 passengers
Travel time	90 minutes
Stations constructed	12 stations
Cost	USD 18 billion
Contract model	BOT

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The Estimated Travel and Costs of Different Transportation Means (Traveling from Taipei to Kaohsiung)

Transportation Means	Time	Cost
Airplane	55 min	52 USD
Bus	5 hr 10 min	15 USD
Traditional Train	4 hr 20 min	26 USD
High Speed Train	90 min	34 USD