

Germans scramble to keep maglev gravy train on track

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Summary: "...Mainland negotiators argue that China is the only place in the world with enough demand for fast trains to make the enterprise worthwhile. If Transrapid is not prepared to lower its price, it can kiss its future goodbye. Another prospect worries the Germans even more. China is so keen on maglev technology it is rapidly developing a rival product, which experts believe could be ready for market within five years. Also, Chinese engineers are boasting that their technology will be lighter and cheaper than anything produced in Germany, so the German model could become obsolete..."

Original article

SHANGHAI: Germany is celebrating, but the celebrations are unusually subdued. Two of the country's biggest companies, heavy engineering giants Siemens and ThyssenKrupp, reported this week that China had decided in principle to extend the 30km "maglev" (magnetic levitation) high-speed rail connection between Shanghai and Pudong International airport.

That should mean big orders for German technology. But there are also worries future business could go to Chinese firms instead.

The plan, said Transrapid, a high-speed train venture led by Siemens and ThyssenKrupp, is to link Shanghai with the tourism mecca of Hangzhou, 160km further down the line. Reports say China may want the line built in time for the Shanghai World Fair in 2010, lending some urgency to the negotiations over contracts.

The German companies are fairly confident they will win a major slice of the business if the extension is actually built, since they provided designs, the technology and the trains for the existing line.

And they have reason to be hopeful. The existing line is the only functioning commercial maglev line anywhere in the world and it seems to have pleased its Chinese owners.

The German-built trains dispense with traditional wheels and hover along a magnetic guide rail instead at speeds of up to 430km per hour. Since the line opened in 2003, it has carried some six million passengers.

Although maglev lines are hugely expensive to build, the lack of friction and moving parts means maintenance costs are low. Also, over a distance of nearly 200km, there will be scope to take the trains up to even higher speeds - they are built to run at up to 500km/h - and so make the investment more worthwhile.

And, as China expands its rail network, there is bound to be demand for more fast connections between its burgeoning cities.

Yet, the Germans are also right to be worried. There's a reason the Shanghai airport line is unique - and it is not merely the newness of the technology.

The truth is that various plans for maglev connections within Germany itself have foundered over costs and that rival, more traditional high-speed train links have been chosen instead.

A planned line between Munich and its out-of-town airport, which would cut journey times from

up to 40 minutes to just 10 minutes, is still mired in a wrangle between the regional and federal governments over their respective contributions to the €1.5 billion (US\$1.77 billion) construction budget. And for as long as Germany cannot provide a showcase for its own technology, the consortium fears it will have a hard time selling the trains elsewhere.

The Chinese authorities, too, are said to be carping at the cost of Transrapid technology. Even though German contractors scooped only 30 per cent of the business when the existing line was built and the basic infrastructure was built by Chinese firms, the price was still considered very high. According to one report, the line cost €20 million (US\$23.6 million) per kilometre [US\$38 million per mile].

China wants to slash the cost of future construction by half and has been trying to get the trains built locally in a joint venture with Transrapid to bring down the price. But according to the same report, while Siemens and ThyssenKrupp are demanding a licence fee of €200 million [US\$236 million] before they will allow a joint venture to start (and are clearly worried that Chinese engineers will steal and copy the technology), China wants the licence virtually free.

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Another prospect worries the Germans even more. China is so keen on maglev technology it is rapidly developing a rival product, which experts believe could be ready for market within five years.

Also, Chinese engineers are boasting that their technology will be lighter and cheaper than anything produced in Germany, so the German model could become obsolete.

Not surprisingly, German media and politicians have been complaining for months that China is stealing Transrapid technology. But this week, Siemens chairman Heinrich von Pierer admitted the technology being developed by state-owned China Aviation Industry Corp has not been copied illegally from anything German.

That means, however, that Transrapid has no more than a small window of opportunity to sell its technology into the only market that matters before being overtaken by the local product.

Hence the companies' desperation to sell their products to Shanghai now. Hence, also, their readiness to claim victory, even before there is a guarantee the extension to Hangzhou will ever be built.

Without a further sale to China, and without a single maglev railway to show off to visitors in Germany, however, the prospect of their winning contracts elsewhere is slipping away like a departing maglev train.

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