

## Spain lends support to HCM City for planning two subway projects

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VNBusinessNews.com - The Spanish Government will provide a grant of three million euro to conduct feasibility studies for two subways in the city, said an official from the HCMC Urban Railway Management Unit.

The source close to the arrangement told the Daily that Nguyen Do Luong, head of the urban railway unit, signed an agreement with a representative from Spain Friday under the witness of leaders of the HCMC government and relevant agencies.

The technical aid would be used for preparing feasibility studies, carrying out surveys and conducting technical research as well as investment plans for the fifth and sixth subways.

The fifth subway, or Route No. 5 under the city's urban railway master plan and also known as Saigon-Can Giuoc, will be like a circle to link all of seven subways in the city while the sixth subway is called Ba Queo-Phu Lam.

Route 5 will have a total length of 15km, starting from Can Giuoc Coach Station in District 8 and ending at the Saigon Bridge. Meanwhile, the 6-km route 6 will connect Ba Queo in Tan Binh District and Phu Lam in District 6.

Under a previous plan, HCMC would need around US\$900 million for developing the Saigon-Can Giuoc and US\$320 million for the latter.

In February this year, the Prime Minister approved a proposal by HCMC authorities to put two subway projects on the list of top-priority projects to be financed by Spanish loans this year. Ever since, the city has started negotiations with Spain over funds for the two subways.

Earlier, approval has been given to some subway projects in the city.

The first subway project linking Ben Thanh and Suoi Tien in HCMC saw construction start on the first depot in February, and its total invested capital will most likely double to some US\$2.2 billion, largely due to the sharp appreciation of Japan yen against the dollar and the inflated costs of building materials, officials said.

HCMC authorities are working with the Japanese lender and will ask for approval from the central government over this capital rise, said a source from the urban railway unit.

The city's relevant agencies are also making preparations and mapping out detailed development plans for two other urban railroads, routes 2 and 3a with a total length of 27km. Ben Thanh-Tham Luong line will require US\$1.25 billion and Ben Thanh-Mien Tay Coach Station US\$880 million.

Under the city's development master plan to 2020, there will be seven subway lines with a combined length of 107km costing more than US\$6 billion.

\* In a related development, top leaders of the German-based Siemens' Mobility Division had a meeting with city chairman Le Hoang Quan yesterday to discuss the preparatory work for Route No. 2, which would be financed by the German bank KfW, European Investment Bank (EIB) and the Asian Development Bank (ADB).

At the meeting, Siemens and the city agreed to meet every three months to review preparations for the projects as well as financial arrangements from the three above banks.

In 2002, Siemens began pursuing route 2 (Ben Thanh-Tham Luong) and route 3a (Ben Thanh-Mien Tay Coach Station) that were then expected to be mainly financed by ODA from Germany as well as commercial loans from European banks.

However, Siemens did not give the city authorities a concrete answer on whether it could make financial arrangements for these two lines and the two projects therefore have been in a standstill for a long time. (SGT)

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