

Bill's Building Blocks

Pay Closer Attention to China's Infrastructure Modernization

In June I vacationed with a tour group traveling through China retracing the steps of an earlier tour I had made exactly 20 years ago. I revisited historical sites, like the Great Wall, in five cities including Beijing (population 23 million), Xian (12M), Chongqing (32M), Wuhan (11M), and Shanghai (22M). Each city is now larger than and with a more modern supply chain infrastructure than New York City. This was my seventh excursion into China over many years, and each time China's advancement particularly in supply chain infrastructure has been staggering. Here are a few examples:

- **The Power Grid:** China once relied on coal fired electric generation plants, but the air pollution became overwhelming. The Three Gorges Dam hydroelectric project spanning the Yangtze River begun more than 25 years ago was to provide 10% of China's domestic power needs. Now complete, its 34 generators producing 22,500 megawatts provide only 1.8% of China's power because of the nation's rapid growth.
- **Rail Transport:** Each year during the Chinese New Year hundreds of millions of people living in eastern China visit family in midland China. China's rail network is extensive and high speed; today one can travel the 825 miles from Shanghai to Beijing in just 5.5 hours. China has the highest speed commercial Maglev (magnetic levitation) train in the world where one can travel from downtown Shanghai to Pudong Airport at 270mph traveling the 19 miles in 8 minutes.
- **Air Transport:** 20 years ago the airports in China's interior cities, such as Xian, Chongqing, and Wuhan, had empty terminals and one or two aircraft on the ground. As the result of Beijing hosting the 2008 Olympics and Chinese people now being allowed to travel as tourists, these airports today have huge multiple terminals and dozens of aircraft on the ground. The volume of passengers is sufficient to support 14 hour non-stop service from Beijing to Newark and from Shanghai to Newark.
- **A Cashless Society:** Chinese citizens now use WeChat Pay and Alipay apps on their smart phones to make cashless retail payments. They can scan a business QR code, enter the amount on their phone, and the payment is transferred from their bank account to the business.

Never forget that China is a Communist country. China's "One Belt, One Road Initiative" is a very long term national strategy. The US must make better, more timely investment decisions in our own infrastructure to counter this competitive threat.

©2018 William T. Walker, CFPIM, CSCP-F, CLTD-F, CIRM has 40plus years of practitioner experience, authored *Supply Chain Construction* and *Supply Chain Architecture*, and teaches Supply Chain Engineering at NYU Tandon and Demand Planning at Rutgers. He is a 35plus year APICS member and APICS E&R Foundation past president. Email: wt_walker@verizon.net