New perspectives for the Transrapid

by Rainer Apel

German Chancellor Gerhard Schröder was likely surprised when Chinese Prime Minister Zhu Rongji began to talk about the Transrapid magnetic levitation rail system during their meeting in Beijing on Nov. 4. Maglev, according to Zhu Rongji, is the ideal technology for the planned high-speed rail line from Beijing to Shanghai, and the Chinese government is much in favor of using the German Transrapid on this route. He said that negotiations are still under way with the French and the Japanese on their bids, but the German system has unmistakeable advantages.

That same morning, Thyssen, the main producer of the Transrapid, signed a declaration of intent with the Chinese government for the construction of the first test line, up to 100 kilometers, which is to be built either near Shanghai or Beijing. Additional details will be firmed up in the coming weeks and months.

Thyssen board member Eckhard Rohkamm termed the declaration of intent that he signed in Beijing “a clear agreement,” which goes beyond the usual character of such declarations. He said that a number of discussions had been conducted with Chinese representatives, and that he himself had discussed the subject of the “Transrapid for China” a number of times with Zhu Rongji.

The planned test line will have little to test as far as the technology itself is concerned, because adequate testing has already been carried out in Emsland, Germany, and a number of high-ranking Chinese delegations have had the opportunity to see the results for themselves, when they rode on the train. From the moment that it goes into operation, the test line in China will be fully utilizable for daily passenger traffic: “We want to meet a transportation requirement,” Rohkamm said. “This line will be built for a real transportation purpose.”

The current Transrapid trains in Emsland run on a 34-kilometer-long figure-eight stretch of track. The test-teams have achieved velocities of 450 kilometers per hour, and passengers, including groups of tourists and government delegations from various countries, ride in comfort, without seat-belts or other extraordinary safety measures, at speeds of up to 407 kilometers per hour. The linear-acceleration magnetic motors allow far higher velocities in curves than normal trains, and, in contrast to the Japanese design, the Transrapid “lifts off” at the moment it begins to move, without needing to ride on wheels over normal track to reach levitation velocity.

Rohkamm himself was surprised at the importance that Zhu Rongji placed on the Transrapid in his discussions with Schröder, and on the current plans for the nearly 2,000-kilometer Beijing-Shanghai route. For him, that was a signal “that the Chinese government evidently foresees using this technology in far larger projects.” At 50-60 billion deutschmarks (roughly $30-40 billion), the Beijing-Shanghai route would be “the largest high-speed project worldwide currently planned,” Rohkamm said. “If a man like Zhu Rongji, who has a good understanding of economics and finances, wants to tackle this now with such energy, then he has certainly given this project a lot of thought.”

Chances for the Transrapid in the United States

Immediately after these positive reports from Beijing, Rohkamm and Manfred Wackes, sales manager of Transrapid International, Thyssen’s export department for the...
magnetlev train system, said they expected that the door would be open for additional foreign contracts, such as in the United States, where negotiations on initial magnetlev routes are far advanced. The American government received Congressional authorization a year ago to spend up to $950 million for initial engineering work, as well as for the construction of a first test line. Rohkamm and Wackes said it was not unrealistic to set their sights on beginning construction as early as 2001.

These hints at renewed interest in the Transrapid in the United States became somewhat more concrete, with the visit of a delegation from Atlanta, Georgia. The 20 guests from the United States took a test run on the Emsland track on Nov. 8. Atlanta is among seven American urban centers which have been selected by the U.S. Department of Transportation for consideration for magnetlev projects. The transportation authorities of Georgia are considering a magnetlev route from Atlanta to Chattanooga, Tennessee. The construction of a part of this route, 40 miles, has been secured with a grant of $900 million from the U.S. Department of Transportation—the remainder would have to be financed by the cities of Atlanta and Chattanooga, the state of Georgia, and the participating industrial firms. No decision has yet been made, but the visit to Emsland is being interpreted as a signal that the transportation planners from Atlanta are seriously considering the Transrapid.

Prospects also for Southeast Europe

Following the talks in Beijing, there was also some movement in Europe on the Transrapid. In Berlin on Nov. 10, Wackes announced that his firm was now, after two years of preparation, in a position to report more concretely on perspectives for a magnetlev connection between Berlin and Budapest. The 1,250-kilometer line would run via Prague, Vienna, and Bratislava (Slovakia), and could begin transporting 40 million passengers per year in 2015. The construction costs are estimated at DM 26 billion, and, if construction is begun quickly, construction could be completed in 2013. The Berlin-Dresden-Prague line could be completed by 2011. The trains themselves would cost DM 1.6 billion, Wackes said.

The time to traverse the entire 1,250 kilometers will be about three hours, and, in addition to the cities already named, the Czech segments of the route will include stations at Pardubice and Brno. During construction, 60,000 jobs will be created, and 8,000 will be employed to run the system once it goes into operation. The construction itself will rely on capacities on site, so that it will have a positive effect on the economies of the Czech Republic, Austria, Slovakia, and Hungary. The engineering-technical studies for the project, were financed by the Kreditanstalt für Wiederaufbau (the German Bank for Reconstruction). The European Commission also participated in financing the studies in the context of planning projects for “Transport Links of the East to West Europe.”

Bank of England behind latest gold price fall

by William Engdahl

The dramatic fall in the price of gold, between its recent two-year high of $325.50 per troy ounce on Oct. 5, and the closing price of $291 on Nov. 3, was more than the “workings of the free market.” The timing of the sudden $9 drop in gold on Oct. 27, according to sources in the international gold-mining industry, was a result of direct manipulation by central banks, timed to take place on the day of the expiration of monthly over-the-counter (OTC) gold options contracts.

A group of mining companies, led by Australia’s Normandy Mines, has come out publicly, in an open letter to the London Financial Times on Nov. 1, demanding that the Bank of England reveal in detail all its recent activities, not only in the market for sales of physical gold, but also in gold derivatives. Robert de Crespigny, president of Normandy, charges that the Bank of England indirectly took actions to depress the gold price for the critical date of the OTC options expiry.

According to de Crespigny, who is supported by three of the largest European gold-mining companies as well, the Bank of Kuwait “loaned” the Bank of England its entire 79 tons of gold reserves so that the Bank of England could cover the exposed “short” positions of certain gold speculators, who had bet that gold prices would fall.

On Sept. 26, a surprise decision by 15 European central banks to limit their sales of gold, or derivatives activity in gold, had a dramatic impact on the gold price, pushing it $45 higher in three days. The reversal of the gold price trend, sending it suddenly upwards after several years of steady decline, created a precarious situation in the world financial markets, and threatened to trigger a worldwide meltdown of leveraged gold-carry-trade loans worth billions of dollars, had the gold price continued to rise after the Sept. 26 announcement.

Selling borrowed gold

At the heart of the speculative gold bubble was a handful of some of the world’s largest banks and hedge funds. This group of banks—bullion banks, so called because of their membership in the London Bullion Market Association—include almost all of the same leading banks which threatened to bring the global financial system to its knees in