

B10.7bn loan signed for Red Line

Thailand has signed an agreement to borrow 10.7 billion baht from the Japanese government to build the Bang Sue-Rangsit section of the Red Line rail route, Finance Minister Sommai Phasee said on Friday.

Mr Sommai represented the Thai side while Shiro Sadishima, the Japanese ambassador to Thailand, signed the pact on behalf of Tokyo.

Under the deal, the Japan International Cooperation Agency (Jica) will lend Thailand 38.2 billion yen or 10.7 billion baht for the construction project.

For supply and services procurement, a preferential 0.40% annual interest rate applies, plus advisory fees of 0.01%. There is also a front-end fee at 0.20% of the credit line.

The repayment period is 20 years, with a six-year principal grace period.

With no procurement restrictions, Thailand can buy materials, equipment and services from any country so long as it uses an international auction method.

Japan has provided Thailand with preferential financial assistance for economic and social development since 1968, totalling 2.2 trillion yen. The focus has been on city and rural development as well as environmental and human resource enhancements.

The Red Line mass transit system project consists of two lines. The Dark Red Line will run from Thammasat University's Rangsit campus to Maha Chai in Samut Sakhon Province, and the Light Red Line will run from Salaya in Nakhon Pathom province to Hua Mak in Bangkok. Both will pass through Bang Sue, an interchange of the mass transit system.

Since 2012, the Bang Sue-Taling Chan section of the Light Red Line has been constructed. Bidding is expected to be called soon for the Bang Sue-Rangsit section of the Dark Red Line to be financed by the Japanese loan.

Most of the railway will run alongside existing national railway tracks, eventually replacing them. Sections running through inner-city areas will be elevated, and the system will be electrified by overhead lines. The State Railway of Thailand is the project owner and operator of the route.

