In the next five years, China will invest 3.5 trillion yuan ($503 billion; 478 billion euros; $407.5 billion) to accelerate railway construction, including expansion of the country's high-speed rail network to 30,000 kilometers, a senior official said on Dec 29.

“By 2020, more than 80 percent of China's major cities will be connected by high-speed railways,” says Yang Yudong, vice-minister of transportation.

China released a white paper, titled Development of China’s Transport, which Hu Kaihong, director of the State Council Information Office's Press Bureau, says is the first to review the sector's tremendous changes in recent decades and to set goals for its future.

Over the past few years, China's railway network, especially high-speed rail, has undergone dramatic change. From 2011 to 2015, China invested 3.58 trillion yuan to build 30,000 km of railway. By the end of this year, the nation's total railway length will reach 124,000 km, including 20,000 km of high-speed rail, accounting for 65 percent of the world's total high-speed rail.

In July, the National Development and Reform Commission issued an updated national railway development plan envisioning a 175,000-km rail network by the end of 2025, with 38,000 km of high-speed rail.

However, the network still faces challenges, especially in the less-developed western part of China. Yang says he is confident that lines in western China will eventually become profitable.

“Plus, building high-speed railways in less-developed regions is not only about recouping investment. It is part of the big project of rejuvenating the whole region and the country's economy. The high-speed rail linking Beijing and Shanghai showed a profit last year, Xinhua News Agency reported in July, quoting Tianjin Railway Construction Co, a shareholder of Beijing-Shanghai High-Speed Railway Co. Yang Hao, a professor of rail transportation at Beijing Jiaotong University, says the economic returns of a high-speed railway network shouldn’t be judged solely on whether lines are profitable, since these railways can leverage the development of such industries as tourism, logistics and real estate.

According to China Railway Corp, construction began on Dec 29 on a high-speed line linking Guiyang, Guizhou province — a transportation hub connecting members of the Association of Southeast Asian Nations — and Nanning, capital of the Guangxi Zhuang autonomous region. The 482-km line will connect the Shanghai-Kunming railway and the Chengdu-Guiyang railway to the north, and will also link to southern coastal areas including Hainan province and Guangzhou, Guangdong province.

The new guideline highlights consistency in policies designed to attract foreign investment. Better protection of intellectual property rights for investors is also covered. The government will make it easier for foreign investors and experts to live and work in China. Foreign investment in the “encouraged categories” in central and western areas will receive financing, land and taxation incentives. Li emphasized the importance of foreign investment this year. Addressing the UN General Assembly in New York in September, he vowed that China will carry out a round of opening-up.

Foreign investment is vital for China’s economic transformation and structural adjustment, according to Chen Fengying, a researcher in global economies at the China Institute of Contemporary International Relations.

“Multinational companies are facing competition from Chinese rival enterprises and rising costs of labor, but the market potential of Chinese consumers and China's advantage in educated talent still attract overseas investors,” Chen says.

China, which now is encouraging foreign investments to move into high-end, low-carbon and sustainable industries, can improve the business environment and lower market access barriers by introducing negative lists and granting multinational companies national treatment, which may maintain its attractiveness, Chen says.

Negative lists include only those activities that are off-limits in a sector, and all other activities are considered open.