
Conference Report

China is developing a strategy for a second 'Eurasian land bridge'

Leading policymakers in China are embracing the strategic view that China must develop its interior regions to ensure its national future, and that China must build relations with Russia and the nations of Central Asia in order to accomplish this. China once had a policy for the industrial development of its resource-rich interior, particularly the northwest, in the early years of the People's Republic, but the international strategic shifts of the early 1960s changed that. Tensions on the Eurasian landmass led to the Chinese-Indian war of 1962 and the split between China and the Soviet Union, and development of China's interior essentially stopped. The focus was shifted to the coastal regions, which expanded after the opening to the United States in 1972. One casualty of this shift, was the Eurasian railway connection between China and what is now Kazakhstan, which would have connected China by rail to western Europe and the Middle East. Only in 1992 was the rail link finally opened. Now, approximately a quarter-century later, a new look is being taken at the land connections to the West.

One indication of this strategic shift, was the "Conference on International Coordination along the Second Eurasian Land Bridge," held at Lanzhou University in Lanzhou, Gansu province, on Aug. 5-8. (The first "land bridge" is the Russian Trans-Siberian railroad.) The conference proceedings were made available to *EIR*.

Lanzhou, which lies on the land bridge railroad and on China's most important northern waterway, the Yellow River, has a millennial history. Now a city of 2 million, Lanzhou features the first bridge built over the Yellow River, designed with the help of a German engineer early in this century. In ancient times, this region was at the beginning of the overland Silk Road, the trade route along which goods, religion, and culture were exchanged from China all the way to Greece. At the height of the Silk Road, the northwest had been the center of China's economic development, as is documented in an ancient book, *The Record of the Historian*. After 1949, there was an economic revival in the region, as the Lanzhou-Xinjiang railway and new industrial cities were built.

The conference, sponsored by the Northwest Development Institute of Lanzhou University and Asia-Pacific 21, an organization promoting China's economic development based in Hongkong, gathered officials and scholars from

Beijing, Gansu province, the ancient capital city of Xi'an in Shaanxi province, Shanghai, Fujian and Hunan provinces, and Hongkong. There were also participants from Germany, who discussed the recent positive moves toward rail network development in western Europe and into Russia and eastern Europe put forward by former European Commission President Jacques Delors.

The speeches emphasized the role of the Eurasian bridge in developing both Asia and Europe. Feasibility studies on developing the region along the railroad were already published in 1992 in the book *Road to the World*. Northwest China is rich in resources vital for the entire Chinese economy. Conference participants stressed the importance for the central government of investing heavily in the northwest—more important than the focus on international investment—although one official urged that since Taiwan, Korea, and Japan are investing in the coastal regions, Germany should adopt northwest China.

Exploratory work gets the go-ahead

A representative of the Development Research Council of the State Council in Beijing stated that the State Council had given its mandate for "strategic exploratory work" on the Eurasian land bridge. He emphasized that the bridge not only links Asia and Europe but, even more importantly, it links "the Yellow Sea and the Red Sea," and said that the tie to the Middle East is of great importance for northwest China. Linking China to the Middle East via Central Asia was an important theme of the discussion, especially for the role this link could play in solving the economic problems of China's Muslims, who are concentrated in the western regions. Discussion papers stated that the rail bridge will have the greatest economic benefits for Iran, as well as Kazakhstan, Russia, Ukraine, and Japan, in addition, of course, to China.

However, despite the land bridge's importance, the Northwest Development Institute emphasized, it was not yet functioning as it must. This land route to Europe and the Middle East is superior to the sea routes, and the area serviced by the second land bridge is larger than that of the first bridge, the Trans-Siberian. This land route must now be the focus of China's opening up to the world. Until now, this has been done through the east coast; now, the focus will be on the west. Cities along the route must become "pillars" supporting

this development. China must develop relations with its neighbors along its borders.

Discussion included many reports on the situation in northwest China, emphasizing the role of the railroad as the "lifeline" for the entire region. Provincial officials said that the northwest is developing the most slowly of all China; that the Deng Xiaoping reforms initiated in 1978 have not benefitted the region. After 15 years of reform, only three western provinces are developing at the average national rate, and the gap between the interior and coast is growing. Farmers in the northwest have the lowest income in the country—60% of the national average. As the next century approaches, China must narrow the gap between its east and west: The national leadership is calling for self-reliance, and therefore the country cannot continue to rely so heavily on the eastern provinces. The critical need is capital, because developing the northwest is expensive. Not only is the region remote, but there are enormous geographic problems. China's west and the bordering regions of Kazakhstan and Russia include the world's highest mountains, most barren desert, and the greatest stretches of land in the world.

The problems

There are great economic and political problems to overcome to get the land bridge functioning. First are the severe limitations of transport capacity, including rail, linking the rest of China to the northwest. This situation makes it more difficult to build up the economy of the northwest provinces, which are among the poorest in China. Reports from Xi'an University, the second most important university in China after Xinhua University in Beijing, said that the northwest has a "dual economy," in which extremely poor and backward agriculture co-exists with industrial cities. The biggest differences between the northwest and the rest of China are located in the countryside, not the cities. New industrial cities and townships must be built to improve the rural economy. In addition, links among the towns are very weak, and the region must build a secondary rail network around the central line.

International problems are serious. Prohibitively high duties and taxes are being levied by Kazakhstan, and Chinese businessmen are being required to get full visas, not just permits, to cross the border, from officials 2,000 km away. From 1991 to now, 1.4 million tons of cargo crossed the border; last year, only 570,000 tons; and as of mid-1994, only 200,000 tons. Passenger traffic is very small. The value of border trade, which is down by almost half in all China, was down 17% on the western border.

The great potential

Despite the problems, the enormous strategic potential of the land bridge emerged at the conference. There was extensive discussion of creating a development zone comprising the nine provinces along the Yellow River and the

land bridge railroad. Another potential for economic development, is that the land bridge could link Taiwan to Europe. With improving relations between the mainland and Taiwan, there is a possibility of opening the ports on both sides of the Taiwan Strait for direct trade. It is notable that the Sixth Economic Expansion Plan of Taiwan was similar in policy to Beijing's most recent Five Year Plan. The Taiwanese plan focuses on industrial development, and, for this, transport to the mainland and Europe is essential. The land bridge would put Taiwan approximately 8,000 km closer to Europe than it currently is, using sea routes. Direct shipping, which would mean opening many ports on China's east coast, would mean great savings for Taiwan. All transport goes through Hongkong, creating serious bottlenecks. Already there is a debate over whether Taiwanese interests operating in Hongkong should pull back to the Philippines after 1997, when Hongkong reverts to Chinese sovereignty; there is much opposition to this view in Taiwan.

China's northeast, its most important industrial region, could also benefit greatly from the land bridge, including the potential for development of the mouth of the Tyumen River, which borders both the Korean peninsula and the east coast of Siberia.

The final memorandum of the conference, titled "The Urgent Problems and Some Suggestions on the Second Eurasian Land Bridge," called for a cooperative effort to build up research and information systems in the nine provinces all along the Yellow River and land bridge railroad areas by 1995, with the aim of creating a "development corridor" in the region.

The memorandum called the government's attention to the poor conditions along the land bridge due to problems in relations with Kazakhstan and Russia, and the poor condition of the rail network. It proposed that the nations along the bridge, especially China, must take a key role in coordinating relations to promote the functioning of the bridge. The State Council should organize high-level research into the situation along the railroad. In addition, the State Council should sponsor an investigative mission for on-the-spot inspection of the railroad over its entire length, from China's east coast to Europe's west coast. Based on the results of this investigation, the government should carry out bilateral and multilateral negotiations to solve the blockages with all nations along the bridge, all the way to Europe. China should also initiate a multinational conference on making use of the bridge, to discuss and solve the problems.

One participant noted that it was important to remember that while the British Empire built up its international monopoly, another force was created when Russia built the "First Eurasian Land Bridge" linking Europe to Vladivostok. The second land bridge, he said, will play a key role in transforming the Chinese economy. The Chinese economy has been transformed since 1949, he said, but the land bridge is an historic point of change.