American System Needed To Build Eurasian Railroad

by Mary Burdman

Transport and railway ministers of 18 Eurasian nations signed the Intergovernmental Agreement on the Trans-Asian Railway (TAR) Network on Nov. 10, during the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) Ministerial Transport conference in Busan, Republic of Korea. The Agreement signed by this core group among the 28 ESCAP member nations, is of great strategic significance because, after almost ten years, it will help put one of the world's most important Great Projects, the Eurasian Land-Bridge, on the front burner once again. But there is one big problem: The Agreement sets the entire TAR project in the context of "the ongoing process of globalization"—a process which is looting, rather than developing, the economies of Russia and the nations of Asia. In fact, the "Busan Declaration on Transport Development in Asia and the Pacific," states that the transport ministers of the ESCAP nations welcome "the development of an international integrated intermodal transport system, which the region needs in order to meet the growing challenges of globalization."

The Trans-Asian Railway project began in 1960 with a study of how to connect the 14,000 kilometers of railroad from Singapore, through Southeast Asia, India, Pakistan, and Iran to Turkey. Almost 50 years later, these strategic rail links still have not been built. The first critical breakthrough since the construction of the Trans-Siberian Railroad in the early 20th Century, was made in the early 1990s, when China finally completed its rail link to Kazakstan, creating the Second Continental Euro-Asian Bridge from the Pacific to the Atlantic coast of Europe. Then, in 1996, Iran completed its first rail link to Turkmenistan, opening Central Asia to the Persian Gulf and Indian Ocean.

As a result of these developments, the conception of the TAR has been transformed from an Asian regional project to a fully Eurasian network of railroads linking economic centers, national capitals, and seaports and landports, as the new UNESCAP map of the project shows. The Agreement "lays out a framework for cooperation among railways in the region, and, very importantly, it identifies international stations of importance," Barry Cable, transport and tourism director of ESCAP, said at Busan. These include landports which will become key transshipment points in the vast Eurasian hinterlands. "We expect these railway 'dry ports' to be the new centers of economic growth," Cable said. While 13 of the world's 20 largest container seaports are in Asia, there are fewer than 100 "dry ports," compared to 200 in Europe and 370 in the United States.

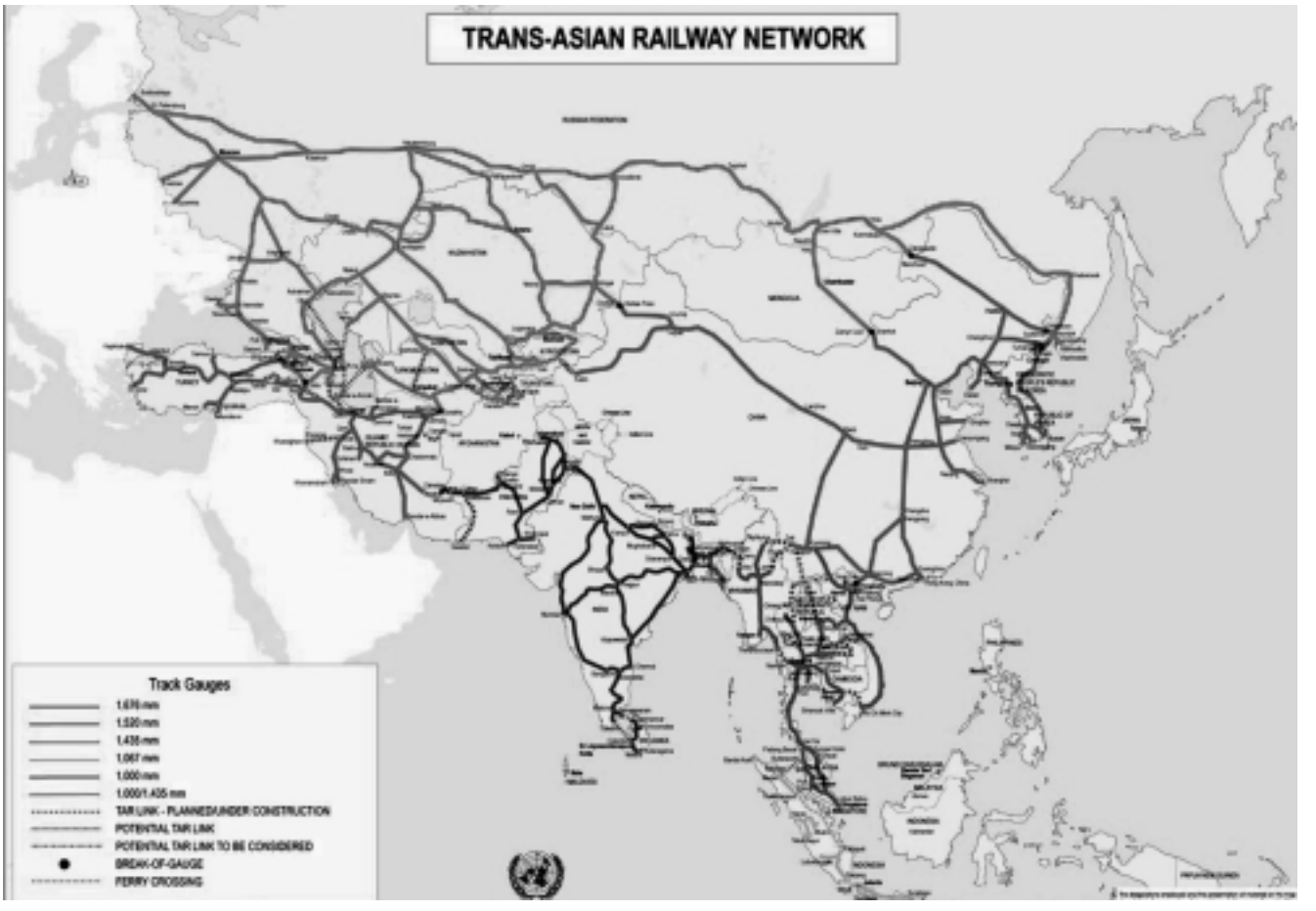
In 1992, ESCAP began the Asian Land Transport Infrastructure Development project, to single out the "rail lines of international importance" which can best aid economic growth in internal regions. This is the origin of the Trans-Asian Railway Network. The TAR includes four corridors: the Northern Corridor, which links the Korean Peninsula, Russia, China, Kazakstan, and Mongolia; the Southern Corridor, which links Bangladesh, southern China, India, Iran, Myanmar, Pakistan, and Sri Lanka; the ASEAN and Indo-China corridors; and the North-South Corridor from Northern Europe via Russia, Central Asia, and the Caucasus to the Persian Gulf.

However, in comparison to the strategic importance of this project, the TAR policy is far too limited to accomplish what must be done. Crucial "missing links" still have to be built, fast. Several different rail gauges are used throughout Eurasia, from the former Soviet Union, to China, and to the Indian Subcontinent. While ESCAP promotes use of the modern technologies which can ensure efficient cross-gauge connections, and modern container technology necessary for "international intermodal traffic," the more important technological breakthrough—the high-speed rail technology necessary to traverse Eurasia's vast distances—is not even discussed. Of the ESCAP nations, only China has a plan to build a high-speed connection.

Most important, the vital issue of how to generate the national and international credits needed for this great project, is not grasped at UNESCAP.

Missing Links

There are some 6,500 km of "missing links" in the 81,000 km of railroads of the ESCAP Eurasian nations (these do not include Japan, Afghanistan, or the Philippines). The current disconnected state of Eurasian railroads is due to the effects of 200 years of geopolitics and (especially) British imperialism. Thus, the entire Indian Subcontinent is still *not* connected by rail either to Europe, Central or Southeast Asia. Within a year, Iran will finally be able to finish building the rail connection between Kerman and Zahedan, which is linked to the Pakistani rail system and eventually to India,



Source: UNESCAP.

Iranian Transport Minister Mohammad Rahmati announced Nov. 18.

The Korean peninsula and Japan are not connected to Eurasia by rail, although South Korea finished its rail lines right up to the North Korean border in 2004. Although North Korea is a member of the TAR network, Pyongyang did not send a delegation to the Busan conference. However, "ESCAP and Russia are working hard to lure North Korea to join the program. Without the North's affiliation, South Korea would be like a stranded island in the project," Yonhap news agency quoted South Korean Transport Ministry official Lee In-sik on Nov. 10. In Southeast Asia, Cambodia, Laos, and Myanmar are still not linked to the Indian Subcontinent and China, and the "Shanghai to Paris" railroad from northwest China over the Pamirs to Osh in Kyrgystan, still is not built. Afghanistan has *no* railroads at all!

The ESCAP members who signed the Agreement—which was proposed by the Russian Federation, according to RIA Novosti—are Armenia, Azerbaijan, Cambodia, China, Indonesia, Iran, Kazakstan, Laos, Mongolia, Nepal, Russian Federation, Republic of Korea, Sri Lanka, Tajikistan, Thailand, Turkey, Uzbekistan, and Vietnam. Eight goverments must ratify the agreement for it to come into effect, and other nations have up to two years to join.

The ESCAP Agreement lays out the "railway lines of international importance" in the network, with all the links, including maritime, and emphasizes that "all lines are of equal importance within the TAR network."

Kim Hak-su, executive secretary of UNESCAP, said at the conference that the Northern Corridor "is existing and operational," but acknowledged that the Southern Corridor is the least developed. "It may cost a lot of money to construct this missing link," Kim said. ASEAN estimates about $2.5 billion would be needed to connect the missing links alone, and the railroads of Bangladesh, Myanmar, Cambodia, and Laos need much more investment to even reach the technological status required to join the TAR system.

China, South Korea, and Russia are all major backers of the TAR, Kim Hak-su said. "Russia is very excited, and also their Trans-Siberian Railway is well-established." "They have doubled lines, and then they electrified all the TSR from Nakhodka, Vladivostok, to St. Petersburg. And it can be also linked easily to Helsinki." Russian Deputy Transport Minister Alexander Misharin told the conference that Russia is striving

UNESCAP

Ministers posed with UNESCAP Executive Secretary Kim Hak-su after the signing of the Trans-Asian Railway Network Agreement in Busan, Republic of Korea, on Nov. 10.

to modernize its huge rail network, including the Trans-Siberian connection to Korea, in support of the TAR.

Chinese Deputy Railway Minister Wang Zhiguo said that China "ardently" backs the Eurasian rail project. "The Chinese economy continues to grow through efforts to improve and maintain efficient transport and logistic systems," Wang said in a speech to the Busan conference. "We are signing the agreement because we can fulfil many of our goals in transport with it." Indeed, on Nov. 22, China's National Development and Reform Commission announced in Shanghai that the goverment will invest 1.5 trillion yuan ($190 billion) to increase its rail lines to 90,000 km by 2010, the biggest such investment in Chinese history.

'The American System'

"It would be such a nice project if it gets started. But it needs a lot of money," AFP quoted Russian delegation member Yury Kolesnikov. There's "the rub." Barry Cable said that ratifying the TAR Agreement would encourage international lenders such as the Asian Development Bank to "seriously consider" loan requests for building or improving rail lines from TAR nations, some of whom are "in desperate need" of finance.

The UNESCAP document on "Financing of transport infrastructure and Public-Private Partnerships," published for the Busan conference on Oct. 3, demonstrates the depth of the problem. ESCAP studies estimate that construction of the "missing links" of the TAR alone will cost some $23.5 billion, with another $18 billion for road construction.

In all infrastructure sectors, a recent ESCAP study estimates an investment *gap* of $83 billion per year in infrastructure alone, until 2015. This gap is based on World Bank studies which claim that just a yearly 7% of GDP investment is "required" for transport. But even at this abysmally low level, "in general, there is a huge shortfall in infrastructure investment in most countries," the report admits.

As U.S. economist Lyndon LaRouche has repeatedly emphasized, the only successful way to build infrastructure is to use the American System of large-scale, long-term, low-interest government investment. Governments, to provide for the General Welfare, should be investing some half of their resources in infrastructure of all kinds, to build the economy so that the next generations' needs are met over a span of 25-50 years. Private funding cannot do this, but should focus on high technology innovation and production. Now, given the bankruptcy of the vast international financial bubble, "private financing" means only that populations are being directly taxed to sustain the bubble, for a few weeks longer. In fact, private sector investment in Asian infrastructure had grown "dramatically" up until the 1997 crash of the Asian financial bubble, the ESCAP report admits.

The ESCAP financial proposal asserts that governments are "finding it increasingly difficult to meet their funding needs" from "traditional" sources for transport infrastructure: government budgets, domestic and foreign loans, and official development assistance. Instead of proposing a return to the American System, as carried out under Franklin Roosevelt's New Deal, ESCAP discusses "recent trends" such as "user taxes," debt financing, tolls, and private fund investment.

In China, India, Indonesia, and the rest of Asia, up to 70% of the population is extremely poor, earning less than the equivalent of $100 *a year.* To impose further tolls, taxes, and profits for international investors, on these populations, is highway robbery of current and future generations. Only American System investment for the future will build the Eurasian Land-Bridge these populations so urgently need.