

Rogue State, or Hub for Asian Development?

by Mike Billington

March 13—North Korea has taken steps over the past months to fully open up its northeastern port city of Rajin, about 50 km from both the Russian and Chinese borders, to international investment and trade, extending potentially to Japan, the United States, and the world at large. North Korea has been the single gap in the expansive regional development perspective initiated by Russia and China during their historic October 2009 agreement to utilize Chinese dollar reserves and rail technology, together with Russian scientific capacities, in the development of the resource-rich Russian Far East. South Korea, which has recently emerged as a significant nuclear power exporter, has also approached Russia with proposals for using Korean technology and engineering capacities in opening up Russia's Far East. Now, North Korea is moving to integrate itself into this world-historic transformation of the world's greatest "new frontier" for global development.

North Korea recently granted Russia a 50-year contract to utilize the northeastern port city of Rajin (**Figure 1**), and agreed with China to extend for a second ten years, a lease for a pier in Rajin, granted in 2008. China's northeastern provinces of Jilin and Heilongjiang have been blocked from the Sea of Japan by this short Korea/Russia border area since the 1895 Sino-Japanese war, in which Japan expelled China from the Korean Peninsula.

The new China is anxious to move its industrial and raw material exports from the northeast, through the nearest available port—Rajin—while Russia wants to extend the Trans-Siberian Railway down into the Korean peninsula. Both countries are developing their leased port facilities in Rajin, while upgrading the long-decayed transport connections from their own territory into the North Korean port. Russia is upgrading the rail connections between Vladivostok and Rajin, while China is building a modern road from

Rajin to Hunchun in the Korean Autonomous region of China's Jilin Province.

The "Four Power Agreement" among Russia, China, India, and the United States, proposed by Lyndon LaRouche as the necessary power bloc to create a new global credit system to replace the crumbling monetary system, could have access to virtually all of Asia as a development frontier, if the North Korean crisis, and related problems in Myanmar, were solved on the basis of such infrastructural development projects for the entire region.

Twice before, in 1991 and 1996, the nations of the region attempted to initiate development cooperation in this area, known as the Tumen River Area Development Project. The project also included Japan, which sees the region as a gateway to the huge development potential in the Russian Far East, and a transport link to the Trans-Siberian Railroad connection to Europe. These previous efforts failed, as China had not yet emerged as a major productive power in the world economy, and Russia had neglected the development of its own Far East. With the focus of world development now shifting to the Pacific, as the Atlantic powers engage in a paroxysm of self-destruction, the Tumen River region has taken on a dramatic new potential.

Korean Unification

South Korea is also directly involved in these new developments, signing an agreement in January to invest in a food-processing joint venture in Rajin with a North Korean company, employing 200 North Koreans. This is the first joint venture investment in the North by a South Korean company, and the first South Korean business venture of any kind outside of the Kaesong Industrial Park and the Kumgang Mountain tourist site, both on the North Korean side of the demilitarized zone separating the North and South.

Before the Bush-Cheney Administration sabotaged the significant moves towards peace and development on the Korean Peninsula, initiated by the Clinton Administration, the divided Korean nation was moving rapidly toward integrating the vastly divergent economies of North and South, primarily by rebuilding the rail connections which had been cut since the Korean War in the 1950s. While that process is now on hold, South Korea is interested in finding a way to ship goods by sea to the North Korean Rajin port, and from there, link to the Trans-Siberian Railway to reach markets in

FIGURE 1

Tumen River Development Region

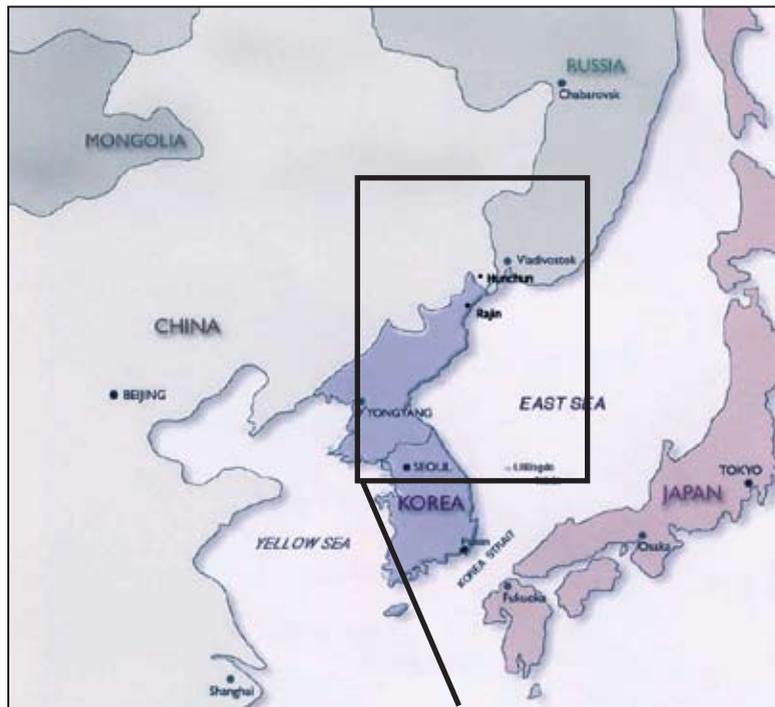


FIGURE 1a
Tumen River



Europe, as well as to facilitate South Korean cooperation in the development of the Russian Far East.

South Korean President Lee Myung-bak visited Moscow in September 2008, laying the basis for utilizing South Korean expertise in transportation and energy to develop the Russian Far East, and for building pipelines and rail connections between Russia and South Korea—which, of course, means building them through North Korea, requiring an end to the hermetically sealed division of Korea, a legacy of the British-instigated Cold War.

U.S. Involvement?

The United States, meanwhile, is engaging North Korea through diplomatic means, trying to re-start the Six Party talks, aimed at getting Pyongyang to give up its nuclear weapons program in exchange for economic aid and investment, and a peace treaty to officially end the Korean War, which concluded with an armistice in 1953. But, until then, the U.S. is standing behind the foolish UN sanctions against new investments in North Korea. Asked about these sanctions, a Chinese Foreign Ministry spokesman said, on Feb. 25, that its business investments in North Korea are “normal business deals,” and therefore do not run counter to the UN sanctions.

Speaking of the North Korean situation at the Summit of Honor on Atoms for Peace and Environment (SHAPE) in Seoul, on March 12, Mohamed ElBaradei, the retired head of the International Atomic Energy Agency, said, “The issue involves North Korea’s insecurity and need for economic development, and in order for headway to be made, the world should address both these issues.” He said that only by alleviating concerns that Pyongyang will not be attacked or be subject to regime change can there be progress.

Scott Snyder, head of the Center for U.S.-Korea Policy at the Asia Foundation, and Jack Pritchard, president of the Korea Economic Institute and former U.S. special representative to North Korea, visited North Korea in November. While still cautious about improving Washington-Pyongyang relations, Snyder noted that following North Korean leader Kim Jong-il’s visit to Rajin in January, the local leadership has been replaced by people with experience in international relations, headed by the former minister of trade, and that a \$10 billion Taepung International Investment Group has been established to finance investments in food, rail, roads, ports, and power supply. Will the United States engage with its Eurasian allies, to develop the next great frontier on Earth?

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