

# Transportation Routes in Asia: Opportunities and Challenges for Russia

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Many options for economic cooperation among nations are connected in one way or another with transportation routes and modes of transport. Delivery of goods and cargoes is an inherent component of international trade and commodities exchange. There is a separate set of problems related to transshipment fees, when deliveries involve crossing the territory of third countries. The problem of transportation routes may also have a strategic dimension from a political and military standpoint, as well as a purely economic one.

Major transport arteries, whether rail, road, or pipelines, are often a powerful means of effecting the economic development of adjacent areas, as they catalyze the development of production and social infrastructure. As a rule, the most important transportation routes are those that cross the borders of many countries and connect different regions. It is no accident that the history of the Great Silk Road is legendary, as is that of the ancient route from the North to the South of the European part of modern Russia, known as the road "from the Varangians to the Greeks." In the 20th Century, the Trans-Siberian Railroad ("Transsib") became famous. The so-called Orient Express route from Paris to Istanbul acquired an exotic reputation.

It would be difficult to overstate the significance of such routes, since they are an extremely important factor in international communication, on top of their other qualities.

When we look at transportation routes in Eurasia today, especially those that may be important for Russia, it is readily apparent that they include, first and foremost, transcontinental transport routes between the European Union and the Asia-Pacific Region (APR). This is not surprising, insofar as the economic weight of those centers, especially the rapidly growing APR, is well known. There has also been a noticeable increase in the volume of trade between these centers. These circumstances define growing opportunities for Russia, since our country's geographic location makes it one of the main natural choices for a **transcontinental transport bridge**

between East Asia, especially China's major east coast ports, and Europe.

Another striking aspect of the issue is that the various options discussed in recent years for the increased use, modernization, and upgrading of APR-Europe transportation routes are taking shape along the already well-known historical routes. Besides the Transsib, there is the route from China's east coast and the other countries of Northeast Asia into Central Asia, going on to Europe and back, either across the Caucasus and Russia, or through Iran, Turkey, and the Balkans. It is no accident that arteries along this route, both roads and rail, are called the New Silk Road.

The development of transport infrastructure related to Iran is of growing importance in its own right. As a key link in the "southern option" for the New Silk Road, which is oriented towards India inclusively, Iran is seeking ways to diversify. In 2002, Iran, Russia, and India signed an agreement on the North-South Transportation Corridor, designed to increase the use of longitudinal transport connections, particularly between West Asia and Northern Europe.

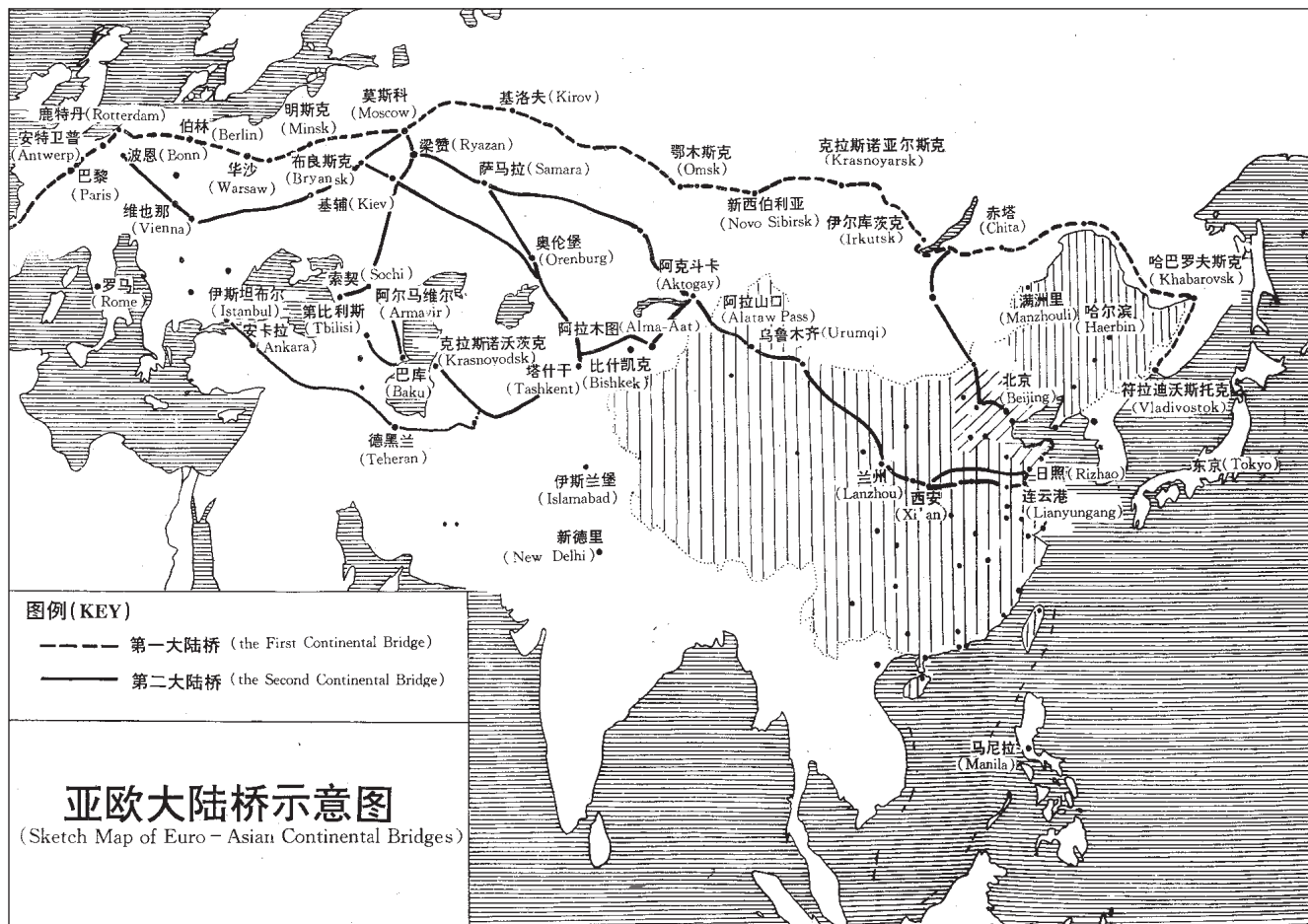
Specialists are also interested in a number of other inter-regional routes, such as the route from southeastern China into Southeast Asia, projects for roads from Southeast Asia to India, and the development of a number of routes in Central Asia. It is important that these frequently involve pipelines, alongside roads and rail lines.

## New Routes and Old

Let us discuss some essential aspects of the above-mentioned routes.

As is well known, the aforementioned **Trans-Siberian Railroad** was the only land route between Europe and East Asia for most of the 20th Century. The TSR began full operation in 1916, and remains the longest railroad in the world, to this day. It would be difficult to overstate the importance of the Transsib. The President of the Russian Federation, speaking some years ago at an APEC business summit in Shanghai, remarked that the further development of railroad infrastructure associated with the Transsib "will make it possible to take a qualitative step in developing the transportation system in the APR." V.V. Putin also emphasized that Russia is prepared "to think about taking part in transportation projects that would involve the construction of railroads and automobile highways from Northeast and Southeast Asia to Europe."

## Primary Railway Connections of the Eurasian Land-Bridge



Courtesy of Gao Zhengang, ed., "A Study on the Strategic Significance of the New Euro-Asian Continental Bridge"

At the same time, plans of this type entail substantial challenges and problems. It is no secret that the Trans-Siberian Railroad has been operating close to capacity for some years. For this reason, serious work to reconstruct and expand the capacity of this proven, reliable route is on the agenda. Particularly acute is the problem of introducing modern managerial methods, especially logistics.

Realizing the importance of this main line, Russia is working on an appropriate development strategy. The leadership of the company Russian Railways, which is the head organization for the national railroads, has stressed repeatedly that an important component of this strategy is transshipment—the ability to offer the countries of the APR, especially the north-eastern regions of China, the opportunity to ship cargoes to Europe across Russia. Russian Railways CEO Vladimir Yakunin has noted that the company regularly holds talks on this question with its partners in APR countries, and that work is under way to establish a transport logistics company specializing in transshipment.

These factors mean that the potential of the Transsib, despite the existing difficulties, is far from exhausted. A good

example is recent years' steady growth of rail shipments of oil to China. To no small degree, that process resulted from work on improving the relevant infrastructure, and substantial capital investment.

Regarding other transcontinental routes, it should be mentioned that, in 1993, the European Union took the initiative to create a West-to-East transport corridor across the Caucasus, the Black Sea, and the Caspian Sea into Central Asia—the **TRASECA** project. By 2002, the EU had invested over 100 million euros into this program, with more than half of the funds being in the form of grants to participating countries.

**The rebirth of the ancient Silk Road routes** is proceeding in parallel. This was discussed already during the Soviet period, in 1954, when an agreement was signed between Moscow and Beijing on construction of a railroad that would cross the Soviet-Chinese border in the area of the settlement of Druzhba in Kazakhstan. The U.S.S.R. had built its segment by 1965. In China, construction was delayed, but the link was completed in 1990: **the segment between Druzhba and the Chinese city of Alashankou was built. As a result, the internal railroad systems of China and Central Asia were**

### **effectively united into a single network.**

At the same time, the road network in western China is being upgraded, along the route of the so-called “middle road” of the ancient Silk Road. Options have also been proposed for other, even shorter routes from China into the nations of Central Asia—through linking up the Chinese and Kyrgyzstan railroads in the region of the Torugart or Irkeshtam passes, then extending them to the cities of Andijan and Tashkent in Uzbekistan, or to the Kazakstan system.

### **The View From Russia**

It is obvious that the routes mentioned above mean a wider choice of transcontinental freight routes, opening up additional possibilities for the development of economic cooperation between China and the nations of Central Asia. They facilitate the development of areas adjacent to the transportation lines, and represent good potential for the development of transportation and economic infrastructure in the region, particularly in Shanghai Cooperation Organization member countries.

Of course, the optimal way to exploit these opportunities would be to take into account the interests of all parties involved to the greatest degree possible.

How do Russia’s interests look in this context? Russia is interested in preserving and strengthening its traditional, historical ties with the nations of the region, which should include the development of the important area of transportation cooperation. Furthermore, it is in Russia’s direct economic interest to be a full-fledged participant in creating the region’s transport infrastructure. The question of transshipment is not a matter of indifference to Russia: On what route to Europe and back will cargoes from the Central Asian countries and transshipment cargoes from China and other countries in East Asia be traveling?

For this reason, the Russian government has devoted a lot of attention to integrating Russia’s transportation infrastructure with intercontinental connections. Already, in May 1999, at a conference on Problems of Developing a Europe-Asia Transport Bridge, the Russian Ministry of Transportation put forward its alternative to the “southern” (Iran-Turkey-Balkans) option for the New Silk Road. The proposal was the Tashkent-Moscow-Brest route. This route already has developed infrastructure, as well as the advantage of crossing fewer national borders.

Russian analysts produced interesting results when they compared three transportation routes (the Russian route, TRASECA, and the Iranian route), using points of origination from major cities in each of three Central Asian countries (Alma-Ata, Tashkent, and Ashgabat), to Frankfurt-on-Main in Germany.

While TRASECA and the so-called Iranian route had almost identical shipping times in all three cases, the Russian route turned out to be shorter than the other two—cutting the travel time from Alma-Ata and Tashkent almost in half, and

from Ashgabat by 10-20%. The route across Russia from Alma-Ata and Tashkent is also shorter in distance.

Nonetheless, for any given transport bridge route to be the most attractive in reality, a large number of diverse factors needs to be taken into account, which means a good deal of work. According to the experts, intermodal container shipments are the priority. These involve the utilization of various types of transport on the route, guaranteeing door-to-door containerized shipment of cargoes. Mixed road-rail shipping is increasingly used for this purpose, as well as trailer-on-flatcar trains. Equally important is the improvement of customs preparation technologies and information support. Although there are significant difficulties on the pathway to modernization, Russian transport experts are taking aim at them, setting themselves the objective of being competitive in the Asian-European transshipment market.

### **Bilateral Ties**

It needs no proof, that bilateral ties often serve as a good basis for multilateral cooperation, including in transportation. It therefore makes sense to briefly discuss bilateral transport relations in the region, particularly between the Russian Federation and China, as well as a number of other countries.

As in Russia and China, people in other APR countries are aware of the importance of transport infrastructure. It is being constructed on a large scale, both within these countries, and for international freight shipments.

**In China**, the total track length of the railroad system will reach 100,000 km by 2020, of which half will be electrified. Its highway system is currently 40,000 km in length, ranking second in the world. One hundred forty international road connections have been built, while China has transport agreements with ten adjacent countries.

Currently, 65% of total freight shipments between Russia and China are carried by rail. This is why one of the priorities of the Russian-Chinese Commission on Transport, at its regular meetings, is to provide for the growing flow of Russian oil shipments to China by rail—about 9 million tons in 2006, with a target level of 15-20 million tons in the near future. Substantial resources are being put into railroad and equipment modernization for this purpose, especially around the Zabaykalsk-Manchouli and Groskovo-Suifenhe border crossings.

Transport cooperation between Russia and China is important not only from the standpoint of the need to improve the condition of the mainlines between the two countries and to increase the carrying capacity of the border checkpoints, which means an increase in goods exchange. Implementation of such cooperative projects as, for example, construction of a bridge across the Amur River in Chita Region near Blagoveshchensk-Heihe would make it possible to complete a unified rail transport ring linking the Russian Far East, northeast China, and North Korea, with a potential connection to the major industrial centers of South Korea.

The creation of such a rail ring is entirely realistic, given the network already existing in these regions. Building a bridge at the Blagoveshchensk-Heihe border crossing would also play a noticeable role for the **Europe-APR Trans-Siberian Container Bridge** project. In that case, China, which has growing trade with the EU, would gain a new, efficient access route to the Transsib, while Russia would acquire additional opportunities to fully exploit its advantages as a transshipment corridor.

Plans for two more bridges between Russia and China across the Amur, one in Chita Region and the other in the Jewish Autonomous Region, are in various stages of preparation.

The development of **highways** between the two countries also has great potential. Traffic has been opened up in recent years between important border-area centers (Harbin-Vladivostok, Mudanjiang-Ussuriysk). An important project for a road through the Kanas pass on the western end of the border is in the design and study stage; it would link western Xinjiang Province with Russia's Altay Region.

### India's Role

India devotes much attention to transportation infrastructure. The total length of the railroads in India, one of the biggest countries of Eurasia, is over 63,000 km, ranking second in the world. Delhi is actively developing its international transportation ties. The executive committee of the International Rail Union met in India in October 2005. India is cooperating with Russia and Iran on the North-South corridor, where a number of problems remain to be solved. It has several bilateral projects with Iran. Construction of a trans-regional railroad from India to Vietnam is under discussion, while work is ongoing on a plan to reconstruct the highway from China's Hunan Province through Myanmar to India, which was built 60 years ago.

Cooperation in the area of transportation has made a palpable contribution to the overall process of normalization and development of Indian-Chinese relations in recent years. An important event, both for the expansion of bilateral ties and the development of Sino-Indian trade, took place in July 2006. After an interruption of more than 40 years, traffic through the mountain (elevation over 4700 miles) **border crossing at Natu-La** between China's Tibetan Autonomous Region and India was renewed. At one point, as much as 80% of their bilateral border trade went through this cross-point. After an agreement was reached during the 2003 visit of the Chinese prime minister to India, the two sides did a significant amount of work to improve the road networks on both sides of the border. It is anticipated that this event will influence not only cross-border trade, but also the development of the adjacent regions in both countries. Estimates project that trade through Natu-La could reach \$3 billion by 2015. In parallel, India and China are studying options for laying modern highways and rail lines on the ancient caravan routes through the mountains, which would take transportation links to a new level, not only

between these two countries, but on a broader international scale.

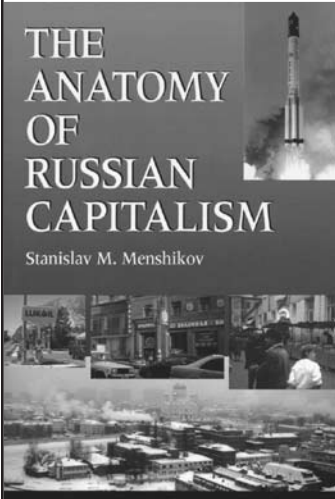
Thus, the development of transportation within the countries of Eurasia, as well as a significant number of interregional transport routes (the Transsib, the North-South corridor, the revived Silk Road, and lines between South and Southeast Asia) present great opportunities for mutually beneficial international cooperation.

Another important area could be cooperation on transport security, especially for vitally important sea, river, and land routes that cross national borders.

Thus we may conclude that the intensification and diversification of Asian transport routes, along with internal transport construction and the growth of economic ties, are opening up broad opportunities for international cooperation in the area of transportation, and, in some cases, are necessitating it.

Such cooperation may take the form of joint road and rail construction projects, as well as building pipelines, investment projects, and security measures.

Transportation cooperation can also be a catalyst for the overall development of economic ties, while the construction of new routes and modernization of old ones, can be a powerful stimulus to growth in adjacent areas, advancing toward implementation of the concept of a global transcontinental transport bridge that draws peoples and nations closer together.



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