

Russia Stands Out At World Rail Conference

by Mary Burdman

Simultaneous with Russian President Vladimir Putin's notable visit to Germany, a high-level Russian Ministry of Railway Transport delegation stood out at the World Railway Congress in Vienna on Sept. 25-28. In the U.S. Congress, Federal rail corridor development plans were emerging for the first time in decades. At Vienna, some 500 participants from 70 countries in Europe, Asia, Africa, and North and South America, discussed the present and future of rail transport. Speakers came from rail ministries and national rail enterprises, the World Bank, the European Union (EU), and the private sector.

With some interesting exceptions, speakers from the United States and West and Central Europe, retained their commitment to the liberal market, even while being forced to admit, over and over, how big a toll the last 25 years' market "reforms" have taken, devastating every aspect of rail transport. Most repeated that rail systems can only be revitalized by bowing to the rule of the market, and sharpening rail's "competitiveness" with other modes of transport—although it was universally agreed that rail transport is far more efficient and beneficial, economically and environmentally, than road transport. This approached the level of parody, when a manager of the East Japan Railway Company stressed that "customer satisfaction"—not with a train ride, but with shopping malls in the train stations—was the key to revitalizing Japan's rail system.

More brutally, the nations of South America were also cited as key examples of the use of the liberal market. Argentina's rail lines are now being made more "successful" with mass layoffs. Overall on the continent—one of the least-developed in the world—what short stretches of rail line even exist, have all been sold to "the market." In 1990, all South American railroads, few as they were, were under state operation; in just one decade, all had been privatized. Huge "savings" were generated—through mass layoffs.

Strategic Perspective

The Russian speakers, including Vyacheslav Petrenko, Deputy General Director of the Russian Ministry of Rail Transport, and First Deputy Minister of Railway Transport Alexander Misharin, however, took a more strategic perspective. They emphasized the growing importance of land transport between Europe and Asia, and Russia's role as the key transport link for Eurasian traffic.

In Western Europe, such a strategic perspective has fallen

victim to the stampede into the International Monetary Fund's "Washington Consensus" financial-economic policy of the past decade. Klaus Eberling, director of European affairs for Deutsche Bahn International, noted in his speech that in the 1960s and beginning of the 1970s, European railroad policy-makers had been discussing the possibility to create a unified rail system. It would have become the longest and likely most utilized rail system in the world, overtaking those of Russia, India, and China.

"How much the world has changed," remarked Eberling. By 1985, the European Commission was laying out how to base transport policy on the "liberal market," and modelling itself on America's deregulation policy. Eberling is apparently unaware that the crash of the U.S. economy is worst in these deregulated sectors.

Europe, East and West, had its great opportunity of the 20th Century in 1989-90, when the continent was reunited. In the years that followed, European leaders did propose developing the Pan European Transport Network, which included greatly expanding high-speed rail lines in Western Europe, and creating, through construction and technical improvements, the "Transport Corridors I-X" which were worked out in serious detail at conferences in Crete in 1994, and Helsinki in 1997. However, to date, just one-fifth of these projects have been achieved. In addition, EU "reform" policy, has been to separate rail infrastructure from operation, although it was acknowledged that this approach undermines the capability for international cooperation.

The End Of The Market?

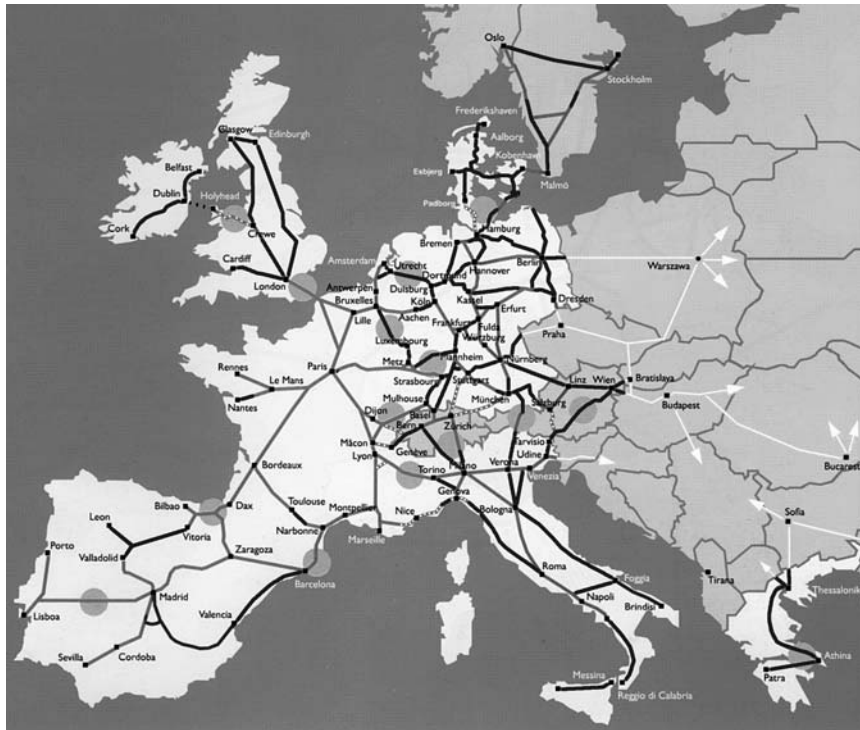
Warnings, although muted, did emerge of the consequences of the reign of liberalism in so vital a sector as transport. Wilhelm Haberzettl, head of the Austrian Rail Workers Unions, stated that the deregulation of the European railroads, including the "social dumping" of labor and the lack of investment, is jeopardizing safety along the railroads. Such effects will be especially bad in the nations trying to join the EU, such as Poland. The EU must face, that it has to deal with the social consequences of further liberalization, he said.

EU official John Rees also had to acknowledge the utter lack of success of liberalization. He described the falling level of national investment in transport, a process which coincided with the very sharp rises in road use, for freight and passengers, which has led to serious congestion, environmental problems, and security problems, including the extreme dependence upon imported oil. European transport is 98% dependent upon oil, and 70% of it is imported.

Things were different in the 1960s, he noted, when German Transport Minister Georg Leber wanted to introduce legislation to force goods back onto the railroads, to the benefit of the entire economy. Such is not current thinking, but it may have to change, Rees noted. If the current attempts to "revitalize alternatives to roads," and "target investment" into rail lines do not work, and the already-barely-tenable congestion of Europe's cities, highways, and air transport worsens,

FIGURE 1

1994: European Union Projects



These high-speed rail corridor projects were formally agreed on by the European Union in 1994—but only one-fifth of the plans have been carried out even in West Europe, as the failed U.S.-British “free market” philosophy for rail transport took hold.

the whole “market approach” to transport will be under question, he said. If transport cannot solve its own problems, national ministers will come in and announce, “I am going to regulate.”

One rather brutal irony, as several speakers pointed out, is that the long-term aim of the European railways, to become the most efficient, fastest—and most secure—mode of transport in any circle up to 700 km in diameter, has yet to be realized. Now, the attacks in the United States on Sept. 11, using airplanes, have made it all the more urgent to build a secure high-speed network, which can relieve the congestion and pressure on the airlines for short- and medium-length travel.

‘Longest Land-Bridge In The World’

In Eurasian traffic as well, there have been serious upheavals in the last decade. The move to market economy has been one of the greatest, especially the lack of financial resources for the railroads. But rail transport is essential. In Kazakstan, rail traffic is 90% of the transport system; in other nations in Central and East Asia, rail transport is vital due to long distances and the primitive state of the roadways.

In his speech on Sept. 26, Vyacheslav Petrenko stated that Russia must adapt its policy to the increasing transport volume between Europe and Asia. The Russian railroad, he said, which has links with nations all over the world, can become the major link between Europe and Asia. Russia not

only wants to expand the transport on the “Euro-Asian rail route,” Petrenko said, but also is developing the “North-South corridor” which links the Trans-Siberian main line with Iran and the Indian Subcontinent. The Trans-Siberian Railway also links to the Pan European Transport Corridors proposed by the European Union in 1994. The 15,000 km Trans-Siberian is “the longest land-bridge in the world.”

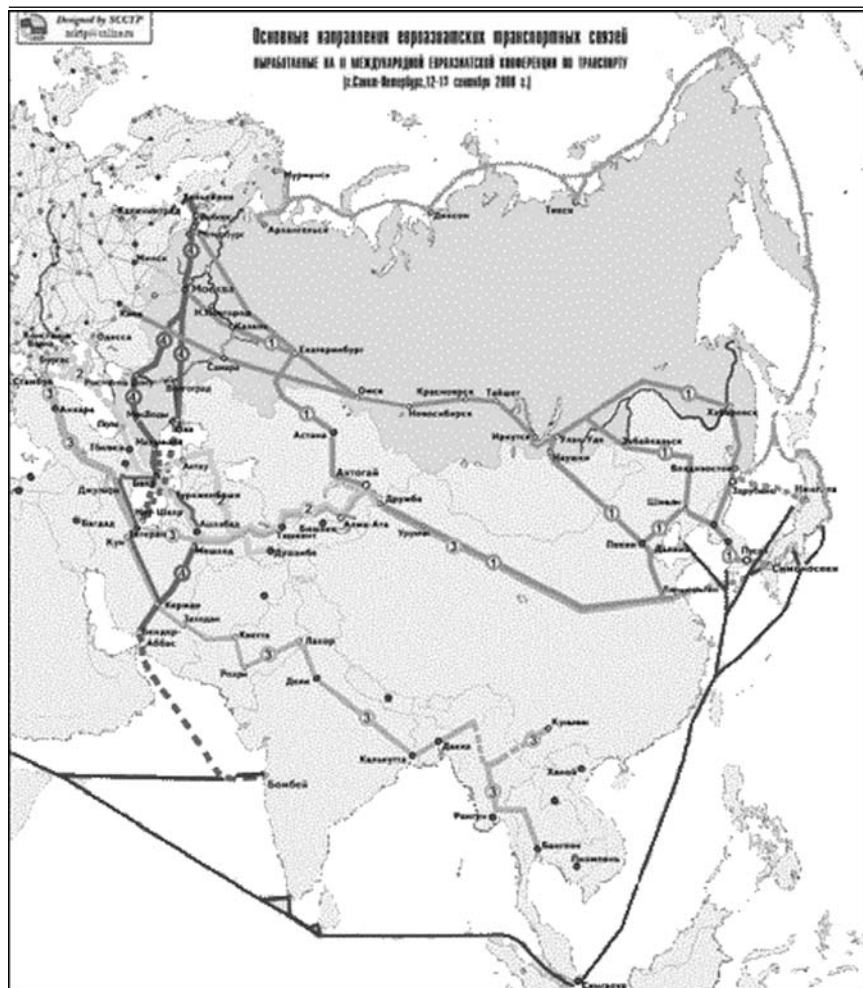
While Euro-Asian transit rail traffic remains less than 10% of the total volume on Russia’s rail lines, much is being done to change this, especially on the Trans-Siberian main line. The largest portion of freight volume there is still exports of Russian oil, coal, and chemicals. But measures are being taken—including new customs codes, greatly improved tracking by means of satellite positioning—aimed at increasing Euro-Asian transit traffic. The Trans-Siberian now transports at an average speed of 1,000 km per day, but this must be increased.

Container corridors are critical, and Russia is developing new container technology. It is investing in its own St. Petersburg-Moscow rail corridor to make it possible to use the most advanced container technology on this stretch.

The Trans-Siberian “transport corridor” is being extended directly into the Korean Peninsula and Central Europe, Petrenko said. Immediately, Russia is emphasizing cooperation with North Korea and China on the Asian end of the Trans-Siberian, and with Hungary, Ukraine, Belarus, and the Czech Republic on the European end. Russia wants to extend build-

FIGURE 2

2001: Russian Ministry of Transportation's 'Main Directions'



Russia's Transport Ministry's plans are clearly intended to make Russian rail lines the center of Eurasian East-West traffic, and also to create a new North-South Corridor (at left) from the Baltic Sea to the Indian Ocean.

ing of wide-gauge rail lines into North Korea and Central Europe.

This year, steps are being taken to increase the connections of Belarus and the Czech Republic to the Trans-Siberian. On Oct. 12, the first stage of a project to construct a latest-technology logistics “hub” at Bohumin in the Czech Republic will be launched, in cooperation with the Czech Republic and Ukraine. As a result of these measures Eurasian rail transport is already demonstrating that it is considerably more efficient than maritime transport.

In addition, Russia is emphasizing cooperation with China and Northern Europe. Container block trains now run from Beijing via Russia to Poland and Finland, and routes are being extended in all directions. Indeed, Russia wants to extend its wide-gauge rail lines—the standard in Russia and

the Commonwealth of Independent States (CIS) nations—into North Korea and Central Europe. With the existence of modern, efficient equipment to automatically change gauges on trains—already in use on the border between Spain and France—this should not constitute a problem to increased traffic.

A South Korean delegate reported that his country has just completed the section of the North-South rail link, right up through the Demilitarized Zone on the border with North Korea. If the Russian initiative is fruitful, rail and sea links could greatly expand traffic all the way from Western Europe to Japan.

Russia-China Transport

Russia and China have already established a rail container corridor from Beijing to Moscow, running three times a month, and this route has been extended to Poland and Finland.

However, the Russian railways have a massive task before them. Ten years of shock therapy have taken a severe toll. Transport volume had fallen by 50% until recently, though it is now increasing. The functioning of the planned economy to organize freight transport, whatever its limits may have been, now has to be replaced by the “market” system—something which has hardly succeeded in Western Europe. But the Russian government is committed to increasing freight traffic, which was 285 million tons in 2000, threefold by 2010.

One irony of the current state of international relations, emerged from the presentations of two highly qualified technical speakers, one from the Russian Ministry and the other from the U.S. General Electric corporation. Although in different contexts, both speakers pointed out how very similar are the overall conditions, including geography, weather, and distance, of Russia and the United States and Canada. But Russia transports 81% of its freight by rail; Canada, 73%, and the United States, 50%. In length of rail lines, the first is the United States, the second Russia; in ton-kilometers, the first three nations are the United States, Russia, and China, followed by Canada and India. For passenger transport, the leader is China, followed by Japan—which, however, only transports 5% of its freight by rail—and Russia, with the United States far behind.