

A New Financial Order Is Essential for the Eurasian Land-Bridge

by Mary Burdman and Roman Bessonov

As the Anglo-American financier oligarchy hysterically sets off one wild provocation after another, against Europe, against Russia, against Asia, the question becomes all the more vital: Will the nations of Eurasia, which, unwilling to be taken down with collapsing world financial system, had been demonstrating clear intentions to form themselves into a "Survivors' Club," finally carry through on constructing the great project known as the "Eurasian Land-Bridge"?

There have been many important initiatives in Eurasia in recent months, especially springing from the bold moves by the two nations of Korea, toward economic and eventual political reunion. The initiation of reconstruction of the North-South Korean railroad on Sept. 18, is one of the important steps to build the infrastructure needed to finally economically unite the Eurasian land-mass.

Yet, without a change in fundamental economic policy, essentially, the creation of a "New Bretton Woods system," as proposed by Lyndon LaRouche, the Eurasian Land-Bridge will not be realized, particularly because of the continuing economic catastrophe in Russia.

This is exactly the time to carry out LaRouche's proposals to re-launch regional economic-financial arrangements, international economic cooperation, and trade on the basis of a "basket of commodities," and to re-start state-to-state deals to ensure nations can get sufficient oil and other vital commodities. Were such measures to be put into action, this would create the essential difference, to generate a new, and just, world order.

These vital steps, however, are just what have not yet been taken. Russia is hanging in the balance, between continuing to propitiate the "Washington Consensus" lunatics (i.e., International Monetary Fund [IMF] austerity, and backers of globalization and privatization) who have brought it so low, and consideration of measures which could save its economy. A key example of the latter, was the Second International Euro-Asiatic Conference on Transport, held in St. Petersburg on Sept. 12-13, where several great transport corridors, that would cross Russia, linking East, South, and Central Asia, and Europe, were outlined. Such discussion has not taken place inside Russia in some years, and this demonstration of potential economic and cultural optimism, is itself of greatest importance.

One observer noted, that the remarkable lack of panegyrics to globalization or free trade in the conference proceedings, is an important change.

However, while the Asian-directed diplomacy of President Vladimir Putin holds real promise, Russian policy overall continues to be deal-arranging, around raw materials, energy, and military technologies. Even after a full decade of economic destruction at the hands of the "Washington Consensus," Russia is, still, going begging to the IMF and London. Just one example of the devastation in Russia, is that sections of the Trans-Siberian Railroad, the core of all the transport corridors crossing Russia, are repeatedly shut down due to the inability of various regions to pay power bills, strikes of long-unpaid workers, and lack of basic maintenance.

Russia is certainly not alone in this dilemma. In China, tendencies to compromise with the current, bankrupt world system, epitomized by the foolish drive to join the already-dead World Trade Organization, are, at least for the moment, able to dominate national policymaking. Central Asia is at war with the forces of separatism and fundamentalism, and Europe is embattled by the engineered crash of the euro and skyrocketing energy prices.

Euro-Asian Transport Corridors

The Euro-Asiatic Transport conference was held in the Tauric Palace, the residence of the Commonwealth of Independent States (CIS) Inter-Parliament Assembly, and attended by representatives, many of them high-level ministers, of 27 countries, including all the former Soviet republics. The Russian side was represented by Prime Minister Mikhail Kasyanov, Transport Minister Sergei Frank, Railway Minister Nikolai Aksyonenko, Russia-Belarus State Secretary Pavel Borodin, and St. Petersburg Gov. Vladimir Yakovlev. President Putin had planned to attend the conference, but at the last minute, changed his plans, possibly due to the visit of Li Peng, the head of China's legislature, to Moscow.

Leading national representatives discussed creation of five Euro-Asian transport corridors, and at least two highly important international agreements, one for the creation of the Russia-Iran-India "North-South Transport Corridor," and another to link Russia's Trans-Siberian Railroad to the re-

opened North-South Korean rail line, were signed. The Russia-Iran-India trilateral agreement was signed on Sept. 12 by Minister Frank for Russia, M. Hodjati, Iran's Minister of Roads and Transportation, and Rajnath Singh, India's Minister of Land Transport. The three nations, with the important addition of Iraq, will now transport goods on a route one-third the length of the current route via the Suez Canal.

Russia as a Transport Power

At the signing ceremony, Russian Prime Minister Kasyanov stated that, until recently, Russia had no opportunity to take advantage of its geographical location, but now, the realization of national transport potential is a priority of the Russian government. Kasyanov also emphasized the great importance of the corridor connected East to West. Active use of both corridors by Russia, he said, will mean that Russia is not only a "terminal point" of both directions, but also has a huge potential, for transport, in its location on the crossroads.

"Russia will become a great transport power," Academician Dr. Oleg Dunayev, of Russia's Transport Academy, told *Izvestia* in an interview published on Sept. 12, during the conference. "The potential depends on many factors, but primarily on state policy. Today, we are developing our transport network, worse than yesterday. It depends on us, whether our grandchildren will be able to use this benefit of civilization.

"We have not quite realized the priority role of transport in economic development," Dunayev said. "Though we have many state programs and instructions, they are not fulfilled. Finance Minister [Sergei] Witte, in the early 20th Century, realized the necessity of constructing the Great Trans-Siberian Railroad. He understood that the well-being of the people, would not be possible without a transport connection between the regions. The same was understood by [U.S. President Franklin] Roosevelt, when he ordered the whole American nation to build roads. . . .

"We have not realized our main advantage: Russia will flourish, only due to its geographic location. The country lies among three world markets, European, American, and Asia-Pacific, which are in an active process of exchange.

"We can benefit from the transit of a huge amount of goods along the shortest route, the existing line Paris-Berlin-Moscow-Vladivostok. But this route, also known as the Second Pan-European transport corridor, does not actually function. The amount of transit along the Trans-Siberian Railroad has fallen by six times since 1990. If Russia manages to get the Trans-Siberian involved in active international trade, it will bring in \$5 billion annually."

Transport lines, Dunayev emphasized, are essential for economic development. "First roads, then comes industry. The roads are a precondition of economy," he said. The Baikal-Amur railroad is also essential, he said. "It must only be properly used. For instance, the Japanese are planning to construct a tunnel connecting Hokkaido with Sakhalin, and then with the mainland across the Tatarsky Strait. They know

what they want." He stressed the importance of state policy, saying, "The state is obliged to create conditions, under which investment in the transport system would become economically profitable."

One recent example of this principle, is that, on Sept. 18, Tyumen Region officials opened a new bridge over the Ob River in Siberia. This bridge, 14,738 meters long, is the longest in Russia. It is notable that the entire construction, begun in 1995, was financed regionally, since outside investors refused to believe the project would be completed.

The North-South Transport Corridor

While only Iran, at present, is constructing large-scale new infrastructure for this corridor, the importance of agreements eliminating taxes and facilitating customs and other agreements, to ensure the flow of goods, is great. Since the Central Asian republics, formerly part of the Soviet Union, have only had open borders to their south and east during the last decade, many of the essential customs and financial agreements to ensure that goods move efficiently, must still be developed, and lack of such agreements have seriously hindered trade along already-constructed rail and road routes.

The North-South corridor runs from the Volga River basin in Russia, either on the river or by rail, to Astrakhan. From there, goods will be transported across the Caspian Sea, to the Iranian port of Bandar-e-Anzil. Iran is currently constructing large new roads north from the capital, Tehran, via Rasht, to Bandar-e-Anzil. From Tehran, goods will be transported via the new rail line to Bandar Abbas on the Persian Gulf, and from there by sea to India, especially to the port of Mumbai (see **Figure 1**).

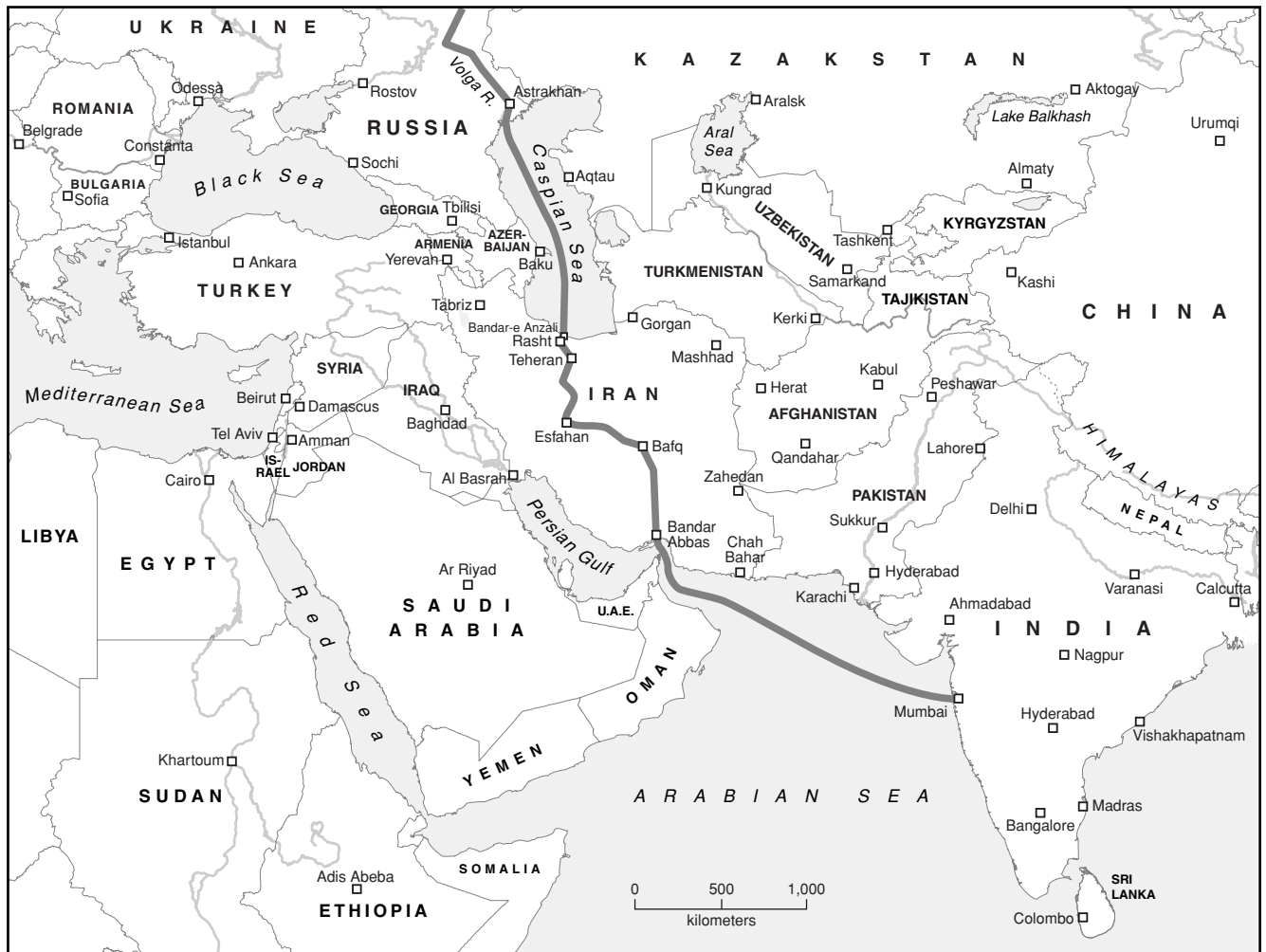
The Vagna Shipping Co., Russia's main operator on the north-south corridor, said use of this route would cut delivery time between India and Russia by 10-15 days, and cut costs by 30%.

Indian delegations have been visiting Astrakhan, on the Volga, since the past winter, and met Russian Deputy Transport Minister Yevgeny Kazantsev there in March. In May, after a meeting of Russia's Security Council on Russia's interests in the Caspian, Astrakhan was visited by Transport Minister Sergei Frank, the Latvian magazine *Transport Week* reported.

More recently, Astrakhan was visited by an official delegation from Gilyan, a province of Iran, headed by Gov. Ali Sufi, who met with Astrakhan Region's Gov. Anatoli Guzhvin, to discuss future cooperation in development of the Astrakhan-Rasht-Bandar-e-Anzali transport corridor. Iran has decided to open a consulate in Astrakhan, which they call "Russia's gateway to Europe."

Representatives of Azerbaijan, Oman, Kazakstan, and Turkmenistan, also participated in discussion of this corridor, which will also benefit them. Bangladesh, Qatar, and Bahrain are planning to join the agreement. The corridor has many potential links to the north also, including via the Volga-

FIGURE 1
The New Russia-Iran-India Transport Corridor



Dneiper canal. Good-quality transport links reach to the Baltic states, with their excellent seaports.

Of great importance, will be the final completion of the Kerman-Zahedan rail line in Iran. This “Asia-Europe economic artery” will finally link the Indian subcontinent to Eurasia by rail, because the Pakistani rail system, which is connected to that of India, is already linked to Zahedan. Iranian Minister of Roads and Transportation Mahmoud Hojati stated on Aug. 27, that the Iranian government, which has been working on the 540 kilometer rail line for several years, is putting a high priority on “the completion of this great project.”

Beginning on Oct. 3, Russian President Putin will visit India, where a number of “very serious accords,” in the words of Russian Deputy Prime Minister Ilya Klebanov, will be discussed. These include Russian participation in construc-

tion of at least half the nuclear power projects planned in India, as well as military, space, and other cooperation.

Russia and Korea

An agreement to connect the Inter-Korean rail line with the Trans-Siberian, was also signed at St. Petersburg. South Korean President Kim Dae-Jung and Russian President Putin had held talks on this proposal during the UN Millennium Summit in New York. At the end of September, the two nations’ prime ministers will also discuss construction of fiber optic telecommunication cables, energy and power supplies, and the development of Russia’s Nakhodka industrial complex and Irkutsk gas field.

In New York on Sept. 9, South Korean Presidential spokesman Park Jun-young said that the “two leaders shared the opinion that the two Koreas and Russia will be able to

maximize mutual benefits through close economic cooperation. On the basis of this agreement, regional economic cooperation involving China, Japan, and Mongolia will become possible.”

The Korean-Russian connection will become possible, once North and South Korea have re-connected their North-South rail line. One line, which goes from Seoul to the city of Shinuiju in North Korea, is already connected to China. A second, from Seoul to the northeastern city of Wonsan, would be connected to Siberia. The project will cost an estimated 260 billion won (\$236 million) and take up to 36 months to complete. “Once the Seoul-Wonsan line is linked with the Trans-Siberian Railroad, Asia will be connected to the European continent and this will add momentum to the prosperity in East Asia,” President Kim Dae-jung was quoted as telling Putin. He called for cooperation to develop resources in Siberia and to have North Korea participate. Putin responded: “If the railways are linked, there will be a quantum leap in many fields, including the construction of fiber optic cables for telecommunication, energy, and power.”

The Land Corridors

At St. Petersburg, many other joint infrastructure projects were discussed. The conference Declaration confirms “that the following list of Euro-Asiatic land corridors . . . is the base of the Euro-Asiatic land transport system: 1) Trans-Siberian Railroad: [from] Europe . . . [to] China-Korean Peninsula-Japan (through Russian Federation/Ukraine and Kazakstan/Mongolia); 2) TRASECA: [from] Eastern Europe . . . [to] Black Sea-Caucasus-Caspian Sea-Central Asia [eventually to include new members Moldova, Mongolia, and Ukraine]; 3) Central South-Eastern Europe [to] . . . Turkey-Islamic Republic of Iran-Central Asia-China; 4) Southern: Southeastern Europe . . . -Turkey-Islamic Republic of Iran-Southern Asia-Southeastern Asia/Southern China; 5) North-South: Northern Europe . . . -Russian Federation-Central Asia/Caucasus-Per-sian Gulf.”

In addition, it was considered to extend “corridor No. 2 to Yekaterinburg, [Russia] . . . as a potential link for establishing the connection between trans-European and Euro-Asiatic transportation systems.”

Following the agreements of the First St. Petersburg Conference, held in 1998, the Declaration calls for “a most rapid implementation of transportation communications/networks in each of the Euro-Asiatic corridors and their consistent development, based on advanced economic principles, and proposals of new networks of Euro-Asiatic corridors.” It calls for establishing steering committees of interested nations for each of the Euro-Asiatic transportation corridors, as well as “international organizations, international financial institutions and private companies”; carrying out initiatives to facilitate customs and border-crossing; studies be carried out comparing “competitiveness of land communications . . . with

marine lines”; and, finally, that “the next such conference, is to be convened in two to three years, when a non-commercial organization named Euro-Asiatic Transport Forum is to be founded.”

Kazakstan, Russia, China, and Belarus were also planning to sign an agreement on further development of the Northern Railroad Corridor, known in China as the Second Euro-Asian Continental Bridge. This corridor starts from the Chinese port city of Lianyungang on the South China Sea, runs 4,100 kilometers across China to Druzhba station inside Kazakstan, runs 2,000 kilometers across that country to Petropavlovsk, moves across Russia and Belarus, and then along the Brest-Warsaw-Berlin route to the European ports of Rotterdam or Hamburg. Branches may be built from Minsk, Belarus to the Baltic countries.

A container train will be sent along this route, to Brest in November 2000, with an average speed of 1,000 km per day, which is in line with international demands. The sides have agreed on a tariff for the entire route, which amounts to \$0.144 per container-kilometer.

Kazak Transport and Roads Minister Karma Massimo stressed the importance of the conference to Kazakstan, as a “transit state.” Kazakstan planned to discuss transport development, tariff policy, and communications with the transport ministers of Russia, China, Azerbaijan, and Georgia.

The Chinese representative, Wang Shangkui, senior consultant of China’s Railway Minister Fu Chihuang, reported that “on June 27, 2000, Russian and Chinese railroads established direct container traffic between Beijing and Moscow. Now, similar container shipments are discussed by China, Russia, Finland, and Germany.” He described the many improvements that China has made on the Second Euro-Asian Continental Bridge since it opened in 1992, which now allows trains to reach a speed of 140 km per hour in the Chinese section, as well as the investments made by the Kazak railway company.

China itself, is shifting the focus of its rail construction to its western internal regions, to develop a comprehensive network of rail lines internally, and international rail links. Highly important in this context, is that China and Uzbekistan have just opened a highway, from Kashgar in Xinjiang, via Osh, in Kyrgyzstan, to Tashkent, capital of Uzbekistan. This highway, which was opened by Uzbek President Islam Karimov, goes over some of the highest mountains in the world, and is an enormous engineering feat. A rail line following the same route is under discussion, and would be an even more astonishing feat of construction.

Eurasian Diplomacy

The St. Petersburg conference was held in the context of a series of regional diplomatic moves to enhance cooperation. At the end of August, Japanese Foreign Minister Yohei Kono paid a four-day visit to Beijing, to prepare for the mid-October

visit of Chinese Prime Minister Zhu Rongji to Japan. On Aug. 30, Kono gave a speech to the Party School of the Central Committee of the Chinese Communist Party, in which he called for “creating a genuine friendly and cooperative partnership toward the 21st Century. . . . I would like to make Premier Zhu’s upcoming visit an occasion for Japan-China relations to make a great leap into the 21st Century.”

Kono called for economic cooperation of the two nations, including to develop the Mekong River basin, which runs through six nations in Southeast Asia, and to improve the transport and distribution infrastructure between East and Central Asia under the Eurasian Land-Bridge initiative. He proposed a multilateral dialogue to ensure peace and stability in Northeast Asia, including Japan’s proposal to establish a six-way forum involving China, Japan, North and South Korea, Russia, and the United States. There is also a need to enhance two trilateral frameworks of dialogue—one of China, Japan, and the United States, and the other of China, Japan, and South Korea.

However, long-term tensions between China and Japan remain serious, and have been stirred up recently about Chinese incursions into Japanese waters, and Japan’s continued collaboration with the United States, in joint technical research to develop a theater missile defense system.

Russia and Japan also discussed economic issues during Russian President Putin’s visit to Japan on Sept. 4-6. The key proposals under discussion, are Russian intentions to become an energy supplier for Northeast Asia, by building natural gas pipelines through China and the two Koreas, and potentially to Japan. These plans have been under discussion between Russia and China for some years.

Putin called for increased Japanese investment in development projects in Russia, in his discussions with Japanese Prime Minister Yoshiro Mori and Japanese industrialists. Putin called for Japanese investment in developing oil and gas fields offshore the Russian island of Sakhalin, building nuclear power stations in East Asia, and development of the Trans-Siberian freight network. Japan’s Ministry of International Trade and Industry is interested in purchasing natural gas from Sakhalin, and a pipeline project to transport gas to Japan is under consideration.

Russia also plans to build a nuclear power plant in its Far Eastern region between 2010 and 2020, and hopes to supply Japan with electricity from the facility, according to Russia’s Acting Minister for Atomic Energy Yevgeny Adamov. He pointed to its advantages by saying that “Japan would not have to worry about the problem of treating nuclear waste. Besides, it will be able to obtain power at a much lower cost than if it built a nuclear power plant of a similar size in Japan.” Russia would build transmission lines to export power to Japan and other Northeast Asian countries, Adamov said.

A Russian delegation led by Atomic Energy Deputy Minister B.I. Nigmatulin visited South Korea beginning on Sept.

7, where the Russians also expressed great interest in helping construct nuclear power complexes in China, Japan, and South Korea. South Korean and Chinese atomic energy officials are also to meet in Seoul in October.

Japan’s Marubeni Corp. and UES, Russia’s electric power monopoly, also agreed on Sept. 5 that the Japanese company will begin a feasibility study on a 1 trillion yen (\$10 billion) project to build a power plant on Sakhalin and to transport electricity via an underwater cable to Japan. The 4,000 megawatt plant would burn Sakhalin natural gas.

However, Russian-Japanese economic relations have a long way to go. At this point, Japan accounts for less than 1% of global investment into Russia, occupying 13th place among investor nations. Direct Japanese investment in Russia totalled a mere \$152 million in 1999, compared to world investment in Russia of \$12.8 billion.

China-Russia Relations

Chinese-Russian strategic ties were also promoted by the nine-day visit of Li Peng, Chairman of the Standing Committee of the Chinese People’s Congress, to Russia. Li Peng was on a five-nation tour, which included visits to the Baltic states, Belarus, and Iceland. In Estonia, he discussed using Estonia’s well-developed seaports for Chinese exports to western Europe. Using Estonia’s ports, via 4,000 km of railway through Russia, would save China in transport costs in trade with western Europe.

Li Peng arrived in Russia on Sept. 6 to meet with President Putin, State Duma (lower house of Parliament) Speaker Gennadi Seleznyov, and Federation Council (upper house of Parliament) Speaker Yegor Stroyev. He then held three separate meetings with former Prime Ministers Yevgeni Primakov, Viktor Chernomyrdin, and Nikolai Ryzhkov.

Li Peng emphasized the importance of the Sino-Russian strategic partnership, and the sustained stable economic development of both countries. Chinese-Russian economic cooperation, although it was the focus of the visits of President Jiang Zemin in late 1998, and Prime Minister Zhu Rongji in early 1999, still lags far behind the two nations’ political ties. It is interesting, that Li visited the science city Akademgorodok, seat of the Siberian Branch of the Russian Academy of Sciences, near Novosibirsk, where President Jiang Zemin had delivered an historic speech in November 1998.

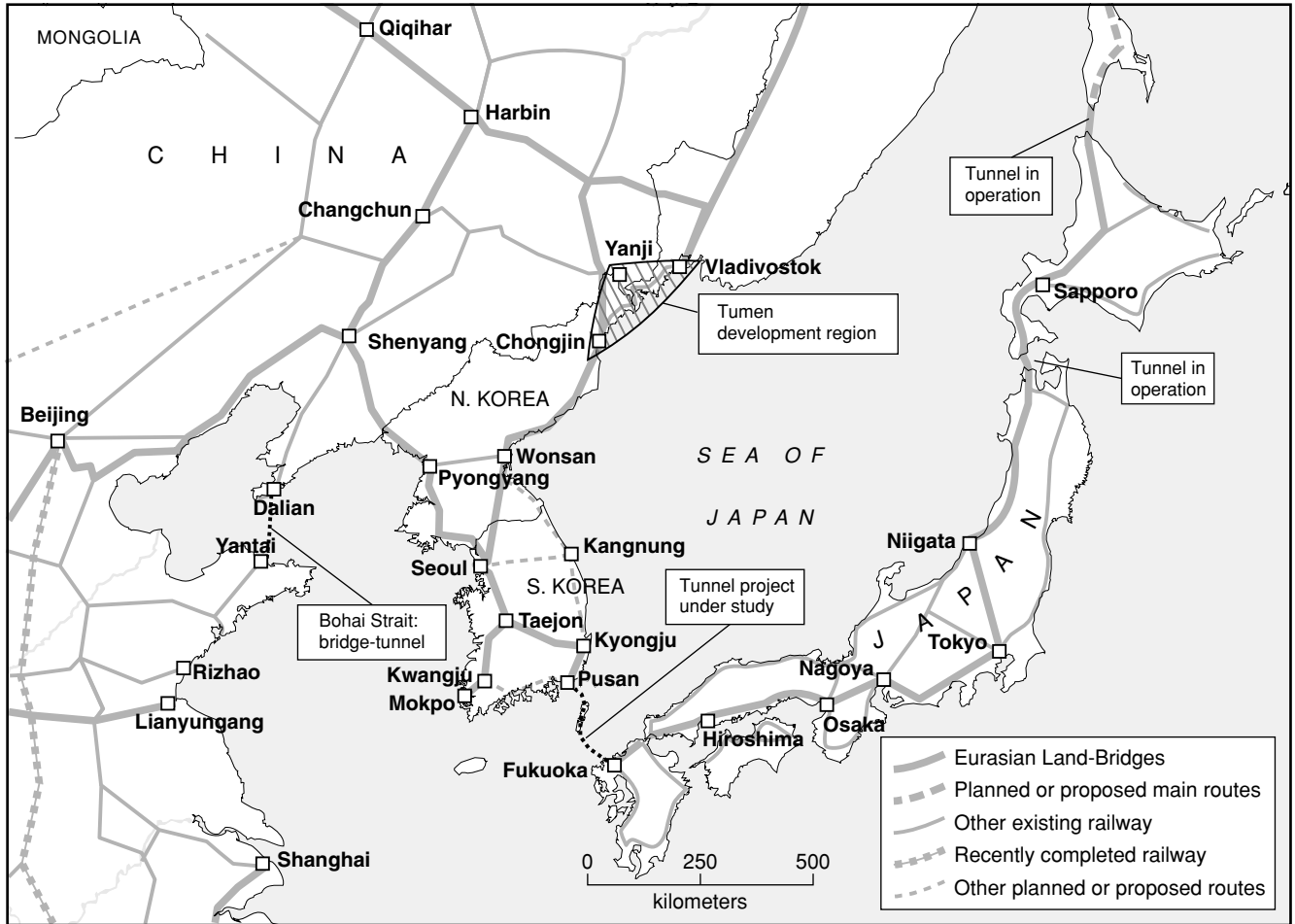
Jiang Zemin himself is to visit Russia in the spring, and both nations are planning to sign a highly important new strategic agreement, according to reports from Moscow.

On Sept. 18, Li Peng arrived in Vladivostok, to meet with Yevgeny Nazdratenko, governor of the Primorsky Territory. Vladivostok is the eastern terminus of the Trans-Siberian Railroad, Russia’s leading Pacific seaport, and the base of its Pacific Fleet, as well as a center of scientific research.

Governor Nazdratenko, who had in previous years expressed such hostility to China that he had to be disciplined by then-Foreign Minister Primakov to prevent an interna-

FIGURE 2

Pan-Korean High-Speed Rail Projects Proposed by EIR, 1996



tional incident, is now warming to his Asian neighbors, clearly as his only means to ensure economic survival. He invited North Korean leader Kim Jong-il to visit Vladivostok at the beginning of September, to be followed by the Li Peng visit. Nazdratenko had accompanied Putin to both China and North Korea in July. He promoted use of Russian railroads, agricultural projects, and other cooperation with both Asian leaders.

One area of potential economic cooperation, is the Tumen River delta, where Russia, China, and North Korea all meet (see **Figure 2**). Previous discussion of developing this area, which has little infrastructure, has not been overly productive, but the new situation on the Korean peninsula could decisively change this.

Indeed, when South Korean President Kim Dae-jung presided at the ceremony to launch reconstruction of the Seoul-Pyongyang-Shinuiju rail line, through the Demilitarized Zone (DMZ), he said that Korea “will become a transportation hub

of Northeast Asia,” and an overall Eurasian region with 75% of the world population.

In November 1998, Chinese President Jiang Zemin made an historic speech at the Russian science city of Akademgorodok. In that speech, he discussed with Russian scientists, the potential that Russia’s great, and still-existing scientific and technological achievements have, to contribute to the future development of all nations (see “Jiang in Russia: A Speech that Can Change World History,” *EIR*, Dec. 4, 1998). But, economic, scientific, and cultural cooperation at such a level, which is essential to reverse the economic collapse of so many nations in Eurasia, remains unrealized. This is the only way to finally overcome the many tragedies “left over from history,” which still divide Eurasian nations, including China and Japan, Pakistan and India, and the two Koreas. Only if nations are willing to take the opportunity, to adopt LaRouche’s New Bretton Woods, will such cooperation be possible.