

Land-Bridge Development Could Transform Eurasia

by Mary Burdman

Amidst world financial collapse and chaos, the government of China is the only one which is paying attention to getting things done, noted Lyndon LaRouche at the end of January. LaRouche was reflecting on the slew of initiatives that China is taking this year, from both national and provincial levels, to build the infrastructure vital to build its national economy and that of all Eurasia.

The international financial breakdown, and particularly the immediate effect on the United States—China's key partner economy—is being discussed and debated by Chinese economists and policymakers. On Jan. 27, President Hu Jintao told a national meeting that China's leaders must "have a clear understanding of current global economic trends, their influences on the home economy especially, and prepare for a fast-changing and complicated situation in 2008." As *China Daily* reported a week later. Hu was quoted saying: "We have to have a good control over the pace and strength of macro-control, so as to prolong steady, relatively fast economic growth as long as possible."

The financial crisis is hitting as China is in the process of trying to shift its enormous economy away from over-dependence upon low-cost exports, the large portion of which are actually the products of processing trade. This export-dependence has burdened China with a huge foreign trade surplus and a vast pool of foreign exchange reserves. These both have exacerbated the problem of inflation, which the People's Bank of China has been using various monetary methods to control, with limited success.

The export-dependence has also led to what is termed "overheated" investment. In reality, this means too-rapid expansion of certain sectors, which are overburdening China's underdeveloped energy and transport infrastructure, and very limited land and water resources, without contributing to the Chinese infrastructural, industrial, and agricultural base that is needed for its 1.4 billion people. Since last Fall, Beijing has been working to tighten both bank lending and controls of critical consumer prices.

This has not been, however, a blanket "credit crunch." In the same time period, China has been carrying out, or launching, a series of infrastructure projects which will take its economy into a new era.

In this infrastructure effort, China has partnered with India and Russia, especially on rail transportation. As LaRouche has emphasized, such collaboration is necessary to

create the transcontinental network to bring industrial development to the entire Eurasian land mass. Both LaRouche and his wife, Helga Zepp-LaRouche, are well known for their years-long campaign to build the Eurasian Land-Bridge and develop new cities and industrial corridors along the route, using the most advanced technologies: nuclear power for electricity and high-quality heat, and magnetic levitation for rail.

Land-Bridge Link in Record Time

Even as China began to battle in January with the worst snowstorms and cold weather since 1951, the principle on which China is basing its future economy was being demonstrated by the arrival of the pilot "Beijing-Hamburg-Container-Express" train in Hamburg, Germany, in only 15 days, 5 days earlier than expected! This train of containers made the 9,780-kilometer journey from Beijing, to test the feasibility of new agreements to ensure that the Eurasian Continental Bridge between China and Europe could function in a timely way. The projected arrival time was in 20 days, and its fast record—less than half the time it would take to transport goods by sea—is well within the timeframe that officials of Germany's Deutsche Bahn, partners in the project, had considered would make the rail service "viable."

This record rate of transit was ensured by cooperation between Deutsche Bahn AG, and all the countries along the route—Mongolia, Russia, Belarus, and Poland—to ensure that customs, rail gauge change, and other factors did not delay the container train. Deutsche Bahn Chief Executive Officer Hartmut Mehdorn has put out a statement saying that "the workers of the six participating railways have proved with their excellent cooperation that Asian-European freight traffic traversing Eurasia has a future." Mehdorn said that Deutsche Bahn aims for regular European-Asian rail traffic by the end of the decade, although Chinese rail officials are much more optimistic, projecting that "a scheduled container train should be shuttling between China and Germany in a year's time." This test train ran along a second designated China-Europe Continental Bridge route, which will supplement the original route from Lianyungang port, via the Alataw Pass to Kazakhstan and Russia. In October, a train travelled this route to Moscow, in what the Lianyungang authorities called the "first real operation of the whole Eurasian railway" since it was opened in 1992.

FIGURE 1

Eurasia: Main Routes and Selected Secondary Routes of the Eurasian Land-Bridge



The main rail corridors of the Eurasian Land-Bridge, as proposed by the LaRouches. For details, see the January 1997 EIR Special Report, "The Eurasian Land-Bridge: The 'New Silk Road'—Locomotive for Worldwide Economic Development."

Developing the Interior

A crucial rail initiative was announced in China's central Sichuan province on Jan. 22. Gov. Jiang Jufeng told the opening of the provincial people's congress that Sichuan plans to become the central rail transport hub for all of western China, with links all over Eurasia.

"This shows an understanding of real economics, physical economics," commented LaRouche from Washington. "This is how you develop the economy of the interior of Eurasia, not just the coasts. You do not just build Eurasian Land-Bridges from the Pacific to the Atlantic coasts ... but you [also] build dense hubs of this continental rail network, in the interior regions. That is how the interior can be developed over decades into the future. That is physical economics—it is what very few so-called professionals understand. But there is an understanding" of it in China, LaRouche said.

A map published in the *China Daily* Jan. 23 shows the Sichuan capital, Chengdu, at the center of six rail lines, radiating out in all directions. Sichuan has a population of more than 84 million, and if the huge industrial city of Chongqing, its former capital and now a separate municipality, is included, the total population of this valley on the upper Yangtze is close

to 115 million people. The valley is surrounded on all sides by high mountains. For many centuries, its main link to the outside world was via the Yangtze, China's largest river; now, finally, rail lines over the rugged terrain will bring a new era. Jiang Jufeng and Sichuan party secretary Liu Qibao signed an agreement in Beijing with Railway Minister Liu Zhijun on Jan. 10, to build the new rail links.

A big project will be building railways which will connect Sichuan with Europe and Southeast Asia, *China Daily* quoted Xie Hong, director of the provincial development and reform commission, as saying. The province will build six new railways, as part of China's overall huge rail construction plan. There will be two new rail links, between Chengdu and the cities of Xi'an and Lanzhou to the north and west. Both cities are key stations on the Eurasian Continental Land-Bridge, which goes from Lianyungang port on the Chinese east coast, all the way via Central Asian railways, to Rotterdam and Hamburg, the largest ports in Europe.

Sichuan will also be linked to southern China via the new Chengdu-Guiyang Railway, and eventually to Kunming, Yunnan province, the gateway to Southeast Asia. A new high-speed rail line will link the coastal province of Guangdong

Province to be transport hub

By Huang Zhiling and Wang Wei
Updated: 2008-01-23 07:17



CHENGDU: Sichuan is expanding its railway network in a bid to position itself as a transport hub for western China, governor Jiang Jufeng said at the opening of the provincial people's congress yesterday.

China Daily

This map from the Jan. 23 China Daily shows Chengdu in Sichuan as a transport hub for western China, with six new rail routes.

(which launched the “opening up” to the world economy of the impoverished province of Guizhou), to the west. This line will begin construction in 2008, Gov. Lin Shusen announced to the provincial government on Jan. 18. This will be the first direct rail link between the two cities, and cut travel time from 20 hours to 4 hours. The Guiyang-Guangzhou line connection to Lanzhou, on the Eurasian Continental Bridge, via Sichuan, will form an entirely new north-south corridor, opening up the rugged terrain of central China for the first time.

Finally, Sichuan will get a rail link to Lhasa, capital of Tibet, via a network linking Sichuan's western passageway with Qinghai province, where the new rail line “to the roof of the world” originates, and Xinjiang, the interior basin north of Tibet, which was the main route of the ancient Silk Road from China to Central and South Asia. Work to extend the Qinghai-Tibet railway itself to the southwest will begin this year. A 254-km extension line, will link Lhasa to Xigaze, which is close to the area where Tibet borders India, Nepal, and Bhutan.

From the Center of Eurasia

In Urumqi, capital of Xinjiang, the regional government announced two key projects on Jan. 27. One is the second tier

of the Eurasian Continental Bridge through the Alataw Pass to Kazakhstan, set to be completed this year. The other project is even grander: the long-planned railroad from westernmost Xinjiang, up and over the Tian Shan mountains, to Kyrgyzstan, and via the famous Fergana Valley to Uzbekistan and Europe.

Building this railroad will be an incredible feat, for it will involve going over mountain passes close to 13,000 feet (3,300 meters) high. This rail line, now in a preparatory stage, should be completed by 2010, and will be a key link in the southern passageway of the new Eurasian continental bridge, *Xinhua* reported from Urumqi. It will extend west from Kashi in Xinjiang—the inland city famed for being farthest on Earth from any ocean.

The almost-finished new Continental Bridge link will connect Korgas on the China-Kazakhstan border, with China's inland railways. In Kazakhstan, it will join the Sary-Ozek railway, and ease the increasing transport burden on the Alataw Pass, the largest land port in northwest China. The Alataw pass handled 5 million tons of rail exports in 2007, up 60% from 2006.

Kazakhstan, which lies at the crossroads of Eurasia, is also focussing on rail development. On Dec. 5, 2007, the Kazak Foreign Ministry confirmed that the country will further develop the transcontinental rail corridor linking China and Europe, the Kazak Rail Ministry announced. This will mean building some 2,500 kilometers of new rail lines and upgrading of the country's existing rail infrastructure.

“Transport development is one of the priorities of the ‘Kazakhstan—2030’ strategy,” Amanbai Ibraimov, dean of faculty of the extension department of the Kazak Transport and Communications Academy, said on Jan. 30, Kazinform reported. He said that 1,600 km of new railways will be constructed and 2,700 km will be electrified by 2015, under Kazakhstan's Transport Strategy. The sector will include both centrally controlled and private sectors. Key projects are the new “Shar-Ust-Kamenogorsk” and “Kyzylorda-Zhezkazgan” lines, as well as the new 697.5-km international rail corridor linking Russia, Kazakhstan, Turkmenistan, and Iran. Construction of this route, which will run north-south from Uzen-Gyzylgaya-Bereket-Etrek-Gorgan, was formally inaugurated on Dec. 1. It will open a new route from Russia and western Kazakhstan, to the Persian Gulf, and should be operating by December 2011.

Other Chinese regions are also looking to extend the entire Eurasian Land-Bridge network. On Oct. 30, 2007, a seminar was held in Kunming, capital of southwest Yunnan province, with the cooperation of the southern port city of Shenzhen, to discuss the feasibility of developing an intercontinental rail link between South China and Europe. This line, the *Shezhen Daily* reported, would traverse 21 countries, including Myanmar, India, and Turkey, over 15,150 kilometers, to Rotterdam, in Holland. This railroad, according



The China-Kazak border crossing at Korgas, Kazakstan. A new rail link under construction will connect Korgas to China's inland railways.

to *Shenzhen Daily* would be “the third linking Asia and Europe.” Ren Jia, deputy director of the Yunnan Academy of Social Sciences, told the newspaper that the “idea to build such a rail link was first proposed in the 1990s, but this will be the first time a full-scale seminar will be held to discuss the subject.”

How To Really Develop China

National discussion in China goes beyond concrete projects. On Feb. 1, Lau Nai-keung, a member of the National Committee of the Chinese People's Political Consultative Conference, published a strategic commentary in the *China Daily* to say that such a “vast and populous” nation as China, must concentrate on development of railroads, not the automobile, if it is to become a developed economy. Lau Nai-keung, who is based in Hong Kong, has written a number of such perceptive commentaries in the past, including one in 2005, warning that the U.S. economy/financial bubble had to collapse. Although China had begun building national super-highways 20 years ago, current developments are “a sure sign that the auto-economy is not going to work in China,” Lau wrote in his latest piece. He also emphasized the importance of the Eurasian Land-Bridge.

For decades, Lyndon LaRouche has criticized the insane overdependence in the United States on gas-guzzling auto, truck, and air transport, to the neglect of railroads; instead, LaRouche has advocated development of high-speed and magnetically levitated trains, including in his most recent international webcast, Jan. 17. LaRouche representatives have also emphasized this point in discussions with economic planners in China.

“For a vast and populous developing country like China,

it has finally found the logical solution to its transportation problems. Cars are too polluting and too inefficient for intra-city commuting; and they are too expensive and too slow for inter-city traveling. On the other hand, oil-guzzling airplanes are too small and much too expensive,” Lau wrote. Air travel is actually very time and space-consuming, he said, and “inter-city trains running at about half the cruising speed of airplanes can sometimes be faster, more convenient, and much safer. Overall, rail is also a lot friendlier to the environment.”

China has been on a big highway construction mobilization, and now has a 30,000-mile network, second only to that of the United States. By 2030, this network should double. However, skyrocketing oil prices and China's highly congested cities show

that an auto economy will not work.

Now, the 11th Five Year plan, which began in 2006, puts the emphasis on rail construction, and changing the emphasis from cars. Under the 11th plan, a total 125 billion yuan (\$16.9 billion) will be used to build about 12,600 miles of new railways, half of it just for passengers. Speed is being increased all over the country, which will make transport much more efficient. Rail travel is still much more used than automobiles for long-distance travel in China, which has, Lau wrote, “one of busiest railway networks in the world, moving 24% of global rail traffic with just 6% of the world's tracks. In many respects, it is by far one of the most efficient railway transportation systems in the world....

“Rail transportation development plans are rapidly unfolding, and people will soon find their perception of distance completely altered. This will lead to a lot of ramifications currently beyond imagination. The map is shrinking, people's mobility has been greatly enhanced, and regional barriers and differences are breaking down. All this will completely change how the Chinese people live and work,” Lau wrote. While U.S. fast logistics systems rely on air, in China they will be rail-based. The great urban areas of north and south, will be unified into megacities—but these will be efficient due to rail transport.

“There are also plans to revive the land-bridge linking the Asian and European continents by rail, thus reducing transportation time and costs, and boosting the economies of the Central Asian countries along the way,” Lau wrote. He also noted the “southern route,” to Southeast Asia. “Imagine the opportunities and challenges the development of the Chinese rail system will offer. It is mind-boggling,” Lau concluded.



Gopal Aggarwal

Passengers exiting an India Railways general compartment. India's rail network is the fifth largest in the world, but it has 30 times the passenger use as the United States.

Cooperation with India

Eurasia's other giant nation, India, is also moving to develop its rail network. India is already working with Japan to construct new, high-speed dedicated rail corridors. Now, in what is also an important political development between the two nations, India and China, "the two giant railway systems of the world," are launching a "new chapter of cooperation," the Indian Ministry of Railways announced Jan. 18. During the visit of Indian Prime Minister Manmohan Singh to China, Jan. 15-18, the two nations signed a Memorandum of Understanding, which the Rail Ministry called a big boost for the modernization of the Indian Railways. Among other things, Chinese Railways will help India increase rail speed, essential to increase the efficiency of India's system.

These two nations really are the railway "giants" - in terms of rail length, China is third in the world, after the United States and Russia, and will soon be second; India is fifth in size. But when it comes to passenger use, these two nations far surpass any other. China's is the highest, with India not far behind, with passenger travel twice as high as in the entire European Union, and 30 times passenger use in the United States! In freight transport, India lags behind. China and the United States are the largest rail freight transporters, but India only transports about 25% as much.

The Memorandum of Understanding, signed by K.C. Jena, chairman of the Indian Railway Board and Liu Zhijun, the Chinese Minister for Railways, will extend for three years.

Indian Railways has lately been making "tremendous progress" in modernization, increasing efficiency and upgrading its technologies, and the memorandum "signed with China will further facilitate progress in that direction," the Rail Ministry announcement said.

Key areas for cooperation are in R&D, increasing speed (the fastest Indian train goes just 150 km/hour, while Chinese trains are now reaching speeds of 275 km/hour and faster), and developing world-class stations and multimodal logistics parks. Chinese experience in rail communications, design and maintenance, and multimodal transport will all benefit the Indian Railways. The Chinese side was "very enthusiastic" about cooperating with India, and both sides will exchange experts and senior officials to carry the work forward, India announced.

Russian Railways is also interested in investing in Indian railways, the *Economic Times* of India reported on Jan. 30. Visiting New Delhi, Anatoly Volodin, director general of Russian Railways, announced that the "Indian market is growing fast and we are keen to do business with Indian Railways." Russia is offering its latest technologies in railway automation, safety systems, and energy saving equipment. Senior Indian Railway officials plan to visit Russia in March to discuss the proposals.

Another development with strategic potential, was the announcement by Indian Prime Minister Manmohan Singh, on Jan. 31, of a \$1.75 billion development package for the northeastern state of Arunachal Pradesh, during a rare visit there. Singh called Arunachal Pradesh India's "land of the rising sun," and said that New Delhi is planning power, rail, road, and air projects in this underdeveloped, mountainous border state.

There is an international complication to this proposal, because the India-China border remains unresolved in this region. The dispute arose from the British Empire's method of claiming territory by drawing lines on a map during its domination of India, but has yet to be resolved by the nations of India and China. However, after the short border war of 1962, and the China-India 1996 pact to maintain "tranquility" on their frontiers, the borders have been peaceful.

At this time, the border dispute is being overcome by joint economic relations, as *The Times of India* cited a senior Indian foreign ministry official saying, on Jan. 31.



Presidential Press and Information Office

Vladimir Yakunin (right), CEO of Russian Railways: “Railroads have always been a catalyst for economic growth.” Here Yakunin is meeting with President Putin.

“The salience of the India-China relationship today is that the boundary dispute does not stop us from moving forward in other areas like trade,” the anonymous official said. Joint contacts are today “a marked contrast to what the atmosphere was 20 years ago.” However these complicated matters are resolved by these two sovereign nations, infrastructure development of the entire border region will be essential for the economic cooperation needed for the future of these two Asian giants.

Russian Rail Diplomacy

The expansion of the Eurasian Land-Bridge is also a key part of Russia’s strategic perspective, as has been demonstrated by such critical initiatives as the proposal to build the Bering Strait tunnel and railroad to North America. This perspective is also urgent for Russia’s own economy, as First Deputy Prime Minister Sergei Ivanov stressed at a meeting Feb. 1 of the government Commission for Industry, Technology, and Transportation. The state of Russia’s own rail system is so bad, Ivanov said, that the country is losing billions of dollars’ worth of revenues every year. Far too many regions have no rail system, blocking Russia’s ability to exploit mineral and other wealth, especially in its vast northeast.

Even the vital Trans-Siberian Railway—the First Eurasian Continental Bridge, as it is known in China—is barely being used for transporting cargo between the Pacific and Atlantic, although transport time, at 14-16 days, is just one-third of what it takes to transport cargo from South Korea to Finland via the Suez Canal, RBC reported. Russia must invest heavily into its rail system.

International projects, of which Russia has just started several, will certainly play a key role in forcing Russia to upgrade its own system. Russia is one of the six nations participating in the Beijing-to-Hamburg container train, and Vladimir Yakunin, CEO of the state-owned company Russian Railways, was among the officials in Hamburg Jan. 24, to welcome the train. “Railroads have always been a catalyst for economic growth,” Yakunin said, echoing the late 19th- and early 20th-Century builders of the Trans-Siberian Railroad, Dmitri Mendeleyev and Count Sergei Witte.

“The steady development of the Russian economy, China’s rapid growth, and the expansion of economic ties and trade between Europe and Asia require the intensive development of our countries’ transportation systems. These conditions also define a good basis for multilateral projects, like the Beijing-to-Hamburg

container train,” Yakunin said.

Russian Railways has also won an \$800 million tender to build the 520-km rail line, from Riyadh Airport in central Saudi Arabia to Al Zahirah. This rail line will make up more than 20% of the North-South “Saudi Land-Bridge” railroad project. This land-bridge will extend 2,400 kilometers when completed in 2010-11, and will be used to help develop phosphate and bauxite deposits in the north, at the same time helping to reduce Saudi Arabia’s dependence on oil exports, Novosti reported.

Will Rail Open the Transcaucasus?

Another project also demonstrates the strategic potential of rail development, although this project is up against one of the most complicated geopolitical situations in the world: that of the Transcaucasus, the mountainous region which lies between the Black and Caspian Seas, linking Russia to South-west Asia.

On Jan. 16, Yakunin and Armenia’s Minister of Transport and Communications, Andranik Manukian, reached an agreement for Russian Railways to operate the Armenian national rail network for the next 30 years. The Russian company is paying Armenia the equivalent of \$5.5 million up front, while pledging to invest at least \$570 million into improvements in the rail system, \$220 million of that in the next five years. Yerevan will also get 2% of the rail annual operating revenues, Radio Free Europe reported.

Minister Manukian said that this arrangement was necessary to stop the collapse of the Armenia rail system. “Please understand that if we left the railway in the current



Armenia's Metsamor Nuclear Power Plants (above), which are scheduled to be replaced with a new Russian-built reactor, will benefit from the proposed Russia-Armenia rail link between Armenia and Iran, now under study. This railroad will make accessible Armenia's uranium deposits in Syunki Province, near Iran.

state, we would have no train fleet in a few years," he said. "And you also know the state of rail tracks and other infrastructure."

Armenia is landlocked not only in the mountainous Transcaucasus; it is also cut off from the rest of Eurasia by the intricate geopolitical conflicts of the Transcaucasus region, still unresolved since the breakup of the Soviet Union in 1991. Since 1992-93, the existing east-west Armenia rail connections to Turkey and Azerbaijan, have been blocked, because of the unresolved conflict over the status of Nagorno Karabakh, an Armenian-populated enclave in Azerbaijan. Armenia's existing rail link to Iran, with which it has cordial relations, is also blocked because it passes through Nakchivan. This is an enclave of Azerbaijan, which lies between Armenia and Iran, with only a short border with Turkey.

The Armenian northern rail link, via Georgia, is officially "open," but in reality it is not working, because it runs through Abkhazia. Abkhazia, a region on the Black Sea, was the north-western part of Georgia, on the Russian border, which declared its independence in 1992. Since then, Georgia has maintained a "virtual blockade," including on the rail line. Beyond this, the situation is complicated by Georgian differences with Russia, exacerbated by the "rose revolution" in 2003, and Russia's closure of its border with Georgia in 2006.

The result of all this, is that Armenia has only one rail link to the world, using specially designed rail car ferries which run from the Georgian ferry port of Pot'i on the Black Sea to the Russian industrial rail depot in Port Kavkaz on the Sea of Azov, between the Don River and Black Sea.

The Armenian-Russian agreement includes the potential

for a huge increase in Russian investment, to \$1.8 billion, if the Armenian rail connections to Turkey and Azerbaijan are restored, and ultimately some \$2.2 billion in the event of the reopening of the Abkhaz section of Georgia's railway, linking the region to Russia. Yakunin, however, said that the political resolution of the rail links is not the job of Russian Railways: "We are not politicians; we are railway workers. What we are saying is that we will do everything in our power to help end the isolation of the Armenian railway," he said in Yerevan.

Another possibility—although it would require a lot of investment—would be to build a new railroad linking Armenia to Iran. This possibility is increased by the energy cooperation between Arme-

nia and Iran, including a gas pipeline and two projected hydropower projects on their border. In Yerevan on Jan. 24, Russian Transport Minister Igor Levitin discussed this possibility, the online Regnum News Agency reported: "The rail link between Armenia and Iran is part of the north-south railway corridor and entering Iran via Armenia is a key part of this route for Russia," Levitan said.

This would be a big undertaking, building a new rail line some 200 kilometers between Meghri in northern Iran, to the Armenian network. However, as Armenian analyst Haroutiun Khachatrian wrote in May 2007, a big motivation for this project is that Armenia has uranium deposits in its southern Syunik province, near Iran, and the rail line would be an important factor in developing them. Russia is also committed to building a nuclear plant in Armenia.

An ArmeniaNow.com commentary of Jan. 18 noted that building a new railway would potentially resolve the Transcaucasian conflict, because it would "change the situation from just putting pressure on Turkey," to one of opening the blocked rail lines. Armenian Minister Manukayn said Dec. 27 that Iran has already signed a protocol for a feasibility study for an Iran-Armenia rail line, and the study should be completed by this Summer. "We have already provided the Iranian side with the initial project of the railroad route," Manukayn said. Negotiations on constructing the rail line are ongoing with Russia and international organizations, he said, and were Georgia to lift the blockade on Abkhazia, "a prospect of a huge main route connecting Russia with the Indian Ocean will be outlined."

Rachel Douglas contributed to this article.